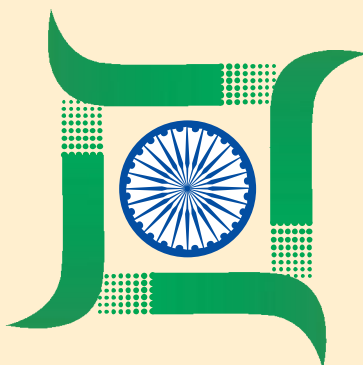




**Report of the
Comptroller and Auditor General of India
on
State Finances
for the year ended 31 March 2012**



झारखण्ड सरकार

**Government of Jharkhand
Report No. 1 of the year 2011-12**

**Report of the
Comptroller and Auditor General of India
on
State Finances**

for the year ended 31 March 2012

Government of Jharkhand
Report No. 1 of the year 2012

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Preface

This Report has been prepared for submission to the Governor of Jharkhand under Article 151 of the Constitution of India.

Chapters 1 and 2 of this Report contain audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts respectively, of the State Government for the year ended 31 March 2012. Information has also been obtained from the Government of Jharkhand, wherever necessary.

Chapter 3 contains results of Compliance audit of Abstract Contingent bills in three selected Departments.

Chapter 4 on 'Financial Reporting' provides an overview and status of the State Government's compliance with various Financial Rules, procedures and directives during the year 2011-12.

EXECUTIVE SUMMARY

Executive Summary

Based on the audited accounts of the Government of Jharkhand for the year ending March 2012, this Report provides an analytical review of the Annual Accounts of the State Government. The financial performance of the State has been assessed based on the Fiscal Responsibility and Budget Management Act, 2007, Budget documents, Medium Term Fiscal Plan (MTFP), Economic Review, Thirteenth Finance Commission (TFC) Report and other financial data obtained from various Government Departments and organizations. The Report is structured in four Chapters.

Chapter 1 is based on the audit of Finance Accounts and makes an assessment of the Government's fiscal position as on 31 March 2012. It provides an insight into trends in overall financial position of the State, actuals vis-à-vis Budget Estimates of committed expenditure and borrowing patterns, besides giving a brief account of the funds transferred by the Government of India (GOI) directly to the State implementing agencies through the off-budget route.

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

Chapter 3 presents the results of the Compliance Audit of Abstract Contingent bills of three Departments viz. Human Resources Development, Rural Development and Home Department against whom a huge number of Abstract Contingent bills were outstanding.

Chapter 4 is an inventory of the Government of Jharkhand's compliance with various reporting requirements and Financial Rules.

The Report also compiles the data collated from several Government Departments/Organisations in support of the findings. Appendix 5.1 at the end of the Report gives a glossary of terms and acronyms used in the Report.

Audit findings

Chapter: 1

Fiscal discipline: The State Government has succeeded in improving the fiscal situation during 2011-12. The Revenue Receipts (₹ 22,420 crore) grew at 19.4 *per cent* while the Revenue Expenditure (₹ 20,992 crore) grew at 17 *per cent* over the previous year. As a result, the Revenue Surplus increased to ₹ 1,428 crore during 2011-12. However, Revenue Surplus was low compared to the Medium Term Fiscal Plan target of ₹ 5,379 crore. Fiscal Deficit (₹ 1,924 crore) was also contained to 1.54 *per cent* of Gross State Domestic Product (GSDP) during 2011-12, which was well within the TFC recommendation (three *per cent*). The growth of GSDP during 2011-12 was, however, 12.1 *per cent*, against the TFC norm of 14.14 *per cent*.

During 2011-12, the actual receipts were less by ₹ 5,326 crore in comparison to the Budget Estimate. State's Own Tax and Non-Tax Revenue comprised 45 *per cent*, while Central Tax transfer and Grants-in-aid from Government of India (GOI) constituted 55 *per cent* of Revenue Receipts. Grants-in-aid from GOI increased by 28 *per cent*, over the previous year.

During 2011-12, the Revenue Expenditure constituted 86 *per cent* of Total Expenditure. Its growth was much higher than the growth rate of GSDP. Of the Revenue Expenditure, Plan Revenue Expenditure (PRE) and Non-Plan Revenue Expenditure (NPRE) constituted 36 *per cent* and 64 *per cent* respectively. The PRE increased by 27 *per cent* and NPRE increased by 12 *per cent* over the previous year. During 2011-12, financial assistance to Local Bodies and other institutions stood at 22 *per cent* of Revenue Expenditure.

Capital expenditure: During 2011-12, Capital Expenditure (₹ 3,159 crore) increased by ₹ 495 crore over 2010-11. However, its percentage to Total Expenditure remained static at 13 *per cent* during 2010-12, compared to 15 *per cent* during 2009-10, despite having Revenue and Primary Surpluses during the year. The percentage of Capital Expenditure to Gross State Domestic Product (GSDP) stood at 2.54 *per cent* against the MTFP projection of 3.15 *per cent*.

Thrust to Development Expenditure: Total Development Expenditure increased during the period 2007-08 to 2011-12 at an average annual growth rate of 15 *per cent*. During the year 2011-12, the share of Development Revenue Expenditure in Total Expenditure was 54 *per cent*, while it was only 13 *per cent* in case of Development Capital Expenditure.

Review of Government investments: The return from Government investment (₹ 182.57 crore as of 31 March 2012) in Government Companies, Co-operatives, Banks and Societies was less than one *per cent* during the last five years, while the cost of Government borrowings during 2007-2012 was much higher (ranged between 7.42 *per cent* and 8.03 *per cent*).

Transfer of funds to State Implementing Agencies: During 2011-12, Government of India directly transferred ₹ 4,194.42 crore to the State Implementing Agencies, outside the State Budget. As Annual Finance Accounts do not capture the flow of such funds, the State's receipts and expenditure are understated to that extent. Besides, direct transfer of funds to the Agencies ran the risk of improper utilisation of funds by these agencies, unless uniform accounting practices are followed.

Fiscal Liabilities: Fiscal Liabilities of the State (₹ 30,664 crore) grew at seven *per cent* over the previous year. The Fiscal Liabilities were 24.7 *per cent* of GSDP (against the TFC recommendation of 28.5 *per cent* for the year) which gradually decreased from 28 *per cent* in 2009-10.

Debt sustainability: During 2007-12, the quantum spread together with the Primary Deficit/Surplus recorded wide fluctuation between (-) ₹ 2,022 crore and ₹ 3,087 crore due to fluctuation in the growth rate of GSDP. From ₹ 1,825 crore in 2010-11, it slightly decreased during 2011-12 (₹ 1,618 crore) leading the State to a debt sustainable position. The debt-GSDP ratio during 2011-12 was 24.7 *per cent*, against the MTFP target of 25 *per cent*.

Chapter: 2

Financial management and budgetary control: There were large savings of ₹ 9,998.50 crore during 2011-12 indicating improper budget estimation. Large savings under various schemes/ sub-heads may adversely affect the implementation of development programmes in the State. Excess expenditure of ₹ 420.16 crore was incurred over provisions during 2011-12, which requires regularisation under Article 205 of the Constitution of India. Besides, excess expenditure of ₹ 8,120.63 crore occurred during 2001-2011 was still to be regularised. Persistent savings for the last five years were also recorded in nine departments performing Social Services and Economic Services. In 79 Sub-Heads, ₹ 3,252.83 crore were surrendered on last two days of the year, leaving no scope of utilisation of the funds for other development purposes. In 16 Heads more than 50 *per cent* of the expenditure was incurred during the last month of the financial year. Rush of expenditure hampers due exercise of budgetary and expenditure controls. The Controlling Officers did not reconcile the expenditure (₹ 20,101 crore) and receipts (₹ 9,822 crore) of the departments with the books of the Accountant General (A&E), Jharkhand during 2011-12.

Chapter: 3

Compliance Audit of Abstract Contingent bills: In Jharkhand, huge amounts (₹ 13,543 crore) were drawn on Abstract Contingent (AC) bills during 2000-2012 and the bills remained outstanding (₹ 6,861 crore as of June 2012) for long periods due to non-submission of Detailed Contingent (DC) bills. AC bills were found drawn for purposes for which advance drawal was not permissible. The Departments drew AC bills even for programme implementation and other Plan/Capital expenditure. AC bills were repeatedly drawn by the DDOs by furnishing wrong certificates regarding submission of DC bills in respect of AC bills drawn earlier. We also observed that Plan funds, though not required for immediate payment, were drawn through AC bills at the fag end of financial year to avoid lapse of budget allotment. Also, unspent funds drawn in AC bills were kept in bank accounts and not deposited into the Government account. Further, non-provisioning of funds for flagship programmes in the State budget as Grants-in-aid resulted in drawal of the same through AC bills.

Chapter: 4

Financial reporting: Utilisation certificates of Grants-in-aid amounting to ₹ 6,836.04 crore were not submitted by State institutions/bodies, which restricted the State Government from taking appropriate steps required for ensuring accountability and improving efficiency of operations. Annual Accounts of 74 Bodies and Authorities had not been received by the Principal Accountant General (Audit), Jharkhand as of September 2012. Government Funds parked in Personal Deposit Account was not closed at the end of the financial year.

CHAPTER 1

1.1 Profile of Jharkhand

Jharkhand, the 28th State of the Indian Union, was carved out of Bihar on 15 November 2000. It covers an area of 79,714 square kilometre with a population of 3.30 crore. The State has vast forest and mineral resources and two thirds of its labour force depend on agriculture. A brief social and economic profile of the State is given in *Appendix 1.1 Part A*. It would be seen that on the social development front Jharkhand was lagging behind the General Category States. Jharkhand had a lower literacy rate (67.63 *per cent*), higher maternal mortality rate (261 per lakh), lower infant mortality rate (41 per thousand live births) and more population below poverty line (40.4 *per cent*) when compared to the All India average. The population density in Jharkhand was 414 persons per square kilometre. The GSDP of the State has grown at a lower rate of 14.07 *per cent* in the last decade, as compared to the average GSDP growth (14.46 *per cent*) of General Category States.

1.1.1 Introduction

This Chapter provides a broad perspective of the finances of the Government of Jharkhand during the year 2011-12 and analyses critical changes in the major fiscal aggregates in relation to the previous year, keeping in view the overall trends during the last five years. The analysis has been based on audit of the State Finance Accounts 2011-12 and information obtained from the State Government. The structure and form of Government accounts have been explained in *Appendix 1.1 Part B* and the layout of the Finance Accounts is depicted in *Appendix 1.1 Part C*.

The methodology adopted for assessment of the fiscal position of the State is given in *Appendix 1.2 Part A*. Time series data on State Government finances for last five years is given in *Appendix 1.3*.

1.2 Summary of Current Year's Fiscal Transactions

Table 1.1 presents the summary of the State Government's fiscal transactions during the current year (2011-12) *vis-à-vis* the previous year (2010-11) while *Appendix 1.4 Part A* provides an abstract of receipts and disbursements as well as the overall fiscal position during the year 2011-12.

Table 1.1: Summary of Current Year's Fiscal Transactions

(₹ in crore)

2010-11	Receipts	2011-12	2010-11	Disbursements	2011-12		
Section-A: Revenue					Non-plan	Plan	Total
18781.12	Revenue Receipts	22419.45	17944.74	Revenue Expenditure	13345.30	7646.28	20991.58
5716.63	Tax revenue	6953.89	6990.80	General Services	7399.49	446.07	7845.56
2802.89	Non-Tax revenue	3038.22	6707.30	Social Services	3728.14	3558.89	7287.03
6154.35	Share of Union Taxes/ Duties	7169.93	4246.47	Economic Services	2217.67	3641.32	5858.99
4107.25	Grants from Government of India	5257.41	0.17	Grants-in-aid and Contributions	--	--	--
Section-B: Capital							
-	Misc. Capital Receipts	-	2664.30	Capital Outlay	47.88	3111.49	3159.37
24.12	Recoveries of Loans and Advances	23.42	307.56	Loans and Advances disbursed	31.21	185.89	217.10
1.39	Inter State Settlement						
2446.51	Public Debt Receipts *	2671.22	1299.43	Repayment of Public Debt	-	-	1639.01
-	Transfers to Contingency Fund	-	-	Expenditure from Contingency Fund	-	-	-
7721.42	Public Account Receipts	10813.40	7399.85	Public Account Disbursements			9727.77
640.91	Opening Cash Balance	(-)0.41	-	Inter State Settlement			75.40
			(-)0.41	Closing Cash Balance			116.85
29615.47	Total	35927.08	29615.47	Total	13424.40	10943.66	35927.08

Source: Finance Accounts for the years 2010-11 and 2011-12.

* Excluding net transactions under Ways and Means advances and overdraft.

The significant changes during 2011-12 as compared to the previous year are as under:

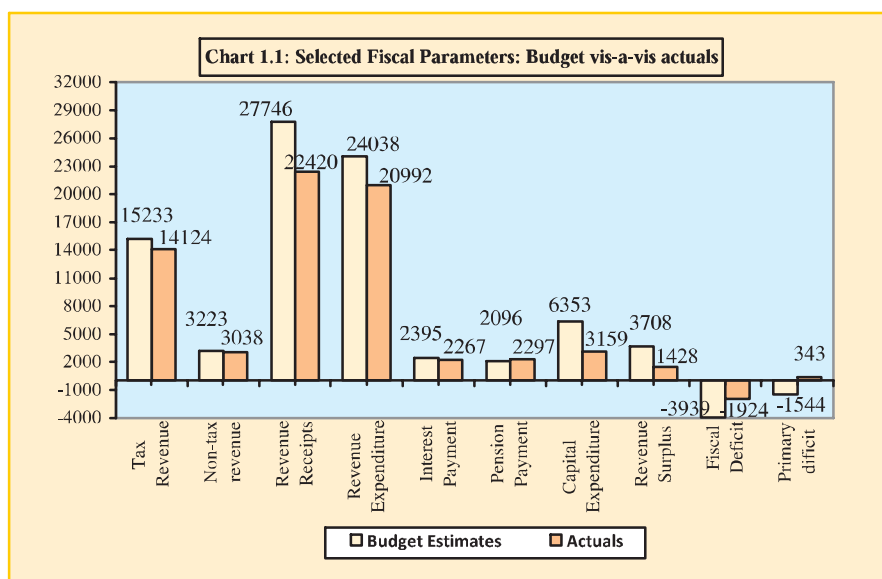
- Revenue Receipts of the State increased by ₹ 3,639 crore (19 per cent) over that of the previous year. The increase was due to increase in Tax Revenue by ₹ 1,237 crore (22 per cent), Non-Tax Revenue by ₹ 235 crore (eight per cent), State's Share of Union Taxes and Duties by ₹ 1,016 crore (17 per cent) and Grants-in-aid by ₹ 1,151 crore (28 per cent) over the previous year. However, Revenue Receipts were below the budget estimates of ₹ 27,746 crore.
- Against the normative assessment of Tax Revenue (₹ 8,176 crore) and Non-Tax Revenue (₹ 3,594 crore) made by the Thirteenth Finance Commission (TFC) the actual tax and non-tax receipts of the State were ₹ 6,954 crore (85 per cent) and ₹ 3,038 crore (85 per cent) respectively. Thus, on both counts it was below the normative projection made by the TFC.
- Revenue Expenditure increased by ₹ 3,047 crore (17 per cent) due to increase in expenditure on General Services (₹ 855 crore), Social Services (₹ 580 crore) and Economic Services (₹ 1,613 crore). However, it was lower than the budget estimates of ₹ 24,038 crore.
- Capital Expenditure increased by ₹ 495 crore (19 per cent) in 2011-12 over the previous year due to increased expenditure under Rural Development, Irrigation and Water Supply.

- Recovery of Loans and Advances remained almost at the same levels as in the previous year while the disbursement decreased by ₹ 91 crore (30 per cent) during 2011-12 over the previous year.
- Public Debt receipts increased by ₹ 224 crore (9 per cent) while its repayment increased by ₹ 340 crore (26 per cent) over the previous year.
- Public Account receipts increased by ₹ 3,092 crore (40 per cent) against increase in disbursements by ₹ 2,328 crore (31 per cent).
- The net impact of these transactions was an increase of ₹ 117.26 crore in the cash balance at the end of 2011-12 over the previous year.

1.2.1 Budget estimates vis-à-vis actuals

The budget presented by the Government provides estimated receipts and expenditure for a particular fiscal year. The importance of accuracy in estimation is widely accepted in the context of effective implementation of fiscal policy for overall economic management. Several reasons may account for the deviation of the actual realisation from the budget estimates. It could be on account of unanticipated and unforeseen events or under/over estimation of expenditure/revenue at the stage of budget preparation.

Chart 1.1 presents a comparative analysis of the budgeted and actual figures in respect of some important fiscal parameters.



The above chart shows that actual receipts and expenditures, except pension payments, were less than the budget estimates prepared by the State Government for 2011-12. The shortfall in actual Revenue Receipts (₹ 5,326 crore) was mainly due to shortfall in receipt of Grants-in-aid from Government of India (₹ 4,032 crore) against what was estimated in the State budget. The shortfall in actual Revenue Expenditure (₹ 3,046 crore) was due to shortfall in actual expenditure incurred on Social Services (₹ 2,237 crore) and Economic Services (₹ 787 crore) during 2011-12.

The Capital Expenditure of the State was less than the Budget Estimate due to less expenditure on Social Services (₹ 1,156 crore) and Economic Services (₹ 2,014 crore) against what was budgeted, which is a matter of concern for the State.

1.2.2 Implementation of Jharkhand Fiscal Responsibility and Budget Management Act

The Government of Jharkhand enacted the Jharkhand Fiscal Responsibility and Budget Management (FRBM) Act, 2007 (*Appendix 1.2 Part B*), for ensuring fiscal stability, debt sustainability and greater transparency in the fiscal operation of the Government. Under the Act, the State Government was to eliminate the Revenue Deficit by the end of March 2009 and restrict the Fiscal Deficit up to three *per cent* of the estimated Gross State Domestic Product (GSDP) by March 2009. However, the Thirteenth Finance Commission (TFC) recommended a new and Revised Road Map for Fiscal Consolidation thereby linking all grants and debt relief facilities to achievement of the targets.

Accordingly, the State revised some of its key fiscal targets in the FRBM (Amendment) Act, 2011 and 2012 as well as in its Mid Term Fiscal Plan (MTFP). The revised target laid down in FRBM Act, 2011 and 2012 of the State were (i) reducing its Revenue Deficit to 'nil' at the end of 31 March 2012 (ii) the Fiscal Deficit at three *per cent* of the GSDP by the end of March 2012 and (iii) Debt-GSDP ratio at 28.5 *per cent* in 2011-12.

The targets were further revised in the MTFP which are as given below:

Table 1.2: Fiscal Targets vis-à-vis achievement in MTFP

(In per cent)

Key Fiscal targets	Actual 2010-11	Target 2011-12	Actual 2011-12	Target 2012-13	Target 2013-14
Revenue Deficit (-)/Surplus (+) by GSDP	(-) 0.61	(+) 2.69	(+) 1.15	(+) 3.32	(-) 1.00
Fiscal Deficit (-) /Surplus (+) by GSDP	(-) 1.70	(-) 2.80	(-) 1.54	(-) 2.15	(-) 2.50
Primary Deficit (-) /Surplus (+) by GSDP	(+) 0.09	(-) 1.07	(+) 0.3	(-) 0.24	(-) 0.50
Debt/GSDP	23.35	25.00	24.70	25.00	25.00

- The State had achieved the targets set in the FRBM Act by eliminating the Revenue Deficit in 2006-07 by turning the deficit into a huge Revenue Surplus (₹ 946 crore), which further improved to ₹ 1,428 crore in 2011-12 with inter-year variations. However, the MTFP targets of Revenue Surplus to GSDP ratio (2.69 *per cent*) was not achieved in 2011-12.
- The percentage of Fiscal Deficit to GSDP was well within the limit (3 *per cent*) fixed under the FRBM Act during the years 2010-11 (1.90 *per cent*) and 2011-12 (1.54 *per cent*). The percentage was also within the limit fixed under MTFP (2.80 *per cent*).
- The Debt-GSDP ratio of the State was 24.70 *per cent* during 2011-12, which was within the normative projection made by the TFC (28.5 *per cent*) and MTFP (25 *per cent*).

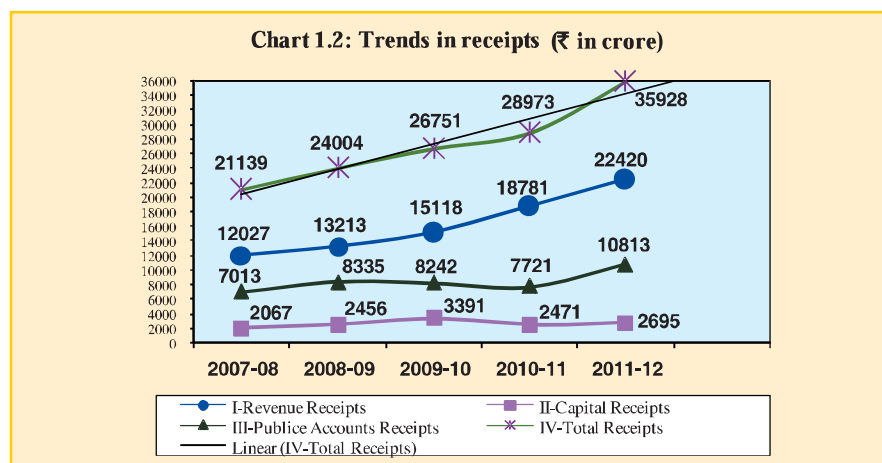
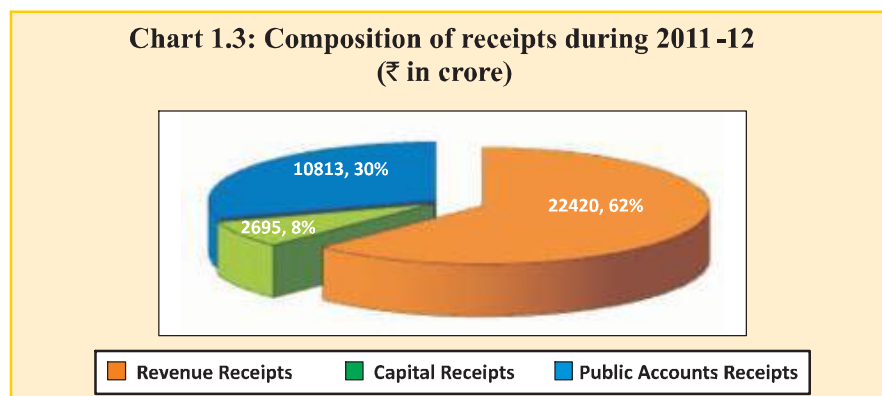
1.3 Resources of the State

1.3.1 Resources of the State as per Annual Finance Accounts

Revenue and Capital are the two streams of receipts that constitute the resources of the State Government. Revenue Receipts consist of Tax Revenues, Non-Tax Revenues, State's Share of Union Taxes and Duties and Grants-in-aid from the Government of India (GOI). The Capital receipts comprise Miscellaneous Capital receipts such as proceeds from disinvestments, recoveries of Loans and Advances, Debt receipts from internal sources (market loans, borrowings from financial institutions/ commercial banks), Loans and Advances from GOI as well as accruals from the Public Account.

Table-1.1 presents the receipts and disbursements of the State during the year 2011-12 as recorded in its Annual Finance Accounts and **Chart 1.2** depicts the trends in various components of the receipts of the State during 2007-12.

Chart 1.3 depicts the composition of resources of the State during the current year.



- The Total Receipts of the State increased from ₹ 21,139 crore in 2007-08 to ₹ 35,928 crore in 2011-12. The growth rate of Total Receipts increased from 8 per cent in 2010-11 to 24 per cent in 2011-12 mainly due to increase in Revenue Receipts by ₹3,639 crore (19 per cent) and Public Account receipts by ₹3,092 crore (40 per cent).
- Share of Revenue Receipts to Total Receipts fluctuated between 55 per cent and 65 per cent during 2007-12. It decreased from 65 per cent in 2010-11 to 62 per cent in 2011-12 due to comparatively higher growth of Total Receipts.
- The Debt Capital receipts (Capital receipts minus recovery of Loans and Advances) increased from ₹2,447 crore in 2010-11 to ₹2,671 crore in 2011-12. The growth rate of Debt Capital receipts increased from (-) 27 per cent in 2010-11 to 9 per cent in 2011-12.
- Public Account receipts increased significantly from ₹ 7,721 crore (27 per cent of Total Receipts) in 2010-11 to ₹ 10,813 crore (30 per cent of Total Receipts) in 2011-12.

1.3.2 Grants recommended by Thirteenth Finance Commission under State Specific Needs

The allocation and release of Grants recommended by the Thirteenth Finance Commission under State Specific Needs for the State of Jharkhand are given in **Table 1.3**

Table-1.3: Grants under State Specific Needs for 2011-12

(₹ in crore)

Department/Scheme	Allocation	Release
Social Welfare, Women & Child Development- Construction of 10,000 Anganwadi Kendra	108.00	108.00
Welfare - Hostel for Tribal and Vocational Society	31.25	30.87
Home- Police Training	18.25	15.86
Home-Housing	56.25	56.25
Art, Culture, Sports & Youth Affairs-Heritage Gallery	25.00	22.00
Labour & Employment- Construction of 10 Industrial Training Institutes	50.00	50.00
Rural Development- Construction of Building at Block levels	67.50	67.50
Total	356.25	350.48

Source: Finance Department

Against the Thirteenth Finance Commission award of ₹ 356.25 crore to Jharkhand as State Specific Needs Grant for the year 2011-12 the State received ₹ 350.48 crore for various schemes in respect of different departments. Less release was under Welfare (₹ 0.38 crore), Police Training (₹ 2.39 crore) and Art and Culture (₹ 3 crore).

It was seen from the Detailed Appropriation Accounts for 2011-12 that the funds allocated by the TFC to Social Welfare, Women & Child Development Department (₹ 108 crore) and Art, Culture, Sports & Youth Affairs Department (₹ 25 crore), which were provided in the State budget could not be utilised and the entire funds were surrendered by the Departments.

1.3.3 Funds transferred to State implementing agencies outside the State Budget

The Central Government has been transferring sizeable amounts of funds directly to the State Implementing Agencies¹ for implementation of various schemes/programmes in Social and Economic sectors recognised as critical. As these funds are not routed through the State Budget/State Treasury System, the Annual Finance Accounts do not capture the flow of these funds and to that extent, the State's receipts and expenditure as well as other fiscal variables/ parameters derived from them are under-estimated. To present a holistic picture on availability of aggregate resources, the funds directly transferred to State implementing agencies are presented in **Table 1.4**.

Table 1.4: Funds released by Government of India directly to State Implementing Agencies

(₹ in crore)			
Programme/scheme (Centre: State share)	Implementing agency in the State	2010-11	2011-12
Mahatma Gandhi National Rural Employment Guarantee scheme	District Rural Development Agency	962.87	917.77
Indira Awaas Yojana	District Rural Development Agency	561.65	215.48
Swarnjayanty Gram Swarojgar Yojana District Rural Development Agency (Administration), Integrated Watershed Management Programme	District Rural Development Agency	143.44	84.67
Sarva Shiksha Abhiyan	Jharkhand Education Project Council	895.62	579.03
National Rural Health Mission, Human Resource for Health, Information, Education and Communications	(i) Jharkhand Rural Health Mission Society, TB Control Society and Blindness Control Society; (ii) Jharkhand AIDS Control Society.	300.07	609.65
National Rural Drinking Water Programme, Central Rural Sanitation Programme	Jharkhand State Water and Sanitation Mission	184.62	220.82
Member of Parliament Local Area Development scheme	District Magistrates	40.00	69.00
Schemes implemented by NGOs and other societies	NGOs and other Societies	1122.81	1498.00
Total		4211.08	4194.42
The data was not reconciled with the figures of implementing agencies. (Total amount of direct transfer of funds excludes ₹ 146.05 crore and ₹ 118.40 crore respectively released for the years 2011-12 and 2010-11 to the Central bodies and organisations outside the purview of the Government of Jharkhand).			

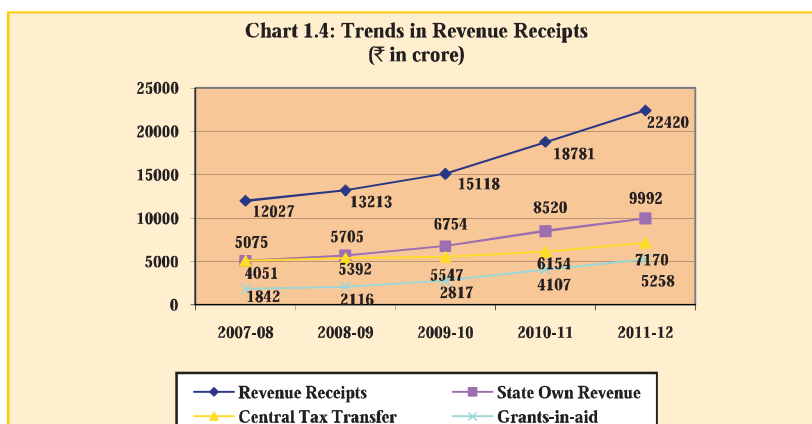
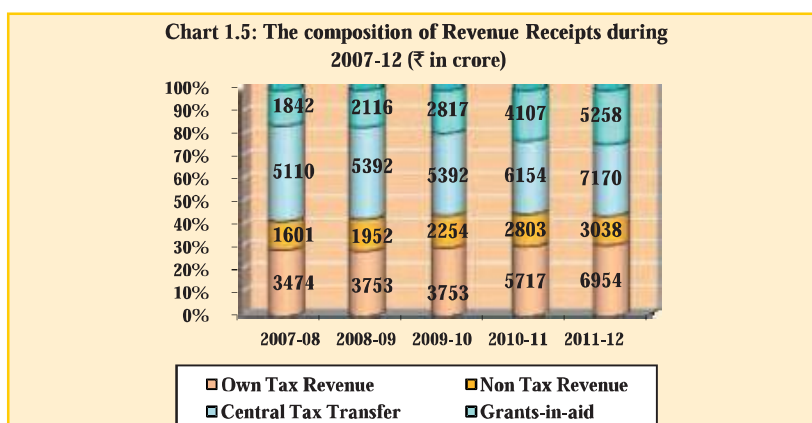
Source: Finance Accounts, Appendix-VII

Direct transfer of funds from the GOI to State implementing agencies ran the risk of improper utilisation of funds by these agencies. Unless uniform accounting practices are followed by all these agencies, with proper documentation and timely reporting of expenditure to the State Government and the Accountant General (A&E), Jharkhand, it would be difficult to monitor the end use of these direct transfers.

¹ State Implementing Agencies include any organisation/institution including non-Governmental organisations which is authorised by the State Government to receive funds from the Government of India for implementing specific programmes in the State, e.g. State Implementation Society for SSA, State Health Mission for NRHM etc.

1.4 Revenue Receipts

The Revenue Receipts consist of the State's Own Tax Revenue, Non-Tax Revenues, Central Tax transfers and Grants-in-aid contribution from GOI. Statement-11 of the Finance Accounts details the Revenue Receipts of the Government. The trends and composition of Revenue Receipts over the period 2007-12 are presented in **Appendix 1.3** and also depicted in **Charts 1.4** and **1.5** respectively.



- The Revenue Receipts of the State increased from ₹ 12,027 crore in 2007-08 to ₹ 22,420 crore in 2011-12 at an average growth rate of 17.2 *per cent*. During 2011-12, the receipts grew at 19.4 *per cent* over the previous year. However, in comparison to the budget estimate, the Revenue Receipts of the State was less by ₹ 5,326 crore during 2011-12. On an average, while around 45 *per cent* of the revenue came from the State's own resources during 2007-12, Central Tax transfers and Grants-in-aid together contributed about 55 *per cent* of the total revenues during the period.
- During the year, total Revenue Receipts (₹ 22,420 crore) comprised of States' Own Tax Revenue ₹6,954 crore (31 *per cent*), Non-Tax Revenue ₹3,038 crore (14 *per cent*), Central Tax transfer ₹ 7,170 crore (32 *per cent*) and Grants-in-aid ₹5,258 crore (23 *per cent*). The receipts under

these heads grew at 21 *per cent*, eight *per cent*, 17 *per cent* and 28 *per cent* respectively over the previous year.

The trends of Revenue Receipts relative to GSDP are presented in **Table 1.5**.

Table 1.5: Trends in Revenue Receipts relative to GSDP

(₹ in crore)

	2007-08	2008-09	2009-10	2010-11	2011-12
Revenue Receipts (RR) (₹ in crore)	12027	13213	15118	18781	22420
Rate of growth of RR (<i>Per cent</i>)	20.1	9.9	14.4	24.2	19.4
R R/GSDP (<i>Per cent</i>)	14.3	15.1	15.6	17.0	18.1
State's Own Tax / GSDP	4.1	4.3	4.6	5.2	5.6
Growth rate of GSDP	25.42	4.58	10.41	14.27	12.09
Buoyancy Ratios²					
Revenue Buoyancy w.r.t GSDP	0.79	2.15	1.38	1.69	1.60
State's Own Tax Buoyancy w.r.t GSDP	0.35	1.74	1.91	1.89	1.79

- The growth rate of Revenue Receipts increased significantly from 9.9 *per cent* in 2008-09 to 24.2 *per cent* in 2010-11. However, it decreased to 19.4 *per cent* during 2011-12.
- Revenue buoyancy with respect to GSDP showed wide fluctuations ranging between 0.79 and 2.15 during 2007-12. In 2008-09, it was highest (2.15 *per cent*) due to low growth rate of GSDP (4.6 *per cent*) in comparison to the growth rate of Revenue Receipts (9.9 *per cent*), while during 2007-08 it was at the lowest point (0.79 *per cent*) due to highest growth rate of GSDP (25.42 *per cent*). During 2011-12, growth of Revenue Receipts decreased at a higher rate than that of GSDP which resulted in fall in revenue buoyancy from 1.69 in 2010-11 to 1.60 in 2011-12.
- The State's Own Tax (SOT) with respect to GSDP buoyancy showed wide variations between 0.35 and 1.91 during 2007-12, due to wide fluctuation in the growth rate of both GSDP and Own Tax Revenue. The buoyancy gradually declined from 1.91 in 2009-10 to 1.89 in 2010-11. It further declined to 1.79 in 2011-12, when growth of SOT decreased at a rate higher than that of GSDP.
- The growth rate of GSDP of the State recorded wide variation from 4.6 *per cent* to 25.4 *per cent* during the years 2007-08 to 2011-12. While the growth rate increased to 14.3 *per cent* in 2010-11, it decreased to 12.1 *per cent* in 2011-12, against the TFC norm of 14.14 *per cent*, mainly because of decline in growth rate under Manufacturing and Industry Sector.

1.4.1 State's Own Resources

As the State's share in Central Taxes and Grants-in-aid are determined on the basis of recommendations of the Finance Commission, collection of Central Tax Receipts and Central Assistance for Plan schemes etc., the State's performance in mobilisation of additional resources should be assessed in terms of its own resources comprising revenue from Sales Tax, Excise Duty,

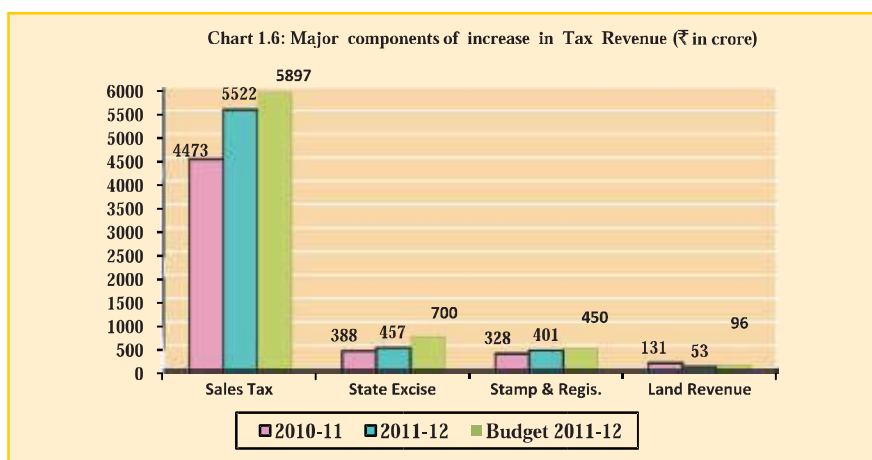
² Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy at 0.6 implies that Revenue Receipts tend to increase by 0.6 percentage points, if the GSDP increases by one *per cent*.

Stamp Duty, Registration Fees, Motor Vehicle Tax, Land Revenue, etc. and other Non-Tax sources.

Tax Revenue

The Tax Revenue of the State increased from ₹3,474 crore in 2007-08 to ₹6,954 crore in 2011-12. It increased from eight *per cent* during 2007-08 and 2008-09 to 27 *per cent* in 2010-11, which marginally decreased to 21 *per cent* in 2011-12. Out of the total Tax Revenue in 2011-12, Sales Tax contributed 79 *per cent* followed by State Excise (seven *per cent*), Stamp Duty and Registration (six *per cent*) and Taxes on vehicles (six *per cent*).

Chart 1.6 presents the major components, which contributed to increase in Tax Revenue during 2011-12 in comparison to the previous year.



During 2011-12, the collection of State Own Tax Revenue was ₹6,954 crore against the normative projection made by TFC of ₹8,176 crore. The main reason for non-achievement of the MTFP and TFC targets was lesser collection of Sales Tax and State Excise than estimated. The actual collection under these heads was ₹5,522 crore and ₹457 crore against the budget estimate of ₹5,897 crore and ₹700 crore respectively during the year.

The Own Tax to GSDP ratio in 2011-12 (5.6 *per cent*) was higher than the MTFP target of 5.4 *per cent* while it was significantly less than the TFC norms of 6.38 *per cent* for the year.

Non-Tax Revenue

Non-Tax revenue collected during 2011-12 was ₹3,038 crore against the normative projection of ₹3,594 crore by the TFC for the year.

The Non-Tax Revenue (NTR) constituted 13 *per cent* to 15 *per cent* of the Revenue Receipts during 2007-08 to 2011-12. However, its share in Revenue Receipts decreased from 15 *per cent* in 2010-11 to 14 *per cent* in 2011-12. The growth rate of NTR decreased significantly from 24 *per cent* in 2010-11 to eight *per cent* in 2011-12 mainly due to less collection of revenue under Miscellaneous General Services, Other Social Services, Tourism and Industries, though collection under Non-ferrous Mining and Metallurgical Industries increased in 2011-12.

1.4.1.1 Cost of collection of Tax

The gross collection of major taxes and expenditure on collection along with All-India average during 2011-12 are given in **Table 1.6**.

Table 1.6: Cost of collection of Tax

(₹ in crore)

Sl. No.	Head of accounts	Gross collection during 2011-12	Expenditure on collection	Percentage of expenditure to gross collection	All-India average of previous year
1	Taxes on Sales Trade etc.	5522	50.20	0.91	0.75
2	State Excise	457	15.95	3.49	3.05
3	Motor Vehicle Taxes	392	4.60	1.17	3.71
4	Stamp & Registration Fee	401	11.34	2.83	1.60

Source: Finance Accounts of Government of Jharkhand

It may be seen from the above Table that during 2011-12 the cost of collection of Sales Tax, State Excise and Stamps and Registration Fee was higher than the All-India average. The Government should improve the efficiency in tax collection in respect of these departments. However, collection cost of Taxes on Vehicles was much lower than the All-India average.

1.4.2 Central Tax transfer

During 2011-12, the Central Tax transfer (₹ 7,170 crore) increased by ₹1,016 crore (17 *per cent*) over the previous year and it constituted 32 *per cent* of Revenue Receipts of the State. The increase was mainly under Corporation Tax (₹ 617 crore), Taxes on Income other than Corporation Tax (₹ 162 crore), Customs Duty (₹ 167 crore) and Service Tax (₹ 242 crore).

1.4.3 Grants in-aid from Government of India

The trend of release of Grants-in-aid by GOI under Non-Plan, State Plan, Centrally Sponsored and Central Plan Schemes is shown in the following table:

Table 1.7: Component-wise grants released by the GOI

(₹ in crore)

Year	Non-Plan	State Plan	Centrally Sponsored and Central Plan Scheme	Total	Percentage increase
2007-08	556.49	752.18	533.10	1841.77	21
2008-09	591.91	1054.18	469.79	2115.88	15
2009-10	1145.33	982.97	688.33	2816.63	33
2010-11	1281.40	1826.99	998.86	4107.25	46
2011-12	1550.77	2404.61	1302.03	5257.41	28

Source: Finance Accounts of Government of Jharkhand

- During 2011-12, Grants-in-aid from GOI stood at ₹5,257.41 crore with an increase of 28 *per cent* from ₹ 4,107.25 crore in 2010-11.
- Non-Plan grants, State Plan grants and grants for Centrally Sponsored and Central Plan Scheme increased by ₹ 269.36 crore (21 *per cent*), ₹ 577.62 crore (32 *per cent*) and ₹ 303.17 crore (30 *per cent*) in the current year.

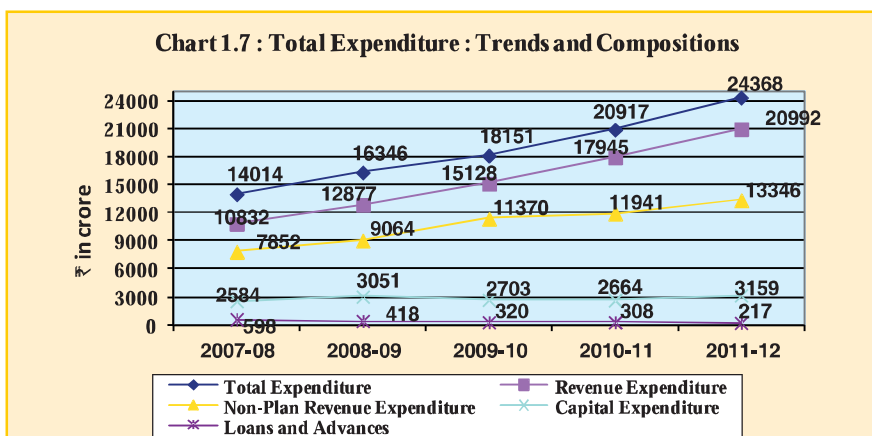
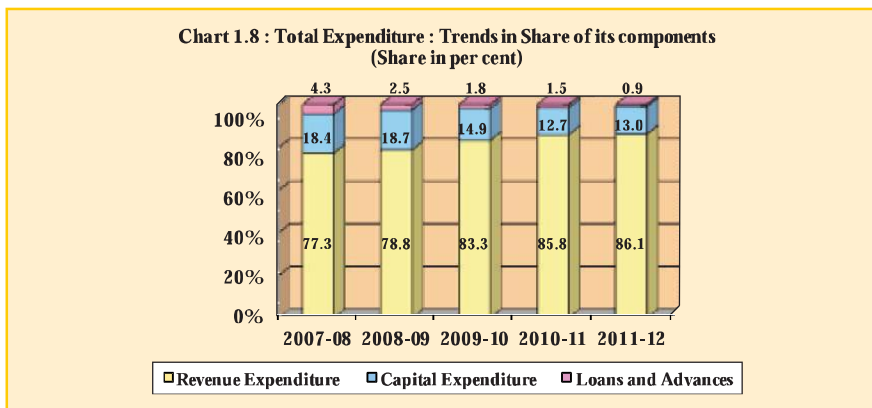
- Increase in Non-Plan grants was mainly due to increase in grants on recommendation of Thirteenth Finance Commission (₹ 611.51 crore) and compensation to the State for revenue loss due to phasing out of the Central Sales Tax (₹ 243 crore).
- State Plan grants increased mainly under Backward Region Grant Fund (₹ 184 crore). Under Central Plan Scheme grants for Mid Day Meal programme in schools was increased by ₹ 199 crore.

1.5 Application of resources

The analysis of the allocation of expenditure by the State Government assumes significance since the responsibilities for effective management and application of the resources is to be wielded by them. Within the framework of fiscal responsibility legislations, there are budgetary constraints in raising public expenditure financed by deficit or borrowings. It is, therefore, important to ensure that the process of fiscal correction and consolidation duly takes into account the focus of social and developmental expenditure without ignoring the increasing trend of public expenditure financed by borrowings.

1.5.1 Growth and composition of Total Expenditure

Chart 1.7 presents the trends in Total Expenditure during the years 2007-08 to 2011-12. Its composition, both in terms of 'economic classification' and 'expenditure by activities' is depicted in **Charts 1.8 and 1.9** respectively.

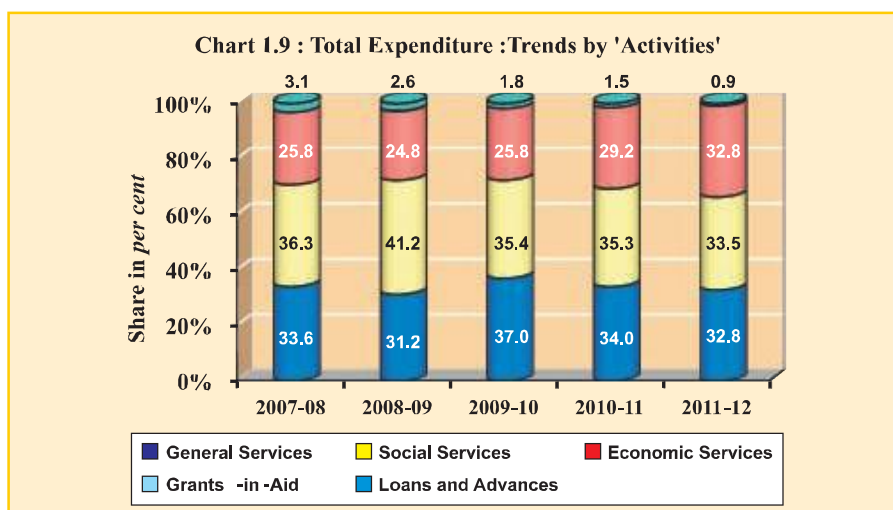


- Over the last five years, the Total Expenditure (TE) increased at an average growth rate of 15 *per cent*. During 2011-12, the growth rate was 16 *per cent*.
- Of the TE, Revenue Expenditure constituted 86 *per cent* while Capital Expenditure constituted 13 *per cent*. Loans and Advances disbursed constituted only one *per cent* of the TE.
- The trend in Total Expenditure in the form of Non-Plan and Plan expenditure during 2011-12 revealed that Non-Plan expenditure and Plan expenditure constituted 55 and 45 *per cent* respectively as against 58 *per cent* and 42 *per cent* respectively in 2010-11. The increase of ₹3,451 crore in Total Expenditure was mainly due to increase in Plan expenditure (by ₹2,147 crore).

1.5.2 Total Expenditure in terms of activities

In terms of activities, the TE is composed of expenditure on General Services (including Interest Payments), Social Services, Economic Services, Grants-in-aid and Loans & Advances.

An analysis of the expenditure by activities (**Chart 1.9**) showed that expenditure on General Services considered as non-developmental, accounted for 32.8 *per cent* during 2011-12 which was the lowest among the last five years except for 2008-09 (31.2 *per cent*). On the other hand, developmental expenditure i.e. Social Services and Economic Services taken together constituted 66.2 *per cent* during 2011-12, against 61.1 *per cent* in 2009-10 and 64.5 *per cent* in 2010-11.



1.5.3 Revenue Expenditure (RE)

Revenue Expenditure accounted for 86 *per cent* of the Total Expenditure during 2010-11 and 2011-12. The RE increased (by 94 *per cent*) from ₹10,832 crore in 2007-08 to ₹20,992 crore in 2011-12, at an average growth rate of 18.7 *per cent*. During 2011-12, it grew at 17 *per cent* over the previous year.

- During 2011-12 growth rates of RE on Social Services and on Economic Services decreased significantly to 9 *per cent* and 38 *per cent* respectively against 20 *per cent* and 46 *per cent* in 2010-11 which was indicative of less expenditure on developmental/productive services.
- The buoyancy of Revenue Expenditure with GSDP and Revenue Receipt increased respectively from 1.30 and 0.77 in 2010-11 to 1.40 and 0.88 in 2011-12. The growth rate of Revenue Expenditure was 17 *per cent* against 12 *per cent* growth rate of GSDP during the year 2011-12.

1.5.3.1 Plan Revenue Expenditure (PRE)

The Plan Revenue Expenditure (PRE) increased from 33 *per cent* of the total RE in 2010-11 to 36 *per cent* in 2011-12, while the rate of growth of PRE showed wide fluctuation between (-) 1.4 *per cent* and 61 *per cent* during 2007-12. During 2011-12, the PRE at ₹ 7,646 crore increased by ₹ 1,642 crore (27 *per cent*) over the previous year mainly due to increase under Welfare of Scheduled Castes and Scheduled Tribes (₹ 174 crore) and Transport (₹ 507 crore).

1.5.3.2 Non-Plan Revenue Expenditure (NPRE)

During 2011-12, the NPRE was ₹ 13,346 crore as against the MTFP target of ₹ 13,724 crore. The growth rate of NPRE decreased sharply from 25.4 *per cent* in 2009-10 to 5 *per cent* in 2010-11 over the previous year. It, however, increased significantly to 12 *per cent* in 2011-12. The percentage of NPRE to the Total Expenditure oscillated between 55 and 63 during 2007-12. During 2011-12, the percentage of NPRE to Total Expenditure was 55 *per cent*. NPRE constituted 64 *per cent* of Revenue Expenditure during 2011-12.

1.5.4 Capital Expenditure

During 2007-12, the Capital Expenditure (CE) increased from ₹ 2,584 crore in 2007-08 to ₹ 3,159.37 crore in 2011-12.

- During 2011-12, the CE increased by ₹ 495.07 crore (19 *per cent*) over the previous year mainly due to increase in expenditure on Water Supply, Sanitation, Housing and Urban Development (by ₹ 126 crore), Rural Development (by ₹ 256 crore). However, it was much less than the budget estimate of ₹ 6,353 crore. Capital Expenditure accounted for 13 to 19 *per cent* of the Total Expenditure during 2007-12.
- The percentage of Capital Expenditure to the Total Expenditure remained same during 2010-11 and 2011-12 (13 *per cent*). The Capital Expenditure was 2.54 *per cent* of GSDP and was significantly low in comparison to the projection made in MTFP for 2011-12 (3.15 *per cent*).
- Loans and Advances accounted for one *per cent* (2007-08) to four *per cent* (2011-12) of the Total Expenditure during 2007-12. It decreased from ₹ 308 crore in 2010-11 to ₹ 217 crore in 2011-12, mainly due to decrease in loans for Energy (by ₹ 110 crore) during 2011-12. Loans and Advances was, however, low compared to the budget estimate of ₹ 2,731.22 crore for the year.

1.5.5 Expenditure on Salaries & Wages, Pensions, Subsidies and Interest Payments

Expenditure of the State Government on revenue account mainly consists of interest payments, expenditure on salaries and wages, pensions and subsidies, which are committed or obligatory in nature though Government has not expressed such expenditure as committed or obligatory.

Table 1.8 and **Chart 1.10** present the trend in the expenditure on these components during 2007-12.

Table 1.8: Components of Expenditure on Salaries & Wages, Subsidies, Pensions and Interest Payments

(₹ in crore)

Components of Committed Expenditure	2007-08	2008-09	2009-10	2010-11	2011-12	
					BE#	Actuals
Salaries* & Wages , Of which	2985 (25)	3948 (30)	5342 (35)	5642(30)	7434	6352(28)
Non-Plan heads	2802 (23)	3801 (29)	5154 (34)	5434(29)	7053	6150(27)
Plan heads	183 (2)	147 (1)	188 (1)	208(1)	381	202(1)
Interest Payments	1758 (15)	1887 (14)	2307(15)	2228(12)	2395	2267(10)
Expenditure on Pensions	818 (7)	988 (7)	1681(11)	2081(11)	2096	2297(10)
Subsidies	77 (1)	37 (0.3)	41(0.3)	80	₹	286(2)
Total	5638 (47)	6860 (52)	9371 (62)	10031 (53)	11925	11202(50)

Figures in parentheses indicate percentage of Revenue Receipts

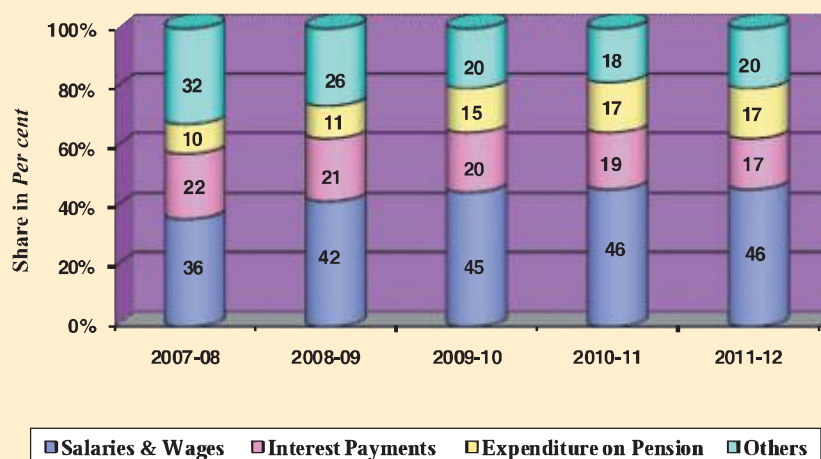
* It also includes salaries paid out of Grants-in-aid.

B.E. are gross figures while the actuals are net figures.

₹ Budget not available.

Source: Finance Accounts of Government of Jharkhand

Chart 1.10: Share of Committed Expenditure in Non-Plan Revenue Expenditure during 2007-12



Salaries & Wages (₹ 6,352 crore), Interest Payments (₹ 2,267 crore) and Pension (₹ 2,297 crore) together accounted for 52 *per cent* of the Revenue Expenditure and consumed 49 *per cent* of the Revenue Receipts during 2011-12. The Total Expenditure on Salaries, Pension and Interest Payments was 80 *per cent* of NPRE during 2011-12 against the target of 75 *per cent* as laid down in the MTFP.

Salaries & Wages

- The expenditure on Salaries & Wages constituted 28 to 35 *per cent* of Revenue Expenditure and 25 to 35 *per cent* of Revenue Receipts during the years 2007-08 to 2011-12. The percentage of Salaries & Wages to Revenue Expenditure and Revenue Receipts decreased respectively from 31 *per cent* and 30 *per cent* in 2010-11 to 30 *per cent* and 28 *per cent* in 2011-12.
- Expenditure on Salaries under the Non-Plan heads during 2011-12 (₹ 6,150 crore) increased by ₹ 716 crore (13 *per cent*) over the previous year. The expenditure exceeded the normative projection of TFC (₹ 4,967 crore) by ₹ 1,183 crore.

Pension

- The expenditure on Pension increased from ₹ 818 crore in 2007-08 to ₹ 2,297 crore in 2011-12 at an average growth of 36 *per cent*. The growth during 2011-12 was only 10 *per cent* over the previous year, which was equal to the TFC norms. However, the amount of pension payments during 2011-12 was more than the normative projection of ₹ 1,291 crore by the TFC for the year. It also exceeded the budget estimate for 2011-12 by ₹ 201 crore (10 *per cent*).
- The State had adopted Contributory Pension Scheme from 01 January 2004 to reduce future burden on pension and pensionary benefits. The State Government entered into an agreement with New Pension System Trust on 20 March 2009 and during 2011-12 transferred ₹ 148.20 crore as Employee contribution and Government contribution (₹ 74.10 crore each)) and ₹ 0.74 crore as interest on legacy amount pertaining to the period March 2010 to November 2010 to the Central Record Keeping Agency (CRA).

Interest Payments

- Interest Payment during 2011-12 were ₹ 2,267 crore against the normative projection of ₹ 2,687 crore by the TFC. The growth rate of Interest Payments was two *per cent* over the previous year. As a percentage of Revenue Receipts, the Interest Payments were 10 *per cent* in 2011-12 against 12 *per cent* in 2010-11 and 15 *per cent* in 2009-10.
- Major components of Interest Payments during 2010-11 and 2011-12 are given in **Table 1.9** below:

Table 1.9: Major components of Interest Payments

(₹ in crore)

Interest paid for	2010-11	2011-12
Internal debt	1835.53	1941.20
Loans and Advances for GOI	215.15	165.81
State Provident fund	170.78	157.76
Total	2221.46	2264.77

Subsidy

- During 2011-12, Government of Jharkhand paid ₹ 286 crore³ as subsidy mainly under the head 2401-Crop Husbandry (₹ 176.81 crore), 2425-Co-Operative (₹ 28.30 crore) and 2852-Industries (₹ 54.28 crore) which was specifically booked under the sub-head meant for subsidy. The amount was much more than the expenditure incurred during the year 2010-11 (₹ 80 crore).
- As Appendix III of the Finance Accounts for 2011-12, no subsidy was given for food, power and irrigation purposes. The Economic Survey Report (ESR) 2011-12 of the Government of Jharkhand estimated expenditure on food subsidy of ₹ 760 crore for the year 2011-12. We requested the Finance Department (October 2012) to intimate the actual expenditure on food subsidy and the relevant expenditure head of accounts. Their reply is awaited (November 2012).

1.5.6 Financial assistance given by the State Government to Local Bodies and other institutions

The quantum of assistance given as grants and loans to Local Bodies and other institutions during 2011-12 as compared to the last three years is presented in **Table 1.10**.

Table 1.10: Financial assistance to Local Bodies etc.

(₹ in crore)

Financial Assistance to Institutions	2008-09	2009-10	2010-11	2011-12
Panchayati Raj Institutions	-	-	875.69	581.06
Urban Local Bodies	735.64	485.14	246.15	25.34
Public Sector Undertakings	200.70	602.64	491.55	777.00
Autonomous Bodies	923.83	678.31	607.55	677.85
Non-Government Organisation	7.60	17.87	192.43	209.68
Others	498.08	548.98	708.34	2259.30 ⁴
	2365.85	2332.94	3121.71	4530.23

Source: Statement 8 of Finance Accounts

Financial assistance given to Local Bodies increased steadily from ₹ 2,365.85 crore in 2009-10 to ₹ 4,530.23 crore in 2011-12. The growth rate of this assistance increased from (-) one *per cent* in 2009-10 to 34 *per cent* in 2010-11 which further increased to 45 *per cent* in 2011-12.

³ Appendix III of Finance Accounts

⁴ Amount includes (i) Human Resource Development Department for private Schools (₹ 255.81 crore), District Administrations for Non-integrated and Integrated Action Plan (₹ 581.15 crore), Greater Ranchi Development Agency (₹ 149.46 crore), Tribal Welfare Committee for tribal development (₹ 147.46 crore) and Railway Projects (₹ 486.70 crore)

- The increase of ₹ 1,551 crore during 2011-12 was mainly due to fresh assistance paid (₹ 1,621 crore) to other institutions (mentioned in the footnote) which was partly offset by less assistance to Panchayati Raj Institutions (by ₹ 295 crore) and Urban Local Bodies (by ₹ 221 crore). The total assistance to these bodies during 2011-12 stood at 22 per cent of Revenue Expenditure against 17 per cent in the previous year.

1.5.7 Functioning of Urban Local Bodies and Panchayati Raj Institutions

Urban Local Bodies (ULBs)

The 74th Constitutional Amendment Act envisaged (1992) creation of Local Self-Government for urban areas wherein the Municipalities were provided with Constitutional status for governance. Accordingly, 18 functions such as town planning, land use regulation, water supply, etc. were to be assigned to the ULBs. Further, as per the recommendations of the Eleventh Finance Commission (EFC), the funds for the ULBs are to be allocated under the specific Minor Heads 191-Assistance to Municipal Corporation, 192-Assistance to Municipalities/Councils and 193-Assistance to Nagar Panchayats. The State Government, however, framed the Jharkhand Municipal Act, 2011 duly incorporating the 18 functions in the Act as indicated in *Appendix 1.5* only in February 2012. There are 39 ULBs (Nagar Nigam-3, Nagar Parishad-14, Nagar Panchayat-19, Nagar Palika-1 and Notified Area Committee-2) in the State.

It would be seen from **Table 1.11** that the State Government paid total grants of ₹ 1,492.27 crore to the ULBs during 2008-12. However, the trends showed significant decline in release of grants during the period 2008-12. During 2011-12, significant decrease was noticed in assistance to ULBs mainly due to non release of assistance for sewerage, drainage system, water supply, preparation of detailed project reports, civil facilities, construction of buildings, land acquisition etc. against release of ₹ 241.54 crore in 2010-11 for these works. Details of funds provided to ULBs are as follows:

Table 1.11: Funds available to Urban Local Bodies

(₹ in crore)

S. No.	Particulars	2008-09	2009-10	2010-11	2011-12
1	Revenue Receipt (RR) of the State	13213	15118	18781	22420
2	Revenue Expenditure (RE) of the State	12877	15128	17945	20992
3	Financial Assistance to ULBs	736	485	246	25
4	Financial Assistance as percentage to RR	5.58	3.21	1.31	0.11
5	Financial Assistance as percentage to RE	5.72	3.21	1.37	0.12
6	Own collection ⁵	-	-	3.23	18.84

The Second State Finance Commission constituted in January 2009 has not made any recommendation in respect of devolution of funds to ULBs as of

⁵ Information regarding funds collected by the ULBs from own sources has not been furnished by the Urban Development Department. However, information obtained during audit of various ULBs (2010-11 : Nagar Panchayats- Basukinath, Chas, Gumla, Khunti, Simdega and Municipal Council Lohardaga and 2011-12 Nagar Panchayats- Bistrampur, Chakulia, Koderma, Rajmahal, Municipality : Jugsalai and Ranchi Municipal Corporation) revealed that ₹ 22.07 crore was collected during this period.

September 2012. Further, information regarding transfer of functions and funds to the ULBs, was called for (September 2012) from the Urban Development Department. Their reply has not been received (November 2012).

In Jharkhand, Examiner of Local Accounts (ELA), an Indian Audit & Accounts Department Officer, has been entrusted with the audit functions of the ULBs and the PRIs by the State Government. As per directions of the Thirteenth Finance Commission, the State Government has enacted (March 2012) the Jharkhand Local Fund Audit (Amendment) Act, 2012 comprising the provision for audit by Director of Local Fund Audit (DLFA) at the State level to whom the Comptroller & Auditor General of India shall provide Technical Guidance and Supervision (T&GS). The audit of ULBs is, however, still being done by the ELA as appointment of DLFA has not been finalised by the State Government as of September 2012.

Panchayati Raj Institutions (PRI)

The State Government enacted the Jharkhand Panchayati Raj Act in 2001 to establish a three-tier PRI system i.e. Zila Panchayat (ZP) at district level, Panchayat Samiti at block level and Gram Panchayat at the village level. The rules were framed to enable PRIs to function as Institution of Local Self-Government. As recommended by the EFC the classification of the funds transferred to PRIs are made under the minor heads 196- Assistance to Zila Parishad, 197- Assistance to Block Panchayat and 198- Assistance to Gram Panchayat.

According to the Jharkhand Panchayati Raj Act, 2001, funds released by the Central and State Governments were to be utilised by the PRIs for execution of various development programmes relating to provision of civic amenities to rural people. At present, there are 4706 PRIs^o in the State. As shown in **Table 1.12**, Government paid no grants to the PRIs up to 2009-10. During 2010-12, a total amount of ₹1,456.75 crore was paid to the PRIs. Details of assistance to PRIs are as follows:

Table 1.12: Funds available to Panchayati Raj Institutions

		(₹ in crore)			
S. No.	Particulars	2008-09	2009-10	2010-11	2011-12
1	Revenue Receipt (RR) of the State	13213	15118	18781	22420
2	Revenue Expenditure (RE) of the State	12877	15128	17945	20992
3	Financial Assistance to PRIs*	-	-	876	581
4	Financial Assistance as percentage to RR	-	-	4.66	2.59
5	Financial Assistance as percentage to RE	-	-	4.88	2.77
6	Own collection	-	-	**	**

* Election of PRIs was held in December 2010.

** Recommendation has not been made by the State Finance Commission.

The Second State Finance Commission constituted in January 2009 has not made any recommendation in respect of devolution of funds to PRIs as of September 2012. The State Government has not identified the sources of revenues of PRIs (other than the grants/programme funds), as the rates of

^o 24 Zila Parishad, 259 Panchayat Samities and 4423 Gram Panchayats

taxes, tolls and fees etc. to be imposed by the PRIs have not been decided and notified (September 2012).

As per the recommendations of the EFC, the Government notified (March 2011) the 'Jharkhand Panchayati Raj (Budget & Accounts) Regulation 2012' and the accounting in PRIs is done accordingly. However, audit of the PRIs are continued to be done by the ELA, as appointment of the DLFA has not been finalised by the Government so far (September 2012).

1.6 Quality of Expenditure

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

1.6.1 Adequacy of Public Expenditure

The expenditure responsibilities relating to the social sector and the economic infrastructure assigned to the State Governments are largely State subjects. Enhancing human development levels requires the States to step up their expenditure on key social services like education, health etc. Low fiscal priority (ratio of expenditure under a category to aggregate expenditure) is attached to a particular sector, if it is below the respective national average.

Table 1.13 analyses the fiscal priority of the State Government with regard to Development Expenditure, Social Sector Expenditure and Capital Expenditure during 2011-12, taking 2008-09 as the base year.

Table 1.13: Fiscal Priority of the State in 2008-09 and 2011-12

Fiscal Priority by the State*	(In per cent)					
	AE/GSDP	DE#/AE	SSE/AE	CE/AE	Education/ AE	Health/ AE
Other General Category States Average (Ratio) 2008-09	17.00	67.09	34.28	16.47	15.41	3.97
Jharkhand State's Average (Ratio) 2008-09	18.62	68.54	41.67	18.67	19.40	4.79
General Category States Average (Ratio) 2011-12	16.09	66.44	36.57	13.25	17.18	4.30
Jharkhand State's Average (Ratio) 2011-12	19.63	67.09	33.51	12.96	16.65	4.06
AE: Aggregate Expenditure (Total Expenditure) DE: Development Expenditure SSE: Social Sector Expenditure CE: Capital Expenditure *As per cent to GSDP # Development expenditure includes Development Revenue Expenditure, Development Capital Expenditure and Loans and Advances disbursed.						

Source: GSDP figures as furnished by the State's Directorate of Economics and Statistics.

The State of Jharkhand spent higher proportion of its GSDP on Aggregate Expenditure in 2008-09 and 2011-12 as compared to General Category States.

Development Expenditure as a proportion of Aggregate Expenditure in Jharkhand has also been higher than the General Category States' average during 2008-09 and 2011-12 as Jharkhand has spent more on this account as compared to General Category States.

Capital Expenditure as a proportion of Aggregate Expenditure was higher than the General Category States' average during 2008-09 but this has reduced in 2011-12, as the State has spent less proportion on this account as compared to General Category States. Decreased priority to capital formation will further decrease the growth prospects of the State.

The State has given less priority to both education and health sector as compared to the General Category States in the year 2011-12.

1.6.2 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 goods⁶. Apart from improving the allocation towards development expenditure⁷, the efficiency of expenditure use is also reflected by the ratio of Capital Expenditure to Total Expenditure (and/or GSDP) and the 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 1.14 presents the trends in Development Expenditure relative to the Aggregate Expenditure of the State during 2011-12 *vis-à-vis* the budgeted amounts and the expenditure during the previous years.

Table 1.14: Development Expenditure

(₹ in crore)

Components of Development Expenditure	2007-08	2008-09	2009-10	2010-11	2011-12	
					BE*	Actuals
Development Expenditure (a to c)						
a. Development Revenue Expenditure	6224 (44)	7918 (48)	8523(47)	10954(52)	16171	13146(54)
b. Development Capital Expenditure	2476 (18)	2875 (18)	2591(14)	2544(12)	6173	3003(12)
c. Development Loans and Advances	586 (4)	411 (3)	308(2)	296(1)	1316	199(1)
Total	9286	11204	11422	13794	23660	16348
Figures in parentheses indicate percentage to aggregate expenditure (RE + CE + L&A)						
* Budget estimates are gross figures while actuals are net figures.						

Source: Finance Accounts of Government of Jharkhand and budget publication

- The Development Expenditure of the State comprised Revenue Expenditure and Capital Expenditure including Loans and Advances on Social Services and Economic Services. Total Development Expenditure increased during 2007-12 at an average annual growth rate of 15 per cent. During 2011-12, the growth was 18.5 per cent over the previous year.

⁶ Core public goods are goods 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 subsidised 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 subsidised 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.

⁷ 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 categorised 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.

- During 2007-12, Development Revenue Expenditure constituted the major part of the Total Expenditure and ranged between 44 *per cent* (2007-08) and 54 *per cent* (2011-12).
- The share of Development Capital Expenditure (including Loans and Advances) in Total Expenditure gradually decreased from 22 *per cent* in 2007-08 to 13 *per cent* in 2010-11 as well as in 2011-12. Further, as depicted in **Table 1.14**, Development Revenue Expenditure, Development Capital Expenditure and Development Loans and Advances were much below the budget estimate during 2011-12.
- Expenditure on Social Services (₹ 8,165 crore) and on Economic Services (₹ 8,183 crore) constituted 50 *per cent* of the total Development Expenditure. During 2007-12, expenditure on Economic Services increased by 98 *per cent* while the growth was 58 *per cent* in case of Social Services.

Expenditure use in selected Social and Economic Services

Table 1.15 provides the details of Capital Expenditure and the components of Revenue Expenditure incurred on the maintenance of selected Social and Economic services.

Table 1.15: Efficiency of Expenditure use in Selected Social and Economic Services

(In per cent)

Social/Economic Infrastructure	2010-11			2011-12		
	Ratio of CE to TE	In RE, the share of		Ratio of CE to TE	In RE, the share of	
		S & W	O & M		S & W	O & M
Social Services (SS)						
General Education	0.08	52.36	00	0.45	54.43	0.00
Health and Family Welfare	17.50	60.24	0.05	16.57	54.96	0.10
WS, Sanitation, & HUD	39.60	25.34	4.88	48.12	25.80	2.43
Total (SS)	8.46	51.00	0.45	10.75	40.91	0.29
Economic Services (ES)						
Agriculture & Allied Activities	2.71	33.62	0.04	7.10	30.99	0.38
Irrigation and Flood Control	50.38	96.97	00	58.59	98.23	0.00
Power & Energy	00	00	1.12	16.10	00	00
Transport	82.79	38.61	43.56	49.08	10.72	11.41
Total (ES)	37.53	47.40	5.16	28.40	17.05	2.92
Total (SS+ES)	19.84	50.23	1.75	19.59	30.28	3.21

TE: Total Expenditure of that sector; CE: Capital Expenditure; RE: Revenue Expenditure; S&W: Salaries and Wages; O&M: Operations & Maintenance, as per Finance Accounts it represents actual expenditure booked under detailed head -05- Maintenance and Repairs..

Source: Finance Accounts of Government of Jharkhand

- Development Capital Expenditure as a percentage of total Development Expenditure decreased slightly from 19.84 *per cent* in 2010-11 to 19.59 *per cent* in 2011-12.
- Salary component in Social Services and Economic Services decreased from 51 *per cent* and 47.40 *per cent* in 2010-11 to 40.91 *per cent* and 17.05 *per cent* in 2011-12 respectively.

- During 2011-12, the State Government spent only ₹ 298.06 crore under the detailed head- “05- Maintenance and Repairs to maintain public assets”.
- The share of operation and maintenance in Revenue Expenditure on Social Services decreased from 0.45 *per cent* in 2010-11 to 0.29 *per cent* in 2011-12 due to less expenditure on Water Supply, Sanitation, Housing and Urban Development.
- The share of operation and maintenance in Revenue Expenditure on Economic Services decreased from 5.16 *per cent* in 2010-11 to 2.92 *per cent* in 2011-12 due to decrease in Revenue Expenditure on Energy and Transport.

1.7 Financial analysis of Government expenditure and investments

In the post-FRBM framework, the State is expected to keep its Fiscal Deficit (and borrowings) not only at low level but also to meet its Capital Expenditure/investment (including Loans and Advances) requirements. In addition, in a transition to complete dependence on market-based resources, the State Government needs to initiate measures to earn adequate returns on its investments and recover its cost of borrowed funds rather than bearing the same on its budget in the form of implicit subsidies and take requisite steps to infuse transparency in financial operations. This section presents the broad financial analysis of investments and other Capital Expenditure undertaken by the Government during the current year *vis-à-vis* the previous years.

1.7.1 Financial results of completed Irrigation projects

The financial results of irrigation projects of the State are presented in Appendix IX (i) of the Finance Accounts, based on information furnished by the State Government. As per the Appendix in the Finance Accounts for the year 2011-12, there is no commercial irrigation project in the State.

1.7.2 Incomplete Projects

Funds blocked up on incomplete projects impinge negatively on expenditure. As of March 2012, there were 182 incomplete capital works each costing more than ₹ one crore. A total of ₹ 572.67 crore was blocked in these projects. Department-wise information pertaining to incomplete projects as on 31 March 2012 is given in **Table 1.16**.

Table 1.16: Department-wise profile of Incomplete Projects

(₹ in crore)

Department	No. of Incomplete Projects*	Initial Budgeted Cost	Expenditure during current year	Cost Over Runs	Cumulative actual expenditure as on 31.3.2012
Road Construction	104	451.29	103.84	-	149.53
Drinking Water and Sanitation	7	54.65	6.95	-	40.02
Water Resources	13	267.25	6.79	-	160.42
Building Construction	58	339.81	79.84	-	222.70
Total	182	1113.00	197.42	--	572.67

*Projects costing more than ₹ one crore

Source: Finance Accounts of Government of Jharkhand

- At the end of 2011-12, the number of incomplete works/projects was 182 as compared to 167 as of March 2011. The increase was under Road Construction Department (41 projects) and Building Construction Department (52 projects) offset by decrease under Water Resources Department (76 projects).
- The target dates fixed for completion of the incomplete projects given in **Table 1.16** were from October 2005 to March 2012. The revised dates for completion of the projects had not been provided by the Government. Considering the estimated cost (original) of ₹1,113 crore, expenditure incurred during 2011-12 (₹ 197.42 crore) was very low.

1.7.3 Investment and returns

As of 31 March 2012, the Government had invested ₹ 182.57 crore in nine Government Companies⁸ (₹ 29.05 crore) and 20 Co-operatives, Corporations, Banks and Societies (₹ 153.52 crore) since inception of the State in November 2000 (**Table 1.17**). The return was ₹ 40 lakh (0.3 *per cent*) in 2010-11 and ₹ 1.17 crore (0.64 *per cent*) during 2011-12. However, Government paid interest at an average rate of 7.42 *per cent* to 8.03 *per cent* on its borrowings during the years 2007-08 to 2011-12. The average return on investments was negligible.

Table 1.17: Returns on investment

Investment/Return/Cost of Borrowings	2007-08	2008-09	2009-10	2010-11	2011-12
Investment at the end of the year (₹ in crore)	98.96	112.47	128.73	135.18	182.57
Returns (₹ in crore)	Nil	Nil	Nil	0.40	1.17
Returns (<i>per cent</i>)	Nil	Nil	Nil	0.3	0.64
Average rate of interest on Govt. borrowing (<i>per cent</i>)	7.97	7.42	8.03	7.98	7.64
Difference between interest rate and return (<i>per cent</i>)	7.97	7.42	8.03	7.68	7.00

Source: Finance Accounts of Government of Jharkhand-Statement 14

The investment of ₹ 47.39 crore (26 *per cent*) made during 2011-12 was in Regional Rural Banks (₹ 14.70 crore), Government Companies (₹ 6.25 crore) and Integrated Co-operative Development Project (₹ 26.44 crore). However, return on investment (0.64 *per cent*) was much less than the normative projection of five *per cent* of the total investment as at the end of 2007-08 made by the TFC.

Further, investments in these institutions as well as Statutory Corporations and Joint Stock Companies up to 14 November 2000 by the composite Bihar State had not been apportioned between the States of Bihar and Jharkhand.

1.7.4 Loans and Advances by State Government

In addition to investments in Co-operative Societies, Corporations and Companies, the Government has also been providing Loans and Advances to many of these institutions/organisations. **Table 1.18** presents the outstanding

⁸ The details of investments made, accumulated profit/loss etc. in respect of Government Companies are featured in the Audit Report (Public Sector undertakings) for the year 2011-12.

Loans and Advances as on 31 March 2012 and interest receipts *vis-à-vis* interest payments during the last five years.

Table 1.18: Average Interest received on Loans advanced by the State Government

Quantum of Loans/Interest Receipts/ Cost of Borrowings	2007-08	2008-09	2009-10	2010-11	2011-12
Opening Balance of Loans (₹ in crore)	5462	6016	6415	6713	6997
Amount advanced during the year (₹ in crore)	598	418	320	308	217
Amount recovered during the year (₹ in crore)	44	19	22	24	24
Recovery as percentage of outstanding Loans and Advances	0.8	0.3	0.3	0.4	0.3
Closing Balance	6016	6415	6713	6997	7190
Net addition (₹ in crore)	553	399	298	284	193
Total Interest Receipts (₹ in crore)	87	110	153	99	44
Interest Receipts as a percentage of outstanding Loans and Advances	1.52	1.77	2.33	1.44	0.62
Interest Payments as a percentage of outstanding fiscal liabilities of the State Government.	8.57	8.26	9.00	7.98	7.64
Difference between Interest Payments and Interest Receipts (<i>per cent</i>)	(-)7.05	(-) 6.5	(-)6.67	(-)6.54	(-)7.02

Source: Finance Accounts of Government of Jharkhand

- The quantum of loans advanced to Co-operative Societies, Companies etc. by the State gradually decreased from ₹ 598 crore in 2007-08 to ₹ 308 crore in 2010-11 and ₹ 217 crore in 2011-12. During 2011-12, the decrease in Loans and Advances was mainly under power projects (₹ 110.48 crore).
- The outstanding Loans and Advances increased during 2011-12 by three *per cent* over the previous year. Major outstanding amounts at the end of March 2012 were against the Jharkhand State Electricity Board (₹ 6,584 crore) and Urban Local Bodies (₹ 526 crore).
- Out of total interest receipts of ₹ 44 crore during 2011-12, a major part was in the form of interest income (₹ 42.04 crore) which accrued to the Government on cash balances held with the Reserve Bank of India and other receipts (₹ 2.12 crore).
- Recoveries of Loans and Advances amounting to ₹ 1,035.74 crore (Principal ₹ 310.24 crore and Interest ₹ 725.50 crore) was overdue as on 31 March 2012.

1.7.5 Cash balances and investment of cash balances

Details of cash balances and investments made by the State Government during the year are shown in **Table 1.19**.

Table-1.19: Cash balances and Investment of Cash balances

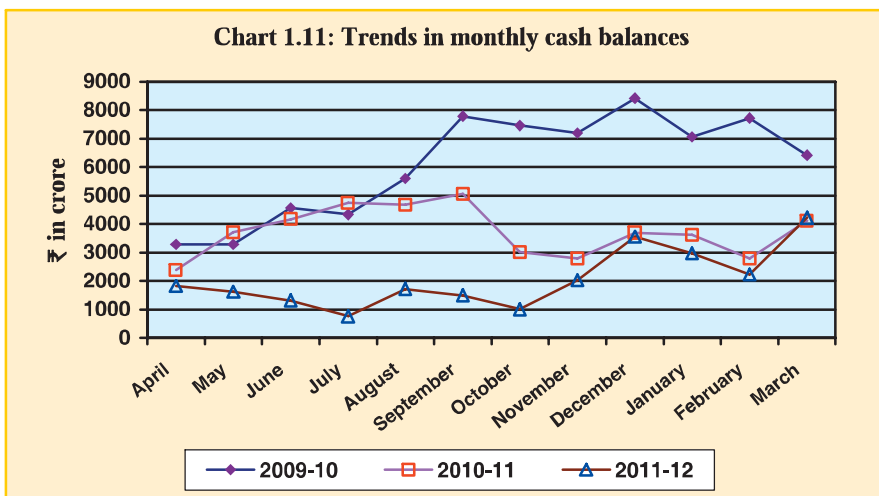
Particulars	(₹ in crore)		
	As on 1 st April 2011	As on 31 st March 2012	Increase/ Decrease
Cash Balances	(-)0.41	116.85	117.26 (increase)
Investments from Cash Balances (a to c)	879.19	4.41	874.78(decrease)
a. GOI Treasury Bills	874.78	nil	874.78(decrease)
b. GOI Securities	Nil	nil	nil
c. Other Investments	4.41	4.41	nil
Interest realised	85.70	42.02	43.68(decrease)

Source: Finance Accounts of Government of Jharkhand

The cash balance of the State at the end of 31 March 2012 was ₹ 116.85 crore against the cash balance of ₹ 0.41 crore in the previous year.

The State had a cash balance investment of ₹ 4.41 crore at the end of March 2012 against cash balance investment of ₹ 879.19 crore at the end of March 2011.

The cash balance with the Reserve Bank of India (RBI) as on 31 March 2012 worked out by the Accountant General (A&E), Jharkhand, was ₹ 93.85 crore (debit). However, the cash balance reported by the RBI as on 31 March 2012 was ₹ 120.58 crore (debit). Difference of ₹ 214.43 crore as on 31 March 2012 was under reconciliation. As on 30 September 2012, the unreconciled balance was ₹ 1.61 crore.



The Government of Jharkhand is required to maintain at any point of time a minimum balance of ₹ 0.45 crore in RBI. If the balance falls below the limit on any day, the deficiency is made good by taking special or normal ways and means advances or overdraft from RBI. As depicted in **Chart 1.11** the daily cash balances were handled properly and only the required balances were kept to meet normal banking transactions. During 2011-12 the State Government had to take special ways and means advance for five days and normal ways and means advance for one day to maintain the minimum balance in RBI.

1.8 Assets and Liabilities

1.8.1 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. **Appendix 1.4 Part B** gives an abstract of such liabilities and assets as on 31 March 2012, compared with the corresponding position on 31 March 2011. While the liabilities consist mainly of internal borrowings, Loans and Advances from the GOI, receipts from the Public Account and Reserve Funds, the assets comprise mainly of Capital Outlay, Loans and Advances given by the State Government and the cash balances.

The Jharkhand FRBM Act, 2007 defines the total liabilities of the State as the liabilities under the Consolidated Fund of the State and the Public Account of the State which includes Loans and Advances from the Central Government, open market borrowings, loans from financial institutions, Public Account balances of Small Savings, Reserve Funds, Deposits, etc.

Fiscal Liabilities

The trends of outstanding fiscal liabilities of the State are presented in **Appendix 1.3**. However, the composition of fiscal liabilities during the years 2010-11 and 2011-12 is presented in **Chart 1.12** and **Chart 1.13** respectively.

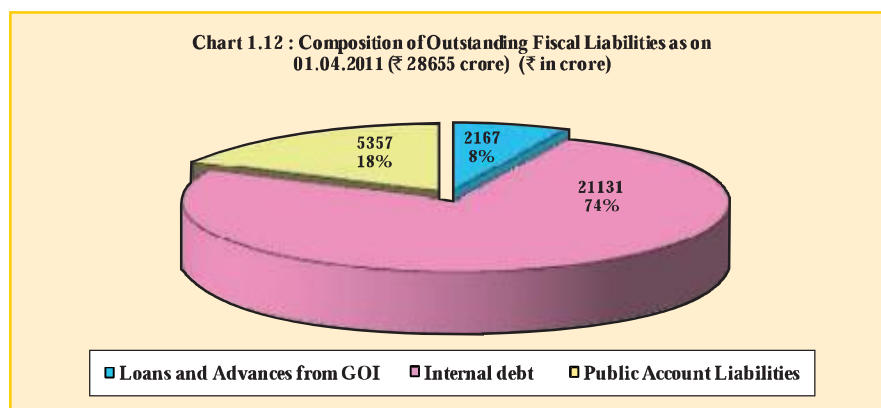
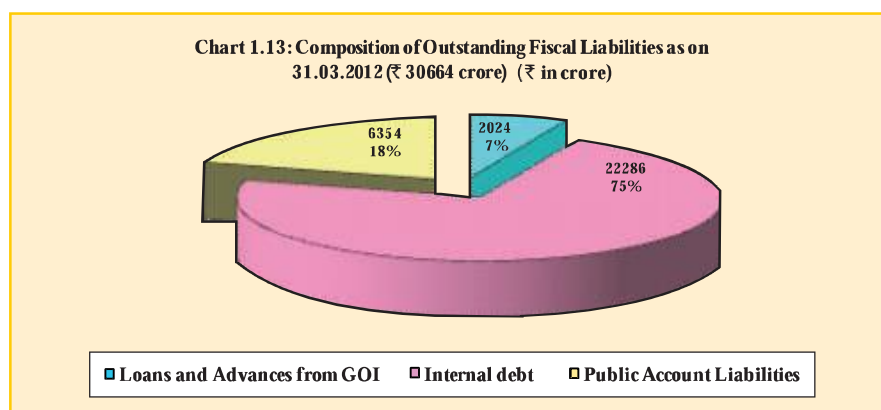


Table 1.20: Trends in Fiscal Liabilities: basic parameters

Components	(₹ in crore)				
	2007-08	2008-09	2009-10	2010-11	2011-12
Internal Debt	15859	17568	19880	21131	22286
Loans and Advances from GOI	2540	2404	2272	2167	2024
Public Accounts Liabilities	3216	4112	5013	5357	6354
Total	21615	24084	27165	28655	30664
Fiscal Liability by GSDP	25.7	27.4	28.0	25.9	24.7

- The overall Fiscal Liabilities of the State increased by 42 *per cent* from ₹ 21,615 crore in 2007-08 to ₹ 30,664 crore in 2011-12. The growth rate of Fiscal Liabilities was seven *per cent* during 2011-12 against six *per cent* in 2010-11.
- Fiscal Liabilities of the State comprises of ₹ 443.09 crore in shape of Reserve Fund (₹ 439.62 crore as State Disaster Response Fund, and ₹ 3.47 crore as General Reserve Funds of Government Commercial Departments/Undertakings).
- Increasing liabilities raises the issue of sustainability of State Government finances. Its growth rate decreased from 13 *per cent* in 2009-10 to six *per cent* during 2010-11 and marginally increased to seven *per cent* in 2011-12. However, the ratio of Fiscal Liabilities to GSDP decreased gradually from 28 *per cent* in 2009-10 to 24.7 *per cent* in 2011-12 which was less than the TFC recommendation of 28.5 *per cent* for the year. In comparison to Revenue Receipts and State's own resources, these liabilities decreased respectively from 1.53 times and 3.36 times in 2010-11 to 1.37 times and 3.07 times in 2011-12. Thus, the sustainability of debt position of the State improved during the current year.
- The Twelfth Finance Commission had recommended setting up of a Sinking Fund, to be maintained outside the Consolidated Fund of the State and the Public Account, for amortisation of all loans including loans from banks, liabilities on account of NSSF etc. However, no such Fund had been set up as of September 2012.
- Apportionment of Fiscal Liabilities of undivided Bihar between the successor States of Bihar and Jharkhand had not been done so far (September 2012).

1.8.2 Status of Guarantees – Contingent liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by borrowers for whom the guarantees are extended.

The Constitution of India provides that a State may borrow, within the territory of India, upon the security of its Consolidated Fund, within such limits, as may from time to time, be fixed by the Act of its Legislature and give guarantees within such limits as may be fixed. However, no such law was passed by the State Legislature of Jharkhand and no limit was fixed for guarantees given on the security of the Consolidated Fund of the State.

In Statement 9 of the Finance Accounts, no data has been given as no information in this regard was provided by the Government during 2011-12 and even earlier. However, it was stated by the Finance Department that no guarantee was given by the State during 2011-12.

1.8.3 Debt Sustainability

Apart from the magnitude of debt of the State Government, it is important to analyse the various indicators that determine the debt sustainability⁹ of the State. This section assesses the sustainability of debt of the State Government in terms of debt stabilisation¹⁰; sufficiency of non-debt receipts¹¹; net availability of borrowed funds¹²; burden of interest payments (measured by interest payments to Revenue Receipts ratio) and the maturity profile of State Government securities.

Table 1.21 analyses the debt sustainability of the State according to these indicators for a period of five years beginning from 2007-08.

Table 1.21: Debt Sustainability: Indicators and Trends

(₹ in crore)					
Indicators of Debt Sustainability	2007-08	2008-09	2009-10	2010-11	2011-12
Debt Stabilisation (Quantum Spread + PD)	3087	(-)2022	(-)364	1825	1618
Sufficiency of Non-debt Receipts (Resource Gap)	(-)1033	(-)1171	103	899	188
Net Availability of Borrowed Funds	439	583	773	(-)737	(-)238
Debt GSDP ratio	25.7	27.4	28.0	25.9	24.7
Burden of Interest Payments (IP/RR Ratio)	15	14	15	12	10
Maturity Profile of State Debt (In Years)					
0 – 1	5	775(4)	1183(5)	1868(8)	1449(6)
1 – 3	1850(10)	2508(13)	2885(13)	2977(13)	3080(13)
3 – 5	2689(15)	2829(14)	3263(15)	2872(12)	2623(11)
5 – 7	2771(15)	2635(13)	2569(12)	3284(14)	4302(17)
7 and above	11084(60)	11225(56)	12252(55)	12298(53)	12856(53)
Total	18399	19972	22152	23299	24310

Percentage to total are shown in brackets.

- As may be seen from the above table, the quantum spread together with the primary deficit recorded wide fluctuation between (-) ₹ 2,022 crore and ₹ 3,087 crore during 2007-12 due to wide fluctuation in the growth rate of GSDP and primary deficit. The trend during 2009-12 indicated fall in debt-GSDP ratio and led the State to debt sustainable position. However, the quantum spread together with the effect of primary surplus slightly decreased during 2011-12 (₹ 1,618 crore) due to fall in GSDP growth rate which was a matter of concern.
- During 2011-12, the Debt-GSDP ratio at 24.7 per cent was nearly at par with the FRBM Act/MTFP target of 25 per cent. It was also less than the TFC norm of 28.5 per cent. The ratio decreased in 2011-12 in comparison to that during 2010-11(25.9 per cent).

⁹ Debt sustainability is defined as the ability of the State to maintain a constant debt-GSDP ratio over a period of time. It 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 a balance between costs of additional borrowings and returns from such borrowings. It means that a rise in fiscal deficit should match the increase in capacity to service the debt.

¹⁰ A necessary condition for stability states that if the rate of growth of the economy exceeds the interest rate or the cost of public borrowings, the debt-GSDP ratio is likely to be stable provided the primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate – interest rate) and quantum spread (Debt*rate spread), the debt sustainability condition states that if the quantum spread together with the primary deficit is zero, debt-GSDP ratio would be constant or the debt would stabilise eventually. On the other hand, if the primary deficit together with the quantum spread turns out to be negative, the debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling.

¹¹ Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. Debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.

¹² Defined as the ratio of debt redemption (Principal + Interest Payments) to total debt receipts and indicates the extent to which debt receipts are used in debt redemption indicating the net availability of borrowed funds.

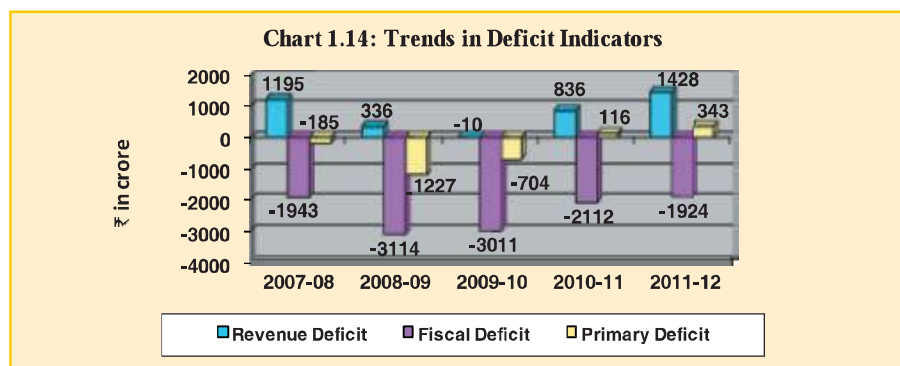
- As far as the resource gap is concerned, against a resource gap of (-) ₹1,033 crore in 2007-08, the resource gap of the State increased to ₹ 899 crore during 2010-11 which was indicative of improving fiscal position of the State. However, it sharply decreased to ₹ 188 crore in 2011-12 over previous year.
- Net availability of borrowed funds increased from ₹ 439 crore in 2007-08 to ₹ 773 crore in 2009-10 which decreased to (-) ₹ 737 crore in 2010-11. However, in 2011-12 it stood at (-) ₹ 238 crore.
- The ratio of Interest Payments to Revenue Receipts showed significant improvement as it declined from 15 *per cent* in 2007-08 to 10 *per cent* in 2011-12. Also, when compared with the previous year it showed improvement as the ratio decreased from 12 *per cent* to 10 *per cent* in 2011-12.
- The maturity profile of the State debt shows that the debt liability was increasing for every block period, except during three to five block year period, which is indicative of increasing debt liabilities in future. Further, borrowings should be made in such a way that there is no bunching of debt repayments in any year as that will cause undue stress on the budget.

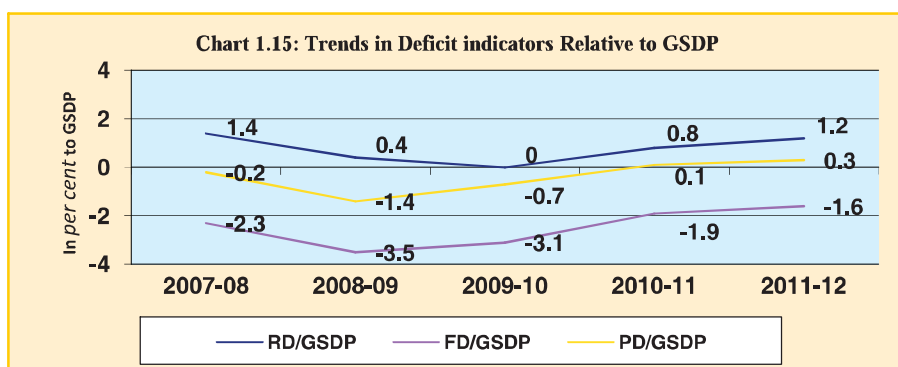
1.9 Fiscal Imbalances

Three key fiscal parameters—Revenue Deficit, Fiscal Deficit and Primary Deficit—indicate the extent of the overall fiscal imbalances in the finances of the State during a specified period. The deficit in the Government accounts represents the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and resources raised are applied are important pointers to its fiscal health. This section presents the trends, nature, magnitude and the manner of financing of these deficits and also the assessment of actual levels of Revenue Deficit and Fiscal Deficits *vis-à-vis* the targets set under the FRBM Act and Rules for the financial year 2011-12.

1.9.1 Trends in deficits

Chart 1.14 and **1.15** present the trends of deficit indicators over the period 2007-12.





- The State had a Revenue Surplus during the period 2007-12, except a Revenue Deficit of ₹ 10 crore only in 2009-10. The amount of Revenue Surplus of ₹ 1,195 crore in 2007-08 turned to Revenue Deficit of ₹ 10 crore in 2009-10 which further turned to Revenue Surplus of ₹ 836 crore in 2010-11 and ₹ 1,428 crore in 2011-12. The State had achieved the target of reducing the Revenue Deficit to 'zero' by the end of 2008-09 as targeted in FRBM Act of the State and the TFC. However, the State could not achieve the MTFP target of Revenue Surplus of ₹ 5,379.11 crore for 2011-12.
- The Fiscal Deficit of the State increased from ₹ 1,943 crore in 2007-08 to ₹ 3,114 crore in 2008-09 which decreased to ₹ 2,112 crore in 2010-11 and ₹ 1,924 crore in 2011-12. During 2011-12, the Fiscal Deficit was significantly less than the budget estimate of ₹ 3,390.49 crore due to increase in Revenue Surplus as well as less Capital Expenditure and Loans and Advances given against the budget estimates.
- The percentage of Fiscal Deficit to GSDP showed improvement as it decreased from 3.1 *per cent* at the end of March 2010 to 1.9 *per cent* at the end of March 2011 which further decreased to 1.54 *per cent* at the end of March 2012. The percentage of Fiscal Deficit to GSDP was within the estimate of 2.38 *per cent* for 2010-11 and 2.80 *per cent* for 2011-12. Also, it was within the TFC recommendation of three *per cent* for the years 2010-11 and 2011-12.
- Primary Deficit showed wide fluctuation during 2007-12 mainly because of fluctuation in Revenue Deficit/Surplus. The Primary Deficit of ₹ 185 crore in 2007-08 increased to ₹ 1,227 crore in 2008-09 which turned into a Primary Surplus of ₹ 116 crore in 2010-11. Further, the Primary Surplus increased to ₹ 343 crore in 2011-12 against budget estimate of Primary Deficit of ₹ 935.19 crore for the period.

1.9.2 Components of Fiscal Deficit and its financing pattern

The financing pattern of the Fiscal Deficit has undergone a compositional shift as reflected in **Table 1.22**.

Table 1.22: Components of Fiscal Deficit and its financing pattern

(₹ in crore)

Particulars		2007-08	2008-09	2009-10	2010-11	2011-12		
Decomposition of Fiscal Deficit								
1	Revenue Deficit/Surplus	1195	336	(-)10	836	1428		
2	Net Capital Expenditure	2584	3051	2703	2664	3159		
3	Net Loans and Advances	554	399	298	284	193		
Financing Pattern of Fiscal Deficit*						Receipt	Disbursement	Net
1	Market Borrowings	921	1238	1674	198	1253	469	784
2	Loans from GOI	(-)161	(-)136	(-)133	(-)104	33	155	(-)122
3	Special Securities issued to NSSF	125	54	670	957	281	354	(-)73
4	Loans from Financial Institutions	602	1348	180	309	1104	661	443
5	Small Savings, PF etc	162	200	272	105	613	544	69
6	Deposits and Advances	625	799	273	464	5236	4206	1030
7	Suspense and Miscellaneous	(-)447	709	(-)258	473	23916	22974	942
8	Remittances	(-)146	(-)11	(-)39	6	4520	4503	17
9	Others	262	(-)1087	372	(-)296	-	5014	(-)5014
10	Overall Surplus/Deficit	(-)1943	(-)3114	(-)3011	(-)2112	36956	38880	(-)1924
*All these figures are net of disbursements/outflows during the year except of 2011-12								

*All these figures are net of disbursements/outflows during the year except of 2011-12

Source: Finance Accounts of Government of Jharkhand

During 2011-12, the Fiscal Deficit of ₹ 1,924 crore was mainly met from Loans from Financial Institutions (₹ 443 crore), Deposits and Advances (₹ 1,030 crore), Suspense and Miscellaneous (₹ 942 crore) which was offset by less borrowing in market loans and Government of India loans.

Quality of Deficit and Surplus

Ideally, the Revenue Receipts should cover the Revenue Expenditure (including interest payments) of the State. While Revenue Deficit is made up from the borrowings (Fiscal Deficit), the Revenue Surplus can be used for Capital Expenditure thereby reducing the borrowings. Further, if the Non-Debt receipts can meet the Primary Expenditure¹³, there will be no Primary Deficit, to be financed by borrowings. Thus, a necessary condition for stability in finances of the State is that Non-Debt receipts should be adequate enough to cover the incremental primary expenditure and incremental interest payments. The bifurcation of the Primary Deficit indicates the extent to which the deficit has been on account of enhancement in Capital Expenditure which may be desirable for improving the productive capacity of the State's economy.

Table 1.23: Primary Deficit/Surplus in the State- bifurcation of factors

(₹ in crore)

Year	Non-debt Receipts	Primary Revenue Expenditure	Capital Expenditure	Loans and Advances	Primary Expenditure	Primary Revenue Deficit (-) / Surplus (+)	Primary Deficit (-)/ Surplus (+)
1	2	3	4	5	6 (3+4+5)	7 (2-3)	8 (2-6)
2007-08	12071	9074	2584	598	12256	(+)2997	(-)185
2008-09	13232	10990	3051	418	14459	(+)2242	(-)1227
2009-10	15140	12821	2703	320	15844	(+)2319	(-)704
2010-11	18805	15717	2664	308	18689	(+)3088	(+)116
2011-12	22444	18725	3159	217	22101	(+)3719	(+)343

Source: Finance Accounts of Government of Jharkhand

¹³ Expenditure on Revenue, Capital and Loans and Advances, but not interest payments

- During 2007-08 to 2011-12, the Non-Debt Receipts of the State increased from ₹ 12,071 crore to ₹ 22,444 crore against a corresponding higher increase in Primary Revenue Expenditure and Primary Expenditure. The Capital Expenditure fluctuated during 2007-12.
- Despite sufficient Primary Surplus receipts during 2010-11 and 2011-12, the proportion of Capital Expenditure to Total Expenditure was low at 13 *per cent* as compared to 19 *per cent* during 2007-09 and 15 *per cent* in 2009-10, when there was primary deficit.
- During 2010-12, the Primary Surplus occurred because of Non-Debt Receipts could cover the Primary Expenditure which should be maintained in future so that the Capital Expenditure could be increased to enhance the productive capacity of the State.

1.10 Conclusion and recommendations

Fiscal discipline: The State Government has succeeded in improving the fiscal situation during 2011-12. The Revenue Receipts (₹ 22,420 crore) grew at 19.4 *per cent* while the Revenue Expenditure (₹ 20,992 crore) grew at 17 *per cent* over the previous year. As a result, the Revenue Surplus increased to ₹ 1,428 crore during 2011-12. However, the Revenue Surplus was low compared to MTFP target of ₹ 5,379 crore. Fiscal Deficit (₹ 1,924 crore) was also contained to 1.54 *per cent* of GSDP during 2011-12, which was well within the TFC recommendation (3 *per cent*). The growth of GSDP during 2011-12 was, however, 12.1 *per cent*, against the TFC norm of 14.14 *per cent*.

During 2011-12, the actual receipts were less by ₹ 5,326 crore in comparison to the Budget Estimate. State's Own Tax and Non-Tax Revenue comprised 45 *per cent*, while Central Tax transfer and Grants-in-aid from GOI constituted 55 *per cent*. Grants-in-aid from GOI increased by 28 *per cent* over the previous year.

During 2011-12, the Revenue Expenditure constituted 86 *per cent* of Total Expenditure. Its growth was much higher than the growth rate of GSDP. Of the Revenue Expenditure, Plan Revenue Expenditure (PRE) and Non-Plan Revenue Expenditure (NPRE) constituted 36 *per cent* and 64 *per cent* respectively. The PRE increased by 27 *per cent* and NPRE increased by 12 *per cent* over the previous year. During 2011-12, financial assistance to Local Bodies and other institutions stood at 22 *per cent* of Revenue Expenditure.

Government may ensure achievement of its own fiscal targets.

Capital expenditure: During 2011-12, Capital Expenditure (₹ 3,159 crore) increased by ₹ 495 crore over 2010-11. However, its percentage to Total Expenditure remained static at 13 *per cent* during 2010-12, compared to 15 *per cent* during 2009-10, despite having Revenue and Primary Surpluses during the year. The percentage of Capital Expenditure to Gross State Domestic Product (GSDP) stood at 2.54 *per cent* against the MTFP projection of 3.15 *per cent*.

Government may consider assigning greater priority to Capital Expenditure, as share of Capital Expenditure in Aggregate Expenditure was much lower than that of the average of General Category States.

Thrust to Development Expenditure: Total Development Expenditure increased during the last five years at an average annual growth rate of 15 *per cent*. During the year 2011-12, the share of Development Revenue Expenditure in Total Expenditure was 54 *per cent*, while it was only 13 *per cent* in case of Development Capital Expenditure.

Considering the lower literacy rate and more BPL population compared to All-India average, Government should consider re-prioritising its Development Expenditure.

Review of Government investments: The return from Government investment (₹ 182.57 crore as of 31 March 2012) in Government Companies, Co-operatives, Banks and Societies was less than one *per cent* during the last five years, while the cost of Government borrowings during 2007-2012 was much higher (ranged between 7.42 *per cent* and 8.03 *per cent*).

Government should ensure better value for money in investments and prioritise projects with high socio-economic returns.

Transfer of funds to State Implementing Agencies: During 2011-12, Government of India directly transferred ₹ 4,194.42 crore to the State Implementing Agencies, outside the State Budget. As Annual Finance Accounts do not capture the flow of such funds, the State's receipts and expenditure are understated to that extent. Besides, direct transfer of funds to the Agencies ran the risk of improper utilisation of funds by these agencies, unless uniform accounting practices are followed.

A system should be put in place to ensure proper accounting of these funds and monitoring the end use of these direct transfers.

Fiscal Liabilities: Fiscal Liabilities of the State (₹ 30,664 crore) grew at seven *per cent* over the previous year. The Fiscal Liabilities were 24.7 *per cent* of GSDP (against the TFC recommendation of 28.5 *per cent* for the year) which gradually decreased from 28 *per cent* in 2009-10.

The State should continue to maintain the Fiscal Liability to GSDP ratio.

Debt sustainability: During 2007-12, the quantum spread together with the Primary Deficit/Surplus recorded wide fluctuation between (-) ₹ 2,022 crore and ₹ 3,087 crore due to fluctuation in the growth rate of GSDP. From ₹ 1,825 crore in 2010-11, it slightly decreased during 2011-12 (₹ 1,618 crore) leading the State to a debt sustainable position. The debt-GSDP ratio during 2011-12 was 24.7 *per cent*, against the MTFP target of 25 *per cent*.

Government should maintain the existing Primary Surplus and sufficiency of non-debt receipts to cover the incremental interest liability and incremental Primary Expenditure.

CHAPTER 2

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 the 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 authorised by the Appropriation Act in respect of both charged and voted items of budget. The Appropriation Accounts, thus, facilitate the management of finances and monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts.

2.1.2 Audit of Appropriations seeks to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act and whenever 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 and regulations and instructions.

2.2 Mechanism for Budget Management

The Budget Estimates of the State are prepared in the forms prescribed by the Finance Department. The estimates under each major head prepared by the Controlling Officers of the different departments are examined by the Finance Department and compiled for presentation of the first edition budget to the Government. Rules regarding control over expenditure are embodied in the Bihar Financial Rules (as adopted by Jharkhand). As per Rule 112 of the Budget Manual of the State, all anticipated savings should be surrendered to the Government immediately when they are foreseen unless they are required to meet excesses over grant under some other units. No savings should be held in reserve for possible future excesses. Further, in order to meet new specific items of expenditure or to cover probable excesses in the voted grant, supplementary grants should be obtained in consultation with the Finance Department. We observed large savings and excesses over the grants during 2011-12, indicating deficiencies in budget management as discussed in the succeeding paragraphs.

2.3 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2011-12 against 60 grants/appropriations is as given in **Table 2.1**:

Table 2.1: Summarised position of actual expenditure vis-à-vis Original/Supplementary Provisions during 2011-12

(₹ in crore)

	Nature of expenditure	Original grant/appropriation	Supplementary grant/appropriation	Total	Actual expenditure*	Saving (-)/Excess (+)
Voted	I Revenue	21594.22	2384.14	23978.36	18946.42	(-)5031.94
	II Capital	6352.73	327.14	6679.87	3249.84	(-)3430.03
	III Loans and Advances	1328.02	79.61	1407.63	217.10	(-)1190.53
Total Voted		29274.97	2790.89	32065.86	22413.36	(-)9652.50
Charged	IV Revenue	2443.55	16.21	2459.76	2314.36	(-)145.40
	V Capital	0.00	0.00	0.00	0.00	0.00
	VI Public Debt-Repayment*	1403.18	16.28	1419.46	1639.02	(+)219.56
Total Charged		3846.73	32.49	3879.22	3953.38	(+)74.16
Grand Total		33121.70	2823.38	35945.08	26366.74	(-)9578.34

Source: Appropriation Accounts of Government of Jharkhand 2011-12

* The expenditure figures are gross without taking into account the recoveries adjusted in the accounts as reduction of revenue voted expenditure (₹ 269.20 crore) and capital voted expenditure (₹ 15.07 crore).

Note: Expenditure was overstated to the extent of ₹1,470 crore drawn on AC bills during 2011-12 against which DC bills were not submitted.

During 2011-12, the overall savings of ₹ 9,578.34 crore was the result of savings of ₹ 9,998.50 crore (₹ 5,377.92 crore in 55 grants and three appropriations under the Revenue Section and ₹ 4,620.58 crore in 27 grants under the Capital Section), offset by excess of ₹ 420.16 crore in two Grants and one Appropriation under Revenue Section. The supplementary provision of ₹ 2,823.38 crore was obtained though the actual expenditure was less (by 29 per cent) than even the original grant.

The head-wise expenditure status was provided by the Accountant General (A&E), Jharkhand monthly to the State Government through Monthly Civil Accounts Statement. In spite of this, appropriate steps were not taken by the Government Departments to avoid large savings and excess expenditure over the grants. Out of 1168 sub-heads captured in Appropriation Accounts of Government of Jharkhand 2011-12, reasons for variations (savings/excesses) were not furnished by the departments in respect of 865 sub-heads.

2.4 Financial Accountability and Budget Management

2.4.1 Appropriations vis-à-vis Allocative Priorities

The outcome of appropriation audit revealed that in 38 cases (31 grants), savings aggregating ₹ 8,766.05 crore exceeded by ₹ 10 crore or more in each case and also by 20 per cent or more of the total provision as detailed in **Appendix 2.1**. Against the total savings of ₹ 9,998.50 crore, savings of ₹ 8,618.71 crore (86 per cent)¹ occurred in 22 cases relating to 20 Grants as indicated in **Table 2.2**.

¹ Exceeding ₹ 100 crore in each case.

Table 2.2: List of Grants with savings of ₹ 100 crore and above.

(₹ in crore)						
Sl. No.	No. and name of the Grant/Appropriation	Original	Supplementary	Total	Actual expenditure	Savings
Revenue-Voted						
1	1-Agriculture and Sugarcane Development Department	625.61	26.32	651.93	423.11	228.82
2	10- Energy Department	1074.18	2.81	1076.99	876.89	200.10
3	18-Food, Public Distribution and Consumer Affairs Department	785.42	339.70	1125.12	957.11	168.01
4	20- Health, Medical Education and Family Welfare Department	1086.02	8.21	1094.23	816.30	277.93
5	22-Home Department	2206.56	297.67	2504.23	2248.06	256.17
6	23-Industries Department	226.90	126.23	353.13	195.72	157.41
7	26-Labour, Employment and Training Department	821.05	30.65	851.70	658.63	193.07
8	35-Planning and Development Department	230.61	268.71	499.32	207.54	291.78
9	39-Disaster Management Department	362.61	125.00	487.61	220.73	266.88
10	42-Rural Development Department	836.37	0.22	836.59	619.59	217.00
11	47-Transport Department	513.65	310.09	823.74	492.00	331.74
12	51-Welfare Department	750.98	184.21	935.19	626.05	309.14
13	56-Panchayati Raj and National Rural Employment Programme (Special Division) Department	1272.30	140.10	1412.40	1102.16	310.24
14	58-Secondary Education	629.16	46.09	675.25	475.50	199.75
15	59-Primary and Public Education	3841.88	0.03	3841.91	3039.10	802.81
16	60-Social Welfare, Women and Child Development Department	805.57	19.62	825.19	594.72	230.47
Capital-Voted						
17	10- Energy Department	1295.00	0.00	1295.00	164.95	1130.05
18	20- Health, Medical Education and Family Welfare Department	341.25	0.00	341.25	163.53	177.72
19	41- Road Construction Department	1691.60	5.00	1696.60	796.66	899.94
20	48- Urban Development Department	1003.56	0.00	1003.56	187.50	816.06
21	49- Water Resources Department	911.30	0.00	911.30	196.61	714.69
22	50-Minor Irrigation Department	656.70	0.00	656.70	217.77	438.93
Total		21968.28	1930.66	23898.94	15280.23	8618.71

Source: Appropriation Accounts of Government of Jharkhand

Further, in 114 sub-head/schemes under the above Grants savings occurred (exceeding ₹10 crore and above in each case) aggregating ₹ 6,968.32 crore (70 per cent of total savings). Details of savings along with reasons for savings exhibited in the Appropriation Accounts 2011-12 are given in **Appendix 2.2**.

In most of the cases no reason was given for the savings. Large savings may adversely affect implementation of the development programmes in the State.

2.4.2 Persistent Savings

In 10 cases (nine departments), there were persistent savings of 10 per cent or more of the total grants in each case, during the last five years (Table 2.3).

Table 2.3: List of Grants indicating Persistent Savings during 2007-12

(₹ in crore)

Sl. No.	No. and name of the grant	Amount of savings				
		2007-08	2008-09	2009-10	2010-11	2011-12
	Revenue-Voted					
1	1- Agriculture and Sugarcane Development Department	165.37(44)	499.65(70)	178.10(44)	181.21(39)	228.82(35)
2	2-Animal Husbandry Department	70.40(39)	58.61(29)	54.21(27)	46.11(22)	31.52(23)
3	10- Energy Department	576.18(82)	234.46(53)	397.74(45)	346.05(39)	200.10(19)
4	20-Health, Medical Education & Family Welfare Department	301.92(44)	184.31(23)	480.56(45)	178.41(21)	277.93(25)
5	23- Industry Department	62.70(37)	83.42(42)	73.27(32)	31.89(18)	157.41(45)
6	43- Science & Technology Department	50.00(34)	76.74(50)	66.06(59)	51.83(41)	40.29(42)
7	49- Water Resources Department	16.76(11)	17.52(09)	57.85(22)	30.98(13)	83.77(27)
8	51- Welfare Department	112.62(15)	219.46(23)	304.76(28)	208.83(16)	309.14(33)
	Capital-Voted					
9	41- Road Construction Department	241.24(44)	88.05(14)	230.19(31)	146.70(18)	899.94(53)
10	49- Water Resources Department	148.08(20)	254.29(48)	277.49(56)	153.71(40)	714.70(78)

Source: Appropriation Accounts of Government of Jharkhand

(Figures in bracket indicate percentage of savings with respect to total grant)

From the above table, it may be seen that huge savings continued over the years indicating improper estimation under the Grants.

2.4.3 Excess over provisions during 2011-12 requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature.

Table 2.4 contains the summary of total excess in one appropriation and two grants amounting to ₹ 420.16 crore over and above authorisation from the Consolidated Fund of the State by the State Legislature during 2011-12, which requires regularisation under Article 205 of the Constitution.

Table 2.4: Excess over provisions requiring regularisation during 2011-12

(₹ in crore)

Sl. No.	Number and name of grant/appropriation	Total grant / appropriation	Expenditure	Excess
Charged Appropriation				
1	14-Repayment of Loans	1419.46	1639.02	219.56
Voted Grant				
2	15-Pension	2096.09	2296.69	200.60
3	25-Institutional Finance and Programme implementation	14.70	14.70	*
Total		3515.55	3935.71	420.16

Source: Appropriation Accounts of Government of Jharkhand 2011-12

* Excess amount was only ₹ 11,160.

Excess expenditure in the above grants/appropriation amounting to ₹ 420.16 crore, was incurred either without or in excess of budget provision under different sub-heads of the grants/appropriation.

2.4.4 Excess over provisions relating to previous years requiring regularisation

Excess expenditure over provisions, amounting to ₹ 8,120.63 crore for the years 2001-02 to 2010-11, was still to be regularised under Article 205 of the Constitution as detailed in **Appendix 2.3**. The year-wise amount of excess expenditure pending regularisation for grants/appropriations is summarised in **Table 2.5**. Non-regularisation of the excess over grants/appropriations over the years is a breach of legislative financial control over appropriations.

Table 2.5: Excess relating to previous years requiring regularisation

Year	Number of the		Amount of excess over provision
	Grant	Appropriation	
2001-02	3, 25, 32		0.04
2002-03	10, 32	13,14	1241.49
2003-04	10, 39,46	13,14	937.25
2004-05	23,39,40	13,14	576.07
2005-06	10, 29	13	3121.47
2006-07	38	13,14	1245.87
2007-08	15	14	334.44
2008-09	12	14	228.89
2009-10		14	116.71
2010-11		13,15,32	318.40
Total			8120.63

Source: Appropriation Accounts of Government of Jharkhand

2.4.5 Unnecessary/excessive Supplementary Provision

Supplementary provisions aggregating ₹ 1,574.56 crore obtained in 45 cases (₹ 10 lakh or more in each case) during the year proved unnecessary as the expenditure did not come up even to the level of the original provisions as detailed in **Appendix 2.4**. In all these cases, it was noticed that the original allotment provided under some sub-heads were not exhausted and huge savings occurred under these sub-heads.

2.4.6 Excessive/insufficient re-appropriation of funds

Re-appropriation is the transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Injudicious re-appropriation under 25 sub-heads during 2011-12 as detailed in **Appendix 2.5** proved excessive or insufficient. Under nine schemes/sub-heads ₹ 13.16 crore were re-appropriated to other schemes/sub-heads resulting in excess expenditure of ₹ 4.51 crore in those schemes. Similarly, in 11 schemes/sub-heads, additional funds of ₹ 15.51 crore were provided through re-appropriation leading to savings of ₹ 4.95 crore under the same. It was also noticed that ₹ 17.01 crore were re-appropriated to five schemes/sub-heads which was proved insufficient considering the excess expenditure of ₹ 1.47 crore under those schemes.

2.4.7 Surrender in excess of actual savings

In six cases, the amount surrendered (₹ 50 lakh or more in each case) was in excess of actual savings, indicating inadequate budgetary control in these departments. Against savings of ₹ 1,309.92 crore, the amount surrendered was ₹ 1,323.77 crore, resulting in excess surrender of ₹ 13.85 crore. Details are given in *Appendix 2.6*.

2.4.8 Anticipated savings not surrendered

As per Rule 112 of the Budget Manual, spending departments are required to surrender grants/appropriations or portions thereof to the Finance Department as and when savings are anticipated.

Out of significant savings (₹ one crore and above in each grant/ appropriation) aggregating to ₹ 6,990.33 crore under 33 grants/ appropriations, a total of ₹ 1,955.57 crore (28 *per cent* of the total savings) were not surrendered, details of which are given in *Appendix 2.7*. Besides, in 79 cases, where the surrender of funds was in excess of ₹ 10 crore each, ₹ 3,252.83 crore was (*Appendix 2.8*) surrendered on the last two working days of March 2012, leaving no scope for utilisation of these funds for other developmental purposes. This indicated poor financial control.

2.4.9 Rush of expenditure

According to Rule 113 of the Budget Manual, rush of expenditure in the closing month of the financial year should be avoided. Uniform flow of expenditure is essential to ensure that the primary requirement of budgetary control is maintained. However, in respect of 26 heads listed in *Appendix 2.9*, expenditure (exceeding ₹ 20 crore in each case) incurred in the last quarter of 2011-12 was more than 50 *per cent* of the total expenditure of the year. **Table 2.6** also presents 16 Major Heads where more than 50 *per cent* of the total expenditure was incurred during the last month of the financial year, in violation of the provisions of the Budget Manual.

Table 2.6: Cases of expenditure towards the end of 2011-12

(₹ in crore)

Sl. No.	Major Head	Total Expenditure during the year	Expenditure during last quarter of the year		Expenditure during March 2012	
			Amount	Percentage of Total Expenditure	Amount	Percentage of Total Expenditure
1	2	3	4	5	6	7
1	2053	331.57	237.77	72	190.32	57
2	2225	623.99	397.79	64	336.03	54
3	2230	127.44	88.97	70	78.26	61
4	2401	303.70	211.34	70	165.14	54
5	2404	60.82	50.32	83	35.12	58
6	2425	138.48	104.06	75	96.16	69
7	2515	1389.17	889.36	64	778.33	56
8	2810	35.00	35.00	100	35.00	100
9	2852	86.34	57.80	67	54.64	63
10	3053	66.67	66.47	100	66.43	100
11	3075	450.25	450.25	100	450.25	100

Sl. No.	Major Head	Total Expenditure during the year	Expenditure during last quarter of the year		Expenditure during March 2012	
			Amount	Percentage of Total Expenditure	Amount	Percentage of Total Expenditure
1	2	3	4	5	6	7
12	4055	105.19	93.67	89	60.91	58
13	4202	75.98	55.53	73	48.07	63
14	4217	176.09	162.62	92	160.86	91
15	4225	204.20	193.26	95	169.07	83
16	4701	85.97	64.75	75	49.35	57

Source: Voucher Level Computerisation data base.

It was noticed that entire expenditure during the year under the Major Heads '2810- Non-Conventional Sources of Energy' for 'New and Renewable Energy', '3053- Civil Aviation' for 'Training and Education' and '3075- Transport' for 'Subsidy to Railways towards Dividend Relief & Other Contingencies' under 'Tribal Area Sub-Plan' was incurred in the month of March 2012.

2.5 Non-reconciliation of Departmental figures

To enable the Controlling Officers of Departments to exercise effective control over expenditure to keep it within the budget grants and to ensure accuracy of their accounts, Financial Rule 475 (viii) of the Bihar Financial Rules, as adopted by the State of Jharkhand, stipulates that the receipts and expenditure recorded in their books should be reconciled by them every month during the financial year with that recorded in the books of the Accountant General (A&E), Jharkhand.

Though non-reconciliation of departmental figures is pointed out regularly in our Audit Reports, non-reconciliation on the part of Controlling Officers continued to persist during 2011-12. It was noticed that against the total receipts of ₹ 22,444 crore during 2011-12, a total amount of ₹ 9,822 crore (44 per cent) was not reconciled. Similarly, out of total expenditure of ₹ 24,368 crore during the year 2011-12, an expenditure of ₹ 20,101 crore (83 per cent) was not reconciled by 25 Controlling Officers with the books of the Accountant General (A&E), Jharkhand. Details of un-reconciled expenditure exceeding ₹ 10 crore or more in each case aggregating to ₹ 16,038 crore during 2011-12, is given in **Table 2.7**.

Table 2.7: List of Controlling Officers where expenditure remained un-reconciled during 2011-12 (amounts exceeding ₹ 10 crore in each case)

Sl. No.	Controlling Officers/ Departments	(₹ in crore)
		Amount not reconciled
1	2	3
1	Secretary, Law	142.61
2	Electoral Commissioner	18.14
3	Commissioner of Commercial Taxes	40.15
4	Secretary, Finance and Revenue & Land Reforms	2267.07
5	Secretary, Board of Personnel & Administrative Reforms	322.43
6	Additional Secretary, Home (Police) Commissioner, North Chotanagpur Division, Hazaribag Commissioner, South Chhota Nagpur Division	2203.57

(₹ in crore)

Sl. No.	Controlling Officers/ Departments	Amount not reconciled
1	2	3
7	Inspector General (Prison) Home	10.35
8	Finance Commissioner	2296.68
9	Dy. Secretary, Primary & Adult Education	3980.56
10	Dy. Secretary, Higher Education	75.97
11	Dy. Secretary, Art, Culture and Youth Affairs	29.47
12	Director, Health Services	293.98
13	Under Secretary, Health & Family Welfare	69.08
14	Secretary, Drinking Water and Sanitation Department	264.56
15	Secretary, Housing	23.11
16	Secretary, Urban Development	182.9
17	Secretary, Welfare Secretary, Minority Welfare	577.01
18	Commissioner of Labour Director, Employment & Training Director, Directorate of Social Security	106.44
19	Joint Secretary, Natural Calamity	233.11
20	Secretary, Agriculture	600.61
21	Registrar, Co-operative Society, Co-operative	215.71
22	Secretary-Cum-Commissioner, Rural Development	189.44
23	Dy. Secretary, Rural Development	232.83
24	Director, Panchayati Raj Institutions	1581.15
25	Director of Industries	81.15
	Total	16038.08

Due to non-reconciliation of departmental figures with the books of the Accountant General (A&E) chances of misclassification of expenditure and receipts could not be ruled out.

2.6 Provision under Minor Head 800- 'Other expenditure'

The Minor-head '800-Other Expenditure' accommodates the provision/ expenditure for those schemes which cannot be classified under the available programme minor heads. In the State Budget 2011-12, ₹ 336.42 crore was provided in the Minor head '800-Other expenditure' under 23 Major Heads for various programmes, which should have been provided under the appropriate Minor head for these programmes in order to maintain transparency in budget. Details are given in *Appendix 2.10*.

2.7 Conclusion

There were large savings of ₹ 9,998.50 crore during 2011-12 indicating improper budget estimation. Large savings under various schemes/sub-heads may adversely affect the implementation of development programmes in the State. Excess expenditure of ₹ 420.16 crore was incurred over provisions during 2011-12, which requires regularisation under Article 205 of the Constitution of India. Besides, excess expenditure of ₹ 8,120.63 crore occurred during 2001-2011 was still to be regularised. Persistent savings for the last five years were also recorded in nine departments performing Social Services and Economic Services. In 79 sub-heads, ₹ 3,252.83 crore were surrendered on last two days of the year, leaving no scope of utilisation of the

funds for other development purposes. In 16 Heads more than 50 *per cent* of the expenditure was incurred during the last month of the financial year. Rush of expenditure hampers due exercise of budgetary and expenditure controls. The Controlling Officers did not reconcile the expenditure (₹ 20,101 crore) and receipts (₹ 9,822 crore) of the departments with the books of the Accountant General (A&E), Jharkhand during 2011-12.

2.8 Recommendations

- The Budgetary control mechanism should be strengthened in all Government Departments, especially in those where savings occurred persistently.
- Appropriate action needs to be taken to avoid heavy expenditure in the closing month of the financial year.
- Regularisation of excess expenditure, pending since 2001-02, may be done on priority.
- Controlling Officers should reconcile their expenditure and receipts figures every month with those in the books of the Accountant General (A&E).

CHAPTER 3

Background

In Jharkhand, funds drawn from the treasury as advances in Abstract Contingent (AC) bills have been unusually large. During the period 2000-12, a total amount of ₹ 13,543 crore was drawn on 53,548 AC bills, of which ₹ 6,861 crore involving 25,611 bills remained outstanding as on 30 June 2012. The advances remained unadjusted as long as the Controlling Officers (COs) did not submit the Detailed Contingent (DC) bills with supporting vouchers to the Accountant General (A&E). Resultantly, the total amount of outstanding AC bills has been increasing from ₹ 4,208 crore at the end of 2008-09 to ₹ 6,861 crore at the end of 2011-12 and we in Audit are unable to provide an assurance as to whether the advances drawn have been utilised for the purposes for which those were sanctioned. In Jharkhand, funds provided for development programmes were also drawn in AC bills for transfer to the implementing agencies of the programmes.

3.1 Introduction

Rule 290 of the Jharkhand Treasury Code (JTC) defines contingent charges as “all incidental and other expenses which are incurred for management of an office as an office or for technical working of the departments”. Contingent charges requiring countersignature of the CO after payment, can be drawn as an advance from the Treasury in an AC bill (T.C. Form 38), without any supporting voucher (Rule 318 of the JTC). The expenditure is debited under the relevant service head and the DC bill (in T.C. Form 39)¹ supported with sub-vouchers and countersigned by the CO² is required to be submitted to the Accountant General (A&E) not later than 25th of the month³ following that to which they relate. A certificate to the effect that the monthly detailed bills for AC bills drawn in the previous month have been submitted for countersignature to the CO shall be attached to the first AC bill presented for payment after the 10th of each month (Rule 319 of the JTC).

Further, as per Rule 300 of the JTC, while submitting a contingent bill to the Treasury in the last week of a financial year, the Drawing and Disbursing Officer (DDO) is required to certify that payment of the bill amount will be made within the financial year and undisbursed amount, if any, will be deposited into the Treasury by 31 March of the financial year.

On receipt of the DC bills in office of the Accountant General (A&E), the same are adjusted, after scrutiny of sub-vouchers, against the concerned AC bills and the differences or disallowances are noted for recovery, and adjustment made in case of misclassification. However, the responsibility for

¹ Rule 320 of JTC

² If there is no Controlling Officer, it may be signed by the Head of the office and directly sent to the Accountant General (A&E).

³ Rule 322 of JTC

the effective control of contingent expenditure rests primarily upon the heads of offices and with the countersigning authorities in case of AC bills.

A compliance audit of the withdrawal of funds in AC bills during the period 2009-12 was conducted during July-August 2012. Three Departments (Home, Human Resources Development and Rural Development) having high value of outstanding AC bills were selected in Audit. During the period 2009-12, ₹ 3,368 crore was drawn through AC bills in the State, of which the outstanding amount was ₹ 2,653 crore, as shown in **Table 3.1**. In the three selected Departments, ₹ 1,731.27 crore was drawn during the period, of which ₹ 1,456.72 crore remained outstanding (*Appendix 3.1*). The AC bills amounting to ₹ 1,170.16 crore⁴ (35 per cent of total AC bills during 2009-12) drawn by 30 DDOs through 245 AC bills in the three selected Departments were examined.

3.2 Trends of drawal of AC bills

At the time of drawal of funds through AC bill, the expenditure is booked under the relevant service head. Therefore, it is essential to ensure utilisation of such funds for the specific purpose within the stipulated period⁵, but not later than 31 March of the financial year⁶. Non-submission of DC bills on time entails breach of financial discipline and leads to risk of misappropriation. The funds drawn through AC bills during the period 2000-12, DC bills submitted and the outstanding amounts against these bills are detailed in **Table 3.1**:

Table 3.1: Outstanding Abstract Contingent bills

(₹ in crore)

Year	AC bills drawn		DC bills submitted		Outstanding AC bills		Percentage of outstanding amount
	Number	Amount	Number	Amount	Number	Amount	
2000-2009	48,783	10,175	26,826	5,967	21,957	4,208	41
2009-2010	2,084	997	598	391	1,486	606	61
2010-2011	1,622	771	420	194	1,202	577	75
2011-2012	1,059	1,600	93	130	966	1,470	92
Total (2009-12)	4765	3368	1111	715	3654	2653	79
Grand Total	53,548	13,543	27,937	6,682	25,611	6,861	51

Source: Notes to Accounts in Finance Accounts 2011-12

It would be seen from the above that out of the total outstanding amount of ₹ 6,861 crore, an amount of ₹ 4,208 crore (61 per cent) was more than three years old. On an average, outstanding amount pertaining to 2000-09 was 41 per cent of the total amounts drawn through AC bills during the period, while the pendency increased during the years 2009-10, 2010-11 and 2011-12 to 61 per cent, 75 per cent and 92 per cent respectively of the total amount of AC bills drawn during that year.

We observed that drawal of funds through AC bills during 2010-11 decreased by 23 per cent over the previous year, while the amounts increased sharply by 108 per cent during 2011-12. We also observed that the outstanding amount of

⁴ Home ₹ 307.54 crore (110 bills), Human Resources Development ₹ 704.82 crore (52 bills), Rural Development/Panchayati Raj & NREP (Spl. Division) ₹ 157.80 crore (83 bills)

⁵ From 1st of a month to 10th of the next month, for submission of detailed bills to the CO for countersignature (Rule 319 of the JTC)

⁶ Rule 300 of JTC

AC bills at the end of 2011-12 was higher than the outstanding amounts⁷ of 2009-10 (₹ 6,366 crore) and 2010-11 (₹ 6,239 crore).

Of the selected Departments, in Human Resources Development Department, the amounts drawn in AC bills decreased from ₹ 73.24 crore (94 bills) in 2009-10 to ₹ 54.14 crore (54 bills) in 2010-11 and then increased to ₹ 678.88 crore (43 bills) in 2011-12. The outstanding amounts of AC bills also decreased from ₹ 70.30 crore (87 bills) in 2009-10 to ₹ 43.97 crore (49 bills) in 2010-11 and then increased to ₹ 665.50 crore (37 bills) in 2011-12. Scrutiny revealed that during 2011-12, ₹ 607 crore drawn on six AC bills related to Sarva Shiksha Abhiyan, for which DC bills were outstanding.

Similarly, in Home Department, the amounts drawn in AC bills decreased from ₹ 156.50 crore (291 bills) in 2009-10 to ₹ 68.96 crore (97 bills) in 2010-11 and then increased to ₹ 242.05 crore (79 bills) in 2011-12. The outstanding amounts of AC bills also decreased from ₹ 90 crore (210 bills) in 2009-10 to ₹ 15.68 crore (60 bills) in 2010-11 and then increased to ₹ 223.15 crore (66 bills) in 2011-12. Scrutiny of selected AC bills revealed that during 2011-12, ₹ 208.36 crore drawn in seven AC bills related to Modernisation of Police Force, for which DC bills were not submitted.

On the other hand, in Rural Development Department, the amounts drawn in AC bills increased from ₹ 145.81 crore (149 bills) in 2009-10 to ₹ 183.46 crore (206 bills) in 2010-11 and then decreased to ₹ 128.23 crore (106 bills) in 2011-12. The outstanding amount of AC bills also increased from ₹ 88.30 crore (140 bills) in 2009-10 to ₹ 136.68 crore (192 bills) in 2010-11 and then decreased to ₹ 123.14 crore (102 bills) in 2011-12.

The details in respect of these Departments are shown in *Appendix 3.1*.

3.3 Drawal of Plan funds in AC bills

Drawal of Plan funds in AC bill is not permissible as the same are not of contingent nature. We observed that out of a total amount of ₹ 1,600 crore drawn on 1059 AC bills in the State during 2011-12, ₹ 1,418 crore⁸ (89 per cent) were Plan funds.

- An analysis of outstanding amounts of AC bills at the end of the year 2011-12 in Jharkhand vis-à-vis four other States (Bihar, Uttar Pradesh, Madhya Pradesh and Chhattisgarh) showed that the pendency was much higher in Jharkhand, as compared to these States (except Bihar), as shown in **Table 3.2**, mainly because of drawal of Plan funds in AC bills in Jharkhand.

Table 3.2: Outstanding amount of AC bills

Year	(₹ in crore)				
	Jharkhand	Bihar	Uttar Pradesh	Madhya Pradesh	Chhattisgarh
2011-12	6,861	18,798	158	20	Nil

Source: Notes to Accounts in Finance Accounts (2011-12)

- Further, out of the test-checked AC bills amounting to ₹ 1,170.16 crore (2009-12), ₹ 1,033.54 crore (88 per cent) related to flagship programmes (₹ 933.75 crore) and State Plan schemes (₹ 99.79 crore). Major portion of

⁷ Report on State Finances 2009-10 and 2010-11

⁸ Annexure 'D' in Notes to Accounts of Finance Accounts 2011-12

flagship programme funds pertained to Sarva Shiksha Abhiyan (₹ 607 crore), which were released to the implementing agency, the Jharkhand Education Project Council. In addition, Plan expenditure/Capital expenditure amounting to ₹ 83.46 crore was also incurred by drawing funds through AC bills. The details are given in **Appendix 3.2**.

Drawal of AC bills for incurring Plan/Capital expenditure was in violation of the codal provision (Rule 318 of the JTC, which stipulates drawal of AC bills only for the purpose of contingent charges). Besides, there was remote possibility of spending the Programme funds within the stipulated period⁹ for utilisation of funds drawn in AC bills.

- As indicated in the 'Notes to Accounts' of Finance Accounts, Government of Jharkhand 2011-12, the classification of budget provision under the object head for the Central Plan/Centrally Sponsored Programme, such as Sarva Shiksha Abhiyan, Mid Day Meal, Indira Awaas Yojana, Mahatma Gandhi National Rural Employment Guarantee Scheme, etc. was '70- State contribution' for State share and '69-Central contribution' for Central share. Though the funds for these programmes were to be released to the implementing agencies as Grants-in-Aid (GIA), the State Budget did not have the object head 'Grants-in-aid' under these Programme heads, unlike other neighbouring States¹⁰. Due to non-provision of funds for flagship programmes in the State budget as GIA, the Departments could not draw the funds in GIA bill. Further, while releasing the funds, the drawing officers directed the implementing agencies to submit the utilisation certificates (UCs) as the expenditure was not of contingent nature. This was one of the reasons for the high outstanding AC bill amounts in Jharkhand as compared to three other States, as shown in **Table 3.2**.
- As per Para 15 of Bihar Finance Department's orders dated 17 April 1998, as adopted by Jharkhand State, the Secretary of an Administrative Department may allow the DDOs to draw funds in advance only for procurement of such material for which there is requirement of making advance payment to the supplier.

While scrutinising the AC bills of Human Resources Development Department we noticed that the Department while sanctioning funds for Sarva Shiksha Abhiyan and Saakshar Bharat Programme, allowed (2011-12) the DDO to draw the entire programme funds of ₹ 611 crore (Sl. 1 and 3 of **Appendix 3.2**) in advance, quoting the provision of the Finance Department's orders dated 17 April 1998. Sanction of advance drawal of the entire programme funds was in contravention of the Government orders.

⁹ From 1st of a month to 10th of the next month, i.e. 1 to 40 days (Rule 319 of the JTC), but not later than 31 March of the financial year (Rule 300 of the JTC)

¹⁰ The State Budget in Madhya Pradesh and Chhattisgarh contains a separate object head 'Grants-in-aid' for the Central Plan Schemes, which indicate the nature of expenditure. For indicating the source of fund, there is a separate detailed head 'Central share/State share' under the object head. Also, drawal of Abstract Contingent bill is prohibited in both the States.

3.4 Unauthorised drawal of funds in AC bill for Capital works

Rule 318 of the JTC, stipulates drawal of AC bills only for the purpose of contingent charges. Therefore, drawal of funds in AC bill for Capital works is not permissible.

We noticed (July 2012) that based on the Home Department's sanction of funds for construction of buildings at Sub-jail at Chakradharpur, the Superintendent, Mandal Kara, Chaibasa had drawn AC bills for ₹ 14.38 crore (October 2010 to August 2011) and transferred the funds to the Executive Engineer, Building Construction Division for execution of the work. Of this, ₹ 4.96 lakh was spent on soil testing. The funds of ₹ 14.33 crore remained unutilised as of July 2012 due to delay in acquisition of land. Drawal of AC bills for capital works and also transfer of funds before acquisition of land was irregular.

3.5 Drawal of AC bills at the end of the financial year

As per provisions of the Appropriation Act, the funds drawn from the Treasury should be utilised within the financial year. Further, Rule 300 of the Jharkhand Treasury Code stipulates that no money should be withdrawn from the Treasury unless it is required for immediate payment. It is not permissible to draw advances in anticipation of demands from the Treasury either for the execution of works, the completion of which is likely to take a considerable time or to prevent the lapse of appropriations. Also, while drawing funds from the Treasury in the last week of March the DDO is required to certify that all funds drawn will be paid within the financial year.

During 2011-12, Plan funds of ₹ 888.98 crore¹¹ (63 per cent of total Plan funds drawn in AC bills) were drawn in March 2012. In the three selected Departments, the amounts drawn at the fag end of the financial year through AC bills (test-checked cases) during 2009-12 are shown in **Table 3.3:**

Table 3.3 :Drawal of test checked AC bills at the end of the financial year

(₹ in crore)

Department	Total Drawal		Drawn in March		Drawn in last week of March		Drawn on 31 st March	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Home	110	307.54	66	93.11 (30)	29	42.86 (14)	15	28.16 (9)
Human Resources Development	52	704.82	37	479.09 (68)	23	48.76 (7)	15	47.79 (7)
Rural Development/ Panchayati Raj & NREP (Spl. Div)	83	157.80	55	84.43 (54)	40	67.78 (43)	20	40.41 (26)
Total	245	1170.16	158	656.63 (56)	92	159.40 (14)	50	116.36 (10)

Source : Voucher Level Computerisation(VLC) database

Figures in brackets shows the percentage value to the total amount drawn through AC bills

We observed that out of ₹ 1,170.16 crore drawn during the years 2009-10 to 2011-12, ₹ 656.63 crore (56 per cent) was drawn in the month of March. Of

¹¹Annexure 'E' of Notes to Accounts of Finance Accounts (2011-12)

these, ₹ 159.40 crore (14 per cent) was drawn in the last week of March. The amount drawn on the last day of the year was ₹ 116.36 crore. The programme funds drawn in the month of March, particularly during the last week of the month, were not likely to be utilised within that financial year.

- Test-check of records of three DDOs¹² in Human Resources Development Department revealed that the DDOs withdrew (March 2010 and March 2012) ₹ 14.17 crore through AC bills for implementation of various programmes¹³. Of these, ₹ 10.50 crore was disbursed during the next financial year and ₹ 3.67 crore remained undisbursed with them (July/August 2012). Out of the disbursed amount, the implementing agencies utilised only ₹ 7.50 crore as of July/August 2012 (*Appendix 3.3*). Thus, drawal of ₹ 14.17 crore in AC bills, not required for immediate payment, was in violation of the Appropriation Act and the provisions of the JTC.

3.6 Repeated drawal of funds in AC bills

Our scrutiny of the test-checked AC bills revealed that 23 DDOs (*Table 3.4*) repeatedly withdrew (2009-12) funds amounting to ₹ 1,109.54 crore through 223 AC bills without submitting the DC bills against the previously drawn AC bills, in contravention of Rules 319 and 320 of the JTC. The details are given in *Appendix 3.4*.

Table 3.4: Repeated drawal of funds through AC bills

(₹ in crore)				
Sl.	Department	No. of DDOs	No. of Bills	Amount
1	Human Resources Development	6	50	700.06
2	Home	9	108	304.45
3	Rural Development and Panchayati Raj & NREP (Special Division)	8	65	105.03
Total		23	223	1109.54

Source : VLC database

The AC bill (TC Form 38) contains a certificate of the DDO that DC bills for all contingent charges drawn prior to the 1st of the current month had been forwarded to the respective controlling officers for countersignature and transmission to Accountant General (A&E). In all the above cases the DDOs signed such certificates while presenting the AC bills to the treasuries. Thus, the DDOs furnished wrong certificates for drawing AC bills, as DC bills were found outstanding against the AC bills drawn earlier.

3.7 Funds drawn on AC bills kept in bank account

As per provisions of the JTC, funds should not be drawn unless required for immediate disbursement. Further, financial rules prohibit keeping of Government money outside Government accounts. We observed that funds drawn in AC bills were transferred to the implementing agencies, which were kept in bank accounts by them, as discussed below:

¹² District Superintendents of Education, Dhanbad, Godda and Palamu

¹³ Construction of school buildings, store-cum-kitchen shed under MDM and seminar for educational programme.

- Finance Department's resolution (January 2007) and Home Department's instructions (March 2007) envisaged that funds received by the Board/Corporation from the State Government will be kept in the Personal Ledger (PL) Account. It was noticed that during the year 2009-12, Inspector General (Modernisation & Provisioning) drew ₹ 274.96 crore¹⁴ (Sl. 4 of **Appendix 3.2**) through AC bills and transferred the funds to the Jharkhand Police Housing Corporation Limited¹⁵ (JPHCL) for construction of police buildings. Further, Superintendent of Police, Khunti drew (October 2010) ₹ 1.09 crore (included in Sl. 9 of **Appendix 3.2**) through AC bill and transferred (November 2010) the funds to the JPHCL for construction of portable huts for Kobra camp. Out of ₹ 276.05 crore available, the JPHCL kept ₹ 209.36 crore in PL Account and ₹ 66.69 crore in savings bank accounts. Scrutiny revealed that the JPHCL executed agreements with contractors for works valued ₹ 119.41 crore, as of July 2012. Thus, drawal of ₹ 156.64 crore, not intended for immediate payment, was in violation of Rule 300 of JTC. Further, keeping of ₹ 66.69 crore (**Appendix 3.5**) in savings bank accounts was also in violation of the Department's instructions.
- For construction of Block-cum-Circle office, residence of Block Development Officer and development of Block campus in two Blocks¹⁶, the Rural Development Department sanctioned (April 2010) ₹ 6.20 crore, and allowed advance drawal (May 2010 and February 2011) of ₹ 3.88 crore to DC, Chatra. The amount was drawn (March 2011) in AC bills and kept in savings bank account, of which ₹ 0.95 crore was utilised up to June 2012 and ₹ 2.93 crore remained in the savings bank account.
- Further, the Rural Development Department allotted ₹ Six lakh in January 2011, ₹ 30 lakh in March 2011 and ₹ 24 lakh in March 2012 to Deputy Commissioner, Ranchi for purchase of 10 vehicles for use in 10 Blocks. The Department allowed advance drawal of funds for payment of advance to the supplier. The DC, Ranchi drew the amounts (March 2011 and March 2012) on AC bills and kept the same in current bank account. Payment of ₹ 36 lakh was made (between April 2011 and January 2012) only on delivery of the vehicles and ₹ 24 lakh was lying in the bank account (August 2012). Drawal of funds in AC bills not required for immediate payment and keeping the funds in bank accounts was irregular.
- Based on sanction (May 2011) of the Panchayati Raj & NREP (Spl. Division) Department for installation of basic infrastructure in 121 Panchayat Headquarters, the Deputy Commissioner, Ranchi drew (October 2011) ₹ 10 crore in AC bill and kept the same in savings bank account. Of this, ₹ 9.68 crore was released in March to April 2012 to the Electrical Supply Circle, Ranchi but the amount could not be utilised as of June 2012.

¹⁴ ₹ 66.60 crore in 2009-10 and ₹ 208.36 crore in 2011-12

¹⁵ JPHCL was created by a resolution (February 2002) of Home Department, Government of Jharkhand for executing construction and maintenance works of Police buildings in the State and registered as company in March 2002.

¹⁶ Kanhachatti & Mayurhand

3.8 Lack of response to Audit

The issue of large amount of outstanding AC bills has repeatedly been brought to the notice of the State Government through our Audit Reports. The Accountant General (A&E) Jharkhand, Ranchi had also pointed out (March 2010) various irregularities in drawal of AC bills to the Chief Secretary to Government. He also recommended discontinuance of the practice of drawal of AC bills under Plan heads and transfer of money out of the Consolidated Fund of the State into bank accounts. Though the Chief Secretary issued instructions (March 2010) to all the Secretaries and Principal Secretaries for adoption of the recommendations of the Accountant General (A&E) as well as strict adherence to the provisions of the Jharkhand Treasury Code and Jharkhand Financial Rules regarding drawal of AC bills and submission of DC bills, the irregularities pointed out by us were still persisting in the selected Departments. Further, the Finance Department and the three selected Departments did not respond to our request (3 October 2012) to intimate the steps taken by them, pursuant to the Chief Secretary's instructions of March 2010, to prevent the irregular drawal of AC bills and ensure timely submission of detailed bills.

3.9 Conclusion

In Jharkhand, huge amounts (₹ 13,543 crore) were drawn on Abstract Contingent (AC) bills during 2000-12 and the bills remained outstanding (₹ 6,861 crore as of June 2012) for long periods due to non-submission of Detailed Contingent (DC) bills. AC bills were found drawn for purposes for which advance drawal was not permissible. The Departments drew AC bills even for programme implementation and other Plan/Capital expenditure. AC bills were repeatedly drawn by the DDOs by furnishing wrong certificates regarding submission of DC bills in respect of AC bills drawn earlier. We also observed that Plan funds, though not required for immediate payment, were drawn through AC bills at the fag end of financial year to avoid lapse of budget allotment. Also, unspent funds drawn in AC bills were kept in bank accounts and not deposited into the Government account. Further, non-provisioning of funds for flagship programmes in the State budget as Grants-in-aid resulted in drawal of the same through AC bills.

3.10 Recommendations

- Funds should be drawn through AC bills only for contingent charges. Drawal of AC bills for expenditure not of contingent nature should be prohibited.
- Funds for flagship programmes should be provisioned as Grants-in-aid in the State Budget and such funds should not be drawn in AC bill.
- Unspent amounts drawn through AC bills should be immediately deposited into the treasury. The funds retained unauthorisedly in bank accounts should also be remitted to the Government account immediately.
- A suitable mechanism should be instituted at the Treasury to verify the actual submission of DC bills against the previously drawn AC bills, before fresh AC bills are drawn by the DDOs.

CHAPTER 4

CHAPTER 4 FINANCIAL REPORTING

A sound internal financial reporting system and the availability of relevant and reliable information significantly contributes to efficient and effective governance by a 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. This Chapter provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the year 2011-12.

4.1 Delay in furnishing Utilisation Certificates against grants paid

According to Rule 341 of the Bihar Financial Rules (as adopted by Jharkhand), unless in any case the Government directs otherwise, every order sanctioning a grant should specify clearly the object for which it is given and the conditions, if any, attached to the grant. According to Note 2 below Rule 342 of the Rules, if Grants-in-aids (GIA) are provided during a year for specific purposes, Utilisation 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), Jharkhand within 12 months from the date of their sanction.

It was noticed that 5732 UCs due in respect of grants aggregating ₹ 6,936.04 crore paid up to 2010-11, were outstanding at the end of March 2012. A major part of such UCs was outstanding against three Departments, viz. Industries (490 UCs aggregating ₹ 1,619.37 crore), Human Resources Development Department (326 UCs aggregating ₹ 1,247.54 crore) and Urban Development Department (3645 UCs aggregating ₹ 936.24 crore). The Department-wise break-up of outstanding UCs is given in *Appendix 4.1*.

As on 30 September 2012, the number and amount of outstanding UCs were reduced to 5232 and ₹ 6,836.04 crore respectively, as shown in **Table 4.1**.

Table 4.1: Outstanding Utilisation Certificates (as on 30.09.2012)

Sl. No.	Year in which GIA disbursed	Year in which UCs due	Utilisation Certificates Outstanding	
			Number	Amount (₹ in crore)
1	Up to 2007-08	Up to 2008-09	1942	2468.28
2	2008-09	2009-10	636	778.28
3	2009-10	2010-11	1230	1139.15
4	2010-11	2011-12	1424	2450.33
Total Number of UCs awaited			5232	6836.04

Source: Finance Accounts of Government of Jharkhand 2011-12

Non-receipt of UCs for huge amounts indicates failure of the departmental officers to comply with the rules and procedures to ensure timely utilisation of the grants for the intended purposes.

4.2 Delay in submission of accounts by Autonomous Bodies/Authorities

4.2.1 Autonomous Bodies/Authorities under Sections 14 and 15

There are 82 Autonomous Bodies and Authorities in the State (pertaining to five¹ Departments) which are financed by the State Government through grants and loans. As of September 2012, Accounts of eight Bodies and Authorities have been received by the Principal Accountant General (Audit), Jharkhand up to the year 2011-12. The age-wise pendency in receipt of the accounts of 74 Bodies and Authorities is shown in **Table 4.2**.

Table 4.2: Age-wise pendency of Annual Accounts

Delay in number of years	Number of Bodies/Authorities
0 - 1	18
1 - 3	33
3 - 5	20
5 - 7	02
7 - 9	Nil
9 and above	01
Total	74

As given in **Table 4.2**, it can be seen that in respect of 51 Bodies and Authorities submission of accounts were delayed up to three years, accounts of 22 Bodies and Authorities were delayed by three to seven years while the account of one Autonomous Body was delayed by more than nine years. The details are given in **Appendix 4.2**.

Due to non-receipt of the detailed information about the financial assistance given by the Government, the purpose of assistance granted and the total expenditure, the Bodies and Authorities which attract audit under the Sections 14 and 15 of CAG's (Duties, Powers and Conditions of Service) Act, 1971, were not ascertainable.

4.2.2 Autonomous Bodies/Authorities under section 19 and 20 (i)

There are two Autonomous Bodies² in the State which are audited under Sections 19 and 20 (i) of the C&AG's (Duties, Powers and Conditions of Service) Act, 1971 with regard to verification of their transactions, operational activities and accounts, conducting regulatory compliance audit of all transactions scrutinised in audit, review of internal management and financial controls, review of systems and procedures etc.

¹ Art, Culture, Sports & Youth Affairs; Human Resources and Development; Health & Family Welfare; Rural Development and Welfare.

² (i) Birsa Agriculture University, (ii) Jharkhand State Electricity Regulatory Commission.

Of the two Autonomous Bodies, the Birsa Agriculture University (BAU) submitted their accounts of 2005-06 in 2009-10 to the Principal Accountant General (Audit), Jharkhand, for audit, while the Jharkhand State Electricity Regulatory Commission (JSERC) submitted their accounts from 2003-04 to 2010-11 in 2011-12. Audit of BAU had been completed for the year 2005-06 and the Separate Audit Report (SAR) was issued in October 2010. Audit of the JSERC had been completed up to the year 2008-09. The SARs of JSERC for the years 2003-04 and 2004-05 were issued in May 2012 and for 2005-06 and 2006-07 were issued in August 2012. The SAR of JSERC for the years 2007-08 and 2008-09 are yet to be issued.

Information regarding placement of SARs in the State Legislature has not been intimated to Principal Accountant General (Audit) as of November 2012.

4.3 Misappropriation, losses etc.

Rule 31 of the Bihar Financial Rules, as adopted by Jharkhand, provides that loss of public money, government revenue, stores or other property carried by defalcations or otherwise should be immediately reported by the office to the higher authority as well as to the Principal Accountant General (Audit), Jharkhand.

As per information received from 37 Government offices, there were six cases of theft, misappropriation, losses etc. in four offices³ involving Government money amounting to ₹ 41.93 lakh at the end of 2011-12 on which departmental action/execution of certificate case for recovery of losses were pending or the cases were pending in the Court of law, as of September 2012. Department wise break-up of these cases involving ₹ 41.93 lakh is given in **Appendix 4.3**. The age profile of pending cases with number of cases pending in each category- theft and misappropriation is given in **Table 4.3**.

Table 4.3: Profile of Misappropriation, losses etc.

(₹ in lakh)

Age profile of the pending cases			Nature of pending cases		
Range in year(s)	No. of cases	Amount involved	Nature of cases	Number of cases	Amount involved
0-5	6	41.93	Theft	2	5.79
6-10	nil	nil	Misappropriation/losses	4	36.14
Total	6	41.93	Total cases	6	41.93

Source: Information received from Government offices

In addition, no Action Taken Notes have been received (September 2012) against the eight outstanding cases (₹ 153.11 lakh) pointed out in the Audit Report on State Finances for the year ended 31 March 2011.

³ Block Development Officer, Khudu; Joint Director (Administration), Planning and Development Department; Factory Inspector, Dhanbad Anchal and District Fisheries Officer, Hazaribag

4.4 Personal Deposit Accounts

As per the Finance Department, Government of Jharkhand order dated 19 February 2003, the Treasury Officer should close the Personal Deposit (PD) Account at the end of each financial year through transfer of closing balance to the concerned service head, after keeping a token amount of ₹ 100, under intimation to the Accountant General (A&E), Finance Department and the concerned Administrator.

As per the Finance Accounts, there was a closing balance of ₹ 68.53 crore at the end of 2011-12, against the opening balance of ₹ 68.56 crore. The entire closing balance pertained to one personal deposit account of the 'State Advocate Welfare Association Fund' and the same was not closed at the end of the financial year 2011-12.

4.5 Disbursement of Grants-in-aid

Rule 340 of the Jharkhand Financial Rules enjoins that Grants-in-aid can be given to a person or a body which is independent of the Government. One Department of the Government cannot give Grants-in-aid to another Department of the same Government.

It was noticed that out of Grants-in-aid⁴ paid from the Consolidated Fund of Jharkhand amounting to ₹ 4,530.23 crore during the year 2011-12, a sum of ₹ 618.68 crore was drawn in favour of the officers of 11⁵ Government Departments, instead of drawing the funds in favour of grantee bodies. Such drawal reflects disbursement and do not represent the actual expenditure of the State within the financial year.

4.6 Conclusion

Utilisation certificates of Grants-in-aid amounting to ₹ 6,836.04 crore were not submitted by State institutions/bodies, which restricted the State Government from taking appropriate steps required for ensuring accountability and improving efficiency of operations. Annual Accounts of 74 Bodies and Authorities had not been received by the Principal Accountant General (Audit) Jharkhand as of September 2012. The funds in Personal Deposit Account of 'State Advocate Welfare Association Fund' were not closed at the end of the financial year 2011-12.

4.7 Recommendations

- The Departments should ensure timely submission of utilisation certificates in respect of the grants released for specific purposes to the grantee institutions.

⁴ Appendix IV of Finance Accounts 2011-12

⁵ Agriculture & Sugarcane Development; Art, Culture, Sports & Youth Affairs; Co-operative; Civil Aviation; Human Resources Development; Industries; Personnel, Administrative Reforms & Raj Bhasha; Science & Technology; Social Welfare, Women & Child Development; Urban Development and Water Resources.

- The annual accounts in respect of the Autonomous Bodies and Authorities should be submitted regularly to the Principal Accountant General (Audit), Jharkhand.
- Steps should be taken to place the Separate Audit Reports of the Autonomous Bodies before the Legislature.

Ranchi
The


(MRIDULA SAPRU)
Principal Accountant General (Audit),
Jharkhand

Countersigned

New Delhi
The


(VINOD RAI)
Comptroller and Auditor General of India

Appendix 1.1 Part A
Profile of Jharkhand
(Reference: 1.1; Page 1)

PROFILE OF JHARKHAND				
A. General Data				
Sl. No.	Particulars			Figures
1	Area			79714 Sq km
2	Population			
	a.	As per 2001 Census		2.69 crore
	b.	2010-11		3.30 crore
3	a	Density of Population (As per 2001 Census) (All India Density = 325 persons per Sq. Km)		338 persons per Sq. km.
	b	Density of Population (As per 2011 Census) (All India Density = 382 persons per Sq. Km)		414 persons per Sq. km.
4	Population* below poverty line (BPL) (All India Average = 27.5 %)			40.4 per cent
5	a	Literacy (As per 2001 Census) (All India Average = 64.8%)		44 per cent
	b	Literacy (As per 2011 Census) (All India Average = 74.0 %)		67.63 per cent
6	Infant mortality** (per 1000 live births) (All India = 50 per 1000 live births)			41
7	Gini Coefficient***			
	a.	Rural. (All India = 0.30)		0.22
	b.	Urban. (All India = 0.37)		0.35
8	Gross State Domestic Product (GSDP) 2011-12 at current prices			124160 crore
9	Per capita GSDP CAGR (2002-03 to 2011-12)		Jharkhand	11.87 <i>per cent</i>
			Other General Category States	13.09 <i>per cent</i>
10	GSDP CAGR (2002-03 to 2011-2012)		Jharkhand	14.07 <i>per cent</i>
			Other General Category States	14.46 <i>per cent</i>
11	Population Growth (2002-03 to 2011-12)		Jharkhand	19.13 <i>per cent</i>
			Other General Category States	13.90 <i>per cent</i>
B. Financial Data				
Sl. No.	Particulars		Figures (in <i>per cent</i>)	
			2002-03 to 2010-11	2002-03 to 2011-12
	CAGR		General Category States	Jharkhand
1	a.	of Revenue Receipts	16.86	18.18
2	b.	of Own Tax Revenue	16.74	15.95
3	c.	of Non Tax Revenue	12.84	13.94
4	d.	of Total Expenditure	14.58	15.38
5	e.	Capital Expenditure	21.25	15.08
6	f.	of Revenue Expenditure on Education	15.41	17.41
7	g.	of Revenue Expenditure on Health	14.00	13.60
8	h.	of Salaries & Wages	13.43	20.81
9	i.	of Pension	16.89	18.93

*Source of General data: BPL (Planning Commission & NSSO data, 61 Round), ** Infant Mortality rate (SRS Bulletin January 2011), Financial data is based on Finance Accounts of the State Governments and ***Gini Coefficient (Unofficial estimates of Planning Commission and NSSO data, 61 Round 2004-05 MRP).

Gini Coefficient is a measure of inequality of income among the population. Value rate is from zero to one, closer to zero inequality is less; closer to one inequality is higher.

Appendix 1.1 Part B
Structure and Form of Government Accounts
(Reference: Paragraph 1.1.1; Page 1)

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 C: Layout of Finance Accounts

Statement	Layout
Statement No.1	Presents the cumulative figures of assets and liabilities of the Government, as they stand at the end of the year. The assets are largely financial assets with the figures for progressive capital expenditure denoting physical assets of the Government. Assets, as per the accounting policy, are depicted at historical cost.
Statement No.2	Contains the summarised statement showing all receipts and disbursement of the Government during the year in all three parts in which Government Account is kept, namely, the Consolidated Fund, Contingency Fund and Public Accounts.
Statement No.3	This statement comprises revenue and capital receipts and borrowings of the Government consisting of loans from the Government of India, other institutions, market loans and recoveries on account of loans and advances made by the Government.
Statement No.4	This statement gives expenditure by function (activity) and also summarise expenditure by nature of activities (object of expenditure).
Statement No. 5	Gives details of progressive capital expenditure by functions, the aggregate of which is depicted in statement-1.
Statement No.6	Presents borrowings of the Government comprising market loans and loans and advances from Government of India. In addition 'other liabilities' which are the balances under various sectors in the public accounts, for which Government acts as a trustee or custodian, are also given.
Statement No.7	Depicts loans and advances (sector and loanee group-wise) given by the Government as depicted in statement-1 and recoveries, disbursements featured in statement-2, 3 and 4.
Statement No.8	Depicts grants-in-aid given by the State Government, organised by grantee institutions group-wise. A notes on grants given is also included.
Statement No.9	Gives the summary of guarantees given by the Government for repayment of loans etc. raised by the statutory corporations, local bodies and other institutions.
Statement No.10	Indicates the distribution between the charged and voted expenditure incurred during the year.
Statement No.11	Indicates the detailed account of revenue receipts by minor heads.
Statement No.12	Provides accounts of revenue expenditure by minor heads under Non-Plan and Plan separately.
Statement No.13	Depicts the detailed capital expenditure incurred during and to the end of 2011-12.
Statement No.14	Shows the details of investment of the State Government in statutory corporations, Government companies, other joint stock companies, co-operative banks and societies etc up to the end of 2011-12.
Statement No.15	Depicts details of borrowings by minor heads and the maturity and repayment profile of all loans.
Statement No.16	Provides the detailed account of loans and advances given by the Government of Jharkhand, the amount of loan repaid during the year, the balance as on 31 March 2012.
State mentNo.17	Presents the capital and other expenditure (other than on revenue account) and the sources of fund for the expenditure is depicted in this statement.
Statement No.18	Gives the detailed account relating to Contingency Fund and Public Accounts transaction in detail.
Statement No.19	Gives the details of earmarked balances of reserve funds.

Appendix 1.2 Part A
Methodology Adopted for the Assessment of Fiscal Position
(Reference: Paragraph 1.1.1; Page-1)

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 GSDP is the 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 Gross State Domestic Product (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 mobilisation 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:

Trends in Gross State Domestic Product (GSDP)

	2007-08	2008-09	2009-10	2010-11	2011-12
Gross State Domestic Product (₹ in crore)	83950(F)	87794(F)	96933(Q)	110769(A)	124160(P)
Growth rate of GSDP	25.42	4.58	10.41	14.27	12.09
<i>Source: Directorate of Statistics and Evaluation, Government of Jharkhand.</i>					

F=Final Estimate, Q=Quick Estimate, A=Advance Estimate, P=Provisional Estimate

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 spread	GSDP growth – Average Interest Rate
Quantum spread	Debt stock * Interest spread
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
Balance from Current Revenue (BCR)	Revenue Receipts <u>minus</u> all Plan grants and Non-Plan Revenue Expenditure excluding expenditure recorded under the major head 2048 – Appropriation for reduction of avoidance of debt

Appendix 1.2 Part B
Fiscal Responsibility and Budgetary Management (FRBM) Act, 2007
(Reference: Paragraph 1.2.2; Page-4)

Jharkhand FRBM Act, 2007 was *passed* to provide the responsibility to the State Government to ensure prudence in fiscal management and fiscal stability by progressive elimination of revenue deficit and sustainable debt management consistent with fiscal stability, greater transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term frame work and for matters connected therewith or incidental thereto which is amended as FRBM Act, 2012.

- Targets for Revenue Deficit: Nil at the end of the year 2011-12, 2012-13, 2013-14 and 2014-15.
- Targets for Fiscal Deficit: 3 per cent of GSDP – 2011-12 to 2014-15

	2011-12	2012-13	2013-14	2014-15
Outstanding Debt GSDP ratio	28.5	27.8	27.3	26.9
Debt GSDP ratio	25.00	25.00	25.00	
GSDP Growth(TFC)	14.14	14.5		
GSDP Growth(MTFP)	14.00	14.00		
Own tax GSDP ratio	5.4	5.4		
Non-Tax GSDP ratio	2	2		
Interest Payment	10 years of outstanding liability			
Capital outlay as percentage of GSDP	3.15	3.5		

(In per cent)

Appendix 1.3
Time series data on the State Government finances
(Reference: Paragraph 1.1.1, 1.4 & 1.8.1; Page-1, 8 & 27)

(₹ in crore)

	2007-2008	2008-09	2009-10	2010-11	2011-12
Part A. Receipts					
1. Revenue Receipts	12027(86)	13213(84)	15118(82)	18781(88)	22420(89)
(i) Tax Revenue	3474(29)	3753(28)	4500(30)	5717(30)	6954(31)
Taxes on Agricultural Income	-	-	-	-	-
Taxes on Sales, Trade, etc	2846(82)	2996(80)	3597(80)	4473(78)	5522(79)
State Excise	157(5)	205(6)	323(7)	388(7)	457(7)
Taxes on Vehicles	136(4)	202(6)	234(5)	312(6)	392(6)
Stamps and Registration fees	156(4)	192(5)	238(5)	328(6)	401(6)
Land Revenue	26(1)	53(1)	41(1)	131(2)	53(1)
Taxes on Goods and Passengers	71(2)	54(1)	13	21	41(0)
Other Taxes	82(2)	51(1)	54(2)	64(1)	88(1)
(ii) Non Tax Revenue	1601(13)	1952(15)	2254(15)	2803(15)	3038(14)
(iii) State's share of Union taxes and duties	5110(42)	5392(41)	5547(37)	6154(33)	7170(32)
(iv) Grants in aid from Government of India	1842(15)	2116(16)	2817(18)	4107(22)	5258(23)
2. Miscellaneous Capital Receipts	-	-	-	-	Nil
3. Recoveries of Loans and Advances	44	19	22	24	24
4. Total Revenue and Non debt capital receipts (1+2+3)	12071	13232	15140	18805	22444
5. Public Debt Receipts	2023(14)	2437(16)	3369(18)	2447(12)	2671(11)
Internal Debt (excluding Ways and Means Advances and Overdrafts)	2009	2434	3379	2315	2409
Net transactions under Ways and Means Advances and Overdrafts	..	..	..		229
Loans and Advances from Government of India	14	3	-10	132	33
6. Total Receipts in the Consolidated Fund (4+5)	14094	15669	18509	21252	25115
7. Contingency Fund Receipts	32	-	-	-	Nil
8. Public Account Receipts	7013	8335	8242	7721	10813
9. Total Receipts of the State (6+7+8)	21139	24004	26751	28973	35928
Part B. Expenditure/Disbursement					
10. Revenue Expenditure	10832(77)	12877(79)	15128(83)	17945(86)	20992(86)
Plan	2980(28)	3813(30)	3758(25)	6004(33)	7646(36)
Non Plan	7852(72)	9064(70)	11370(75)	11941(67)	13346(64)
General Services (including interest payments)	4607(43)	4924(38)	6605(44)	6991(39)	7846(37)
Social Services	4257(39)	5385(42)	5610(37)	6707(37)	7287(35)
Economic Services	1967(18)	2533(20)	2913(19)	4247(24)	5859(28)
Grants-in-aid and contributions	-	35	-	-	-
11. Capital Expenditure	2584(19)	3051(19)	2703(15)	2664(13)	3159(13)
Plan	2558(99)	3015(99)	2682(99)	2621(98)	3111(98)
Non Plan	26(1)	36(1)	21(1)	43(2)	48(2)
General Services	108(4)	176(6)	112(4)	120 (4)	156(5)
Social Services	832(32)	1355(44)	825(31)	682(26)	866(27)
Economic Services	1644(64)	1520(50)	1766(65)	1862(70)	2137(68)
12. Disbursement of Loans and Advances	598(4)	418(3)	320(2)	308(1)	217(1)
13. Total (10+11+12)	14014	16346	18151	20917	24368
14. Repayments of Public Debt	747	863	1190	1299	1639
Internal Debt (excluding Ways and Means Advances and Overdrafts)	572(77)	716(83)	1068(90)	1063(82)	1406(86)
Net transactions under Ways and Means Advances and Overdraft	-	9(1)	-	-	78(5)
Loans and Advances from Government of India	175(23)	138(16)	123(10)	236(18)	155(9)

Appendix 1.3 continued..

15. Appropriation to Contingency Fund	-	-	-	-	Nil
16. Total disbursement out of Consolidated Fund (13+14+15)	14761	17209	19341	22216	26007
17. Contingency Fund disbursements	-	-	-	-	-
18. Public Account disbursements	6206	7185	7290	7400	9728
19. Total disbursement by the State (16+17+18)	20967	24394	26631	29616	35735
Part C. Deficits					
20. Revenue Deficit(-)/Revenue Surplus (+) (1-10)	(+)1195	(+)336	(-)10	(+)836	(+)1428
21. Fiscal Deficit (-)/Fiscal Surplus (+) (4-13)	(-)1943	(-)3114	(-)3011	(-)2112	(-)1924
22. Primary Deficit(-)/Surplus(+) (21+23)	(-)185	(-)1227	(-)704	(+)116	(+)343
Part D. Other data					
23. Interest Payments (included in revenue expenditure)	1758	1887	2307	2228	2267
24. Financial Assistance to local bodies etc.	1266	2366	2333	3122	4530
25. Ways and Means Advances/ Overdraft availed (days)	-	-	-	-	6
Ways and Means Advances availed (days)	-	-	-	-	6
Overdraft availed (days)	-	-	-	-	Nil
26. Interest on Ways and Means Advances/ Overdraft	-	-	-	-	0.03
27 Gross State Domestic Product (GSDP)[@]	83950	87794	96933	110769	124160
28 Outstanding Fiscal liabilities (year end)	21615	24084	27165	28655	30664
29. Outstanding guarantees (year end) (including interest)	530	500	500	-	-
30. Maximum amount guaranteed (year end)	-	-	-	-	-
31. Number of incomplete projects (value ₹ 1 crore and above)	25	247	262	167	182
32. Capital blocked in incomplete Projects	1616	1797	1466	1503	573
Part E: Fiscal Health Indicators					
I Resource Mobilisation					
Own Tax revenue/GSDP	4.1	4.3	4.6	5.2	5.6
Own Non-Tax Revenue/GSDP	1.9	2.2	2.3	2.5	2.4
Central Transfers/GSDP	8.3	8.6	8.6	9.3	10.0
II Expenditure Management					
Total Expenditure/GSDP	16.7	18.6	18.7	18.9	19.6
Total Expenditure/Revenue Receipts	116.5	123.7	120.1	111.4	108.7
Revenue Expenditure/Total Expenditure	77.3	78.8	83.3	85.8	86.1
Expenditure on Social Services (including L&A)/Total Expenditure	40.6	43.8	37.2	36.8	34.3
Expenditure on Economic Services (including L&A)/Total Expenditure	30.0	27.4	27.5	30.7	33.7
Capital Expenditure/Total Expenditure	18.4	18.7	14.9	12.7	13.0
Capital Expenditure on Social and Economic Services/Total Expenditure.	17.7	17.6	14.3	12.2	12.3
III Management of Fiscal Imbalances					
Revenue deficit (surplus)/GSDP	1.4	0.4	0.0	0.8	1.2

Appendix 1.3 continued..

Fiscal deficit/GSDP	-2.3	-3.5	-3.1	-1.9	-1.5
Primary Deficit (surplus) /GSDP	-0.2	-1.4	-0.7	*	*
Revenue Deficit/Fiscal Deficit	-61.5	-10.8	*	*	*
Primary Revenue Balance/GSDP	3.5	2.5	2.4	2.8	3.0
IV Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	25.7	27.4	28.0	25.9	23.9
Fiscal Liabilities/RR	179.7	182.3	179.7	152.6	132.2
Primary deficit vis-à-vis quantum spread	3087.0	-1966.0	-270.0	980.0	1573.0
Debt Redemption (Principal +Interest)/ Total Debt Receipts	-	5.4	3.1	4.3	3.9
V Other Fiscal Health Indicators					
Return on Investment	Nil	Nil	Nil	0.4	1.17
Balance from Current Revenue (₹ in crore)	2890	2625	2077	4014	6855
Financial Assets/Liabilities	81	84	85	89	95

*Not relevant as the State had Revenue Surplus.

@ GSDP figures communicated by the Government adopted.

Figures in brackets represent percentages (rounded) to total of each sub-heading

Appendix 1.4 Part A
Abstract of Receipts and Disbursements for the year 2011-12
(Reference: paragraph 1.2; Page-1)

(₹ in crore)

Part A: Abstract of Receipts and Disbursements for the year 2011-12									
Receipts					Disbursements				
2010-11			2011-12	2010-11		Non-plan	Plan	Total	2011-12
	Section-A: Revenue								
18781.12	I. Revenue Receipts		22419.45	17944.74	I. Revenue Expenditure	13345.30	7646.28	20991.58	20991.58
5716.63	Tax Revenue	6953.89		6990.80	General Services	7399.49	446.07	7845.56	
				6707.30	Social Services	3728.14	3558.89	7287.03	
2802.89	Non-tax Revenue	3038.22		3802.26	Education, Sports, Art and Culture	2782.47	1273.42	4055.89	
				673.92	Health and Family Welfare	537.00	288.65	825.66	
6154.35	State's share of Union Taxes	7169.93		437.49	Water supply, Sanitation, Housing and Urban Development	225.19	243.54	468.72	
				28.15	Information and Broadcasting	35.64	12.02	47.66	
1281.40	Non-plan Grants	1550.77		436.33	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	93.24	530.75	623.99	
1826.99	Grants for State Plan Schemes	2404.61		133.75	Labour and Labour Welfare	41.28	85.96	127.44	
				1177.95	Social Welfare and Nutrition	-4.92	1124.55	1119.63	
998.86	Grants for Central and Centrally Sponsored Plan Schemes	1302.03		17.5	Others	18.04		18.04	
				4246.47	Economic Services	2217.67	3641.32	5858.99	
				820.99	Agriculture and Allied Activities	337.89	642.71	980.60	
				1678.28	Rural Development	421.81	1266.80	1688.61	
				-	Special Areas Programmes				
				264.10	Irrigation and Flood Control	281.92	0.16	282.08	
				535.17	Energy	751.94	107.89	859.83	
				125.81	Industry and Minerals	42.17	168.99	211.16	
				202.27	Transport	316.90	513.08	829.98	
				-	Science, Technology and Environment				
				619.85	General Economic Services	65.04	941.69	1006.73	
				0.17	Grants-in-aid and Contributions				
				17944.74	Total	13345.30	7646.28	20991.58	20991.58
	II Revenue Deficit carried over to Section B			836.38	II Revenue Surplus/Deficit carried over to Section B				1427.87
18781.12	Total	22419.45		18781.12	Total				22419.45

Appendix 1.4 Part A continued..

Section B									
640.91	III Opening Cash Balance including Permanent Advances and Cash Balance Investment				III Opening Over Draft from Reserve Bank of India				
	IV Miscellaneous Capital Receipts			2664.30	IV Capital Outlay	47.88	3111.49	3159.37	3159.37
				120.04	General Services	47.83	107.73	155.56	
				681.88	Social Services		866.31	866.31	
				54.20	Education, Sports, Art and Culture		75.98	75.98	
				142.68	Health and Family Welfare		163.53	163.53	
				297.48	Water supply, Sanitation, Housing and Urban Development		422.61	422.61	
				-	Information and Broadcasting				
				187.52	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes		204.20	204.20	
Section B Others									
				-	Social Welfare and Nutrition				
				-	Others				
				1862.38	Economic Services	0.05	2137.44	2137.49	
				22.64	Agriculture and Allied Activities		55.28	55.28	
				593.87	Rural Development		849.88	849.88	
				-	Special Areas Programmes				
				267.79	Irrigation and Flood Control		399.31	399.31	
				-	Energy				
				1.10	Industry and Minerals				
				971.93	Transport		799.85	799.85	
				5.05	General Economic Services	0.05	33.13	33.18	
				2664.30	Total	47.88	3111.49	3159.37	
24.12	V Recoveries of Loans and Advances		23.42	307.56	V Loans and Advances Disbursed		217.10	217.10	
	From Power Projects			275.43	For Power Projects		164.95	164.95	
20.79	From Govt. Servants	21.83		11.63	To Government Servants		18.11	18.11	
3.33	From Others	1.59		20.50	To Others		34.04	34.04	
836.38	VI Revenue Surplus brought down		1427.87	-	VI Revenue Deficit brought down				
2446.51	VII Public Debt Receipts		2671.23	1299.43	VII Repayment of Public Debt				1639.01
	External Debt	-	-	-	External Debt				
2314.56	Internal Debt other than Ways and Means Advances and Over Draft	2409.51		1063.17	Internal Debt other than Ways and Means Advances and Over Draft			1406.36	

Audit Report (State Finances) for the year ended 31 March 2012

Appendix 1.4 Part A concluded..

	Net Transaction under Ways and Means Advances	-		8.86	Net transactions under Ways and Means Advances			151.25	
	Net Transaction under Over Draft.	-			Net Transaction under Over Draft				
131.95	Loans and Advances from Central Government	32.53		236.26	Repayments of Loans and Advances to Central Government			154.71	
-	VIII Appropriation to Contingency Fund		-	-	VIII Appropriation to Contingency Fund				
-	IX Amount transferred to Contingency Fund			-	IX Expenditure from Contingency Fund				
7721.42	X Public Accounts Receipts		10813.40	7399.85	X Public Accounts Disbursements				9727.77
571.73	Small Savings and Provident Funds	613.38		467.08	Small Savings and Provident Funds			543.74	
0.31	Reserve Funds	138.58		223.50	Reserve Funds			243.71	
181.39	Suspense and Miscellaneous	305.76		211.63	Suspense and Miscellaneous			231.63	
3298.20	Remittances	4520.03		3291.70	Remittances			4502.89	
3669.79	Deposits and Advances	5235.65		3205.94	Deposits and Advances			4205.80	
1.39	Inter State Settlement				Inter-state Settlement				75.40
	XI Closing Over Draft from Reserve Bank of India			(-)0.41	XI Cash Balance at the end of the Year				116.85
				-	Cash in Treasuries and Local Remittances				
				(-)891.38	Deposits with Reserve Bank			93.85	
				11.78	Departmental Cash Balance including Permanent Advances			18.59	
				-	Investment of Earmarked Fund				
				879.19	Cash Balance Investment			4.41	
30451.85	Total		37354.96	30451.85	Total			37354.96	

Appendix 1.4 Part B
Summarised financial position of the Government of Jharkhand as on 31 March 2012
(Reference: Paragraphs 1.8.1; Page-26)

(₹ in crore)

As on 31.03.2011	Liabilities			As on 31.03.2012
21131.39	Internal Debt -			22285.78
7845.07	Market Loans bearing interest	8630.39		
0.17	Market Loans not bearing interest	0.17		
6.30	Loans from Life Insurance Corporation of India	6.30		
3223.35	Loans from other Institutions	3513.94		
-	Ways and Means Advances	151.25		
10056.50	Special securities issued to NSS Fund of Central Government	9983.73		
-	Overdrafts from Reserve Bank of India	-		
2167.20	Loans and Advances from Central Government -			2024.41
1.33	Pre 1984-85 Loans			
12.06	Non-Plan Loans	8.79		
2118.67	Loans for State Plan Schemes	2015.62		
1.24	Loans for Central Plan Schemes			
19.36	Loans for Centrally Sponsored Plan Schemes			
14.54	Other ways and means advances			
1.39	Inter State Settlement			
150.00	Contingency Fund			150.00
1458.06	Small Savings, Provident Funds, etc.			1527.70
3350.17	Deposits			4382.78
548.22	Reserve Funds			443.10
-	Remittance Balances			
4.33	Suspense and Miscellaneous Balances			78.47
28810.76	Total			30892.24
	Assets			
18371.55	Gross Capital Outlay on Fixed Assets -	1,486	2,530.92	
54.07#	Investments in shares of Companies, Corporations, etc.	101.86		
18317.48	Other Capital Outlay	21429.06		
	Inter State Settlement		75.40	
6996.47	Loans and Advances -			7190.15
6418.56	Loans for Power Projects	6583.51		
579.71	Other Development Loans	612.17		
(-)1.80	Loans to Government servants and Miscellaneous loans	-5.53		
9.38	Advances			12.14
-	Suspense and Miscellaneous Balances			
(-)0.41	Cash -			116.85
	Cash in Treasuries and Local Remittances	-		
(-)891.39	Deposits with Reserve Bank	93.85		
-	Reserve Fund Investments			
11.79	Departmental Cash Balance including Permanent Advances	18.59		

Appendix 1.4 Part B continued..

879.19	Cash Balance Investments	4.41	
287.30	Remittance Balances		270.17
3146.47	Deficit on Government Account -		1696.61
836.38	(i) Revenue Deficit/surplus of the current year	1427.87	
-	(ii) Miscellaneous Deficit		
3982.85	Accumulated deficit/surplus at the beginning of the year	3124.48	
28810.76	Total		30892.24

Excludes ₹5.75 crore shown in the Accounts of Corporations but the same is not included in the accounts due to non-availability of its source.

Explanatory Notes for Appendices 1.3 and 1.4

The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts. Government accounts being mainly on cash basis, the deficit on Government account, as shown in Appendix 1.4, 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 in stock figures, etc., do not figure in the accounts. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of the State and other pending settlements, etc. There was a difference of ₹ 214.42 crore (Net debit) between the figures reflected in the accounts and that intimated by the Reserve Bank of India under “Deposits with Reserve Bank” which was under reconciliation as on 31 March 2012. As on 30 September 2012, the unreconciled balance was ₹ 1.61 crore.

Appendix 1.5
Details of functions of ULBs as per the 74th Constitutional Amendment Act (Schedule XII)
(Reference: Paragraph 1.5.7; Page-18)

Sl. No.	Details of function
1	Urban planning including town planning.
2	Regulation of land-use and construction of buildings.
3	Planning for economic and social development.
4	Roads and bridges.
5	Water supply for domestic, industrial and commercial purposes.
6	Public health, sanitation, conservancy and solid waste management.
7	Fire services.
8	Urban forestry, protection of the environment and promotion of ecological aspects.
9	Safeguarding the interests of weaker sections of society including the handicapped and mentally retarded.
10	Slum improvement and up-gradation.
11	Urban poverty alleviation.
12	Provision of urban amenities and facilities such as parks, gardens, playgrounds.
13	Promotion of cultural, educational and aesthetic aspects.
14	Burials and burial grounds; cremations, cremation grounds and electric crematoriums.
15	Cattle ponds, prevention of cruelty to animals.
16	Vital statistics including registration of births and deaths.
17	Public amenities including street lighting, parking lots, bus stops and public conveniences.
18	Regulation of Slaughter houses and tanneries.

Appendix 2.1
Statement of various grants/appropriations where savings exceeded ₹ 10 crore in each case and also by
20 per cent or more of the total provision
(Reference: Paragraph 2.4.1; Page-36)

(₹ in crore)					
Sl. No.	Grant No	Name of the Grant/Appropriation	Total Grant/Appropriation	Savings	Percentage of total provision
1	2	3	4	5	6
		Revenue			
1	1	Agriculture and Sugarcane Development Department	651.93	228.82	35
2	2	Animal Husbandry Department	139.61	31.53	23
3	4	Cabinet Secretariat and Co-Ordination Department	31.34	10.80	34
4	12	Finance Department	47.07	10.06	21
5	20	Health, Medical Education and Family Welfare Department	1094.23	277.93	25
6	23	Industries Department	353.13	157.41	45
7	26	Labour Employment and Training Department	851.70	193.07	23
8	27	Law Department	207.96	44.23	21
9	35	Planning and Development Department	499.32	291.79	58
10	39	Disaster Management	487.61	266.88	55
11	40	Revenue and Land Reforms Department	328.98	79.15	24
12	42	Rural Development Department	836.59	217.00	26
13	43	Science and Technology Department	94.94	40.29	42
14	45	Information & Technology Department	67.37	54.65	81
15	47	Transport Department	823.75	331.74	40
16	48	Urban Development Department	359.55	94.66	26
17	49	Water Resources Department	308.42	83.77	27
18	50	Minor Irrigation Department	81.05	19.04	23
19	51	Welfare Department	935.19	309.14	33
20	52	Art, Culture, Sports and Youth Affairs Department	72.26	38.38	53
21	54	Dairy	82.70	21.88	26
22	56	Panchayati Raj and National Rural Employment Programme (Special Division) Department	1412.40	310.24	22
23	58	Secondary Education	675.25	199.75	30
24	59	Primary and Public Education	3841.91	802.81	21
25	60	Social Welfare, Women and Child Development Department	825.19	230.47	28
		Capital			
26	3	Building Construction Department	75.70	26.12	35
27	10	Energy Department	1295.00	1130.05	87
28	11	Excise and Prohibition Department	15.00	10.00	67
29	20	Health, Medical Education and Family Welfare Department	341.25	177.72	52
30	30	Minorities Welfare	160.43	89.97	56
31	41	Road Construction Department	1696.60	899.94	53

Appendix 2.1 continued..

(*₹ in crore*)

32	43	Science and Technology Department	85.48	52.27	61
33	47	Transport Department	15.63	12.44	80
34	48	Urban Development Department	1003.56	816.06	81
35	49	Water Resources Department	911.30	714.70	78
36	50	Minor Irrigation Department	656.70	438.93	67
37	51	Welfare Department	168.10	34.36	20
38	58	Secondary Education	35.00	18.00	51
Total			21569.20	8766.05	

Appendix 2.2

Sub-head wise details where substantial savings (₹ 10 crore and above) occurred during the year 2011-12

(Reference: Paragraph: 2.4.1; Page-37)

(₹ in crore)

Sl. No.	No. and Name of Grant	Name of the scheme (Head of Account)	Provision	Amount of Savings	Reasons furnished by the Departments as per Appropriation Accounts
1	1-Agriculture and Sugarcane Development Department	2401-00-796-19	25.20	25.16	Not intimated
2		2401-00-796-28	45.90	45.90	Not intimated
3		2401-00-796-59	10.00	10.00	Not intimated
4	10-Energy Department	2801-01-796-02	38.50	38.50	Not intimated
5		2801-01-800-02	61.60	61.60	Not intimated
6		2801-80-800-05	130.00	130.00	Not intimated
7		2801-80-800-09	10.00	10.00	Not intimated
8		6801-00-789-03	13.50	13.26	Non-receipt of sanction for transmission scheme
9		6801-00-796-03	52.50	51.55	Non-receipt of sanction for transmission scheme
10		6801-00-800-01	36.40	15.54	Excess provision of funds
11		6801-00-800-03	84.00	82.50	Non-receipt of sanction for transmission scheme
12		6801-00-789-07	40.50	40.50	Non-receipt of road map from Jharkhand State Electricity Board
13		6801-00-796-07	157.50	157.50	Non-receipt of road map from Jharkhand State Electricity Board
14		6801-00-800	150.00	150.00	Non-receipt of proposal from Jharkhand State Electricity Board
15		6801-00-800-07	252.00	252.00	Non-receipt of road map from Jharkhand State Electricity Board
16		6801-00-800-12	350.00	350.00	Non-receipt of technically sanctioned estimate and DPR from Jharkhand State Electricity Board
17	20-Health Medical Education and Family Welfare Department	2210-01-001-08	17.00	17.00	Not intimated
18		4210-02-103-07	12.00	11.65	Not intimated
19		4210-02-796-35	15.00	14.87	Not intimated
20		4210-02-796-36	15.00	12.39	Not intimated
21	22-Home Department	2055-00-115-67	201.65	85.99	Not intimated
22	23-Industries Department	2851-00-796-29	14.00	12.22	Allocation of funds in wrong primary fund
23		2852-80-102-03	14.00	12.00	Allocation of funds in wrong primary fund
24		2852-80-796-10	46.00	42.17	Allocation of funds in wrong primary fund
25		2852-80-796-52	15.00	12.83	Allocation of funds in wrong primary fund

Appendix 2.2 continued..

Sl. No.	No. and Name of Grant	Name of the scheme (Head of Account)	Provision	Amount of Savings	Reasons furnished by the Departments as per Appropriation Accounts
26	35- Planning and Development Department	2053-00-796-11	51.73	50.00	Revision of plan outlay
27		2235-02-102-01	54.44	43.79	Not intimated
28		2235-02-796-01	54.00	40.90	Not intimated
29		2053-02-800-11	84.33	84.33	Revision of plan outlay
30		2053-02-800-15	12.50	12.50	Revision of plan outlay
31	39- Disaster Management Department	2245-01-102-02	105.00	32.39	Not intimated
32		2245-02-101-02	25.50	24.72	Not intimated
33		2245-05-101-05	204.32	102.16	Not intimated
34		2245-05-101-06	68.10	34.05	Not intimated
35		2245-01-101-01	10.00	10.00	Non receipt of demand from districts
36	41- Road Construction Department	2245-01-101-02	20.00	20.00	Non receipt of demand from districts
37		5054-03-101-01	29.00	16.29	Not intimated
38		5054-03-337-01	444.00	326.96	Not intimated
39		5054-03-796-01	865.60	458.83	Not intimated
40		5054-03-337-08	85.00	44.45	Not intimated
41		5054-03-796-03	45.00	32.11	Not intimated
42		5054-03-796-08	215.00	157.47	Not intimated
43	42- Rural Development Department	2515-06-796-01	34.43	22.08	Not intimated
44		2515-00-800-04	21.39	15.63	Not intimated
45		2505-01-702-02	54.00	12.48	Not intimated
46		2505-01-796-02	69.00	24.78	Not intimated
47		2505-01-796-04	71.00	11.46	Not intimated
48		2515-00-102-29	14.40	14.35	Not intimated
49		2515-00-796-29	18.40	18.05	Not intimated
50		4515-00-103-10	118.09	13.38	Not intimated
51		4515-00-796-10	159.78	19.24	Not intimated
52	47- Transport Department	3075-60-101-02	80.00	80.00	Not intimated
53		3075-60-796-02	120.00	120.00	Not intimated
54		3055-00-109-01	62.23	26.38	Not intimated
55		3075-60-796-01	332.15	100.00	Reduction in plan outlay
56	48- Urban Development Department	2217-80-191-29	10.00	10.00	Non-receipt of funds from Central Government
57		2217-80-192-08	25.95	25.95	Non-receipt of funds from Central Government
58		2217-80-193-08	10.00	10.00	Non-receipt of funds from Central Government
59		4217-60-190-31	16.35	15.61	Less allocation of Central Share
60		4217-60-191-19	20.00	20.00	Reduction in plan outlay
61		4217-60-191-20	20.00	20.00	Reduction in plan outlay

Appendix 2.2 continued..

Sl. No.	No. and Name of Grant	Name of the scheme (Head of Account)	Provision	Amount of Savings	Reasons furnished by the Departments as per Appropriation Accounts
62	48- Urban Development Department	4217-60-190-21	47.00	47.00	Not intimated
63		4217-60-190-07	47.00	47.00	Not intimated
64		4217-60-796-30	100.00	94.37	Reduction in plan outlay
65		4217-60-796-36	110.00	79.94	Reduction in plan outlay
66		4217--60-191-14	463.00	375.00	Reduction in plan outlay
67		4217-60-191-23	70.00	51.83	Non sanction of scheme by Central Government
68		4217--60-789-33	20.00	10.49	Non sanction of scheme
69	49- Water Resources Department	2700-01-001-02	120.81	21.46	Not intimated
70		2700-03-001-06	53.82	12.66	Not intimated
71		2700-03-001-07	89.88	15.76	Not intimated
72		2700-03-001-08	24.67	24.67	Not intimated
73		4700-80-796-10	300.00	241.07	Not intimated
74		4701-789-69	14.10	14.10	Not intimated
75		4701-80-796-73	90.90	86.31	Not intimated
76		4700-80-789-10	240.00	240.00	Not intimated
77		4701-80-800-70	31.40	31.40	Not intimated
78	50- Minor Irrigation Department	4702-00-101-28	25.00	20.15	Not intimated
79		4702-00-101-33	250.00	186.71	Not intimated
80		4702-00-796-28	25.00	25.00	Not intimated
81		4702-00-101-30	250.00	133.41	Not intimated
82		4702-00-789-29	37.70	37.70	Not intimated
83	51- Welfare Department	2225-01-796-01	207.34	115.48	Not intimated
84		4225-02-796-08	125.40	12.76	Not intimated
85	56- Panchayati Raj & National Rural Employment Programme (Special Division) Deptt.	2515-00-109-01	108.49	35.94	Not intimated
86		2515-00-196-03	11.20	11.20	Reduction in provision by re-appropriation
87		2515-00-101-15	142.45	70.03	Reduction in plan outlay
88		2515-00-197-03.	11.20	11.20	Reduction in provision by re-appropriation
89		2215-00-198-02	21.00	21.00	Non release of funds by Central Government
90		2215-00-198-03	33.59	33.59	Reduction in provision by re-appropriation
91		2215-00-789-15	51.69	16.25	Reduction in plan outlay
92		2215-00-796-15	149.42	72.65	Reduction in plan outlay
93		2215-00-796-28	80.00	15.00	Excess provision of funds
94	58- Secondary Education	2202-02-109-01	366.80	87.18	Not intimated
95		2202-02-109-35	10.53	10.53	Not intimated
96		2202-02-109-36	15.44	15.44	Not intimated

Appendix 2.2 continued..

Appendix 2.2 Continued..

Sl. No.	No. and Name of Grant	Name of the scheme (Head of Account)	Provision	Amount of Savings	Reasons furnished by the Departments as per Appropriation Accounts
97	58- Secondary Education	2202-02-796-35	11.60	11.60	Not intimated
98		2202-02-796-36	10.56	10.56	Not intimated
99		4202-01-796-03.	11.00	11.00	Not intimated
100	59- Primary and Public Education	2202-01-101-01	2095.13	283.93	Excess provision of funds
101		2202-01-101-03	167.10	71.97	Not intimated
102		2202-01-101-05 (CSS)	78.00	59.45	Not intimated
103		2202-01-101-05 (Plan)	27.90	27.18	Not intimated
104		2202-01-789-03 (CSS)	68.70	51.10	Not intimated
105		2202-01-789-03 (Plan)	22.90	12.58	Not intimated
106		2202-01-796-04	157.20	56.44	Not intimated
107		2202-01-796-05 (CSS)	83.85	56.59	Not intimated
108		2202-01-796-27	40.00	18.88	Not intimated
109		2202-01-789-25	72.00	72.00	Not intimated
110		2202-01-796-05(Plan)	26.00	26.00	Not intimated
111	60-Social Welfare Women and Child Development Department	2235-02-102-51	81.00	19.14	Excess provision of funds
112		2235-02-796-51	90.00	22.15	Not intimated
113		2235-02-103-59	47.70	47.70	Non-drawal of funds
114		2235-02-796-59	60.30	60.30	Non-drawal of funds
Total			12333.71	6968.32	

Appendix 2.3
Excess over provisions of previous years requiring regularisation
(Reference: Paragraph 2.4.4.; Page 39)

(₹ in crore)

Year	Number of grants/ appropriations	Grant/ Appropriation name	Amount of excess
2001-02	3	Building Construction Department	*
2001-02	25	Institutional Finance Department	**
2001-02	32	Legislature	0.04
2002-03	10	Energy Department	7.00
2002-03	13	Interest Payment	472.46
2002-03	14	Repayment of Loans	761.96
2002-03	32	Legislature	0.08
2003-04	10	Energy Department	9.63
2003-04	13	Interest Payment	191.28
2003-04	14	Repayment of Loans	674.72
2003-04	39	Relief and Rehabilitation Department	61.33
2003-04	46	Tourism Department	0.29
2004-05	13	Interest Payment	365.80
2004-05	14	Repayment of Loans	133.44
2004-05	23	Industries Department	7.49
2004-05	39	Relief and Rehabilitation Department	69.34
2004-05	40	Revenue and Land Reforms Department	@
2005-06	10	Energy Department	2628.94
2005-06	13	Interest Payments	492.53
2005-06	29	Mines and Geology Department	#
2006-07	13	Interest Payments	833.58
2006-07	14	Repayment of Loans	412.28
2006-07	38	Registration Department	\$
2007-08	14	Repayment of Loans	229.64
2007-08	15	Pension	104.80
2008-09	12	Finance Department	137.13
2008-09	14	Repayment of Loans	91.76
2009-10	14	Repayment of Loans	116.71
2010-11	13	Interest Payment	67.35
2010-11	15	Pension	250.95
2010-11	32	Legislature	0.10
Total			8120.63

Source: Respective year's Appropriation Accounts

* regularisation not required as the same was covered by the provision under Capital Section wrongly included in Revenue Section of schedule of demands and Appropriation Act

* excess amount was ₹ 8,807 only

@ excess amount was ₹ 1,072 only

excess amount was ₹ 49,670 only

\$ excess amount was ₹ 81,665 only

Appendix 2.4
Cases where supplementary provision (₹ 10 lakh or more in each case) proved unnecessary
(Reference: Paragraph 2.4.5; Page-39)

(₹ in lakh)

Sl. No.	Number and name of the grant	Original Provision	Actual Expenditure	Savings out of Original Provision	Supplementary provision
Revenue (Charged)					
1	5-Secretariat of the Governor	618.85	589.98	28.87	87.76
2	13-Interest Payment	239486.66	226707.67	12778.99	925.68
3	16-National Savings	255.62	237.18	18.44	21.53
4	34- Jharkhand Public Service Commission	484.20	438.67	45.53	130.00
5	28-High Court of Jharkhand	3747.54	3686.28	61.26	469.82
	Total Revenue Charged	244592.87	231659.78	12933.09	1634.79
Revenue (Voted)					
6	1-Agriculture and Sugarcane Development Department	62560.35	42310.54	20249.81	2632.17
7	2-Animal Husbandry Department	13098.95	10809.30	2289.65	862.26
8	4-Cabinet Secretariat and Co-ordination Department	2111.29	2054.57	56.72	1022.85
9	10- Energy Department	107418.31	87688.73	19729.58	280.50
10	11-Excise and Prohibition Department	1742.03	1639.13	102.90	136.85
11	12-Finance Department	4245.70	3701.09	544.61	461.46
12	17- Finance (Commercial Tax) Department	5617.83	5073.16	544.67	580.05
13	19-Forest and Environment Department	24696.82	22020.28	2676.54	2543.72
14	20-Health, Medical Education and Family Welfare Department	108602.23	81629.79	26972.44	820.85
15	23-Industries Department	22690.45	19572.08	3118.37	12622.94
16	25-Institutional Finance and Programme Implementation Deptt.	384.09	151.85	232.24	10.65
17	26- Labour Employment and Training Department	82104.43	65862.58	16241.85	3065.35
18	27-Law Department	17694.46	16372.47	1321.99	3101.37
19	29-Mines & Geology Department	2626.40	1848.42	777.98	43.83
20	33-Personnel & Administrative Reforms Department	1371.76	1229.41	142.35	180.34
21	35-Planning and Development Department	23061.20	20753.63	2307.57	26870.98
22	36- Drinking Water and Sanitation Department	19099.80	18681.59	418.21	288.97
23	38- Registration Department	1830.94	1136.34	694.60	253.00

Appendix 2.4 continued..

Sl. No.	Number and name of the grant	Original Provision	Actual Expenditure	Savings out of Original Provision	Supplementary provision
24	39- Disaster Management Department	36260.89	22072.42	14188.47	12500.00
25	40- Revenue and Land Reform Department	31785.13	24982.22	6802.91	1112.52
26	42-Rural Development Department	83637.42	61958.94	21678.48	21.52
27	43-Science and Technology Department	7129.24	5465.16	1664.08	2364.49
28	45-Information Technology Department	6180.50	1272.18	4908.32	556.29
29	46-Tourism Department	878.50	802.09	76.41	160.75
30	47-Transport Department	51365.64	49200.30	2165.34	31009.00
31	48-Urban Development Department	30702.36	26488.65	4213.71	5252.52
32	49- Water Resources Department	30753.24	22464.88	8288.36	88.89
33	50-Minor Irrigation Department	8090.96	6201.72	1889.24	14.40
34	51- Welfare Department	75097.65	62604.86	12492.79	18421.56
35	52-Art, Culture, Sports & Youth Affairs Department	6483.41	3388.45	3094.96	743.02
36	54-Dairy	8243.19	6081.93	2161.26	26.50
37	56-Panchayati Raj & N.R.E.P.(Special Division) Department	127229.76	110216.29	17013.47	14010.18
38	58-Secondary Education	62916.37	47549.82	15366.55	4608.39
39	60-Social Welfare, Women and Child Development Department	80557.11	59472.31	21084.80	1962.05
	Total Revenue Voted	1148268.41	912757.18	235511.23	148630.22
	Total Revenue	1392861.28	1144416.96	248444.32	150265.01
	Capital (Voted)				
40	22-Home Department	11835.20	10623.53	1211.67	342.10
41	30- Minorities Welfare	10850.11	7045.65	3804.46	5192.93
42	41- Road Construction Department	169160.00	79666.21	89493.79	500.00
43	43-Science & Technology Department	7567.00	3320.45	4246.55	980.86
44	46-Tourism Department	1890.00	1842.20	47.80	87.00
45	47-Transport Department	1475.00	318.96	1156.04	88.00
	Total Capital (Voted)	202777.31	102817.00	99960.31	7190.89
	Total Capital	202777.31	102817.00	99960.31	7190.89
	Grand Total	1595638.59	1247233.96	348404.63	157455.90

Appendix 2.5
Excess/ Insufficient re-appropriation of funds
(Reference: Paragraph 2.4.6.; Page-39)

(₹ in lakh)

Sl. No.	Number and Name of Grant/Appropriation	Head of Account	Plus re-appropriation	Minus Re-appropriation	Saving (-)/ Excess (+)
1	10-Energy Department	3451-00-090-13	2	1.5	-5.72
2	11-Excise & Prohibition Department	2039-00-001-04	0.65	0	-13.26
3	17-Finance (Commercial Tax) Department	2040-00-101-02	25	30	-45.13
4	20-Health, Medical Education and Family Welfare Department	2251-00-090-07	22.39	0	-4.62
5	36-Drinking Water & Sanitation Department	2215-01-101-04	118.39	0	-21.07
6	39-Disaster Management Department	2245-80-102-01	250	0	-2.80
7	41-Road Construction Department	3054-80-001-02	8	0	-21.65
8		3054-80-001-08	3	0	-6.31
9	46-Tourism Department	3452-80-001-01	1.5	8	-1.11
10	56-Panchayati Raj and National Rural Employment Programme (Special Division) Department	2515-196-01	280	0	-207.67
11		2515-198-01	839.75	0	-165.59
			1550.68	39.5	-494.93
12	26-Labour, Employment & Training Department	2235-03-101-05	0	236.61	188.08
13		2235-03-101-06	0	150.12	15.61
14		2235-03-796-04	0	53.38	66.72
15		2235-03-796-05	0	747.48	99.63
16	36-Drinking Water & Sanitation Department	2215-01-101-02	9.05	90.2	2.25
17		2215-01-101-01	0	9.65	11.60
18		2215-01-102-02	0.2	2	58.62
19		2215-02-105-01	0	25	4.20
20	18-Food, Public Distribution and Consumer Affairs Department	3451-00-090-11	0	1.9	4.03
			9.25	1316.34	450.74
21	13-Interest Payment	2049-60-701-01	285.00	0	13.46
22	26-Labour, Employment & Training Department	2235-03-101-03	386.72	0	42.69
23		2235-03-489-03	50.00	0	9.48
24		2235-03-796-03	973.26	0	46.95
25	5-Secretariat of the Governor	2012-03-090-01	5.57	0	34.62
			1700.55	0	147.20

Appendix - 2.6
Surrenders in excess of actual savings (₹ 50 lakh or more)
(Reference: Paragraph: 2.4.7; Page-40)

(₹ in crore)

Sl. No.	Number and name of the grant/ appropriation	Total grant/ appropriation	Saving	Amount surrendered	Amount surrendered in excess
	Revenue (Charged)				
1	5-Secretariat of the Governor	7.07	1.17	1.31	0.14
	Total Revenue (Charged)	7.07	1.17	1.31	0.14
	Revenue (Voted)				
2	10-Energy Department	1076.99	200.10	200.63	0.53
3	23-Industries Department	353.13	157.41	157.91	0.50
4	27-Law Department	207.96	44.23	44.54	0.31
5	36-Drinking Water and Sanitation Department	193.89	7.07	7.24	0.17
	Total Revenue (Voted)	1831.97	408.81	410.32	1.51
	Total Revenue	1839.04	409.98	411.63	1.65
	Capital (Voted)				
6	41-Road Construction Department	1696.60	899.94	912.14	12.20
	Total Capital (Voted)	1696.60	899.94	912.14	12.20
	Grant Total (Revenue+Capital)	3535.64	1309.92	1323.77	13.85

Appendix 2.7
Details of saving of ₹ 1 crore and above not surrendered
(Reference Paragraph 2.4.8; Page-40)

(₹ in crore)

Sl. No.	Number and Name of Grants/Appropriation	Saving	Surrender	Savings not surrendered
1	2	3	4	5
	Revenue			
1	1- Agriculture and Sugarcane Development Department	228.82	48.62	180.20
2	2- Animal Husbandry Department	31.52	8.04	23.48
3	13-Interest Payment	137.05	33.12	103.93
4	18-Food, Public Distribution & Consumer Affairs Deptt.	168.01	139.23	28.78
5	20-Health, Medical Education & Family Welfare Deptt.	277.93	238.21	39.72
6	22- Home Department	256.17	188.44	67.73
7	26-Labour Employment and Training Department	193.07	188.59	4.48
8	29-Mines and Geology Department	8.22	2.46	5.76
9	35- Planning & Development Department	291.79	281.62	10.17
10	38- Registration Department	9.48	3.45	6.03
11	39- Disaster Management	266.88	126.23	140.65
12	40- Revenue and Land Reforms Department	79.15	75.35	3.80
13	41- Road Construction Department	18.02	10.56	7.46
14	42- Rural Development Department	217.00	188.14	28.86
15	47-Transport Department	331.74	330.35	1.39
16	48- Urban Development Department	94.66	90.03	4.63
17	49- Water Resources Department	83.77	75.56	8.21
18	50- Minor Irrigation Department	19.04	17.02	2.02
19	51- Welfare Department	309.14	67.81	241.33
20	52- Art, Culture, Sports & Youth Affairs Department	38.38	36.28	2.10
21	56- Panchayati Raj & N.R.E.P.(Spl. Division) Department	310.24	299.17	11.07
22	57- Housing Department	1.55	0.23	1.32
23	58-Secondary Education	199.75	150.10	49.65
24	59-Primary & Public Education	802.81	164.14	638.67
25	60-Social Welfare, Women & Child Development Deptt.	230.47	202.37	28.10
	Capital			
1	1-Agriculture & Sugarcane Development Department	1.00	0.00	1.00
2	20-Health, Medical Education & Family Welfare Deptt.	177.72	172.41	5.31
3	22- Home Department	15.54	11.79	3.75
4	30- Minorities Welfare	89.97	80.48	9.49
6	42- Rural Development Department	47.71	40.77	6.94
7	46- Tourism Department	1.35	0.75	0.60
8	48- Urban Development Department	816.06	674.20	141.86
9	49- Water Resources Department	714.70	620.80	93.90
10	50- Minor Irrigation Department	438.93	417.22	21.71
11	51- Welfare Department	34.36	17.26	17.10
12	55- Rural Works Department	48.33	33.96	14.37
	Total	6990.33	5034.76	1955.57

Appendix - 2.8
Cases of surrender of funds in excess of ₹ 10 crore on 30 and 31 March 2012
(Reference Paragraph 2.4.8; Page-40)

(₹ in crore)

Sl. No.	Number and name of Grants/Appropriation	Major Head	Amount of Surrender
1	10-Energy Department		97.50
2		2801-01-796-02	28.88
3		2801-01-800-02	46.20
4		6801-00-800-12	350.00
5		6801-00-800-05	150.00
6		6801-00-789-03	13.26
7		6801-00-796-03	51.56
8		6801-00-800-03	82.50
9		6801-00-789-07	40.50
10		6801-00-796-07	157.50
11		6801-00-800-07	252.00
12		6801-00-800-01	15.54
13	13-Interest Payment	2049-01-200-02	11.85
14	14-Repayment of Loans	6003-00-109-08	10.81
15	18-Food, Public Distribution and Consumer Affairs Department	3456-00-796-02	11.87
16		3456-00-796-19	14.25
17	19-Forest and Environment Department	2406-01-105-38	12.15
18	20-Health, Medical Education and Family Welfare Department	2210-01-001-08	17.00
19		2211-00-101-01	122.64
20		4210-02-796-48	24.10
21		4210-02-796-36	12.39
22		4210-02-796-35	14.88
23		4210-02-110-31	11.65
24	21-Higher Education	2202-03-102-15	13.68
25	22-Home Department	2055-00-109-01	96.22
26		2055-00-104-02	16.05
27	26-Labour, Employment and Training Department	2230-03-101-02	13.52
28	27-Law Department	2014-00-105-05	16.52
29	30-Minorities Welfare	4225-80-796-12	17.32
30		4225-80-796-08	46.46
31	35-Planning and Development Department	2053-00-800-15	12.50
32		2053-00-800-11	84.33
33		2053-00-796-11	50.00
34		2235-02-796-01	39.18
35		2235-02-102-01	43.79
36	36-Drinking Water and Sanitation Department	4215-01-102-02	13.64
37	39-Disaster Management	2245-02-101-02	24.73
38		2245-01-102-02	32.40
39		2245-01-101-02	20.00
40	40-Revenue and Land Reforms Department	2029-00-102-15	11.05
41	42-Rural Development Department	2501-06-800-01	14.79

Appendix 2.8 continued...

Sl. No.	Number and name of Grants/Appropriation	Major Head	Amount of Surrender
42		2501-06-796-01	18.83
43		2505-02-796-04	11.46
44		2505-01-796-02	24.78
45		2505-01-702-02	12.48
46		2515-00-796-29	18.05
47		2515-00-102-29	14.35
48		4515-00-796-10	18.28
49		4515-00-103-10	11.56
50	47-Transport Department	3055-00-190-01	26.38
51		3075-60-796-02	120.00
52		3075-60-101-02	80.00
53	48-Urban Development Department	2217-80-193-08	10.00
54		2217-80-192-08	25.96
55		2217-80-191-29	10.00
56		4217-60-796-36	14.94
57		4217-60-796-30	38.32
58		4217-60-789-33	10.49
59		4217-60-190-31	15.61
60	49-Water Resources Department	4701-80-796-73	47.26
61		4700-80-796-10	26.88
62		2701-03-001-08	24.67
63		2701-03-001-07	12.23
64		2701-03-001-06	11.62
65		2700-01-001-02	19.35
66	50-Minor Irrigation Department	4702-00-796-30	32.22
67		4702-00-101-33	16.69
68	56-Panchayati Raj & N.R.E.P. (Special Divisional) Department	2515-00-001-03	35.28
69		2515-00-198-02	21.00
70		2515-00-198-03	25.19
71	58-Secondary Education	2202-02-109-01	40.39
72		4202-01-796-03	11.00
73	59-Primary and Public Education	2202-01-101-01	157.60
74	60-Social Welfare, Women and Child Development Department	2235-02-796-59	60.30
75		2235-02-796-51	13.21
76		2235-02-103-59	47.70
77		2235-02-102-51	19.15
78		2236-02-789-02	13.64
79		2236-02-101-02	20.75
TOTAL			3252.83

Appendix-2.9
Rush of expenditure at the end of the year
(Reference: Paragraph 2.4.9; Page-40)

(₹ in crore)

Sl. No	Grant Number and Name	Head	Expenditure incurred during January to March 2012	Expenditure incurred in March 2012	Total expenditure	Percentage to total expenditure during	
						Jan-March 2012	March 2012
1	17-Finance(Commercial Tax) Department	2040	26.15	20.48	50.2	52	41
2	37- Rajbhasha Department	2053	237.77	190.32	331.57	72	57
3	52- Art, Culture, Sports & Youth Affairs Department	2204	22.28	19.74	29.48	76	67
4	24-Information and Public Relation Department	2220	30.52	25.00	47.66	64	52
5	51- Welfare Department	2225	397.79	336.03	623.99	64	54
6	26-Labour Employment and Training Department	2230	88.97	78.26	127.44	70	61
7	1-Agriculture and Sugarcane Development Department	2401	211.34	165.14	303.7	70	54
8	54- Dairy	2404	50.32	35.12	60.82	83	58
9	53- Fishery	2405	26.61	22.61	37.56	71	60
10	1-Agriculture and Sugarcane Development Department	2415	60.83	34.69	84.75	72	41
11	9-Co-operative Department	2425	104.06	96.16	138.48	75	69
12	42- Rural Development Department	2505	122.01	95.23	232.83	52	41
13	42- Rural Development Department	2515	889.36	778.33	1389.17	64	56
14	10- Energy Department	2810	35.00	35.00	35.00	100	100
15	23- Industries Department	2851	66.24	43.61	107.46	62	41
16	23- Industries Department	2852	57.8	54.64	86.34	67	63
17	8- Civil Aviation Department	3053	66.47	66.43	66.67	100	100
18	47-Transport Department	3075	450.25	450.25	450.25	100	100
19	22-Home Department	4055	93.67	60.91	105.19	89	58
20	52-Art, Culture, Sports & Youth Affairs Department	4202	55.53	48.07	75.98	73	63
21	20-Health, Medical Education and Family Welfare Department	4210	101.72	70.22	163.53	62	43
22	48- Urban Development Department	4217	162.62	160.86	176.09	92	91
23	30-Minorities Welfare	4225	193.26	169.07	204.2	95	83
24	9-Co-operative Department	4425	20.03	20.03	26.08	77	77
25	49-Water Resources Department	4701	64.75	49.35	85.97	75	57
26	41- Road Construction Department	5054	532.05	359.17	796.66	67	45

Appendix 2.10
Programme funds budgeted under minor head "800-Other expenditure"
(Reference: Paragraph 2.6; Page-42)

Sl. No.	Grant No.	Plan/ Non-Plan/ CSS/ CPS	Classification	Sub Head / Purpose	Sub Head	Budget Provision (₹ in crore)
1	1	Plan	2401-800-09	Development of departmental basic infrastructures	109-Extension and Training of Farmers	6.65
2	10	Plan	2801-01-800-10	Village electrification	001-Direction and Administration under 06-Village Electrification	5.60
3	10	Plan	2801-80-800-07	Consultant and other works(including new technology),Grants for support to successor company of JSEB	004-Research and Development	130.00
4	10	Plan	2801-80-800-08	Consultant and other works(including new technology),energy efficiency conservation /consultancy	004-Research and Development	4.50
5	19	Plan	2406-01-800-13	Urban development and road side plantation	102-Social and Commercial Farms	17.97
6	20	Plan	2210-03-800-14	Multi sectoral development programme(state share)	110-Dispensaries	5.00
7	20	Plan	2210-03-800-15	NRHM(State share)	110-Dispensaries	90.00
8	20	Plan	4210-02-800-03	Construction of building for AYUSH programme	110-Dispensaries	0.34
9	42	Plan	2053-00-800-10	Mukhyamantri Vikas Yojana	094-Other Establishment	24.64
10	42	Plan	2501-06-800-01	Swarn Jayanti Gram Swarojgar Yojana	101-SGSY	21.39
11	42	Plan	2501-06-800-04	Swarn Jayanti Gram Swarojgar Yojana	101-SGSY	9.60
12	42	Plan	2501-06-800-05	Swarn Jayanti Gram Swarojgar Yojana	101-SGSY	19.80
13	42	Plan	2501-06-800-06	Swarn Jayanti Gram Swarojgar Yojana	101-SGSY	0.48
14	43	Plan	2203-00-800-46	State Education council	103-ITI	0.03
15	58	Plan	2202-02-800-04	Sainik School, Tilaiya	110-Non-Government Schools	0.42
Total						336.42

Appendix 3.1
Outstanding Abstract Contingent bills in selected Departments
(Reference: Paragraph 3.1& 3.2; Page-46 & 47)

(₹ in crore)

Financial Year	Human Resources Development		Home		Rural Development		Total in selected Departments	
	AC Bill Amount	Outstanding Amount	AC Bill Amount	Outstanding Amount	AC Bill Amount	Outstanding Amount	AC Bill Amount	Outstanding Amount
1	2	3	4	5	6	7	(2+4+6)	(3+5+7)
2009-10	73.24 (94)	70.30 (87)	156.50 (291)	90.00 (210)	145.81 (149)	88.30 (140)	375.55 (534)	248.60 (437)
2010-11	54.14 (54)	43.97 (49)	68.96 (97)	15.68 (60)	183.46 (206)	136.68 (192)	306.56 (357)	196.33 (301)
2011-12	678.88 (43)	665.50 (37)	242.05 (79)	223.15 (66)	128.23 (106)	123.14 (102)	1049.16 (228)	1011.79 (205)
Total	806.26 (191)	779.77 (173)	467.51 (467)	328.83 (336)	457.50 (461)	348.12 (434)	1731.27 (1119)	1456.72 (943)

Source : VLC database (outstanding position as on 10 September 2012)

Figures in brackets denotes numbers of AC bills

Appendix 3.2
Drawal of funds through AC Bills (test-checked) during 2009-12
(Reference: Paragraph 3.3 & 3.7; Page-48 & 51)

(₹ in crore)

Programmes	Department	Sl.	Purpose/Scheme	No. of Bills	Amount
Flagship programmes	HRD	1	Sarva Shiksha Abhiyan*	6	607.00
	HRD	2	Mid Day Meal Scheme	24	47.79
	HRD	3	Saakshar Bharat Programme	1	4.00
	Home	4	Modernisation of Police Force	15	274.96
Total(A)				46	933.75
State Schemes	HRD	5	School Health and Hygiene Programme	1	0.03
	RD	6	MLA-LAD Scheme	54	99.76
Total(B)				55	99.79
Other Plan /Capital Expenditure	RD	7	Repairing of houses constructed under IAY, harijan basti etc.	3	0.43
	RD	8	Purchase of Vehicles for Blocks	3	0.60
	Home	9	Construction works in Jail and schemes for providing basic amenities to police forces	87	32.31
	HRD	10	Construction of buildings to strengthen and develop basic infrastructure in Primary and Middle schools	9	12.88
	HRD	11	Free text books to students belonging to general and backward caste studying in class I to VIII in Primary and Middle schools	3	8.00
	HRD	12	Establishment cost of Kasturba Gandhi Balika Vidyalaya- as assistance by State Government	3	25.00
	HRD	13	Award to teachers of primary and middle schools	3	0.04
	HRD	14	Seminar and Symposium for educational programme	1	0.01
	RD	15	Construction of Panchayat Bhawan	3	0.14
	RD	16	Construction and repair of Block buildings	4	4.05
Total (C)				119	83.46
Grants booked as AC bill by treasury	HRD	17	Nirdhanta-sah-Medha Chaatrabriti Yojna	1	0.07
	RD	18	Adarsh Gram Yojna	6	9.03
	RD	19	BRGF, IAP, Electrification	6	41.48
	RD	20	Salaries to Zila Parishad	1	0.09
Total (D)				14	50.67
Expenditure of Contingent Nature	RD	21	Panchayat election	3	2.22
	Home	22	Permanent advance to different police stations	2	0.08
	Home	23	Election work	2	0.14
	Home	24	Rent charge for stay of CRPF at Bazar Samittee	1	0.01
	Home	25	Telephone bills & fuel charges	3	0.04
Total (E)				11	2.49
Grand Total				245	1170.16

HRD : Human Resources Development RD:Rural Development and Panchyati Raj & NREP (Special Division)

*including Kasturba Gandhi Balika Vidyalaya (KGBV) and National Programme for Education of Girls at Elementary Level (NPEGEL)

Appendix 3.3
Drawal of funds to avoid lapse of allotment
(Reference: Paragraph 3.5; Page-50)

DDO's Name	Purpose	Bill No.	Date of drawal	Amount	Disbursement by the DDOs		Balance with the DDO	Refund by Implementing Agencies (IA) out of disbursed amount	Amount remained unutilised with the IA out of amount received	Reasons for under utilisation by the implementing agencies
					Date	Amount				
DSE, Dhanbad	Construction of building to strengthen and develop basic infrastructures in Primary & Middle school	78/09-10	31.03.10	13.50	May 10 to July 10	13.50	Nil			Due to non-availability of land and refusal of VECs to construct class rooms at old estimated rate etc.
		76/09-10	31.03.10	423.00	May 10 to July 10	229.50	193.50	76.50	67.50	
		77/09-10	31.03.10	157.50	May 10 to July 10	157.50	Nil			
DSE, Dhanbad	Construction of store cum kitchen shed under MDM	119/11-12	31.03.12	193.20	June 12	190.80	2.40			Works not started.
DSE, Palamu	Construction of building to strengthen and develop basic infrastructures in Primary & Middle school	276/09-10	03.03.10	13.35	April 10 & May 10	13.35	Nil			Due to non-availability of land, escalation of cost etc.
		277/09-10	31.03.10	445.00	April 10 & May 10	445.00	Nil	4.45	151.30	
DSE, Godda	MDM	88/11-12	31.03.12	118.44	Not Disbursed	Nil	118.44			The DSE kept the entire funds in Bank Accounts.
	Construction of store cum kitchen shed under MDM	86/11-12	31.03.12	51.78	Not Disbursed	Nil	51.78			
	Award to teachers of Primary and middle schools	83/11-12	29.03.12	0.55	Not Disbursed	Nil	0.55			
	Seminar and Symposium for educational programmes	81/11-12	29.03.12	1.00	Not Disbursed	Nil	1.00			
Total				1417.32		1049.65	367.67	80.95	218.80	

Appendix 3.4
Repeated drawal of Abstract Contingent bills
(Reference: Paragraph 3.6; Page-50)

(₹ in lakh)

Sl.	Drawing & Disbursing Officers	Bills drawn during	No. of Bills drawn	Amount
A. Human Resources Development Department				
1	District Superintendent of Education, Dhanbad	31 March 2010 to 31 March 2012	12	2124.71
2	District Superintendent of Education, Godda	12 December 2009 to 31 March 2012	12	1019.26
3	District Superintendent of Education, Jamtara	30 March 2010 to 03 March 2011	7	469.41
4	District Superintendent of Education, Palamu	03 March 2010 to 31 March 2011	5	1985.13
5	Director, Primary Education, Ranchi	02 October 2011 to 12 March 2012	10	61900.00
6	Director, Secondary Education, Ranchi	13 October 2009 to 31 March 2012	4	2507.00
Total (A)			50	70005.51
B. Home Department				
1	Dy. Superintendent of Police, Lohardaga	24 November 2009 to 22 November 2011	9	113.11
2	Dy. Superintendent of Police, Ranchi	12 November 2009 to 04 November 2011	10	66.28
3	Estimating Officer, RDS, Saraikela	23 February 2010 to 05 March 2010	2	99.61
4	IG, Modernisation and Provisioning, Ranchi	06 February 2010 to 14 March 2012	15	27495.73
5	Superintendent Mandal Kara, Garhwa	06 March 2010 to October 2011	10	187.30
6	Superintendent LNJP, Central Jail, Hazaribag	31 March 2010 to 31 March 2012	7	581.80
7	Superintendent Mandal Kara, Lohardaga	25 January 2010 to 19 March 2012	27	310.01
8	Superintendent BMCJ, Ranchi	14 March 2010 to 31 March 2012	16	174.03
9	Superintendent Mandal Kara, Chaibasa	26 February 2010 to 27 December 2011	12	1417.48
Total (B)			108	30445.35
C. Rural Development and Panchayati Raj & NREP (Spl. Division) Department				
1	Deputy Commissioner, Chatra	30 March 2010 to 30 March 2011	2	398.08
2	Deputy Development Commissioner, Dumka	28 March 2011 to 01 March 2012	9	1600.00
3	Deputy Development Commissioner, Gumla	13 March 2010 to 17 March 2012	13	1800.00
4	Deputy Development Commissioner, Hazaribag	31 March 2010 to 31 December 2011	9	2304.00
5	Deputy Development Commissioner, Jamshedpur	09 March 2010 to 31 March 2011	7	1344.00
6	Deputy Development Commissioner, Ranchi	01 October 2010 to 29 November 2011	11	1642.00
7	Deputy Commissioner, Ranchi	03 March 2011 to 29 March 2012	9	128.27
8	Deputy Development Commissioner, Chaibasa	11 February 2010 to 04 February 2012	5	1286.52
Total (C)			65	10502.87
Grand Total (A+B+C)			223	110953.73

Appendix 3.5
Funds kept in Savings Bank Account by JPHCL
(Reference: Paragraph 3.7; Page-51)

(₹ in crore)					
Sl. No.	Funds transferred by	Purpose	Name of Bank in which Funds were kept	Date of Deposit in Bank	Amount
1	Inspector General (Modernisation & Provisioning)	Construction of LS / US Qtrs. and Police line at Pakur, Lohardaga, Latehar, Koderma & Giridih	Punjab National Bank , Ranchi	16.03.2012	20.00
		Different works at PTC, Hazaribagh	State Bank of India, Hatia	15.02.2010	2.00
		Construction. of Police line at Latehar, Lohardaga, Giridih and Koderma	-do-	15.02.2010	8.00
		Construction of Central Training Institute for Home guard (Phase-1)	-do-	15.02.2010	0.55
		Construction of Central Training Institute for Home guard (Phase-1)	-do-	15.02.2010	0.15
		Construction of LS/US Qtrs, new Thana Bhawan, Basic amenities for training, Central Police. Hospital	-do-	15.02.2010	7.65
		-do-	-do-	15.02.2010	7.25
		Construction of LS/US Qtrs	-do-	25.02.2010	10.00
		-do-	-do-	25.02.2010	10.00
		Total			65.60
2	Superintendent of Police, Khunti	Construction of 02 units of portable huts for Kobra camp in Khunti district	Punjab National Bank, Ranchi	11/2010	1.09
Grand Total					66.69

Appendix 4.1
Utilisation certificates outstanding as on 31 March, 2012
(Reference: Paragraph 4.1; Page-53)

(₹ in crore)

Department	Up to 2010-11 (GIA sanctioned up to 2009-10)		During 2011-12 (GIA sanctioned up to 2010-11)		Total UCs awaited	
	Items	Amount	Items	Amount	Items	Amount
Industry	441	1057.45	49	561.92	490	1619.37
Human Resources	277	1127.20	49	120.34	326	1247.54
Co-operative	63	139.42	63	123.01	126	262.43
Animal Husbandry	65	21.70	8	7.97	73	29.67
Medical	9	76.55	3	50.67	12	127.22
Welfare	96	84.16	32	100.28	128	184.44
Agriculture	61	50.56	4	8.70	65	59.26
Land Revenue	2	0.63	0	0.00	2	0.63
Urban Development	2808	700.78	837	235.46	3645	936.24
Others	486	1227.26	379	1241.98	865	2469.24
Total	4308	4485.71	1424	2450.33	5732	6936.04

Source: As per records maintained by Accountant General (A&E)

Appendix 4.2
List of units identified u/s 14 & 15 of CAG DPC Act
(Reference: Paragraph 4.2.1; Page-54)

S.No.	Department	Name of the office	District	Periodicity of audit	Accounts due from
1	Art, Culture, Sports and Youth Affairs	National Games Organising Committee, NGOC, Morabadi, Ranchi	Ranchi	Annual	2009-10
2	Human Resources Development	Distt Programme Officer, SSA,	Bokaro	Annual	2006-07
3	Human Resources Development	Distt Programme Officer, SSA,	Chaibasa	Annual	2011-12
4	Human Resources Development	Distt Programme Officer SSA	Chatra	Annual	2006-07
5	Human Resources Development	Distt Programme Officer, SSA,	Daltonganj	Annual	2011-12
6	Human Resources Development	Distt Programme Officer, SSA	Deoghar	Annual	2010-11
7	Human Resources Development	Distt Programme Officer, SSA,	Dhanbad	Annual	2006-07
8	Human Resources Development	Distt Programme Officer, SSA,	Dumka	Annual	2008-09
9	Human Resources Development	Distt Programme Officer, SSA,	Garhwa	Annual	2006-07
10	Human Resources Development	Distt Programme Officer, SSA,	Godda	Annual	2011-12
11	Human Resources Development	Distt Programme Officer, SSA,	Gumla	Annual	2006-07
12	Human Resources Development	Distt Programme officer, SSA	Hazaribagh	Annual	2007-08
13	Human Resources Development	Distt Programme Officer, SSA,	Jamshedpur	Annual	2011-12
14	Human Resources Development	Distt Programme Officer, SSA,	Jamtara	Annual	2006-07
15	Human Resources Development	Distt Programme Officer, SSA,	Khunti	Annual	2006-07
16	Human Resources Development	Distt Programme Officer, SSA,	Koderma	Annual	2006-07
17	Human Resources Development	Distt Programme Officer, SSA,	Latehar	Annual	2006-07
18	Human Resources Development	Distt Programme Officer, SSA,	Lohardaga	Annual	2011-12
19	Human Resources Development	Disstt programme officer SSA ,	Pakur	Annual	2008-09
20	Human Resources Development	Distt Programme Officer, SSA,	Ramgarh	Annual	2011-12
21	Human Resources Development	Director Jharkhand Education Project Council	Ranchi	Annual	2007-08
22	Human Resources Development	Distt Programme Officer, SSA,	Ranchi	Annual	2006-07
23	Human Resources Development	Distt Programme Officer, SSA,	Sahebganj	Annual	2006-07
24	Human Resources Development	Distt Programme Officer, SSA,	Saraikela	Annual	2006-07

Appendix 4.2 continued....

S.No.	Department	Name of the office	District	Periodicity of audit	Accounts due from
25	Human Resources Development	Distt Programme Officer, SSA,	Simdega	Annual	2009-10
26	Human Resources Development	Distt Programme Officer, SSA,	Giridih	Annual	2006-07
27	Health, Medical Education and Family Welfare	Distt Rural Health Society, (Reproductive Child Health Societies)	Bokaro	Annual	2008-09
28	Health, Medical Education and Family Welfare	Distt Rural Health Society, (Reproductive Child Health Societies)	Chatra	Annual	2008-09
29	Health, Medical Education and Family Welfare	Distt Rural Health Society, (Reproductive Child Health Societies)	Deoghar	Annual	2011-12
30	Health, Medical Education and Family Welfare	Distt Rural Health Society, (Reproductive Child Health Societies)	Dhanbad	Annual	2011-12
31	Health, Medical Education and Family Welfare	Distt Rural Health Society, (Reproductive Child Health Societies)	Dumka	Annual	2011-12
32	Health, Medical Education and Family Welfare	Distt Rural Health Society, (Reproductive Child Health Societies)	East Singhbhum	Annual	2011-12
33	Health, Medical Education and Family Welfare	Distt Rural Health Society, (Reproductive Child Health Societies)	Garhwa	Annual	2008-09
34	Health, Medical Education and Family Welfare	Distt Rural Health Society, (Reproductive Child Health Societies)	Giridih	Annual	2011-12
35	Health, Medical Education and Family Welfare	Distt Rural Health Society, (Reproductive Child Health Societies)	Godda	Annual	2008-09
36	Health, Medical Education and Family Welfare	Distt Rural Health Society, (Reproductive Child Health Societies)	Gumla	Annual	2011-12
37	Health, Medical Education and Family Welfare	Distt Rural Health Society, (Reproductive Child Health Societies)	Hazaribagh	Annual	2008-09
38	Health, Medical Education and Family Welfare	Distt Rural Health Society, (Reproductive Child Health Societies)	Jamtara	Annual	2008-09
39	Health, Medical Education and Family Welfare	Distt Rural Health Society, (Reproductive Child Health Societies)	Khunti	Annual	2008-09
40	Health, Medical Education and Family Welfare	Distt Rural Health Society, (Reproductive Child Health Societies)	Koderma	Annual	2008-09
41	Health, Medical Education and Family Welfare	Distt Rural Health Society, (Reproductive Child Health Societies)	Latehar	Annual	2008-09
42	Health, Medical Education and Family Welfare	Distt Rural Health Society, (Reproductive Child Health Societies)	Lohardaga	Annual	Nil*
43	Health, Medical Education and Family Welfare	Distt Rural Health Society, (Reproductive Child Health Societies)	Pakur	Annual	2008-09

Appendix 4.2 continued....

S.No.	Department	Name of the office	District	Periodicity of audit	Accounts due from
44	Health, Medical Education and Family Welfare	Distt Rural Health Society, (Reproductive Child Health Societies)	Palamu	Annual	2008-09
45	Health, Medical Education and Family Welfare	Distt Rural Health Society, (Reproductive Child Health Societies) Namkum, Ranchi	Ranchi	Annual	2009-10
46	Health, Medical Education and Family Welfare	Distt Rural Health Society, (Reproductive Child Health Societies)	Ramgarh	Annual	2008-09
47	Health, Medical Education and Family Welfare	Jharkhand State Health Mission Society, Ranchi	Ranchi	Annual	2011-12
48	Health, Medical Education and Family Welfare	Distt Rural Health Society, (Reproductive Child Health Societies)	Saraikela Kharsawan	Annual	2008-09
49	Health, Medical Education and Family Welfare	Distt Rural Health Society, (Reproductive Child Health Societies)	Simdega	Annual	2008-09
50	Health, Medical Education and Family Welfare	Distt Rural Health Society, (Reproductive Child Health Societies)	West Singhbhum	Annual	2008-09
51	Health, Medical Education and Family Welfare	Principal, RINPAS Kanke	Ranchi	Annual	2006-07
52	Health, Medical Education and Family Welfare	Jharkhand AIDS Control Society, Ranchi	Ranchi	Annual	2001-02
53	Welfare	Director, Bharat Sevasharm Sangh Ghatshila	East Singhbhum	Annual	2011-12
54	Welfare	Director, Bharat Sevasharm Sangh Sonari	Jamshedpur	Annual	2007-08
55	Welfare	Director, RK Mission TB Sanitorium Tipudana	Ranchi	Annual	2006-07
56	Welfare	Director, RK Mission Ashram Morhabadi Ranchi	Ranchi	Annual	2009-10
57	Welfare	Jharkhand Mahila Samakhya Society(JMSS) Kadru Ranchi	Ranchi	Annual	2006-07
58	Health, Medical Education and Family Welfare	Rajendra Institute of Medical Sciences	Ranchi	Annual	Nil*
59	Rural Development	Managing Director, DRDA	Bokaro	Annual	Nil*
60	Rural Development	Managing Director, DRDA	Chatra	Annual	2010-11
61	Rural Development	Managing Director, DRDA	Deoghar	Annual	2009-10
62	Rural Development	Managing Director, DRDA	Dhanabad	Annual	Nil*
63	Rural Development	Managing Director, DRDA	Dumka	Annual	2010-11
64	Rural Development	Managing Director, DRDA	Jamshedpur	Annual	2011-12
65	Rural Development	Managing Director, DRDA	Garhwa	Annual	2011-12
66	Rural Development	Managing Director, DRDA	Giridih	Annual	Nil*
67	Rural Development	Managing Director, DRDA	Godda	Annual	2008-09
68	Rural Development	Managing Director, DRDA	Gumla	Annual	2010-11
69	Rural Development	Managing Director, DRDA	Hazaribagh	Annual	2008-09
70	Rural Development	Managing Director, DRDA	Koderma	Annual	2011-12

Appendix 4.2 continued....

S.No.	Department	Name of the office	District	Periodicity of audit	Accounts due from
71	Rural Development	Managing Director, DRDA	Lohardagga	Annual	Nil*
72	Rural Development	Managing Director, DRDA	Pakur	Annual	Nil*
73	Rural Development	Managing Director, DRDA	Palamau	Annual	2010-11
74	Rural Development	Managing Director, DRDA	Ranchi	Annual	2005-06
75	Rural Development	Managing Director, DRDA	Sahebganj	Annual	2005-06
76	Rural Development	Managing Director, DRDA	Chaibasa	Annual	2009-10
77	Rural Development	Managing Director, DRDA	Jamtara	Annual	2011-12
78	Rural Development	Managing Director, DRDA	Simdega	Annual	Nil*
79	Rural Development	Managing Director, DRDA	Saraikela	Annual	2010-11
80	Rural Development	Managing Director, DRDA	Latehar	Annual	2010-11
81	Rural Development	Managing Director, DRDA	Ramgarh	Annual	2010-11
82	Rural Development	Managing Director, DRDA	Khunti	Annual	2007-08

Source : Permanent Audit Programme Register maintained in the office of the Pr. Accountant General (Audit)

*Account submitted upto 2011-12

Appendix 4.3
Department-wise break up of cases of misappropriation, losses etc.
(Reference: Paragraph 4.3; Page-55)

(₹ in lakh)

Sl. No.	Name of Department	Up to 5 years	5 to 10 years	No. of cases	Amount
1	Rural Development Department	2	nil	2	21.90
2	Fishery Department	2	nil	2	14.24
3	Industry Department	1	nil	1	1.21
4	Planning and Development Department	1	nil	1	4.58
Total		6	nil	6	41.93

Appendix 5.1
Glossary of terms, basis of calculations and Acronyms used in the Report

Terms	Basis of calculation and explanation
Buoyancy of a parameter	Rate of Growth of the parameter/GSDP Growth Rate
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 spread	GSDP growth – Average Interest Rate
Quantum spread	Debt stock * Interest spread
Interest received as <i>per cent</i> to Loans Outstanding	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
Balance from Current Revenue (BCR)	Revenue Receipts minus all Plan Grants and Non-Plan Revenue Expenditure excluding expenditure recorded under the major head 2048 – Appropriation for reduction of Avoidance of debt.
Debt sustainability	The Debt sustainability is defined as the ability of the State to maintain a constant debt-GSDP 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.
Debt stabilisation	A necessary condition for stability states that if the rate of growth of economy exceeds the interest rate or cost of public borrowings, the debt-GSDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate – interest rate) and quantum spread (Debt*rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would be constant or debt would stabilise eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling.
Sufficiency of non-debt receipts	Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. Debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.

Appendix - 5.1 continued..

Terms	Basis of calculation and explanation
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.
Appropriation Accounts	Appropriation Accounts present the total amount of funds (Original and Supplementary) authorised by the Legislative Assembly in the budget grants under each voted grants and charged appropriation vis-à-vis the actual expenditure incurred against each and the unspent provisions or excess under each grant or appropriation. Any expenditure in excess of the grants requires regularisation by the Legislature.
Autonomous bodies	Autonomous Bodies (usually registered Societies or Statutory Corporations) are set up whenever it is felt that certain functions need to be discharged outside the governmental set up with some amount of independence and flexibility without day-to-day interference of the Governmental machinery.
Committed expenditure	The committed expenditure of the State Government on revenue account mainly consists of interest payments, expenditure on salaries and wages, pensions and subsidies on which the present executive has limited control.
State implementing schemes	State Implementing Agency includes any Organisation/ Institution including Non-Governmental Organisation which is authorised 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 Sarva Siksha Ahiyan and State Health Mission for National Rural Health Mission, etc.
Contingency Fund	Legislature Assembly has by law established a Contingency Fund in the nature of an imprest into which is paid from time to time such sums as may be determined by such law, and the said fund is placed at the disposal of the Governor to enable advances to be made by him out of it for the purpose of meeting unforeseen expenditure pending authorisation of such expenditure by Legislature Assembly by law under Article 115 or Article 116 of the Constitution.
Consolidated fund of the State	The fund constituted under Article 266 (1) of the Constitution of India into which all receipts, revenues and loans flow. All expenditure from the CFI is by appropriation: voted or charged. It consists of two main divisions namely Revenue Account (Revenue Receipts and Revenue Expenditure) and Capital Account (Public Debt and Loans, etc.).
Contingent liability	Contingent liabilities may or may not be incurred by an entity depending on the outcome of a future event such as a court case.
Sinking Fund	A Fund into which the government sets aside money over time, in order to retire its debt.

Appendix - 5.1 continued..

Terms	Basis of calculation and explanation
Guarantee Redemption Fund	Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended. As per the terms of the Guarantee Redemption Fund, the State Government was required to contribute an amount equal to atleast 1/5 th of the outstanding invoked guarantees plus an amount likely to be invoked as a result of the incremental guarantees during the year.
Internal Debt	Internal Debt comprises regular loans from the public in India, also termed 'Debt raised in India'. It is confined to loans credited to the Consolidated Fund.
Primary revenue expenditure	Primary revenue expenditure means revenue expenditure excluding interest payments.
Re-appropriation	Means the transfer of funds from one Primary unit of appropriation to another such unit.
Surrenders of unspent provision	Departments of the State Government are to surrender to the Finance Ministry, before the close of the financial year, all the anticipated unspent provisions noticed in the grants or appropriations controlled by them. The Finance Ministry is to communicate the acceptance of such surrenders, as are accepted by them to the Audit Officer and/or the Accounts Officer, as the case may be, before the close of the financial year.
Supplementary grants	If the amount authorised by any law made in accordance with the provisions of Article 114 of the Constitution to be expended for a particular service for the current financial year is found to be insufficient for the purpose of that year or when a need has arisen during the current financial year for the supplementary or additional expenditure upon some 'new service' not contemplated in the original budget for that year, Government is to obtain supplementary grants or appropriations in accordance with the provision of Article 115 (1) of the Constitution.
Suspense and Miscellaneous	Items of receipts and payments which cannot at once be taken to a final head of receipt or charge owing to lack of information as to their nature or for any other reasons, may be held temporarily under the major head "8658-Suspense Account" in the sector "L. Suspense and Miscellaneous" of the Accounts, (Footnotes under the major head in the list of major/minor heads of account may be referred to for further guidance). A service receipt of which full particulars are not given must not be taken to the head "Suspense Account" but should be credited to the minor head "Other Receipt" under the revenue major head to which it appears to belong pending eventual transfer to the credit of the correct head on receipt of detailed particulars.
Public Accounts committee	A Committee constituted by the Legislative Assembly for the examination of the reports of the Comptroller and Auditor General of India relating to the appropriation accounts of the State, the annual financial accounts of the State or such other accounts or financial matters as are laid before it or which the Committee deems necessary to scrutinise.

Acronyms	Full Form
AC Bill	Abstract Contingent Bill
AE	Aggregate Expenditure
BE	Budget Estimates
CAG	Comptroller and Auditor General of India
CE	Capital Expenditure
DC Bill	Detailed Contingent Bill
DE	Development Expenditure
FCP	Fiscal Correction Path
GOI	Government of India
GSDP	Gross State Domestic Product
FRBM	Fiscal Responsibility and Budget Management Act, 2005
IP	Interest Payment
MTFPS	Medium Term Fiscal Policy Statement
O&M	Operation and Maintenance
PAC	Public Accounts Committee
RE	Revenue Expenditure
RR	Revenue Receipts
S&W	Salaries and Wages
SAR	Separate Audit Report
SSE	Social Sector Expenditure
TE	Total Expenditure
TFC	Thirteenth Finance Commission
UC	Utilisation Certificate
VAT	Value Added Tax