

**Supplementary Demand for Grants of erstwhile State of Jammu and Kashmir for 2019-20
(01st April, 2019 to 30th October, 2019),
Budget of the Union Territory of J&K and the Union Territory of Ladakh for 2019-20
(31st October, 2019-31st March, 2020)
and
Budget for the Union Territory of Jammu & Kashmir for 2020-21**

Speech of

Nirmala Sitharaman

Minister of Finance

March 17, 2020

Mr. Speaker Sir,

1. Hon'ble Members of this august House are aware that by invoking of Article 92 of the Jammu and Kashmir Constitution, the erstwhile State of Jammu & Kashmir was placed under Governor's Rule on 19th June, 2018. As per Article 356, after the expiry of six months of Governor's Rule, the State came under the President's Rule as mandated by the Constitution of India and the powers of the legislature of the erstwhile State of the Jammu & Kashmir are exercisable by or under the authority of the Parliament.

2. After the bifurcation of erstwhile State into 'Union Territory of Jammu & Kashmir with legislature' and 'Union Territory of Ladakh' in accordance with "The Jammu & Kashmir Reorganisation Act, 2019" w.e.f. 31.10.2019, the Union Territory of Jammu & Kashmir continues to be under the President's Rule vide Gazette Notification S.O. 3937(E) dated 31.10.2019. I would like to mention that in pursuance of section 74 of the Jammu & Kashmir Reorganisation Act, 2019 the Hon'ble President of India had authorized the expenditure out of the Consolidated Fund of the Union Territory (UT) of the Jammu and Kashmir pending the sanction of such expenditure by the Parliament. Also, Hon'ble Governor of erstwhile State of Jammu & Kashmir, in pursuance to Section 81 of the Jammu & Kashmir Reorganisation Act, 2019, authorized the expenditure for the UT of Ladakh out of the Consolidated Fund of the UT of Jammu & Kashmir. The expenditure under various demands is required to be sanctioned by the Parliament for 2020-21 as well as demands for 2019-20 for which expenditure sanction has been granted under the Act.

3. Creation of the Union Territory of Jammu & Kashmir on 31st of October, 2019 has created a lot of hope amongst the people of J&K. There is a need to fast-track development to meet the aspirations of the people. The Government is committed to peace, progress and prosperity of the people of J&K. We have already taken path-breaking steps after imposition of Governor's/President's rule in the J&K.

4. Improving Governance has been one of the first tasks and some of the key reforms that have already taken roots in the UT are significantly improved financial discipline, such as mandatory e-tendering, compliance with pre-requisites such as administrative approval and technical sanctions etc. before commencement of execution of works, implementation of Budget Estimation, Allocation and Monitoring System (BEAMS), e-Kuber for integration of treasuries with RBI, online payment system (PAYSYS) etc. besides 100% physical verification and timely payments from government treasuries. While on one hand reforms are being implemented, there is equal focus on completion of projects. The number of projects completed in State Sector is 2800, 1165 in District sector, 1930 under "Back to Village" Programme and 483 languishing projects under Jammu and Kashmir Infrastructure Development Finance Corporation. This bears a healthy comparison to the number of projects completed during last year. The Government has also taken measures to avoid parking of funds and over ₹ 1,000 crore has been ploughed back in the Consolidated Fund of the Union Territory of J&K. Some other major reforms undertaken in J&K is implementation of 73rd and 74th Constitutional Amendment Act, constitution of District Planning and Development Boards, and unbundling of Power Sector. Abolition of Toll Tax has been one of the major reforms that has helped in creation of one nation, one market. Besides all the central laws as provided under Re-organisation Act, 2019 have been implemented across the Union Territory of the Jammu and Kashmir.

5. Government of India hopes to strengthen institutional mechanisms further for streamlining expenditure and make the UT a model of development.

6. Notwithstanding some of the problems, the pace of development has shown a remarkable resilience both in terms of revenue and development expenditure. The overall expenditure has gone up by ₹ 5,600 crore by end of January, 2020 compared to last year. GST growth at end of February, 2020 was 13%. Significantly, growth of GST cash for December, 2019 was 40% and GST growth for February, 2020 (cash and credit) was 31%, making J&K one of the better performers on this parameter. Economic resilience is also indicated by growth of over 60 % in stamp duty collections, 7.5 % growth in excise collections, and growth of 1.7% in toll tax at end of December, 2019. Apple exports have been at par with last year, and export of handicrafts, crewel, shawls etc have been greater than last year. The ATM and Bank transactions have also shown positive trend as compared to last year. The macro-economic parameters show that J&K economy has risen up to the challenges of transition and continues to do well.

7. Budget 2020-21:

7.1 The budget for 2020-21 for J&K shall cross ₹ 1 lakh crore mark for the first time, an indicator of our commitment to make J&K a model of development. This is the highest ever budget envisaged for Jammu and Kashmir. The total budget estimates for the fiscal is ₹ 1,01,428 crore, of which developmental expenditure is of the order of ₹ 38,764 crore, an increase of 27%. We hope to achieve GSDP growth of 11%, making the UT one of the fastest growing UTs/States.

7.2 The capital component of the budget has increased substantially. The expected revenue receipts are ₹ 91,100 crore whereas Revenue expenditure is expected to be ₹ 62,664 crore thereby making available revenue surplus for capital expenditure to the tune of ₹ 28,436 crore.

7.3 The Capital Receipts are projected at ₹ 10,329 crore and Capital Expenditure is expected to the tune of ₹ 38,764 crore which is 27% higher than previous years' budget. 38% of the earmarked Budget shall be spent on development and infrastructure projects.

8. Direct Benefit Transfer:

8.1 We are committed to achieving 100% DBT in respect of individual beneficiary schemes, besides Aadhar seeding. Significant progress has already been achieved during the year. During the current financial year, ₹ 1,705 crore has been disbursed through DBT to 45 Lakh beneficiaries. 60000 new pension cases shall be covered through Direct Benefit Transfer Scheme. We intend to achieve 100% coverage under individual beneficiary schemes, particularly under various scholarship schemes.

9. Agriculture and Horticulture Sector:

9.1 Nearly 70% of population of J&K depend upon agriculture and allied sectors. Therefore, we propose to give special focus on agriculture, horticulture and allied sectors.

9.2 High Density Apple plantation has potential to increase the income of farmers by 3 to 4 times. Therefore, an area of 355 Hectares shall be brought under High Density Apple Plantation, besides additional 1500 Hectares under area expansion. We hope that this will have necessary demonstration effect to galvanize this sector. Besides policies are being formulated to attract the investment in the sector for faster expansion. Nearly 19.80 lakh metric tons of apple are exported every year. However, the CA storage capacity available is only 1.16 lakh metric ton as of now. We intend to increase CA storage capacity to 1.70 lakh MTs to improve the holding capacity for ensuring better price to farmers.

9.3 Five Satellite Markets shall be made functional in addition to 17 existing markets.

9.4 With Government's intervention in agriculture sector 1.5 lakh farmers shall get benefitted by increasing the productivity of Paddy and Maize. 30000 farmers will be benefitted by providing hybrid vegetable seeds and high value exotic vegetable seeds. 20000 farmers will be covered under farm mechanization which in turn will reduce the cultivation cost. 1000 farmers will be provided bee colonies to improve their livelihood.

9.5 Due attention is also being provided to increase productivity of saffron crop which is expected to increase to 4.5 kg/Hectare as against 2.5 kg/Hectare earlier, with assured irrigation. 500 Hectares would be utilized for popularization of Aromatic Plants.

For Agriculture and Horticulture Sectors an allocation of ₹ 1,872 crore has been made for the year 2020-21 which is ₹ 680 crore more than previous years' budget allocation.

10. Tourism and Culture:

10.1 We propose to provide ₹ 560 crore for creation and up-gradation of tourism infrastructure, besides ₹ 40 crore as additional support for promotion of tourism. Tourism infrastructure worth ₹ 1,000 crore shall also be taken up under Prime Minister's Development Programme to be spent for various projects.

10.2 J&K has a rich source of cultural heritage sites and ₹ 100 crore has been earmarked for preservation of cultural heritages.

11. Pilgrimage Tourism re-energizing economy:

11.1 The number of pilgrims visiting Shri Mata Vaishno Devi Shrine is likely to cross 86 lakh this year (2020), which will be highest in the last five years. The ensuing Shri Amarnath Ji Yatra commencing in June/July this year may bring hope of revival of tourism in J&K in view of the fact that the Yatris besides paying obeisance at the holy Shrine also visit other tourism locations thus re-energizing Tourism Industry in the Valley which is the livelihood of major chunk of the population.

11.2 I also propose introduction of following 3 religious circuits:

- a) **Shiv Khori – Uttar Bani –Purmandal - Mata Sukhrala Deviji.**
- b) **Shankaracharya – Mata Khir Bhawani – Martand (Mattan).**
- c) **Makhdoom Sahib – Khanqah-e-Moula – Watlab – Babarshi– Pakharpora - Aishmuqam(as sufi circuit).**

For Tourism and Culture sectors an allocation of ₹ 706 crore has been made for the year 2020-21, which is ₹ 260 crore more than previous years' budget allocation.

12. Rural Economy

12.1 It is proposed to generate 350 lakh days of wage employment under MGNREGA thereby providing 700000 households employment under the scheme. 90000 rural assets shall be created in villages and 79000 rural households shall be covered under PMAY (G). We propose to construct 200 new panchayat ghars.

12.2 The "Back to Village" programme launched by Government of J&K has been very well received and we propose to provide ₹ 200 crore under the programme for providing basic and other amenities in villages.

12.3 Animal and sheep husbandry is being accorded special focus and we intend creating 45000 self-employment jobs in dairy, poultry, sheep husbandry and fisheries sectors. A Digital Village Programme has been rolled out which shall provide facilities at village level for intra/inter community interactions as well as interface with the Government, besides for screening of socially relevant films.

12.4 ₹ 30 crore has been provided for promotion of sports. Union Territory Government under various convergence initiatives intends to establish playgrounds in each panchayat of the Union Territory. We expect participation of more than 15 lakh youth in different indoor and outdoor games in the year 2020-21.

12.5 During the financial year (2020-21), 1000 community sanitary complexes shall be constructed. 200 solid waste management plants shall be established, besides 200 Gobardhan units shall be created.

For Rural Development an allocation of ₹ 5,284 crore has been made for the year 2020-21 which is ₹ 1,951 crore more than the previous years' budget allocation.

13. Education Sector:

13.1 ₹ 300 crore is being provisioned for construction/completion of colleges. More than 52 schools shall provide vocational education for improving employability and to reduce the dropout rate at secondary level. 175 Information Communication Technology (ICT) labs & 224 Computer Aided Learning Centres (CAL) for Technology Mediated Learning (TML) and promotion of Information Communication Technology/Computer Aided Learning Centres (ICT/CAL) shall be established for providing exposure to school going children to modern technologies under digital initiative.

For School and Higher Education Sector an allocation of ₹ 2,392 crore has been made for the year 2020-21 which is ₹ 1,000 crore more than the previous years' budget allocation.

14. Employment and Skill Development:

14.1 The Government proposes to fill up 50000 vacancies in Government sector. Self-employment will receive due attention and priority sector lending in 2020-21 shall be increased upwards of ₹ 27,000 crore. We intend to cover any unemployed youth who wishes to set up his/her own business under various schemes. The UT has already launched a campaign for financial inclusion and we intend to impart further impetus to this. Skill enhancement shall be accorded due attention. 64899 unemployed youth shall be provided skill training. ₹ 31.42 crore is being provided as revolving fund to bring 209500 women under the fold of 20950 Self Help Groups. ₹ 103.35 crore shall be provided as community investment fund for Self Help Groups which have shown due progress. ₹ 50 crore is being earmarked for Mission Youth – Union Territory Government's major initiative for engagement of youth for their upliftment/employment. ₹ 7.50 crore is being provisioned for skill up-gradation of 5000 craftsmen and for capacity building of craft instructors under handicrafts sector.

14.2 A traditional jewellery making with filigree silver crafting shall be opened with the Gem Jewellery Export Promotion Council (GJEPC). This shall impart skills through master craftsmen for youth.

14.3 It is further proposed to provide employment opportunities to about 7000 unemployed educated youth under J&K Rural Employment Generation Programme (JKREGP) at an estimated budgetary provision of ₹ 25.00 crore through Khadi & Village Industries Board.

For filling up of 50000 vacant posts there is an allocation of ₹ 2,000 crore for the year 2020-21.

15. Wellness:

15.1 J&K is ranked 7th on India health index in 2016-17 and 2017-18. The indices show that J&K is amongst better performers on provision of health care. Mission 2020 has been launched by J&K Health Department to improve maternal and child care services, reducing burden of communicable and non-communicable diseases, strengthening secondary and tertiary health care and to provide health care at door steps. To further improve health care facilities, two AIIMS are being set up besides seven new Medical Colleges at Baramulla, Anantnag, Doda, Rajouri, Kathua, Handwara and Udhampur. An amount of ₹ 8 crore is being set aside for setting up of 20 digital dispensaries in each district of the Union Territory. Government shall set-up 86 Jan Aushadi Kendras and 16 AMRIT stores for affordable medicines for poor patients.

15.2 The Union Territory Government is rolling out Health Care Investment Policy (HCIP) for quality health care. Adequate provision has been made to fund the project. Two Medi-cities at Jammu and Srinagar shall be established under Health Care Investment Policy.

For Health and Medical Education Sector an allocation of ₹ 1,268 crore has been made for the year 2020-21 which is ₹ 500 crore more than the previous years' budget allocation.

16. Industries and Commerce:

16.1 The contribution of Industry towards J&K GSDP is over 27 %. The promotion of Industries is one of the focus areas of the Government and 14 key sectors have been identified for attracting investment including Tourism and Hospitality, Agriculture and silk Production, Films, Horticulture, Agro & Food Processing, Milk, Poultry, Fisheries & Wool Production, Herbal & Medicinal Plants, Health and Pharmaceuticals, Manufacturing, IT & ITES, Renewable Energy, Infrastructure & Real Estate, Handloom & Handicraft and Education & Skill Development. ₹ 50 crore shall be provided for holding Global Investors Summit in J&K. As preparatory exercise, one curtain raiser at Delhi and 06 road shows have already been held in cities such as Mumbai, Ahmadabad, Kolkata, Chennai, Bengaluru and Hyderabad. MoUs worth ₹ 12,930 crore have already been signed. J&K has also been making efforts to improve ease of doing business and is among the best performing UTs.

16.2 Further, ₹ 200 crore shall be provisioned for establishment of Rural Industrial Growth Centres. ₹ 100 crore is proposed for creation of new infrastructure including waste disposal facilities in new rural industrial estates and to augment "Ease of doing Business". Interest subvention is proposed to artisans under Artisan Credit Card Scheme in order to provide them credit access for their economic empowerment. Organization of 25 exhibitions within/outside J&K in order to provide direct market linkage between artisans and buyers to eliminate the role of middlemen, skill up-gradation of 5000 craftsmen through Indian Institute of Carpet Technology (IICT)/ Craft Development Institute (CDI), Managerial Subsidy for 300 societies, introduction of 'Karkhandar Scheme' on pilot basis in 6 districts are some of the other measures to boost industrial development.

16.3 For promoting start-ups, an invitation to youth to participate in awareness building and for entering the start-up eco-system shall be undertaken. Sharing experiences of start-ups from Hyderabad, Bengaluru and Gurugram will be organised. Challenges will be posed for providing innovative solutions for local specific issues and youth shall be invited to participate.

For Industrial Infrastructure Sector an allocation of about ₹ 494 crore has been made for the year 2020-21 which is ₹ 227 crore more than the previous years' budget allocation.

17. Building Infrastructure:

a) Connectivity:

17.1 ₹ 400 crore is being earmarked to improve the quality of roads benefiting 17 lakh people. 48 bridges benefiting 1.6 lakh people shall be completed during the year. Improvement works shall be undertaken on Mughal Road to make it an alternate route connecting Jammu and Srinagar.

17.2 ₹ 310 crore is being set aside for road sector benefiting 1.65 lakh persons and ₹ 8 crore is being provided for newly created Mass Rapid Transit Corporations for Jammu and Srinagar to improve urban transport system. ₹ 75 crore is being provisioned to improve public transport system and ₹ 100 crore is being set aside to restore health of J&K Road Transport Corporation.

For Public Works and Transport Sectors an allocation of ₹ 3,156 crore has been made for the year 2020-21 which is ₹ 758 crore more than the previous years' budget allocation.

b) Water Supply:

17.3 100% water supply shall be provided to all the unconnected areas by 2022 under “**Jal Jeevan Mission (JJM)**” and 347 schemes shall be completed under Public Health and Engineering sector providing water connections to 180000 households. To ensure quality, 235000 water supply samples shall be tested benefitting population of 14 lakh. Field testing kits (FTKs) shall be provided to panchayats for conducting water tests to ensure safe drinking water.

For Public Health Engineering, Irrigation and Flood Control an allocation of about ₹ 2,265 crore has been made for the year 2020-21 which is ₹ 70 crore more than the previous years' budget allocation.

c) Power Reforms:

17.4 Unbundling of power sector is one of the key reforms implemented after the creation of the Union Territory. We intend to deepen the reforms which shall include installation of 2 lakh Smart Meters with the objective of reducing AT&C losses and improving quality of power supply to the people of J&K. Government shall take all necessary measures to reduce the AT&C losses from present 49 % to levels comparable to the national average. The power sector

reforms are key to ease of living in J&K and we intend to earmark ₹ 607 crore for implementation of measures for improvement of power sector in the UT. Strengthening of enforcement and 100% metering are some of the Key objectives.

18. Environment:

18.1 We propose to provide ₹ 50 crore for restoration/preservation of world famous Dal and Wular lakes. Planting of 97 lakh plants covering 14794 hectares is proposed during 2020-21.

19. Science, Technology and Information Technology:

19.1 Under Science, Technology and Information Technology sector, interventions proposed include establishment of Sub-Regional Science Centre, establishment of State Spatial Data Centre (Geo-portal), setting up of Medicinal and Aromatic Plants Demonstration Farms and Liquid Chromatography Mass Spectroscopy (LCMS), Biotechnology Parks etc.

For Information Technology Sector an allocation of about ₹ 156 crore has been made for the year 2020-21 which is substantial increase over the previous years' budget allocation and is in line with promoting Minimum Government, Maximum Governance.

20. Speaker Sir! I must mention here the steps undertaken for the relief and rehabilitation of the Kashmiri Migrants. Under the Prime Ministers Package for Return and Rehabilitation of Kashmiri Migrants to Valley various incentives like housing, employment, transit accommodation, waiver on loan etc. are provided for mitigating their sufferings. This package envisages employment to 15000 unemployed youth as an incentive to return to valley and this process is continuing since its inception. The Government is sensitive about this issue and adequate measures shall be taken for honorable return of Kashmiri Migrants to their ancestral places.

I shall like to mention here that an allocation of ₹ 679 crore has been made for salary, cash assistance, food grains and civic action programme for Kashmiri Migrants for the year 2020-21 which is ₹ 319 crore more than the previous year.

21. Rehabilitation of Pok and West Pakistan Refugees:

21.1 With the abrogation of Article 370 and Re-organisation of State into Union Territory, the PoK and West Pakistan Refugees have qualified for citizenship rights which were denied to them since 1947. They will now get all the rights due to every citizen of this country. The Government shall take care of their rehabilitation needs.

22. Supplementary Grant for the period of 07 Months in respect of undivided Jammu & Kashmir state (w.e.f 1st April, 2019-30th Oct, 2019):

22.1 The original grant for the financial year 2019-20 was ₹ 88,911 crore. During the course of year from 1st April, 2019 to 30th of October, 2019 an amount of ₹ 20,870.40 Lakh had been withdrawn in excess of grant under the relevant demand out of the Consolidated Fund of the Jammu and Kashmir State to defray expenses on services and purposes required during the period. This had been largely necessitated due to expenses related to local body elections and security related expenditure.

22.2 The Supplementary Jammu and Kashmir Appropriation Bill is proposed to be presented to authorize payment and appropriation of ₹ 20,870.40 Lakhs from and out of the Consolidated Fund of the Jammu and Kashmir State for the period of seven months w.e.f 1st April, 2019 to 30th October, 2019.

23. Budget Estimates for 05 months of Financial Year 2019-20 (from 31st October, 2019 – 31st March, 2020) for the Union Territory of Jammu and Kashmir:

23.1 The total receipts for last 05 months of 2019-20 (31st Oct, 2019-31st March, 2020) are estimated at ₹ 55,317.81 crore. Of these, ₹ 40,498 crore are revenue receipts, ₹ 5,794 crore are in the form of borrowings and ₹ 9,025.81 crore are Ways & Means Advances. The own revenues are estimated to be ₹ 11,326 crore with ₹ 5,462 crore as the share of the Union Territory in central taxes. In addition to this, ₹ 23,710 crore are to flow as other central transfers.

23.2 Given these receipts, the total expenditure is estimated to be ₹ 55,317.81 crore during 05 months. Of this, capital expenditure would be ₹ 23,910.95 crore and revenue expenditure ₹ 31,406.86 crore.

23.3 In line with commitment of Hon'ble Prime Minister and Hon'ble Home Minister, a provision of ₹ 3,000 crore has been made for extension of benefits as per 7th CPC allowances to employees of J&K. Additional provision of ₹ 670 crore has been made for education in 05 months budget. Allocation for wages has been enhanced by ₹ 250 crore. In order to promote self-employment, ₹ 10 crore has been provisioned for the programme "Mission Youth". A new scheme "**Back to Village**" programme has been introduced and an amount of ₹ 121 crore has already been provided for the purpose. A sum of ₹ 75 crore is proposed to be provided during the five (05) months for improving infrastructural requirements in the villages.

24. Budget Estimates for 05 months of Financial Year 2019-20 (from 31st October, 2019 – 31st March, 2020) for the Union Territory of Ladakh:

24.1 The total budget estimates, for the Union Territory of Ladakh, for last 5 months of FY 2019-20 (from 31st October, 2019-31st March, 2020) are ₹ 5,754.00 crore. Of this, capital expenditure would be ₹ 4,618.35 crore and revenue expenditure would be ₹ 1,135.65 crore.

25. Fiscal Indicators:

25.1 The tax/GSDP ratio is 6.59 percent which is higher than the previous year of 6.19 percent.

25.2 Debt/GSDP ratio for previous years is 48 % which is within FRBM limits and will remain within the FRBM limits in 2020-21 also.

25.3 GSDP for the year 2020-21 has been projected at ₹ 2,01,054 crore which shows a growth of 11 % over previous year.

Mr. Speaker Sir, with these words I present to the House the Supplementary Budget for undivided State of the Jammu & Kashmir (for 1.4.2019 to 30.10.2019), five months budget (from 31.10.2019 to 31.3.2020) each for the Union Territory of Jammu & Kashmir and the Union Territory of Ladakh and budget of the Union Territory of Jammu & Kashmir for the year 2020-21 for further consideration.

