

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

for the year ended 31 March 2014

Government of Jharkhand

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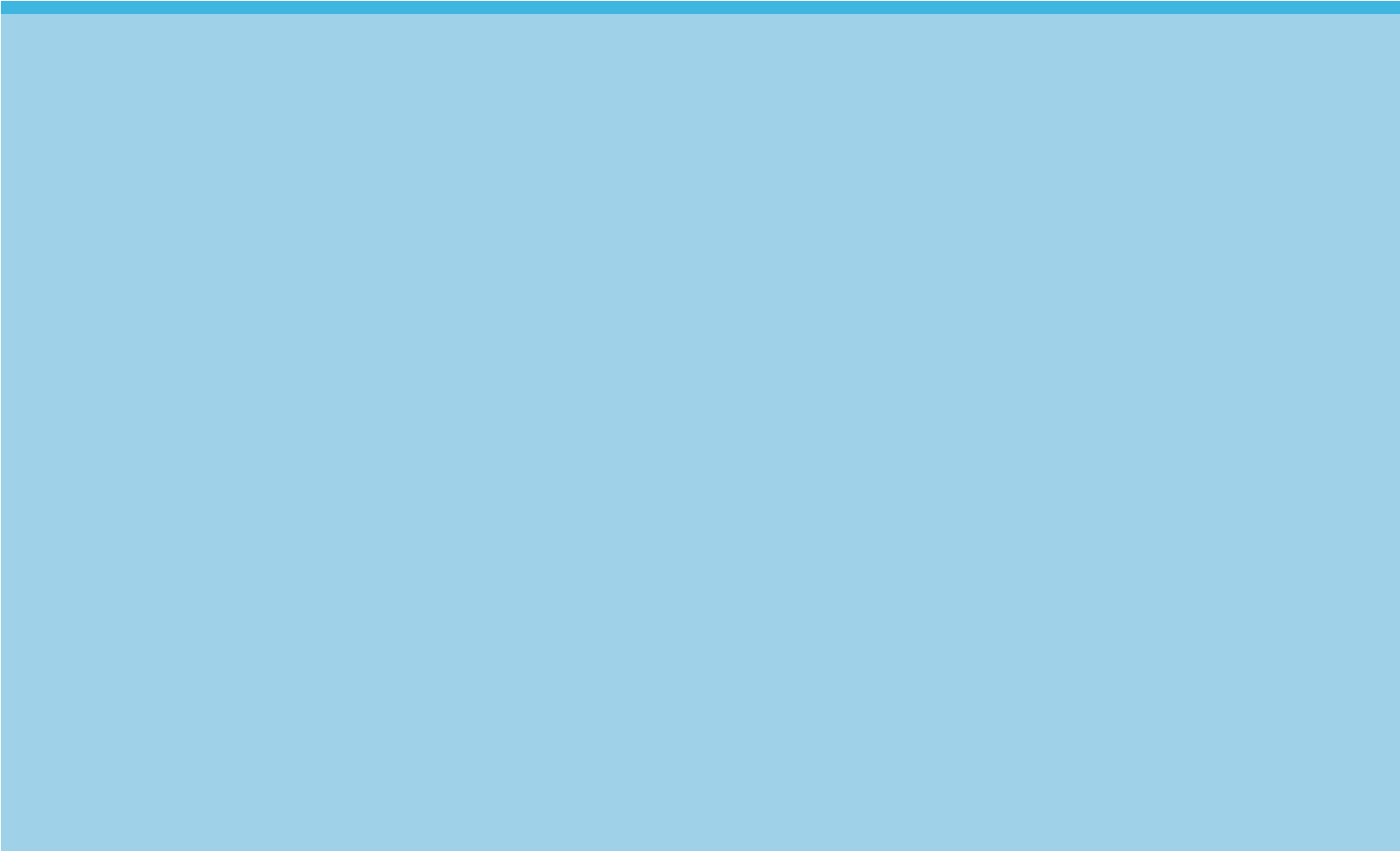
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Preface

1. This Report has been prepared for submission to the Governor of Jharkhand under Article 151 of the Constitution.
2. 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 2014. Information has been obtained from the Government of Jharkhand wherever necessary.
3. Chapter 3 on 'Financial Reporting' provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.
4. The Report containing the findings of performance audit and audit of transactions in various departments and observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing observations on Revenue Receipts are presented separately.



EXECUTIVE SUMMARY



Executive Summary

Based on the audited accounts of the Government of Jharkhand for the year ended 31 March 2014, 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 (FRBM) Act, 2007, as amended in 2011 and 2012, Budget documents, Medium Term Fiscal Policy Statement, Economic Review, Thirteenth Finance Commission Report and other financial data obtained from various Government departments and organisations. The Report is structured in three 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 2014. 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 is an inventory of the Jharkhand Government's compliance with various reporting requirements and financial rules.

The Report also has an appendage of additional data collated from several sources in support of the findings. **Appendix 4.1** at the end gives a glossary of terms and acronyms – related to State economy, as used in the Report.

Audit findings and recommendations

Chapter : 1 Finances of the State Government

Fiscal Situation

- The growth rate of Gross State Domestic Product (GSDP) during 2013-14 was 13.9 *per cent* against the Thirteenth Finance Commission (ThFC) norm of 14.5 *per cent*.
- The State had a Revenue Surplus of ₹ 2,665 crore during 2013-14. The percentage of Revenue Surplus to GSDP was 1.5 against Medium Term Fiscal Plan target of 1.8 for the year. Fiscal Deficit (₹ 2,256 crore) was 1.3 *per cent* of GSDP during 2013-14, which was well within the three *per cent* estimated under FRBM Act and ThFC projection.

Transfer of funds to State Implementing Agencies

- During 2013-14, Government of India directly transferred ₹ 2,601.80 crore to the State Implementing Agencies outside the State Budget

against ₹ 2,621.91 crore in 2012-13. As such, the Annual Finance Accounts do not provide a complete picture of the resources of the State. Uniform accounting practices are not followed by these agencies and there is absence of norms for timely reporting of expenditure to the State Government and the Accountant General (A&E), Jharkhand.

Resources mobilization

- The Revenue Receipts (₹ 26,137 crore) of the State grew at 5.5 *per cent* during 2013-14 over previous year. However, the actual Revenue Receipts were less by ₹ 7,462 crore in comparison to the Budget Estimate.
- During 2013-14, 50 *per cent* of total Revenue Receipts came from Central Tax transfer and GOI Grants, while State's Own Resources contributed the balance.

Quality of expenditure

- During 2013-14, Capital Expenditure increased to ₹ 4,722 crore against ₹ 4,218 crore in 2012-13. Percentage of Capital Expenditure to Total Expenditure stood at 17 in 2013-14 against 15 during 2012-13. The percentage of Capital Expenditure to GSDP was 2.7 during 2013-14.
- Social Sector Expenditure as a proportion of Aggregate Expenditure in the State was less than average of General Category States during 2013-14. The State has given less priority to both Education and Health Sector during 2013-14 as compare to General Category States.
- Revenue Expenditure was 83 *per cent* of the Total Expenditure (₹ 28,416 crore) and 13.6 *per cent* of GSDP during 2013-14. Share of Plan Revenue Expenditure in Total Revenue Expenditure decreased from 33 *per cent* in 2012-13 to 27 *per cent* in 2013-14. Non-plan Revenue Expenditure (₹ 17,184 crore) increased by 10 *per cent* in 2013-14 over the previous year and constituted 73 *per cent* of Revenue Expenditure.
- Financial assistance by the State to Local Bodies and other institutions decreased from ₹ 6,950.32 crore in 2012-13 to ₹ 6,421.85 crore during 2013-14.

Thrust to Development Expenditure

- During 2013-14, the Development Expenditure declined by five *per cent* over the previous year. During the year, the share of Development Revenue Expenditure in Total Expenditure was 48 *per cent* and the share of Development Capital Expenditure in Total Expenditure was 17 *per cent*.

Incomplete projects

- As of March 2014, there were 328 incomplete works beyond their scheduled date of completion, in which ₹ 760.11 crore was blocked.

Review of Government investments

- As of 31 March 2014, Government of Jharkhand invested ₹ 231.97 crore in Government Companies, Co-operatives, Banks and Societies etc. The return on investment was ₹ 18 crore (7.76 *per cent*) in 2013-14 against ₹ 15 crore (7.99 *per cent*) in 2012-13.

Fiscal Liabilities

- During 2013-14, Fiscal Liabilities of the State (₹ 37,594 crore) grew at 7.8 *per cent* over the previous year. The Fiscal Liabilities were 21.8 *per cent* of GSDP against the ThFC recommendation of 27.3 *per cent* for the year. Government has not set up Sinking Fund for amortization of all loans.

Debt Management

- The sufficiency of incremental non-debt receipts (resource gap) increased from (-) ₹ 39 crore in 2012-13 to ₹ 1,275 crore in 2013-14 which was indicative of improvement in fiscal position of the State. Net availability of borrowed funds decreased from ₹ 1,814 crore in 2012-13 to ₹ 110 crore in 2013-14. The ratio of Interest Payments to Revenue Receipts remained constant (10 *per cent*) during 2011-12 to 2013-14.

Chapter: 2 Financial management and budgetary control**Large Savings due to improper Budget estimation**

- There were large savings of ₹ 13,130.13 crore during 2013-14 indicating improper budget estimation. Large savings under various schemes/sub-heads may adversely affect the implementation of development programmes in the State. Persistent savings for the last five years were also noticed in 15 departments performing Social Services and Economic Services.

Advances from Contingency Fund

- Advances amounting ₹ 336.33 crore on 45 occasions were withdrawn from Contingency Fund during 2013-14 to meet expenditure which was neither unforeseen nor of emergent nature.

Excess over provisions during 2013-14 requiring regularisation

- Excess expenditure of ₹ 694.05 crore was incurred over provisions during 2013-14, which requires regularisation under Article 205 of the Constitution of India. Besides, excess expenditure of ₹ 9,803.97 crore occurred during 2001-2013 was still to be regularised.

Non-reconciliation of Departmental figures

- Controlling Officers did not reconcile 58.91 *per cent* of total expenditure (₹ 30,463.22 crore) and 41.55 *per cent* of total receipts (₹ 30,863.02 crore) of the departments with the books of the Accountant General (A&E), Jharkhand during 2013-14.

Deficiencies in Budgetary Controls in Health, Medical Education and Family Welfare Department

- The Health, Medical Education and Family Welfare Department was not following the provisions of the Budget Manual leading to lack of budgetary control in the Department.

Chapter: 3 Financial Reporting

Outstanding Utilisation Certificates against the grants

- Utilisation certificates (UCs) of ₹ 6,543.82 crore against the Grants-in-aid bills drawn during 2006-07 to 2012-13 by different departments were outstanding as on 31 March 2014 which was indicative of failure of the departmental officers to comply with the rules and procedures to ensure timely utilization of the grants for the intended purpose.

Drawal of funds on Abstract Contingent Bills

- Significant amount of ₹ 5,162 crore drawn on Abstract Contingent (AC) bills during 2000-14 remained outstanding as of June 2014 due to non submission of Detailed Contingent bills. Plan funds, though not required for immediate payment, were drawn on AC Bills at the end of the financial year to avoid lapse of budget allotment.

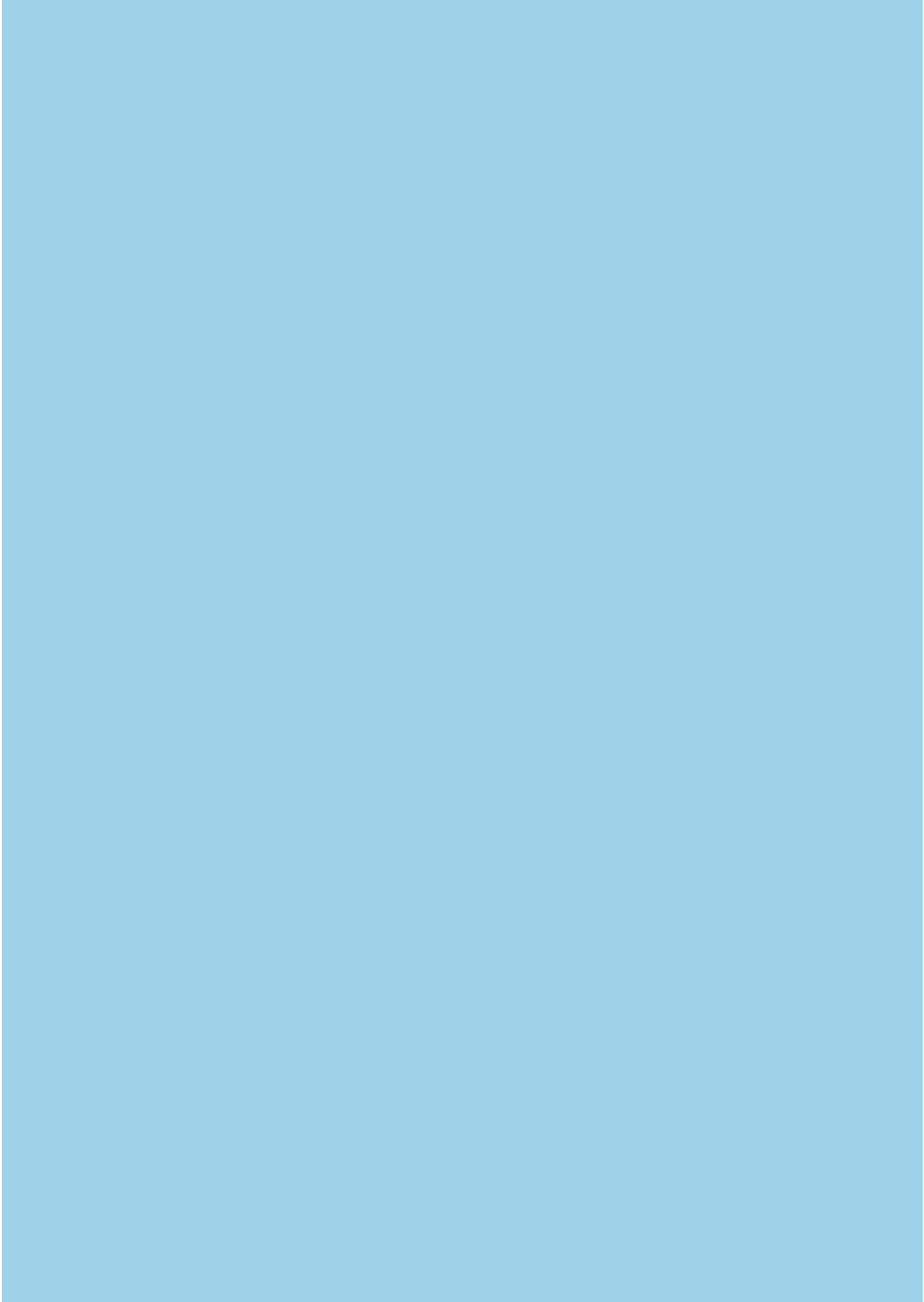
Submission of Accounts and Audit of Autonomous Bodies, Authorities and Grantee Institutions

- Government departments have not timely submitted the accounts of grantee bodies to the Principal Accountant General (Audit).

Funds kept in Personal Ledger Accounts

- There was a huge balance of ₹ 2,597.50 crore in Personal Ledger Accounts at the end of March 2014. Transfer of budgeted funds passed by the Legislature for the current year to Personal Ledger Accounts for expenditure in future years was in contravention of Financial Rules and weakened the budgetary control of the State.

Chapter-1
FINANCES OF THE STATE
GOVERNMENT



CHAPTER 1

FINANCES OF THE STATE GOVERNMENT

Profile of Jharkhand

The State of Jharkhand, which was created in November 2000 by dividing the State of Bihar, has an area of 79,714 sq km. It is the 16th largest State of the country in terms of geographical area. As indicated in **Appendix 1.1 Part-A** the State's population increased from 2.69 crore in 2001 to 3.30 crore in 2011. The population growth during the last decade (2004-05 to 2013-14) was 13.69 *per cent*. The percentage of population below the poverty line was 40.4 as compared to the all-India average of 21.92. The State's Gross State Domestic Product (GSDP) in 2013-14 at current prices was ₹ 1,72,773 crore. The State's literacy rate increased from 44 *per cent* (as per 2001 census) to 67.63 *per cent* (as per 2011 census). At current prices, the per capita income of the State stood at ₹ 46,524 during 2013-14.

Gross State Domestic Product (GSDP)

GSDP is the market value of all officially recognised final goods and services produced within the State in a given period of time. The growth of GSDP of the State is an important indicator of the State's economy as it indicates the standard of living of the State's population. The trend in the annual growth of India's GDP at current prices is indicated below:

Year	2009-10	2010-11	2011-12	2012-13	2013-14
India's GDP (₹ in crore)	6108903	7248860	8391691	9388876	10472807
Growth rate of GDP (percentage)	15.2	18.7	15.8	11.9	11.5
State's GSDP* (₹ in crore)	100621	127281	135618	151655	172773
Growth rate of GSDP (percentage)	14.6	26.5	6.6	11.8	13.9

**Source: Website of Ministry of Statistics and Programme Implementation, Government of India.*

The GSDP of Jharkhand State grew at the rate of 13.9 *per cent* during 2013-14 against the Thirteenth Finance Commission (ThFC) projection of 14.5 *per cent* for the year. The GSDP growth rate during 2013-14 was higher than the growth rate of GDP of India. However, the Compound Annual Growth Rate (CAGR) of GSDP of the Jharkhand (14.5 *per cent*) was almost at par with the CAGR of GDP of India (14.4 *per cent*) during 2009-2014.

1.1 Introduction

This Chapter provides a broad perspective of the finances of the Government of Jharkhand during the year 2013-14 and analyses critical changes in the major fiscal aggregates in relation to the previous year, keeping in view the overall trend during the last five years. The analysis has been based on audit of the State Finance Accounts 2013-14 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*. Time series data on State Government finances for last five years is given in *Appendix 1.3*.

1.1.1 Summary of fiscal transactions in 2013-14

Table 1.1 presents the summary of the State Government's fiscal transactions during the current year (2013-14) *vis-à-vis* the previous year (2012-13) while *Appendix 1.4 Part A* provides an abstract of receipts and disbursements as well as the overall fiscal position during the year 2013-14.

Table 1.1: Summary of fiscal operations in 2013-14

(₹ in crore)

Receipts	2012-13	2013-14	Disbursements	2012-13	2013-14		
Section-A: Revenue					Non-plan	Plan	Total
Revenue Receipts	24769.56	26136.80	Revenue Expenditure	23399.87	17184.41	6287.48	23471.89
Own Tax revenue	8223.58	9379.79	General Services	8696.49	9691.69	267.67	9959.36
Non-Tax revenue	3535.63	3752.71	Social Services	8308.59	4299.54	3915.80	8215.34
Share of Union Taxes and Duties	8188.14	8939.32	Economic Services	6394.79	3193.18	2104.01	5297.19
Grants from Government of India	4822.21	4064.98	Grants-in-aid and Contributions	0.00	0.00	0.00	0.00
Section -B: Capital							
Misc. Capital Receipts	0.00	0.00	Capital Outlay	4218.43	15.81	4706.69	4722.50
Recoveries of Loans and Advances	43.11	23.32	Loans and Advances disbursed	600.81	29.92	191.99	221.91
Inter State Settlement	0.00	0.00	Inter State Settlement	100.00	50.00	0.00	50.00
Public Debt Receipts*	5199.00	4702.90	Repayment of Public Debt	2183.06	1996.92	0.00	1996.92
Transfers to Contingency Fund	0.00	0.00	Expenditure from Contingency Fund	0.00	0.00	0.00	0.00
Public Account Receipts#	14494.71	14275.26	Public Account Disbursements#	13416.31	14094.33	0.00	14094.33
Opening Cash Balance	116.85	704.75	Closing Cash Balance	704.75	1285.48	0.00	1285.48
Total	44623.23	45843.03	Total	44623.23	34656.87	11186.16	45843.03

Source: Finance Accounts for the year 2012-13 and 2013-14

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

#Figures do not include transactions under 'Other Accounts' i.e. Departmental Cash Balance, Permanent Imprest and Cash Balance Investment.

The significant changes during 2013-14 as compared to the previous year are as under:

- Revenue Receipts increased by ₹ 1,367 crore (six *per cent*) over that of the previous year. The increase was due to increase in Own Tax Revenue by ₹ 1,156 crore (14 *per cent*), Non-Tax Revenue by ₹ 217 crore (six *per cent*) and State's Share of Union Taxes and Duties by ₹ 751 crore (nine *per cent*) which was offset by decrease in Grants-in-aid from Government of India (GOI) by ₹ 757 crore (16 *per cent*) over the previous year.
- Against the normative assessment of Own Tax Revenue (₹ 11,137.16 crore) and Non-Tax Revenue (₹ 4,068.30 crore) made by the ThFC the actual Own Tax and Non-Tax Revenue of the State were ₹ 9,379.79 crore (84 *per cent*) and ₹ 3,752.71 crore (92 *per cent*) respectively. Thus, OTR and NTR were below the normative projection made by the ThFC.

- During 2013-14, Revenue Expenditure (RE) remained nearly the same as it was in 2012-13. However, it was less by 23 *per cent* than the budget estimate of ₹ 30,435 crore. Revenue expenditure on General Services increased by ₹ 1,263 crore in 2013-14 over the previous year while RE on Social Services and Economic Services decreased by ₹ 94 crore and ₹ 1,098 crore respectively.
- Capital Expenditure increased by ₹ 505 crore (12 *per cent*) in 2013-14 over the previous year. Increase was mainly under Transport (₹ 492 crore) and Rural Development (₹ 262 crore).
- Recovery of Loans and Advances decreased from ₹ 43 crore in 2012-13 to ₹ 23 crore in 2013-14.
- Public Debt receipts and its repayment decreased by ₹ 496 crore (10 *per cent*) and ₹ 186 crore (nine *per cent*) over the previous year.
- Public Account receipts decreased by ₹ 220 crore (two *per cent*) while disbursements increased by ₹ 677 crore (five *per cent*).
- The net impact of the above transactions was an increase of ₹ 580.73 crore in the cash balance at the end of 2013-14 over the previous year.

1.1.2 Review of the fiscal situation

The Government of Jharkhand enacted the Jharkhand Fiscal Responsibility and Budget Management (FRBM) Act, 2007 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). The ThFC 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 Medium Term Fiscal Plan (MTFP). The revised targets laid down in amended FRBM Act 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 27.3 *per cent* in 2013-14.

Targets regarding major fiscal variables for the year 2013-14 as set in FRBM Act, MTFP, ThFC and in budget documents of the State are shown in **Table 1.2**.

Table 1.2: Major fiscal variables

(in *per cent*)

Fiscal variables	2013-14			Projections in MTFP	Actuals
	ThFC target for the State	Target as prescribed in FRBM Act	Target as per Budget		
Revenue Deficit (-)/Surplus (+) w.r.t GSDP	Nil	Nil	+1.83	+1.80	+1.5
Fiscal Deficit w.r.t. GSDP	3.00	3.00	2.36	2.60	1.3
Ratio of total outstanding debt of the Government to GSDP	27.3	27.3	Not available in the budget	25.0	21.8

The State achieved the targets set in the FRBM Act by eliminating the Revenue Deficit in 2006-07 turning the deficit into a Revenue Surplus of ₹ 946 crore which consistently improved to ₹ 2,665 crore in 2013-14, except in 2009-10 when there was a Revenue Deficit of ₹ 10 crore.

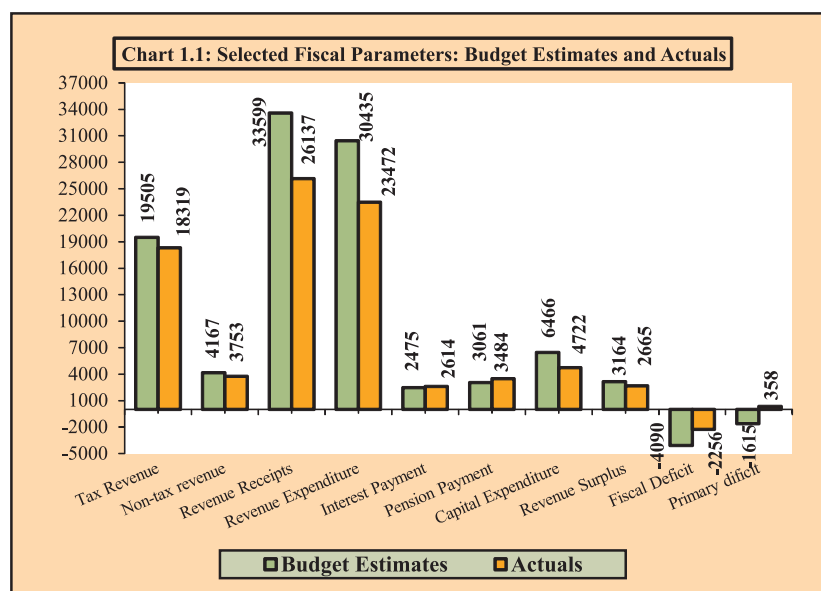
During 2013-14, the percentage of Fiscal Deficit (₹ 2,256 crore) to GSDP at 1.3 *per cent* was well within the limit of three *per cent* estimated under FRBM Act and ThFC projection. It was also within the MTFP target of 2.60 *per cent*.

The Debt-GSDP ratio of the State was 21.8 *per cent* during 2013-14 which was well within the estimate of 27.3 *per cent* of FRBM Act and ThFC. Debt-GSDP was also very much within the MTFP target of 25 *per cent* for the year.

1.1.3 Budget estimates and actuals

The budget papers presented by the State Government provide descriptions of projections or estimations of revenue and expenditure for a particular fiscal year. The importance of accuracy in the estimation of revenue and expenditure is widely accepted in the context of effective implementation of fiscal policies for overall economic management. Deviations from the Budget Estimates are indicative of non-attainment and non-optimisation of the desired fiscal objectives due to a variety of causes, some within the control of the Government and some beyond the control of the Government.

Chart 1.1 presents a comparative analysis of the budget estimates and actuals for some important fiscal parameters for 2013-14.



The above chart shows that actual receipts and expenditures, except interest and pension payments, were less than the budget estimates prepared by the State Government for 2013-14. The shortfall in actual Revenue Receipts (by ₹ 7,462 crore) was mainly due to less receipt of Grants-in-aid from GOI (by ₹ 5,862 crore) than the budget estimates. The decrease in actual Revenue Expenditure (by ₹ 6,963 crore) was due to decrease in actual expenditure incurred on Social Services (by ₹ 4,191 crore) and Economic Services (₹ 2,862 crore) during 2013-14.

The Capital Expenditure of the State was less than the Budget Estimates by ₹ 1,744 crore due to less expenditure on Social Services (by ₹ 454 crore) and Economic Services (by ₹ 1,227 crore) against what was budgeted, which is a matter of concern for the State.

1.1.4 Gender Budgeting

As per budget document it was observed that gender budgeting was not introduced in the State budget. However, we noticed in budget speech and Appropriation Accounts of the State that State Government made provisions for women and girls during 2013-14 in State budget, as shown below:

Table 1.3: Budget provision and expenditure for women

(₹ in crore)

Scheme	Budget Provision	Expenditure	Savings
Kishori Shakti Yojna	2.2	0.30	1.90
Rajiv Gandhi Scheme for Empowerment of Adolescent Girls	57.54	25.14	32.40
Indira Gandhi Matritwa Sahyog Yojna	9.00	3.19	5.81
Mukhyamantri Kanyadan Yojna	15.00	12.79	2.21
Skill Development Programme for Women and Adolescent Girls	3.00	0.00	3.00

Source: Detailed Appropriation Accounts

From the **Table 1.3** it would be seen that:

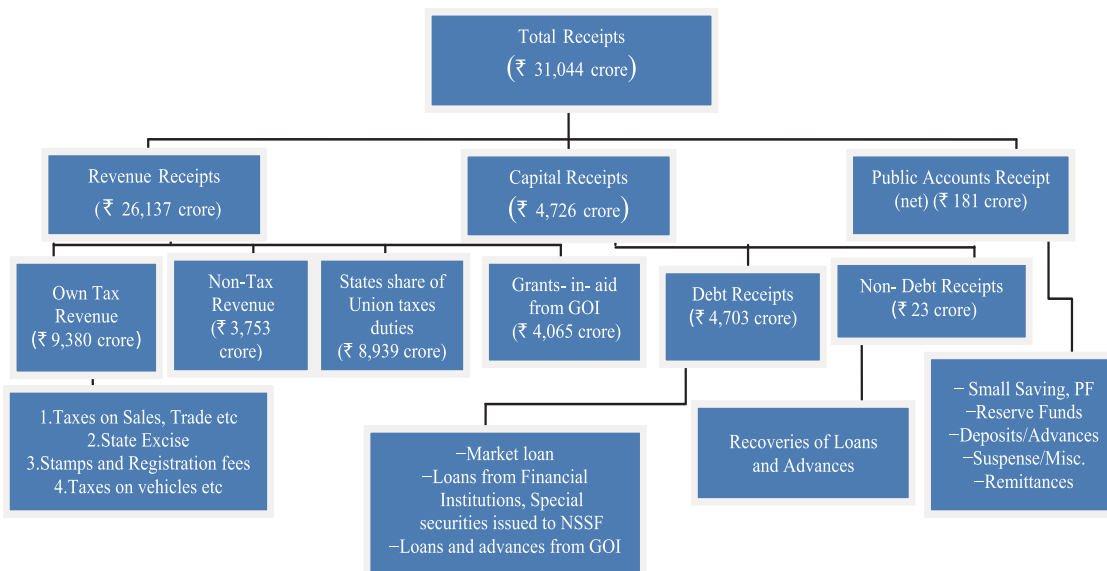
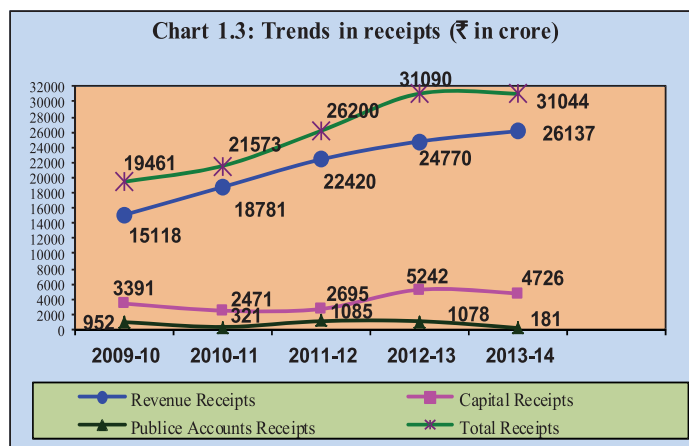
- Out of total provision of ₹ 2.20 crore for the Kishori Shakti Yojna during 2013-14, ₹ 0.30 crore only was spent resulting in savings of ₹ 1.90 crore (86 per cent).
- Similarly out of total ₹ 57.54 crore budgeted during 2013-14 under Rajiv Gandhi Scheme for Empowerment of Adolescent Girls ₹ 25.14 crore only was spent resulting in savings of ₹ 32.40 crore (56 per cent).

1.2 Resources of the State

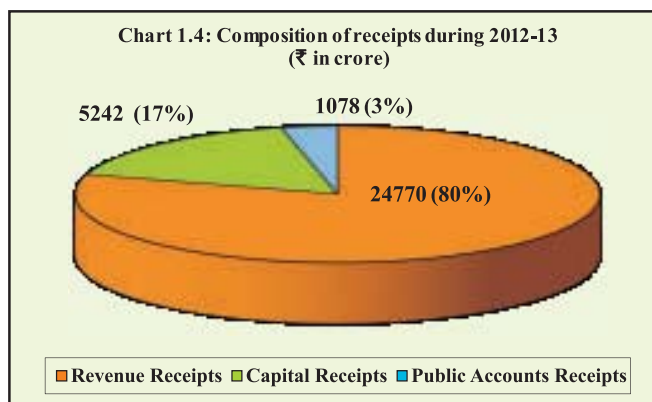
1.2.1 Resources of the State as per Annual Finance Accounts

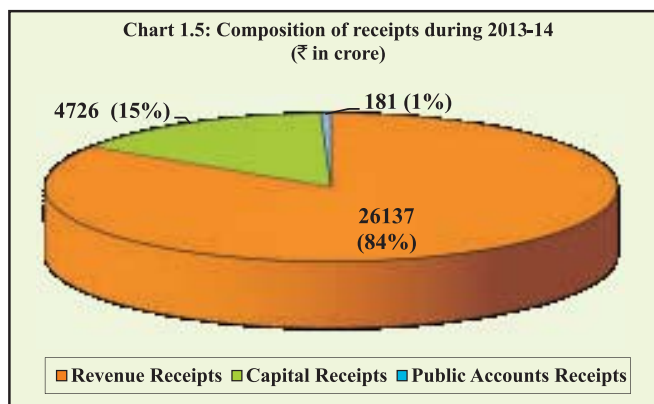
Revenue and Capital are the two streams of receipts that constitute the resources of the State Government. Revenue Receipts consist of Own Tax Revenues, Non-Tax Revenues, State's Share of Union Taxes and Duties and Grants-in-aid from the GOI. Capital receipts comprise Miscellaneous Capital Receipts such as proceeds from disinvestments, recoveries of Loans and Advances, Debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and Loans and Advances from GOI. Besides, funds available in Public Accounts after disbursement is also utilised by the Government to finance its deficit. **Table 1.1** (at page 2) presents the receipts and disbursements of the State during the current year 2013-14 as recorded in its Annual Finance Accounts. Flow chart showing the components and sub-components of resources during the year 2013-14 is given in **Chart 1.2**. **Chart 1.3** depicts the trend in various components of the receipts of the State during the period 2009-10 to 2013-14.

Chart 1.2: Components and sub-components of resources



Charts 1.4 and 1.5 depict the composition of resources of the State during 2012-13 and 2013-14 respectively.





It may be seen from **Chart 1.2** to **Chart 1.5** that:

- The Total Receipts of the State increased from ₹ 19,461 crore in 2009-10 to ₹ 31,044 crore in 2013-14. The Total Receipts of the State decreased by ₹ 46 crore during 2013-14 over the previous year.
- Share of Revenue Receipts to Total Receipts fluctuated between 78 *per cent* and 87 *per cent* during 2009-14. It decreased from 87 *per cent* in 2010-11 to 86 *per cent* in 2011-12 and 80 *per cent* in 2012-13 due to comparatively higher growth of Capital Receipts. However, it increased to 84 *per cent* in 2013-14 due to decline in debt and public accounts receipts.
- The Debt Capital Receipts decreased by 10 *per cent* in 2013-14 due to decrease in Internal Debt over the previous year. The CAGR of Debt Capital Receipts was 8.65 *per cent* during the period 2009-14.
- Net Public Account receipts decreased from ₹ 1,078 crore (three *per cent* of Total Receipts) in 2012-13 to ₹ 181 crore (one *per cent* of Total Receipts) in 2013-14.

1.2.2 Funds transferred to State implementing agencies outside the State Budget

The Central Government has been transferring sizeable quantum of funds directly to the State Implementing Agencies¹ for implementation of various schemes/programmes in Social and Economic sectors, which are recognised as critical. In the present mechanism these funds are not routed through the State Budget/State Treasury System. Hence, expenditure of these funds has not been mentioned in the Finance Accounts of the State. As such, the Annual Finance Accounts do not provide a complete picture of the resources of the State. To present the holistic picture on availability of aggregate resources, funds directly transferred to State implementing agencies are given in **Table 1.4**.

During the year 2013-14, Central funds of ₹ 2,601.80 crore were transferred directly to the State implementing agencies. The programmes assisted by

¹ State Implementing Agencies include any organisation/institution including non-Government organisation 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 Sarva Siksha Abhiyan, State Health Mission for National Rural Health Mission, etc.

Government of India whose funds were transferred and the concerned State Implementing Agencies are presented in **Table 1.4**.

Table 1.4: Funds released by GOI directly to State Implementing Agencies

(₹ in crore)

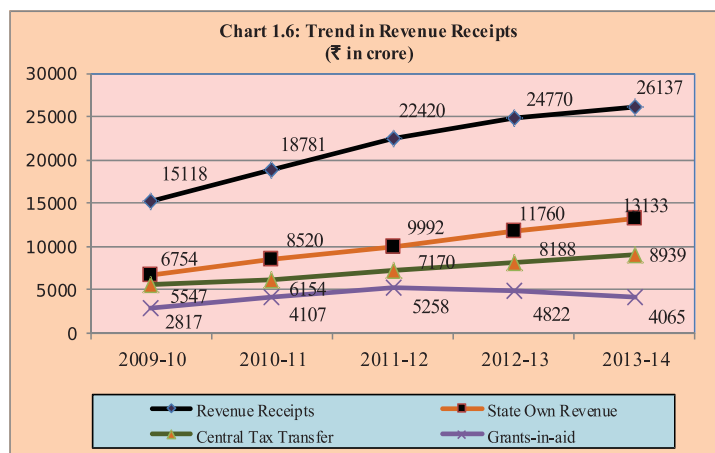
Programme/scheme	Implementing agency in the State	Funds transferred directly by GOI	
		2012-13	2013-14
Mahatma Gandhi National Rural Employment Guarantee scheme	Jharkhand State Rural Employment Guarantee Council	809.17	621.43
Indira AwaasYojana	District Rural Development Agencies	138.27	352.69
Swarnjayanty Gram SwarojgarYojana; District Rural Development Agency (Administration); Integrated Watershed Management Programme; AAJEEVIKA	District Rural Development Agencies	10.23	48.44
Sarva Shiksha Abhiyan	Jharkhand Education Project Council	561.84	450.11
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.	281.32	317.27
National Rural Drinking Water Programme; Central Rural Sanitation Programme	Jharkhand State Water and Sanitation Mission	307.23	243.29
Member of Parliament Local Area Development Scheme	District Magistrates	88.50	97.50
Schemes implemented by NGOs and other societies	NGOs and other Societies	425.35	471.07
Total		2621.91	2601.80

Source: Appendix-VII of Finance Accounts

Direct transfers of funds from the GOI to State implementing agencies run 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.

1.3 Revenue Receipts

Statement-11 of the Finance Accounts details the Revenue Receipts of the Government. The Revenue Receipts consist of its Own Tax Revenue, Non-Tax Revenue, Central Tax transfers and Grants-in-aid contribution from GOI. The trends and composition of Revenue Receipts over the period 2009-14 are presented in **Appendix 1.3** and also depicted in **Chart 1.6**.



An analysis of Revenue Receipts of the State revealed that:

- During 2013-14, the Revenue Receipts grew at 5.5 *per cent* over the previous year against 10.5 *per cent* growth during 2012-13. However, in comparison to the budget estimate, the Revenue Receipts were less by ₹ 7,462 crore during 2013-14. The CAGR of Revenue Receipts during 2009-14 was 14.67 *per cent*.
- Own Tax Revenue was about two times of Non-tax Revenue during the period 2009-10, which increased to 2.5 times during 2013-14.
- During 2013-14, 50 *per cent* of total Revenue Receipts came from Central Tax Transfer and GOI grants, while State's Own Resources contributed the balance.
- During the current year, total Revenue Receipts (₹ 26137 crore) comprised of State's Own Tax Revenue (OTR) ₹ 9,380 crore (36 *per cent*), Non-Tax Revenue (NTR) ₹ 3,753 crore (14 *per cent*), Central Tax transfer (CTT) ₹ 8,939 crore (34 *per cent*) and Grants-in-aid from GOI ₹ 4,065 crore (16 *per cent*). The receipts under OTR, NTR and CTT grew at 14 *per cent*, Six *per cent* and Nine *per cent* respectively during 2013-14 over the previous year whereas receipts under Grants-in-aid from GOI decreased at 16 *per cent* during 2013-14 over the previous year.

The trend of Revenue Receipts relative to GSDP is presented in **Table 1.5**.

Table 1.5: Trends in Revenue Receipts relative to GSDP

(₹ in crore)

	2009-10	2010-11	2011-12	2012-13	2013-14
Revenue Receipts (RR) (₹ in crore)	15118	18781	22420	24770	26137
Rate of growth of RR (<i>Per cent</i>)	14.4	24.2	19.4	10.5	5.5
R R/GSDP (<i>Per cent</i>)	15.0	14.8	16.5	16.3	15.1
State's Own Tax / GSDP	4.5	4.5	5.1	5.4	5.4
Growth rate of GSDP	14.6	26.5	6.6	11.8	13.9
Buoyancy Ratios²					
Revenue Buoyancy w.r.t GSDP	0.99	0.91	2.94	0.89	0.40
State's Own Tax Buoyancy w.r.t GSDP	1.36	1.02	3.27	1.55	1.01
Revenue Buoyancy w.r.t. State's own taxes	0.72	0.90	0.90	0.57	0.37

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*.

- The growth rate of Revenue Receipts increased significantly from 14.4 *per cent* in 2009-10 to 24.2 *per cent* in 2010-11. However, it gradually decreased to 5.5 *per cent* during 2013-14.
- Revenue buoyancy with respect to GSDP showed wide fluctuations ranging between 0.40 and 2.94 during the years 2009-10 to 2013-14. In 2011-12, it was highest (2.94) due to high growth rate of Revenue Receipts (19.4 *per cent*) and low growth rate of GSDP (6.6 *per cent*). During 2013-14, growth rate of Revenue Receipts was 5.5 *per cent* while the growth rate of GSDP was 13.9 *per cent* leading to fall in revenue buoyancy to 0.40.
- The State's Own Tax (SOT) buoyancy with respect to GSDP showed wide variations between 1.01 and 3.27 during 2009-14, due to wide fluctuation in the growth rate of both GSDP and Own Tax Revenue. The buoyancy decreased from 1.55 in 2012-13 to 1.01 in 2013-14.
- The growth rate of GSDP of the Jharkhand recorded wide variation from 6.6 *per cent* to 26.5 *per cent* during the years 2009-10 to 2013-14. The GSDP grew by 13.9 *per cent* in 2013-14. However, the CAGR of the GSDP during 2009-14 was 14.47 *per cent*.

1.3.1 State's Own Resources

As the State's share in Central Taxes and Grants-in-aid is determined on the basis of recommendations of the Finance Commission, the State's performance in mobilisation of resources was assessed in terms of its own resources comprising own tax and other non-tax sources.

The State's actual Own Tax and Non-Tax Receipts for the year 2013-14 vis-à-vis assessment made by Thirteen Finance Commission and budget estimates are given in the **Table 1.6**.

Table 1.6: Tax and Non-Tax receipts

(₹ in crore)

	ThFC projections	Budget estimates	Actual
Own Tax Revenue	11137.16	10117.90	9379.79
Non-Tax Revenue	4068.3	4167.13	3752.71

Source: ThFC report, Budget document and Finance Accounts of the State 2013-14

During 2013-14, the collection of State's Own Tax Revenue was ₹ 9,379.79 crore against the normative projection made by ThFC of ₹ 11,137.16 crore and budget of ₹ 10,117.90 crore. The main reason for short achievement was lesser collection of Sales Tax and Taxes on Vehicles than estimated. The actual collection under these heads was ₹ 7,305 crore and ₹ 495 crore against the budget estimate of ₹ 7,875 crore and ₹ 639 crore respectively during the year.

The Own Tax to GSDP ratio in 2013-14 (6.63 *per cent*) was significantly less than the ThFC norms of 6.63 *per cent* and MTFP target of 5.4 *per cent* for the year.

The Non-tax revenue of the State (₹ 3,752.71 crore) was less than ThFC projection of ₹ 4,068.30 crore for the year 2013-14.

1.3.1.1 Own Tax Revenue

The gross collection in respect of major taxes and duties are given in Table 1.7.

Table 1.7: Components of Own Tax Revenue

(₹ in crore)

Revenue Head	2009-10	2010-11	2011-12	2012-13	2013-14	Percentage increase during 2013-14 over previous year
Taxes on Sales, Trade, etc.	3597	4473	5522	6422	7305	13.74
State Excise	323	388	457	578	628	8.65
Taxes on Vehicles	234	312	392	465	495	6.45
Stamps and Registration Fees	238	328	401	492	502	2.03
Land Revenue	41	131	53	96	230	139.58
Taxes on Goods & Passengers	13	21	41	1	1	0.00
Other Taxes	54	64	88	170	219	28.82
Total Own Tax Revenue	4500	5717	6954	8224	9380	14.06

Source: Finance Accounts for the respective years

The Own Tax Revenue of the State increased from ₹ 4,500 crore in 2009-10 to ₹ 9,380 crore in 2013-14. It grew by 14.06 *per cent* in 2013-14 over the previous year. The CAGR of Own Tax Revenue of the State was 20.16 *per cent* during the period 2009-14. Out of the total Own Tax Revenue in 2013-14, Sales Tax contributed 78 *per cent* followed by State Excise (seven *per cent*), Stamp Duty and Registration (five *per cent*) and Taxes on vehicles (five *per cent*).

Commercial Tax Department attributed the increase in tax revenue of Value Added Tax/Sales Tax during 2013-14 to better and effective tax administration as well as recovery of substantial dues of ₹ 72.52 crore. The reason for increase in Land Revenue in 2013-14 over the previous year was stated as deposit of dues amounting to ₹ 129 crore during the period. Increase in Other Taxes during 2013-14 was mainly due to increase in Taxes and Duties on Electricity. The reason for increase in Taxes and Duties on Electricity during the period was attributed to better tax administration by the department.

1.3.1.2 Non-Tax Revenue

Non-Tax Revenue (NTR) collected during 2013-14 was ₹ 3,753 crore against the normative projection of ₹ 4,068 crore by the ThFC for the year.

Component-wise position of Non-Tax Revenue during 2009-14 is given in Table 1.8.

Table 1.8: Component-wise Non-Tax Revenue

(₹ in crore)

Revenue Head	2009-10	2010-11	2011-12	2012-13	2013-14
Interest receipts	153.20	98.74	44.16	72.23	69.48
Dividends & Profits*	0.00	0.40	1.17	15.00	18.00
Other non-tax receipts	2100.95	2703.75	2992.89	3448.40	3665.23
Total	2254.15	2802.89	3038.22	3535.63	3752.71

Source: Finance Accounts for the respective years

*Dividends and Profits during 2009-10 was nil.

The share of NTR in Revenue Receipts remained 14 *per cent* in both 2012-13 and 2013-14. The NTR increased by six *per cent* in 2013-14 over the previous year mainly due to more collection under Mining and Metallurgical Industries (by ₹ 88 crore) and other receipts (by ₹ 146 crore). The CAGR of Non-tax Revenue was 13.59 *per cent* during 2009-14.

1.3.1.3 Cost of Collection of Tax

The gross collection of major taxes and expenditure on collection during 2013-14 are given in **Table 1.9**.

Table 1.9: Cost of collection of Tax

Sl. No.	Head of Accounts	Gross collection during 2013-14	Expenditure on collection	Percentage of expenditure to gross collection during 2012-13	Percentage of expenditure to gross collection during 2013-14	All India average
1	Taxes on Sales Trade etc.	7305.08	47.29	0.57	0.65	0.73
2	Taxes on vehicles	494.79	5.16	0.97	1.04	4.17
3	State Excise	627.93	14.79	2.58	2.36	2.96
4	Stamp & Registration Fee	502.61	12.37	2.28	2.46	3.25

Source: Finance Accounts of the Government of Jharkhand

The above table indicates that during 2013-14 the cost of collection increased in respect of all the taxes except on State Excise which decreased from 2.58 *per cent* to 2.36 *per cent* as compared to previous year. However, the State's cost of collection during the year was lower than all India average cost of collection³ in respect of taxes mentioned in **Table 1.9**.

1.3.2 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 **Table 1.10**.

Table 1.10: Component-wise grants released by GOI

(₹ in crore)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Non-Plan Grants	1145.33	1281.40	1550.77	1483.41	1319.91
Grants for State Plan Schemes	982.97	1826.99	2404.61	2393.94	1565.83
Grants for Central Plan Scheme	55.05	8.62	66.87	30.81	28.28
Grants for Centrally Sponsored Schemes	633.28	990.24	1235.16	914.05	1150.96
Total	2816.63	4107.25	5257.41	4822.21	4064.98
Percentage of increase over previous year	33	46	28	(-)8	(-)16
Total grants as a percentage of Revenue Receipts	18.63	21.87	23.45	19.47	15.55

Source: Finance Accounts of Government of Jharkhand

- During 2013-14, Grants-in-aid from GOI stood at ₹ 4,064.98 crore, which decreased (by 16 *per cent*) from ₹ 4,822.21 crore in 2012-13.

³ For the year 2012-13.

- Non-Plan grants from GOI decreased from ₹ 1,483.41 crore in 2012-13 to ₹ 1,319.91 crore in 2013-14 mainly because more grants were received during 2012-13 under proviso to Article 275 (1) of the Constitution.
- During 2013-14 the State Plan grants also decreased significantly from ₹ 2,393.94 crore in 2012-13 to ₹ 1,565.83 crore in 2013-14 due to non-receipt of block grants for Accelerated Irrigation Benefit Programme, Backward Region Grant Fund and additional Central Assistance for State Plan under RKVY.
- No Debt relief was received by the State during 2013-14 under Debt Consolidation and Relief Facility.

1.3.3 Central Tax transfer

During 2013-14, the Central Tax transfer (CTT) was ₹ 8,939 crore against ₹ 8,188 crore in 2012-13. The CTT of the State increased by ₹ 751 crore (nine *per cent*) during 2013-14 over the previous year. The increase was mainly under Service Tax (₹ 260 crore), Taxes on Income other than Corporation Tax (₹ 219 crore), Union Excise Duty (₹ 106 crore) and Customs Duty (₹ 97 crore). The CTT constituted 34 *per cent* of Revenue Receipts of the State during 2013-14.

1.3.4 Optimisation of the Thirteenth Finance Commission grants

The Thirteenth Finance Commission recommended grants to Government of Jharkhand to improve the functioning of its various departments. The financial status of some of the grants received during 2013-14 is given in **Table 1.11**.

Table 1.11: Optimisation of the Thirteen Finance Commission grants

(₹ in crore)

Sl. No.	Transfers	Grants on the recommendation of the ThFC	Expenditure under relevant head of account	Unutilized amount
1	Forest and Environment Department	48.12	30.38	17.74
2	Home Department	74.50	74.50	0.00
3	Labour, Employment and Training Department	52.75	43.55	9.20
4	Law Department	21.43	7.07	14.36
6	Planning & Development Department	4.80	0.00	4.80
7	Disaster Management Department	5.00	0.00	5.00
8	Rural Development Department	67.49	62.75	4.74
	Information Technology Department	57.91	57.90	0.01
9	Urban Development Department	121.86	47.43	74.45
10	Water Resources Department	24.67	0.00	24.67
11	Minor Irrigation Department	2.33	0.00	2.33
	Welfare Department	31.25	0.00	31.25
12	Art, Culture, Sports and Youth Affairs Department	25.00	22.00	3.00
13	Rural Works Department	84.09	17.41	66.68
14	Panchayati Raj	256.33	78.94	177.39
15	Primary and Public Education	216.83	0.00	216.83
16	Social Welfare, Women and Child Development Department	54.00	48.62	5.38
	Total	1148.36	490.55	657.81

Source: Detailed Appropriation Accounts 2013-14

It can be seen from the **Table 1.11** above that out of the total amount of grants provided by the Government of India under recommendations of the ThFC (₹ 1,148.36 crore), only 43 *per cent* (₹ 490.55 crore) was utilised and 57 *per cent* (₹ 657.81 crore) remained unutilised at the end of 2013-14. Scheme-wise details are given in **Appendix 1.5**.

1.3.5 Forgone Revenue

1.3.5.1 Under-assessment, non levy, short levy of taxes

From scrutiny of records of 131 units of Taxes on Sales, Trade, etc., State excise, Land revenue, Taxes on Vehicles, Stamp and Registration fees and Mining Receipts during 2013-14, we observed 20,230 cases of under assessment, non levy, short levy etc. involving ₹ 2,313.83 crore. During the year 2013-14, the departments accepted 16,296 cases amounting to ₹ 542.57 crore. During the same period, the departments affected recovery of ₹ 8.47 crore in 377 cases.

1.3.5.2 Revenue arrears

As on 31 March 2014, revenue arrears amounted to ₹ 3,016.16 crore in four Departments (Commercial Taxes, Transport, State Excise and Mines and Geology) out of which ₹ 1,368.51 crore was outstanding for more than five years. The major portion of the revenue arrears related to Commercial Taxes Department (₹ 1,704.67 crore) and Mines and Geology Department (₹ 1,024.74 crore). Information regarding revenue arrears from other departments was not furnished (August 2014).

The total revenue arrears as on 31 March 2014 were eight *per cent* of total revenue of the State and 15 *per cent* of States' own resources during 2013-14.

1.4 Capital Receipts

Apart from revenue receipts of the State, the State also received capital receipts, which comprise of proceeds from disinvestments, recovery of loans and advances given by the government, internal borrowings of the government from financial institutions and Loans and Advances from Government of India (GOI). Details of capital receipts during 2009-14 are given in **Table 1.12**.

Table 1.12: Trends in growth and composition of receipts

Source of State's Receipts	2009-10	2010-11	2011-12	2012-13	2013-14
Capital Receipts (CR)	3391	2471	2695	5242	4726
Miscellaneous Capital Receipts	0	0	0	0	0
Recovery of Loans and Advances	22	24	24	43	23
Public Debt Receipts	3369	2447	2671	5199	4703
Rate of growth of debt capital receipts (<i>per cent</i>)	38.2	-27.4	9.2	94.6	-9.5
Rate of growth of non-debt capital receipts (<i>per cent</i>)	15.6	9.1	0.0	79.2	-46.51
Rate of growth of GSDP	14.6	26.5	6.6	11.8	13.9
Rate of growth of CR (<i>per cent</i>)	38.1	-27.1	9.1	94.5	-9.8

Source: Finance Accounts of Government of Jharkhand for the respective years

During 2013-14, Capital Receipts decreased to ₹ 4,726 crore against ₹ 5,242 crore in 2012-13 mainly due to decrease in Public Debt Receipts. Further,

Public Debt Receipts decreased due to significant decrease in market loans from ₹ 3,600 crore in 2012-13 to ₹ 2,950 crore in 2013-14.

As per Finance Accounts, proceed from disinvestment was 'nil' during 2013-14.

1.4.1 Recoveries from loans and advances

The recovery against the loans and advances given was very low. Detail of loans given and recovery made during last five years are as given below:

Table 1.13: Loans and Advances

(₹ in crore)					
Years	2009-10	2010-11	2011-12	2012-13	2013-14
Opening balance of Loans	6415	6713	6997	7190	7748
Loans given	320	308	21	601	222
Recovery made	22	24	24	43	23
Closing balance of loans	6713	6997	7190	7748	7947

Jharkhand State Electricity Board (JSEB) was the major recipient of loans and advances given every year but no repayment was made against the same leading to huge balance of ₹ 7,300.55 crore against JSEB. Repayment received was mainly against the loans and advances given to the Government servants. The CAGR of the loans given and of the closing balance of loans were (-) 8.74 and 4.31 *per cent* respectively during the period 2009-14.

1.4.2 Debt receipts from internal sources

To fulfill its resource gap and to meet the capital expenditure, the State raises funds from the internal market. The internal market borrowings increased from ₹ 3,379 crore in 2009-10 to ₹ 4,597 crore in 2013-14. During 2013-14, the major contributor in internal debt was market loans (₹ 2,950 crore) and loans from National Bank for Agriculture and Rural Development (₹ 750 crore). Ways and Means advances received during the year were ₹ 316 crore.

1.4.3 Loans and advances from Government of India (GOI)

Loans and advances from GOI recorded wide fluctuation during 2009-14. It increased from (-) ₹ 10 crore in 2009-10 to ₹ 239 crore in 2012-13. However, loans from GOI decreased to ₹ 106 crore during 2013-14. Loans and advances from GOI were received for State Plan schemes. No fresh loans were received for Central Plan Schemes and Centrally Sponsored Schemes during 2009-10 to 2013-14.

1.5 Public Accounts Receipts

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 under Article 266(2) of the Constitution and not subjected to vote by the State legislature, are kept in Public accounts. Here the Government acts as a banker. The balance after disbursements is the fund available with the government for use. Trend in Public Accounts Receipts given in **Table 1.14**.

Table 1.14: Trends in Public Accounts Receipts

(₹ in crore)

Resources under various heads	2009-10	2010-11	2011-12	2012-13	2013-14
Public Accounts Receipts	8242	7721	10813	14495	14275
Small Savings, Provident Fund etc.	687	572	613	668	760
Reserve Fund	489	Nil	138	280	293
Deposits and Advances	4150	3670	5236	8706	7204
Suspense and Miscellaneous	204	181	306	199	-59
Remittances	2612	3298	4520	4642	6077

Source: Finance Accounts of Government of Jharkhand for the respective years

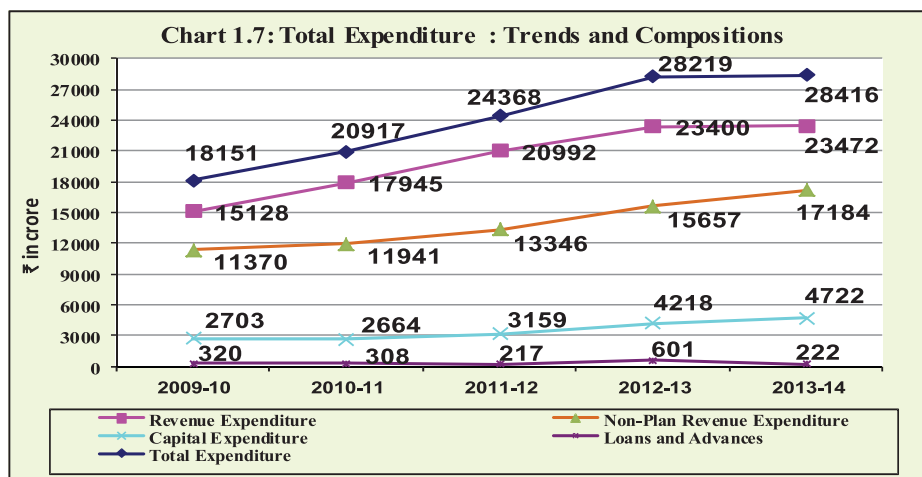
Deposit and Advances in Public Accounts Receipts increased from ₹ 4,150 crore in 2009-10 to ₹ 8,706 crore in 2012-13 which further decreased to ₹ 7,204 crore in 2013-14 mainly due to significant decrease in Deposit of Market Loans by ₹ 650 crore, Public Works Deposits ₹ 487 crore and State Electricity Board Working Funds by ₹ 310 crore. The CAGR of Public Accounts Receipts was 14.72 per cent during the period 2009-14.

1.6 Application of resources

Analysis of the allocation of expenditure at the State Government level assumes significance since major expenditure responsibilities are entrusted with 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 ongoing fiscal correction and consolidation process at State level is not at the cost of expenditure, especially the expenditure directed towards development of social sector.

1.6.1 Growth and Composition of Expenditure

Chart 1.7 presents the trends in Total Expenditure and its composition over a period of the last five years (2009-14).



- Over the last five years, the Compound Annual Growth Rate (CAGR) of Total Expenditure (TE) was 11.86 per cent. During 2013-14 the amount of Total Expenditure of the State was slightly higher (₹ 197 crore) than that of 2012-13.

- Of the TE, Revenue Expenditure constituted 83 *per cent* while Capital Expenditure constituted 16 *per cent*. Loans and Advances disbursed constituted only one *per cent* of the TE.
- Of the Total Expenditure Non-Plan expenditure and Plan expenditure constituted 60 *per cent* and 40 *per cent* respectively during 2013-14 against 56 *per cent* and 44 *per cent* respectively in 2012-13.

1.6.1.1 Capital Expenditure

- During 2013-14, Capital Expenditure (CE) increased to ₹ 4,722 crore against ₹ 4,218 crore in 2012-13. The percentage of CE to Total Expenditure stood at 17 during 2013-14 against 15 during 2012-13. The percentage of CE to GSDP was 2.7 during 2013-14 against 2.8 during 2012-13.
- Capital expenditure in Education sector increased from ₹ 90.76 crore in 2012-13 to ₹ 145.21 crore in 2013-14. However, the CE in Education sector was much less than budgeted ₹ 269.41 crore for the year 2013-14.
- In respect of Health and Family Welfare sector, the CE increased from ₹ 146.84 crore in 2012-13 to ₹ 166.18 crore in 2013-14. However, the expenditure in this sector during 2013-14 was much less than budgeted ₹ 291.80 crore.
- The CE on Water Supply, Sanitation, Housing and Urban Development decreased from ₹ 487.43 crore in 2012-13 to ₹ 342.07 crore in 2013-14. The budget for water supply, sanitation housing and urban development for the year was ₹ 380.50 crore against ₹ 1,035.20 crore in 2012-13.

1.6.2 Revenue Expenditure (RE)

Revenue Expenditure (RE) was 83 *per cent* of the Total Expenditure (₹ 28,416 crore) during 2013-14. The RE increased (by 55 *per cent*) from ₹ 15,128 crore in 2009-10 to ₹ 23,472 crore in 2013-14. The CAGR of RE was 11.61 *per cent* during the period.

During 2013-14, RE was 13.6 *per cent* of GSDP. While the buoyancy of RE with GSDP decreased from 0.97 in 2012-13 to 0.02 in 2013-14 because growth rate of RE decreased from 11.5 *per cent* in 2012-13 to 0.3 *per cent* in 2013-14, the GSDP grew at 11.8 *per cent* in 2012-13 and 13.9 *per cent* in 2013-14.

1.6.2.1 Plan Revenue Expenditure (PRE)

During 2013-14, the Plan Revenue Expenditure (PRE) was ₹ 6,288 crore in comparison to the budget estimate of ₹ 11,926 crore. The PRE decreased by 19 *per cent* from ₹ 7,743 crore in 2012-13. The share of PRE in total RE decreased from 33 *per cent* in 2012-13 to 27 *per cent* in 2013-14. The decrease in PRE was due to decrease in Social Services (by ₹ 154 crore) and Economic Services (by ₹ 1,347 crore) with a marginal increase in General Services (by ₹ 46 crore). The CAGR of PRE during 2009-14 was 13.73 *per cent*.

1.6.2.2 Non-Plan Revenue Expenditure (NPRE)

During 2013-14, the NPRE was ₹ 17,184 crore as against the budget estimate of ₹ 18,509 crore and ₹ 16,819.45 crore recommended by the ThFC. The growth rate of NPRE decreased from 17 *per cent* in 2012-13 to 10 *per cent* in 2013-14. The percentage of NPRE to the Total Revenue Expenditure varied between 64 and 75 during the period 2009-14. During 2013-14, the NPRE was 73 *per cent* of Revenue Expenditure. The CAGR of NPRE of the State during 2009-14 was 10.88 *per cent*.

During 2013-14, under Social Services the NPRE was mainly incurred on Education (₹ 2,876.19 crore), Health and Family Welfare (₹ 604.47 crore), Social Welfare and Nutrition (₹ 318.72 crore) and Water Supply, Sanitation, Housing and Urban Development (₹ 300.97 crore). Under Economic Services, NPRE was incurred mainly on Energy (₹ 1,502.36 crore), Rural Development (₹ 610.13 crore), Agriculture & Allied Activities (₹ 418.62 crore) and Irrigation and Flood control (₹ 303.39 crore).

1.6.3 Committed Expenditure

The committed expenditure of the State Government on revenue account mainly consists of expenditure on salaries and wages, subsidies, pension and interest payments. **Table 1.15** and **Chart 1.8** present the trend in the expenditure on these components during 2009-14.

Table 1.15: Components of Expenditure on Salaries and Wages, Subsidies, Pension and Interest Payments

(₹ in crore)

Components of Committed Expenditure	2009-10	2010-11	2011-12	2012-13	2013-14	
					Budget Estimates [#]	Actual
Salaries* and Wages , of which	5342 (35)	5642(30)	6352(28)	6446(26)	8668	6934(27)
Non-Plan heads	5154 (34)	5434(29)	6150(27)	6270(25)	8153	6766(26)
Plan heads	188 (1)	208(1)	202(1)	176(1)	515	168(1)
Interest Payments	2307(15)	2228(12)	2267(10)	2391(10)	2475	2614(10)
Pension	1681(11)	2081(11)	2297(10)	2931(12)	3061	3484(13)
Subsidies	41(0.3)	80	286(2)	270(1)	₹	187(1)
Total	9371 (62)	10031 (53)	11202(50)	12054(49)	14204	13219(51)

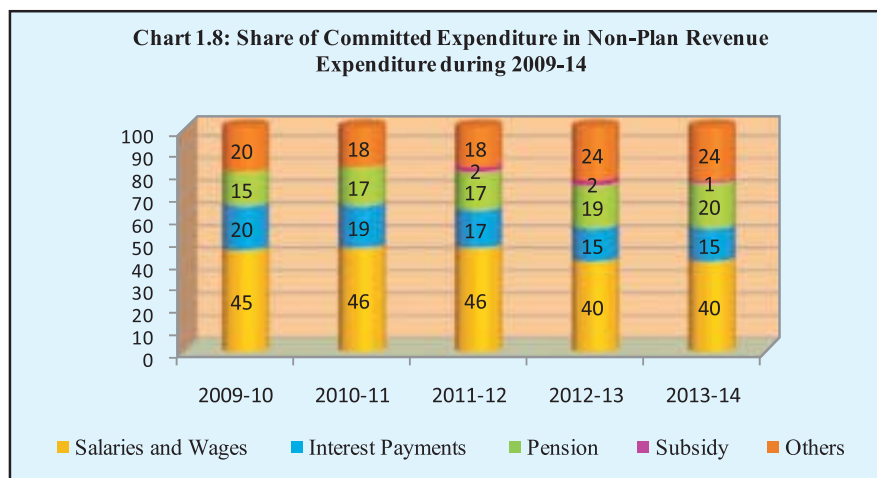
Source: Finance Accounts of Government of Jharkhand

Figures in parentheses indicate percentage of Revenue Receipts

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

[#] Budget Estimates are gross figures while the actuals are net figures.

₹ Budget not available



Subsidy w.r.t. NPPE in per cent comes to negligible during the years 2009-10 & 2010-11

Salaries & Wages (₹ 6,934 crore), Interest Payments (₹ 2,614 crore) and Pension (₹ 3,484 crore) together accounted for 55 *per cent* of the Revenue Expenditure and consumed 50 *per cent* of the Revenue Receipts during 2013-14. The Total Non-plan expenditure on Salaries, Pension and Interest Payments together accounted for 75 *per cent* of NPPE during 2013-14.

- The expenditure on Salaries and Wages constituted 28 *per cent* to 35 *per cent* of Revenue Expenditure (RE) during the years 2009-10 to 2013-14. The percentage of Salaries and Wages to RE increased from 28 in 2012-13 to 30 in 2013-14. Similarly, percentage of Salaries and Wages to Revenue Receipts increased slightly from 26 in 2012-13 to 27 in 2013-14. The CAGR of Salaries and Wages during the period 2009-14 was 6.74 *per cent*.
- Expenditure on Salaries and Wages under the Non-Plan heads during 2013-14 (₹ 6,766 crore) increased by ₹ 496 crore (eight *per cent*) over the previous year. The expenditure exceeded the normative projection of ThFC (₹ 5,881 crore) by ₹ 885 crore.

Pension

- The expenditure on Pension increased from ₹ 1,681 crore in 2009-10 to ₹ 3,484 crore in 2013-14, at a CAGR of 19.99 *per cent*. The growth rate during 2013-14 was also 19 *per cent* over the previous year. It exceeded the budget estimate (₹ 3,061 crore) for 2013-14 by ₹ 423 crore (14 *per cent*).
- The State adopted Contributory Pension Scheme from 01 January 2004 to reduce future burden of pension and pensionary benefits. The State Government entered into an agreement with New Pension System Trust on 20 March 2009.

Interest Payments

- Interest Payments during 2013-14 were ₹ 2,614 crore against the normative projection of ₹ 3,394 crore by the ThFC. The growth rate of Interest Payments was nine *per cent* over the previous year. As a percentage of Revenue Receipts, the Interest Payments were 10 *per cent*

during 2013-14. The CAGR of Interest paid by the State during 2009-14 was 3.17 *per cent*.

- Major components of Interest Payments during 2012-13 and 2013-14 are given in **Table 1.16** below:

Table 1.16: Components of Interest Payments

(₹ in crore)

Interest paid for	2012-13	Average interest rate	2013-14	Average interest rate
Internal debt	2018.33	8.50	2229.18	8.39
Loans and Advances from GOI	185.95	8.18	147.37	6.99
Small Savings, Provident fund etc.	186.23	12.09	235.96	15.18
Others	0.74	0.00	1.93	0.03
Total	2391.25	8.67	2614.44	7.22

Subsidy

- During 2013-14, Government of Jharkhand paid ₹ 187 crore⁴ as subsidy mainly under the head 2401-Crop Husbandry (₹ 152.97 crore), 2403-Animal Husbandry (₹ 12.68 crore) and 2852-Industries (₹ 17.01 crore) which was specifically booked under the sub-head meant for subsidy. The amount of subsidy decreased from ₹ 270 crore in 2012-13 to ₹ 187 crore in 2013-14.
- As per the Appendix III of the Finance Accounts for the year 2013-14, no subsidy was given for food, power and irrigation purposes.
- Subsidies are disbursed not only explicitly but also implicitly by providing subsidised public service to the people. During scrutiny of accounts for 2013-14 we observed that ₹ 60.94 crore (Grant no 51 and 58) was provided for distribution of bicycles to the students of which ₹ 55.94 crore was utilized. Further, ₹ 1,499.96 crore was provided as grants-in-aid to Jharkhand State Electricity Board to fulfill its resource gap.

1.6.4 Major programmes

Under Social Sector and Economic Sector many flagship programmes were implemented in the State for which funds were provided in the budget under State Plan (SP) and Central Plan (CP). During 2013-14, ₹ 16,016 crore was budgeted for flagship programmes under the State plan of which ₹ 11,169 crore was utilized. Under the Central Plan, ₹ 1,233.96 crore was utilised against ₹ 2,352 crore budgeted during the year. This excludes funds transferred directly to the State Implementing Agencies by the Central Government amounting to ₹ 2,601.80 crore as discussed in Para 1.2.2 of this report.

The budget provisions and actual expenditure incurred on some major programmes during 2013-14, under SP and CP are shown in **Table 1.17**.

⁴Appendix III of Finance Accounts

Table 1.17: Expenditure on major programmes

(₹ in crore)

Sl. No.	Name of programmes	Budget Provision	Expenditure
State Plan			
1	Major Roads	1295.00	1210.84
2	Minimum Need Programmes-Construction of Rural Roads	556.00	502.23
3	Subernarekha Project	1375.00	373.32
4	Chief Minister Village Bridge Scheme	477.90	370.72
5	Mukhyamantri Kanyadan Sahayata Yojna	360.74	313.76
Central Plan			
1	National Programme of Nutritional Support to Primary Education	738.48	461.66
2	Integrated Child Development Programme	224.84	143.82
3	National Rural Health Mission	111.55	67.75

As evident from **Table 1.17**, expenditure on Subernarekha Project (₹ 373.32 crore) was only 27 *per cent* of the total budget provided for the project (₹ 1,375.00 crore). Expenditure on National Programme of Nutritional Support to Primary Education (₹ 461.66 crore) was also significantly less in comparison to Budget estimate of ₹ 738.48 crore due to less expenditure on various components of Mid Day Meal (MDM) Programme.

1.6.5 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 2013-14 as compared to the last three years is presented in **Table 1.18**.

Table 1.18: Financial assistance to Local Bodies and other Institutions

(₹ in crore)

Financial Assistance to Institutions	2009-10	2010-11	2011-12	2012-13	2013-14
Panchayati Raj Institutions (PRIs)	-	875.69	581.06	3078.86	910.68
Urban Local Bodies (ULBs)	485.14	246.15	25.34	330.54	88.38
Public Sector Undertakings	602.64	491.55	777.00	450.02	1528.89
Autonomous Bodies	678.31	607.55	677.85	1837.02	2451.34
Non-Government Organisation	17.87	192.43	209.68	199.40	106.65
Others	548.98	708.34	2259.30	1054.48	1335.91
Total	2332.94	3121.71	4530.23	6950.32	6421.85
As percentage of Revenue Expenditure	15.42	17.31	21.58	29.70	27.36

Source: Statement 8 of Finance Accounts

Financial assistance given to Local Bodies increased steadily from ₹ 2,332.94 crore in 2009-10 to ₹ 6,950.32 crore in 2012-13 which decreased to ₹ 6,421.85 crore in 2013-14. The growth rate of the financial assistance fluctuated between (-) eight *per cent* and 53 *per cent* during 2009-14. Financial assistance to the ULBs and PRIs was provided through regular service heads of Urban Development Department and Rural Development Department instead of under head 3604-Financial assistance to ULBs and PRIs specified for the purpose. The amounts of assistance to PRIs and ULBs shown in the above table do not include amounts provided (₹ 597 crore) to Panchayati Raj Institution and Urban Local Bodies under the minor heads 191,

192, 193, 196, 197 and 198 under respective departmental expenditure heads of accounts.

1.6.6 Devolution of funds and functions to Urban Local Bodies and Panchayati Raj Institutions

Urban Local Bodies (ULBs)

The 74th Constitutional Amendment Act envisaged (1992) establishment 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 framed the 'Jharkhand Municipal Act, 2011 incorporating the 18 functions in the Act as indicated in **Appendix 1.6 Part-A** 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 1.19** below that the State Government provided financial assistances of ₹ 1,175 crore to the ULBs during the period 2009-14. There was steady decline in financial assistance to ULBs during the period 2009-12. However, it increased to ₹ 331 crore in 2012-13 which again decreased to ₹ 88 crore in 2013-14. This was mainly due to non-release of assistance for skill development and capacity promotion, civil amenities to ULBs, urban transport system etc.

Details of funds provided to ULBs are as follows:

Table 1.19: Funds made available to Urban Local Bodies

(₹ in crore)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14	Total
Revenue Receipt (RR) of the State	15118	18781	22420	24770	26137	107226
Revenue Expenditure (RE) of the State	15128	17945	20992	23400	23472	100937
Financial Assistance given to ULBs	485	246	25	331	88	1175
Financial Assistance as percentage to RR	3.21	1.31	0.11	1.34	0.34	1.10
Financial Assistance as percentage to RE	3.21	1.37	0.12	1.41	0.37	1.16
Own collection ⁵	-	3.23	18.84	-	-	22.07

The Second State Finance Commission constituted in January 2009 has not made any recommendation in respect of devolution of funds to ULBs as of September 2014. Further, information regarding transfer of functions and funds to the ULBs, was called for (September 2012, September 2013 and November 2013) from the Urban Development Department. Their reply has not been received (October 2014).

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.

In Jharkhand, the State Government has entrusted Technical Guidance and Supervision (TGS) over audit of Local Bodies (Urban Local Bodies and Panchayati Raj Institution) to Comptroller & Auditor General of India (C&AG) in October 2011. Accordingly, Bihar and Orissa Local Fund Audit Act, 1925 was amended in March 2012 comprising the provision for audit by Director of Local Fund Audit (DLFA) at the State level to whom the C&AG had to provide TGS. State Government created 22 posts (March 2013) to make DLFA functional but DLFA has not been operationalised till date and the Examiner, Local Accounts (ELA) is conducting audit of local bodies on test check basis as per TGS arrangement since April 2012.

Panchayati Raj Institutions

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 Eleventh Finance Commission the classification of the funds transferred to PRIs is 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 the rural people. At present, there are 4706 PRIs⁶ in the State. As shown in **Table 1.20**, no financial assistance was provided to PRIs up to 2009-10 as PRIs were constituted after election held in December 2010. During the period 2010-14, a total amount of ₹ 5,447 crore was paid to the PRIs, as shown below:

Table 1.20: Funds available to Panchayati Raj Institutions

(₹ in crore)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14	Total
Revenue Receipt (RR) of the State	15118	18781	22420	24770	26137	107226
Revenue Expenditure (RE) of the State	15128	17945	20992	23400	23472	100937
Financial Assistance to PRIs*	-	876	581	3079	911	5447
Financial Assistance as percentage to RR	-	4.66	2.59	1.96	3.49	5.08
Financial Assistance as percentage to RE	-	4.88	2.77	2.08	3.88	5.40
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 2014. The State Government issued orders of transfer of funds to Panchayats in October 2012. As depicted in **Appendix 1.6 Part-B** out of stipulated 29 functions, 10 functions have been devolved completely and five functions have been devolved partially as of October 2014.

As per the recommendations of the Eleventh Finance Commission, the Government notified (March 2011) the 'Jharkhand Panchayati Raj (Budget & Accounts) Regulation 2010' and the accounting in PRIs is done accordingly.

⁶ 24 Zila Parishad, 259 Panchayat Samities and 4,423 Gram Panchayats

However, audit of the PRIs are continued to be done by the ELA, as the appointment of the DLFA has not been finalised by the Government so far (October 2014).

1.7 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 and its effectiveness (assessment of outlay-outcome relationship for select services).

Growth rate of total expenditure of the State during 2013-14 was 0.7 *per cent* against 15.8 *per cent* during 2012-13 over the previous year.

The development expenditure (expenditure on social and economic services) constituted 64 *per cent* of Total Expenditure, while non development expenditure constituted 36 *per cent* during 2013-14. During 2013-14, development expenditure declined by five *per cent* over previous year, while non- development expenditure grew at 14 *per cent* over previous year.

1.7.1 Adequacy of Public Expenditure

The responsibilities relating to the social and economic sector assigned to the State Governments are largely State subjects. To enhance human development levels it requires the State to step up its 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 1.21 analyses the fiscal priority of the State Government with regard to Development Expenditure, Social Sector Expenditure and Capital Expenditure during 2013-14, taking 2010-11 as the base year.

Table 1.21: Fiscal Priority of the State in 2010-11 and 2013-14

Fiscal Priority by the State*	AE/GSDP	DE [#] /AE	SSE/AE	CE/AE	Education/ AE	Health/ AE
General Category States Average (Ratio) 2010-11	15.78	65.09	36.88	13.49	17.48	4.37
Jharkhand State's Average (Ratio) 2010-11	16.43	65.53	31.03	12.74	18.12	5.09
General Category States Average (Ratio) 2013-14	15.92	66.45	37.56	13.62	17.20	4.51
Jharkhand State's Average (Ratio) 2013-14	16.45	64.31	32.23	16.62	13.42	4.02

*As *per cent* to GSDP

AE: Aggregate Expenditure (Total Expenditure), DE: Development Expenditure, SSE: Social Sector Expenditure, CE: Capital Expenditure

Development expenditure includes Development Revenue Expenditure, Development Capital Expenditure and Loans and Advances disbursed.

Source: GSDP figures as furnished by Website of Ministry of Statistics and Programme Implementation, Government of India.

The State of Jharkhand spent higher proportion of its GSDP as Aggregate Expenditure in 2010-11 and 2013-14 in comparison to the average of General Category States.

Development Expenditure as a proportion of Aggregate Expenditure (AE) in Jharkhand was more than the General Category States' average during

2010-11 and less during 2013-14, while the Capital Expenditure to AE in Jharkhand was less during 2010-11 and more during 2013-14 in comparison to General Category States average.

The State has given less priority to both education and health sector as compared to the General Category States average in the year 2013-14.

1.7.2 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 goods⁷. Apart from improving the allocation towards Development Expenditure⁸, the efficiency of expenditure use is also reflected by the ratio of Capital Expenditure to Total Expenditure (and 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 GSDP) the better would be the quality of expenditure.

Table 1.22 presents the trends in Development Expenditure relative to the Aggregate Expenditure of the State during 2013-14 *vis-à-vis* the budgeted amounts and the expenditure during the previous years.

Table 1.22: Development Expenditure

(₹ in crore)

Components of Development Expenditure	2009-10	2010-11	2011-12	2012-13	2013-14	
					BE*	Actuals
Development Expenditure						
Development Revenue Expenditure	8523(47)	10954(52)	13146(54)	14704(52)	20564	13512(48)
Development Capital Expenditure	2591(14)	2544(12)	3003(12)	4042(14)	6234	4554(16)
Development Loans and Advances	308(2)	296(1)	199(1)	582(2)	813	209(1)
Total	11422	13794	16348	19328	27611	18275
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 of Revenue Expenditure and Capital Expenditure including Loans and Advances on Social Services and Economic Services. During 2013-14, the development expenditure declined by five *per cent* over the previous year mainly due to less expenditure on Education, Sports, Art and Culture, and Rural Development under Revenue heads and Water Supply, Sanitation, Housing and Urban Development under Capital heads.
- As seen from the **Table 1.22**, the total Development Expenditure was much below the budget estimate during 2013-14. The expenditure on

⁷ 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.

⁸ The analysis of expenditure data is disaggregated into development and non development expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances is categorised into social services, economic services and general services. The social and economic services constitute development expenditure, while expenditure on General Services is treated as non-development expenditure in our figures.

General Services (Non-Development) was ₹ 10,141 crore against the budget of ₹ 10,103 crore for the year.

- During 2009-14, the share of Development Revenue Expenditure in Total Development Expenditure ranged between 48 *per cent* and 54 *per cent*. The CAGR of Development Revenue Expenditure was 12.21 *per cent* during 2009-14.
- The share of Development Capital Expenditure (including Development Loans and Advances) in Total Expenditure increased from 16 *per cent* in 2012-13 to 17 *per cent* in 2013-14. The CAGR of Development Capital Expenditure during 2009-14 was 15.14 *per cent*.
- The actual Development Capital Expenditure and Development Loans and Advances were ₹ 4,554 crore and ₹ 209 crore against budget estimate of ₹ 6,234 crore and ₹ 813 crore during 2013-14.
- Expenditure on Social Services (₹ 9,159 crore) and on Economic Services (₹ 9,116 crore) shared about 50 *per cent* each of the total Development Expenditure during 2013-14 (₹ 18,275 crore).

Expenditure on selected Social and Economic Services

Table 1.23 provides the details of Capital Expenditure and the components of Revenue Expenditure incurred on the maintenance of selected Social and Economic services.

Table 1.23: Efficiency of Expenditure use in Selected Social and Economic Services

(In per cent)

Social/Economic Infrastructure	2012-13			2013-14		
	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	0.86	47.35	0.00	2.05	54.98	0.00
Health and Family Welfare	15.38	57.50	0.02	14.52	51.89	0.13
WS, Sanitation and HUD	43.14	19.16	3.66	32.51	18.03	2.82
Total (SS)	11.03	34.49	0.35	10.09	35.92	0.52
Economic Services (ES)						
Agriculture & Allied Activities	1.59	32.92	0.03	1.52	37.74	0.31
Irrigation and Flood Control	67.78	97.76	0.00	59.89	98.03	0.00
Power & Energy	0.00	0.00	0.00	0.00	0.00	0.00
Transport	67.43	12.83	35.41	88.78	39.68	51.98
Total (ES)	32.02	16.34	3.24	39.82	22.14	4.34
Total (SS+ES)	23.93	26.60	1.60	24.92	30.52	2.02

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 increased from 23.93 *per cent* in 2012-13 to 24.92 *per cent* in 2013-14.
- Salary component in Social Services and Economic Services increased from 34.49 *per cent* and 16.34 *per cent* in 2012-13 to 35.92 *per cent* and 22.14 *per cent* during 2013-14 respectively.

- During 2013-14, the State Government spent ₹ 324.60 crore under the detailed head “05- Maintenance and Repairs to maintain public assets”.
- In Social Services, the share of Operation and Maintenance expenditure to Revenue Expenditure in Water Supply, Sanitation and Housing & Urban Development declined from 3.66 *per cent* in 2012-13 to 2.82 *per cent* in 2013-14.
- In Economic Services, the share of Operation and Maintenance expenditure to Revenue Expenditure in Transport increased from 35.41 *per cent* in 2012-13 to 51.98 *per cent* in 2013-14.

1.8 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.

1.8.1 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-IX (i) of the Finance Accounts for the year 2013-14, there is no commercial irrigation project in the State.

1.8.2 Incomplete Projects

The department wise information pertaining to incomplete projects, as on 31 March 2014, is given in **Table 1.24**.

Table 1.24: Department-wise profile of Incomplete Projects

(₹ in crore)

Department	No. of Incomplete Projects	Initial Estimated Cost	Expenditure during current year	Cumulative actual expenditure as on 31.3.2014
Road Construction	119	548.90	97.32	255.27
Drinking Water and Sanitation	9	33.06	6.16	32.97
Water Resources	13	183.57	5.50	211.49
Minor Irrigation	26	47.72	11.17	69.56
Building Construction	161	437.25	94.91	190.82
Total	328	1250.50	215.06	760.11

Source: Appendix X of Finance Accounts 2013-14

The blocking of funds on incomplete works impinges negatively on the quality of expenditure. All the 328 projects in table above (estimated cost ₹ 1,250.50 crore) were due for completion up to 31 March 2014, but remained incomplete

resulting in blocking of ₹ 760.11 crore. Delay in completion of project works invites the risk of cost escalation. Besides, due to delay in completion of these projects the intended benefits from the same could not be achieved. Thus, the works need to be completed in time to avoid cost overrun.

1.8.3 Investment and returns

As on 31 March 2014, the Government had invested ₹ 231.97 crore in one Regional Rural Bank (₹ 45.73 crore), 11 Government Companies (₹ 75.30 crore) and 17 Co-operatives, Corporations, and Societies (₹ 110.94 crore) since inception of the State in November 2000 (**Table 1.25**). The return was ₹ 18 crore (7.76 *per cent*) in 2013-14 against ₹ 15 crore (7.99 *per cent*) in 2012-13. The Government paid interest at an average rate of 7.22 *per cent* on its borrowings during the year 2013-14.

Table 1.25: Returns on investments

Investment/Return/Cost of Borrowings	2009-10	2010-11	2011-12	2012-13	2013-14
Investment at the end of the year (₹ in crore)	128.73	135.18	182.57	187.82	231.97
Returns (₹ in crore)	Nil	0.40	1.17	15.00	18
Returns (<i>per cent</i>)	Nil	0.3	0.64	7.99	7.76
Average rate of interest on Govt. borrowing (<i>per cent</i>)	8.03	7.98	7.64	8.76	7.22
Difference between interest rate and return (<i>per cent</i>)	8.03	7.68	7.00	0.77	0.54

Source: Finance Accounts of Government of Jharkhand-Statement 14

Investment of ₹ 44.15 crore (23 *per cent*) was made during 2013-14 mainly in Government Companies (₹ 43.75 crore).

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.

1.8.4 Loans and Advances given 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 1.26** presents the outstanding Loans and Advances as on 31 March 2014 and interest receipts *vis-à-vis* interest payments during the last five years.

Table 1.26: Loans and advances given by the State Government

Quantum of Loans/Interest Receipts/ Cost of Borrowings	2009-10	2010-11	2011-12	2012-13	2013-14
Opening Balance of Loans	6415	6713	6997	7190	7748
Amount advanced during the year	320	308	217	601	222
Amount recovered during the year	22	24	24	43	23
Recovery as percentage of outstanding Loans and Advances	0.3	0.4	0.3	0.6	0.3
Closing Balance	6713	6997	7190	7748	7947
Net addition	298	284	193	558	199
Total Interest Receipts	7.64	7.26	2.12	0.95	2.74
Interest Receipts as a percentage of outstanding Loans and Advances	0.12	0.12	*	0.01	0.03

Source: Finance Accounts of Government of Jharkhand

*Negligible

- The quantum of loans advanced to Co-operative Societies, Companies etc. by the State gradually decreased from ₹ 320 crore in 2009-10 to ₹ 217 crore in 2011-12 which again increased to ₹ 601 crore in 2012-13. However, it decreased to ₹ 222 crore in 2013-14 mainly due to less release (₹ 366 crore) of loans for power projects as compared to previous year.
- The outstanding Loans and Advances increased during 2013-14 by 2.57 *per cent* over the previous year. Major share of total outstanding loans ₹ 7,947 crore at the end of March 2014 pertained to Jharkhand State Electricity Board (JSEB) (₹ 7,301 crore) and Urban Local Bodies (₹ 565 crore).
- Recoveries of Loans and Advances amounting to ₹ 1,158.70 crore (Principal ₹ 360.98 crore and Interest ₹ 797.72 crore) was overdue as on 31 March 2014.

1.8.5 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 1.27**.

Table-1.27: Cash balances and Investment of Cash balances

(₹ in crore)

Particulars	As on 1 st April 2013	As on 31 st March 2014
Cash Balances	704.75*	1285.49
Investments from Cash Balances (a to c)	746.57	851.84
a. GOI Treasury Bills	742.16	847.43
b. GOI Securities	Nil	Nil
c. Other Investments	4.41	4.41
Interest realized on investment	71.27	66.74
Deposit with Reserve Bank	(-)56.50	428.21
Departmental Cash Balance	14.68	5.44

*Cash balance was less than investment due to negative balance with RBI on 31 March 2013
Source: Finance Accounts of Government of Jharkhand

The cash balance of the State at the end of 31 March 2014 was ₹ 1,285.49 crore against the cash balance of ₹ 704.75 crore in the previous year.

The State had a cash balance investment of ₹ 851.84 crore at the end of March 2014 against cash balance investment of ₹ 746.57 crore at the end of March 2013. Out of total cash balance investment of ₹ 851.84 crore during 2013-14 ₹ 847.43 crore was invested in GOI Treasury Bills.

The cash balance with the Reserve Bank of India (RBI) as on 31 March 2014 worked out by the Accountant General (A&E), Jharkhand, was ₹ 428.21 crore (debit). However, the cash balance reported by the RBI as on 31 March 2014 was ₹ 358.25 crore (credit).

During 2013-14 the State Government had to take ordinary ways and means advance for 8 days to maintain the minimum balance in RBI.

1.9 Assets and Liabilities

1.9.1 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 2014, compared with the corresponding position on 31 March 2013. 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.

1.9.2 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 2012-13 and 2013-14 is presented in **Chart 1.9** and **Chart 1.10** respectively.

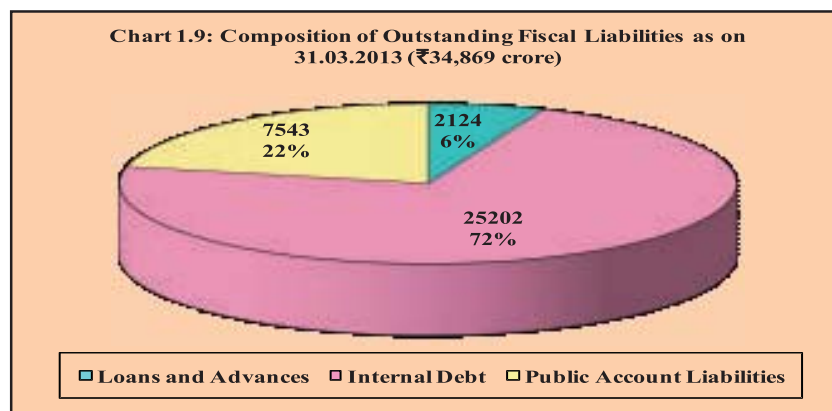
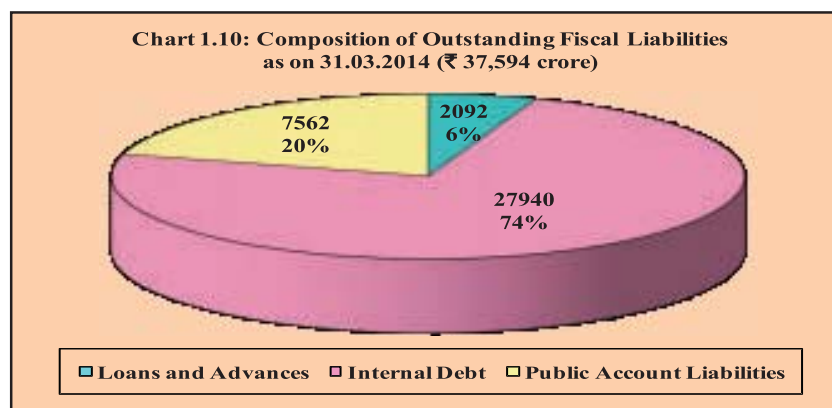


Table 1.28: Trends in Fiscal Liabilities: basic parameters

(₹ in crore)

Components	2009-10	2010-11	2011-12	2012-13	2013-14
Internal Debt	19880	21131	22286	25202	27940
Loans and Advances from GOI	2272	2167	2024	2124	2092
Public Account Liabilities	5013	5357	6354	7543	7562
Total Fiscal Liabilities	27165	28655	30664	34869	37594
Growth of Total Liabilities	12.8	5.5	7.0	13.7	7.8
Fiscal Liability to GSDP	27.0	22.5	22.6	23.0	21.8

- As depicted in **Table 1.28** the overall fiscal liabilities of the State increased by 38.39 *per cent* from ₹ 27,165 crore in 2009-10 to ₹ 37,594 crore in 2013-14. The annual growth rate of fiscal liabilities was 13.7 *per cent* during 2012-13 which decreased to 7.8 *per cent* in 2013-14. The CAGR of Fiscal Liabilities was 8.46 *per cent* during the period 2009-14.
- Fiscal Liabilities of the State comprises of ₹ 591.56 crore in shape of Reserve Fund (State Disaster Response Fund).
- The ratio of Fiscal Liabilities to GSDP decreased gradually from 27 *per cent* in 2009-10 to 21.8 *per cent* in 2013-14.
- 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 National Small Savings Funds etc. However, no such Fund had been set up as of October 2014.
- Apportionment of Fiscal Liabilities of undivided Bihar between the successor States of Bihar and Jharkhand had not been done so far (October 2014).

1.9.3 Overstatement of Assets of the State due to inclusion of Loans and Advances doubtful of recovery

The balance of Loans and Advances made by the Government as on 31 March 2014 was ₹ 7,946.44 crore which includes ₹ 7,239.75 crore outstanding against Jharkhand State Electricity Board (JSEB).

We observed that out of total Loans and Advances of ₹ 7,946.44 crore, repayments of ₹ 1,158.70 crore were in arrear as on 31 March 2014, which included ₹ 812.07 crore pertaining to JSEB. The JSEB was in deficit/loss since inception and as per the last accounts prepared for the year ending 31 March 2013, its accumulated deficit/loss was ₹ 10,165 crore. Further, JSEB has been unbundled into four Power Sector Companies in January 2014. However, as per Jharkhand State Reforms Transfer Scheme, 2013, the outstanding State Government Loans and interest thereon receivable from JSEB will continue to

be shown as recoverable from JSEB in the Accounts of the State Government.

Since JSEB had defaulted on Loan repayments and was running in heavy losses before its unbundling in January, 2014, the assets of the State on accounts of Loans given to JSEB have been overstated to the tune of ₹ 7,239.75 crore.

The matter was brought to the notice of the Government (August 2014), but no reply has been received as of October 2014.

1.9.4 Transaction under Reserve Fund

As per recommendation of the Thirteenth Finance Commission, Government constituted a State Disaster Response Fund (SDRF) in 2010-11 and balance under the Calamity Relief Fund was transferred to SDRF.

During 2013-14, the opening balance in the SDRF was ₹ 316.20 crore. During the year there were receipts and disbursements of ₹ 296.66 crore and ₹ 21.29 crore respectively from the Fund, leading to a closing balance of ₹ 591.56 crore at the end of March 2014.

1.9.5 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.

As recorded in Statement 9 of the Finance Accounts, guarantees of ₹ 157.15 crore were outstanding at the end of March 2014. No guarantee has been given or revoked during 2013-14.

1.10 Debt Management

1.10.1 Debt profile

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

⁹Debt sustainability is defined as the ability of the State to maintain a constant debt-GDP 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.

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.

1.10.2 Debt Sustainability

Table 1.29 analyses the debt sustainability of the State according to these indicators for a period of five years beginning from 2009-10.

Table 1.29: Debt Sustainability: Indicators and Trends

(₹ in crore)

Indicators of Debt Sustainability	2009-10	2010-11	2011-12	2012-13	2013-14
Debt Stabilisation (Quantum Spread + PD)*	(+)647	(+)5145	(+)30	(+)373	(+)2698
Sufficiency of Incremental Non-debt Receipts (Resource Gap)*	103	899	188	(-)39	1275
Net Availability of Borrowed Funds	773	(-)737	(-)238	1814	110
Debt GSDP ratio	27.0	22.5	22.6	23.0	21.8
Burden of Interest Payments (IP/RR Ratio)	15	12	10	10	10
Maturity Profile of State Debt (In Years)					
0 – 1	1183(5)	1868(8)	1449(6)	1381(5)	1453(5)
1 – 3	2885(13)	2977(13)	3080(13)	3031(11)	2916(10)
3 – 5	3263(15)	2872(12)	2623(11)	3358(12)	4373(14)
5 – 7	2569(12)	3284(14)	4302(17)	5009(19)	4160(14)
7 and above	12252(55)	12298(53)	12856(53)	14547(53)	17131(57)
Total	22152	23299	24310	27326	30033

Percentage to total are shown in brackets.

*Formula in Appendix 1.2

- As may be seen from the above table, the quantum spread together with the primary deficit fluctuated between ₹ 30 crore to ₹ 5,145 crore during 2009-14 due to fluctuation in the growth rate of GSDP between 6.55 per cent to 14.61 per cent during the period.
- During 2013-14, the Debt-GSDP ratio at 21.8 per cent was less than the target fixed in FRBM Act (25 per cent) and normative projection made by ThFC (27.8 per cent). The Debt-GSDP ratio during 2013-14 was also less than that of 2012-13 (23 per cent).
- The sufficiency of incremental non-debt receipts (resources gap) had inter-year fluctuation during 2009-14. It increased from (-) ₹ 39 crore in 2012-13 to ₹ 1,275 crore in 2013-14 which was indicative of improvement in fiscal position of the State.
- Net availability of borrowed funds decreased from ₹ 1,814 crore in 2012-13 to ₹ 110 crore in 2013-14. However, during 2010-11 and 2011-12 the resource gap was negative (₹ 737 crore and ₹ 238 crore respectively).

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-GDP 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.

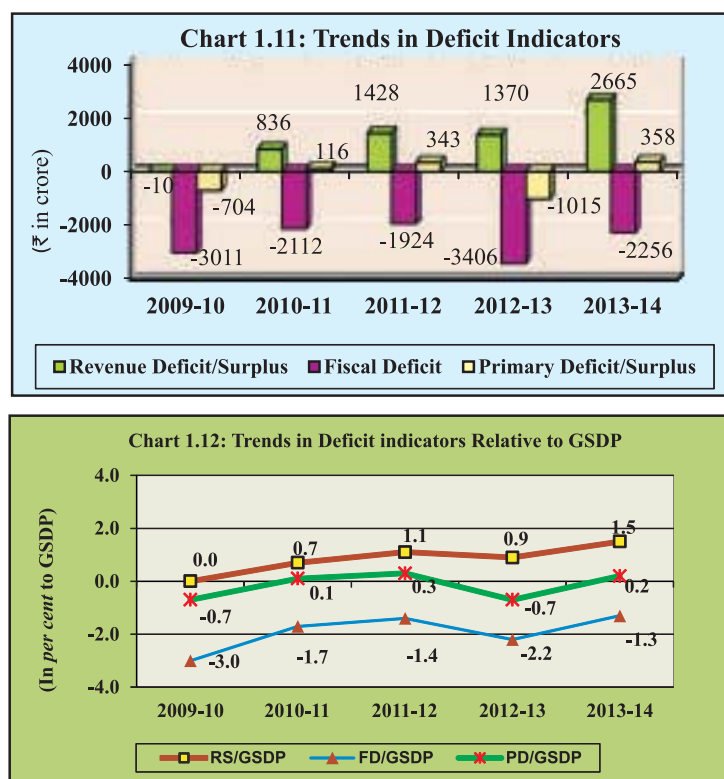
- The ratio of Interest Payments to Revenue Receipts showed significant improvement in Debt Sustainability as it declined steadily from 15 *per cent* in 2009-10 to 10 *per cent* in 2011-12. However, it remained constant during 2011-12 to 2013-14.
- The maturity profile of the State debt shows that the debt liability was increasing for every block period.

1.11 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 2013-14.

1.11.1 Trends in deficits

Chart 1.11 and **Chart 1.12** present the trends of deficit indicators over the period 2009-14.



- The State had a Revenue Deficit of ₹ 10 crore during 2009-10 which turned to Revenue Surplus during the period 2010-14. Further, revenue surplus increased from ₹ 836 crore in 2010-11 to ₹ 2,665 crore in 2013-14.

- As targeted in FRBM Act of the State and the ThFC the State had achieved the target of reducing the Revenue Deficit to 'zero' during 2009-14, except revenue deficit of ₹ 10 crore in 2009-10. However, Revenue Surplus to GSDP ratio was 1.5 *per cent* during 2013-14 against the target of 1.80 *per cent* RS/GSDP ratio exhibited in the MTFP.
- The Fiscal Deficit of the State fluctuated between ₹1,924 crore and ₹ 3,406 crore during 2009-14. However, Fiscal Deficit decreased from ₹ 3,406 crore in 2012-13 to ₹ 2,256 crore in 2013-14.
- After inter-year fluctuation the percentage of Fiscal Deficit to GSDP decreased from three *per cent* at the end of March 2010 to 1.3 *per cent* at the end of March 2014. The percentage of Fiscal Deficit to GSDP was at par with the estimate of 1.3 *per cent* exhibited in the MTFP for the year 2013-14. It was also within the ThFC recommendation of three *per cent*.
- Primary Deficit (PD) showed wide fluctuation during 2009-14 mainly because of fluctuation in Revenue Deficit/Surplus. The Primary Deficit of ₹ 704 crore in 2009-10 turned to Primary Surplus (PS) of ₹ 358 crore in 2013-14.
- The Primary Deficit was 0.2 *per cent* of GSDP against the MTFP target of 0.5 *per cent* for 2013-14.

1.11.2 Composition of Fiscal Deficit and its financing pattern

The financing pattern of the Fiscal Deficit has undergone a compositional shift as reflected in **Table 1.30**.

Table 1.30: Components of Fiscal Deficit and its financing pattern

(₹ in crore)

Sl. No.	Particulars	2009-10	2010-11	2011-12	2012-13	2013-14		
	Decomposition of Fiscal Deficit	3011	2112	1924	3406	2256		
1	Revenue Deficit/Surplus	(-)10	836	1428	1370	2665		
2	Net Capital expenditure	2703	2664	3159	4218	4722		
3	Net Loans and Advances	298	284	193	558	199		
	Financing Pattern of Fiscal Deficit*					Receipt	Disbursement	Net
1	Market Borrowings	1674	198	785	3145	2950	414	2535
2	Loans from GOI	(-)133	(-)104	(-)122	100	106	139	-33
3	Special Securities issued to NSSF	670	957	(-)73	(-)200	300	429	129
4	Loans from Financial Institutions	(-)32	96	442	(-)30	1331	876	455
5	Small Savings, PF, etc.	273	104	70	22	760	751	9
6	Reserve Fund	313	(-)223	(-)105	(-)123	293	21	271
7	Deposits and Advances	273	464	1030	1290	7204	7458	-254
8	Suspense and Miscellaneous	132	(-)27	74	31	-59	-58	-1
9	Remittances	(-)39	6	(-)17	(-)141	6077	5920	157
10	Inter State Settlement	0	0	(-)76	(-)100	0	50	-50
11	Cash balance increase (+)/ Decrease(-)	120	(-)641	117	588	705	1285	580

*All these figures are net of disbursements/outflows during the year except for 2013-14

Source: Finance Accounts of Government of Jharkhand for the respective years.

During 2013-14, the Fiscal Deficit of ₹ 2,256 crore was mainly met from Market Borrowings (₹ 2,535 crore) and Loans from Financial Institutions (₹ 455 crore).

1.11.3 Quality of Deficit/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. Bifurcation of factors is given **Table 1.31**.

Table 1.31: 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)
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
2012-13	24813	21009	4218	601	25828	(+)3804	(-)1015
2013-14	26160	20858	4722	222	25802	(+)5302	(+)358

Source: Finance Accounts of Government of Jharkhand

- During 2009-10 to 2013-14, the Non-Debt Receipts of the State increased from ₹ 15,140 crore to ₹ 26,160 crore against a corresponding increase in Primary Revenue Expenditure and Primary Expenditure. The Capital Expenditure increased from ₹ 2,703 crore in 2009-10 to ₹ 4,722 crore in 2013-14.
- During 2013-14 non-debt receipts of the State increased by five *per cent* over previous year while the primary expenditure remained nearly same during 2012-13 and 2013-14 leading to primary surplus of ₹ 358 crore during 2013-14 against a primary deficit of ₹ 1,015 crore during 2012-13.

1.12 Conclusion and Recommendations

Review of fiscal situation

- The growth of GSDP during 2013-14 was 13.9 *per cent*, against the ThFC norm of 14.5 *per cent* for the year.

The Government should ensure achievement of ThFC norms.

- The State had a Revenue Surplus of ₹ 2,665 crore during 2013-14. During the current year Fiscal Deficit stood at ₹ 2,256 crore. It was 1.3 *per cent* of GSDP, well within the ceiling (three *per cent*) recommended by the ThFC. Further, Fiscal Deficit to GSDP ratio improved from 2.2 *per cent* in 2012-13 to 1.3 *per cent* in 2013-14.

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

Transfer of funds to State Implementing Agencies

- During 2013-14 Central funds of ₹ 2,601.80 crore were transferred directly to the State Implementing Agencies for implementation of various schemes/programmes. Due to direct transfer of GOI funds to the State Implementing Agencies outside the State Budget, the Annual Accounts do not provide a complete picture of the resources of the State.

A system should be put in place to ensure proper accounting and monitoring of the use of funds directly transferred by the Government of India to the State implementing agencies.

Resources mobilization

- While the Revenue Receipts (₹ 26,137 crore) of the State grew at 5.5 per cent during 2013-14 over previous year, these were less than the Budget Estimate by ₹ 7,462 crore.

The Government should make efforts to achieve its own target of receipts given in the Budget document.

Quality of expenditure

- Social Sector Expenditure as a proportion of Aggregate Expenditure in the State was less than average of General Category States during 2013-14.
- The Capital Expenditure (CE) increased to ₹ 4,722 crore in 2013-14 from ₹ 4,218 crore in 2012-13. While, the CE in Education Sector increased, the CE in Health Sector decreased over the previous year. The State has given less priority to both Education and Health Sectors as compared to General Category States.

Government should give more priority to Social Sector Expenditure with emphasis on Education Sector and Health Sector so that it could be at par with General Category States.

- Every year a huge amount of loans was given by the Government to different institutions/organizations of the State but its recovery was negligible leading to a huge balance of repayments in arrears of ₹ 1,158.70 crore at the end of March 2014.

Government should take steps to recover the outstanding loans from the institutions/organizations not repaying the principle and interest of loans received by them from the Government.

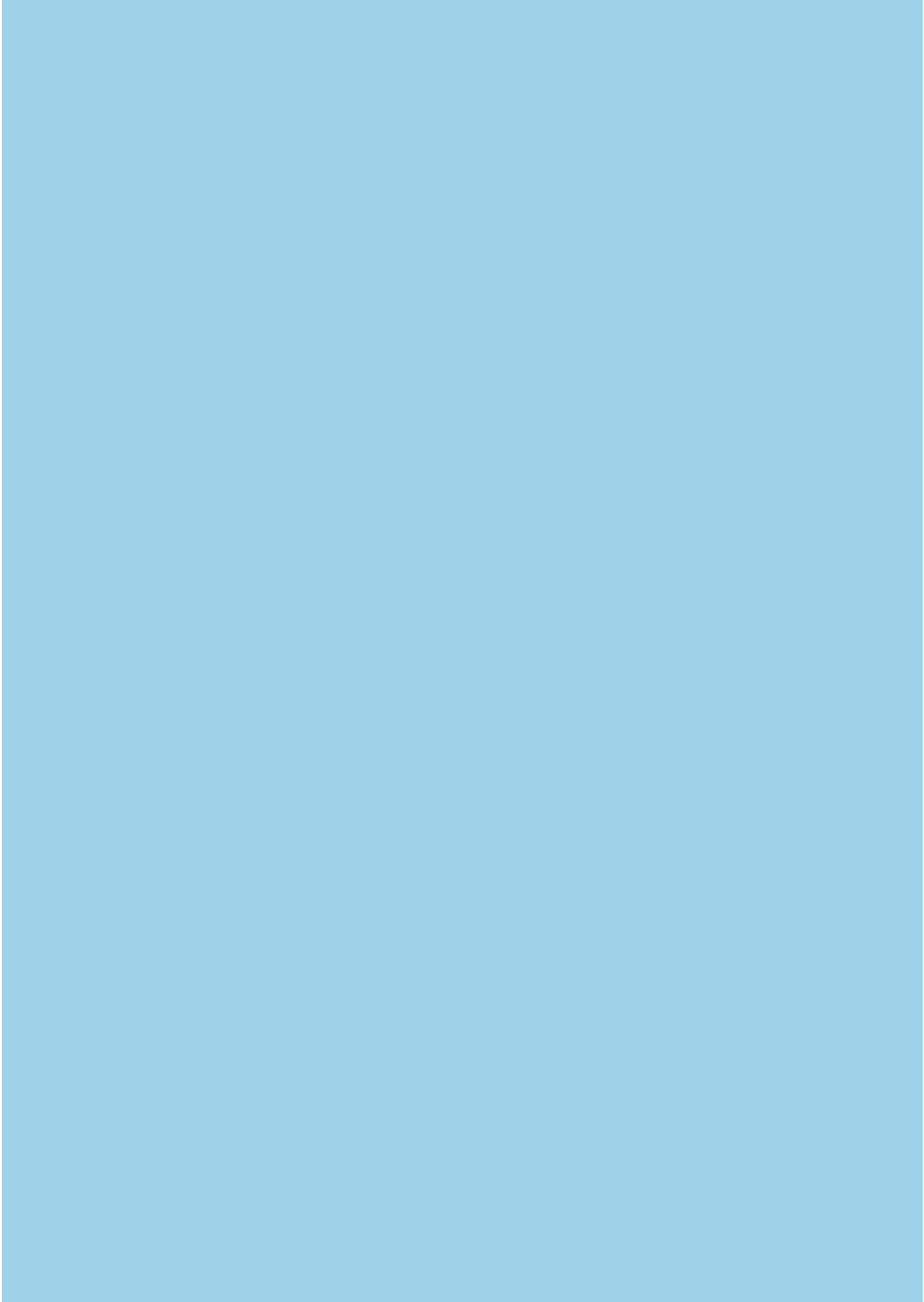
Fiscal Liabilities

- Fiscal Liabilities of the State (₹ 37,594 crore) grew at 7.8 per cent over the previous year. The Fiscal Liabilities at 21.8 per cent of GSDP were within the limit of 27.3 per cent recommended by ThFC for the year. Government has not set up Sinking Fund for amortization of all loans.

The State should set up Sinking Fund for amortization of loans.

Chapter-2

**FINANCIAL MANAGEMENT
AND BUDGETARY CONTROL**



CHAPTER 2

FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

2.1 Introduction

2.1.1 Appropriation Accounts are accounts of the expenditure, voted and charged, of the Government for each financial year, compared with the amounts of 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

As per Rule 52 of Bihar Budget Manual (as adopted by Jharkhand State), the Budget Estimates of the State are to be prepared in the form prescribed by the Finance Department. According to Rule 79 of the Budget Manual, the estimates under each Major Head prepared by the Controlling Officers of the different departments are to be 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 Jharkhand Financial Rules. 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, as per Rule 117 of Budget Manual 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 2013-14, indicating deficiencies in budget management as discussed in the succeeding paragraphs.

2.3 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2013-14 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 2013-14

(₹ in crore)

	Nature of expenditure	Original/grant/appropriation	Supplementary grant/appropriation	Total	Actual expenditure*	Saving (-)/ Excess (+)
Voted	I Revenue	27899.81	2114.18	30013.99	20823.17	(-)9190.82
	II Capital	6466.40	1394.26	7860.66	4923.59	(-)2937.07
	III Loans and Advances and Inter State Settlement	838.40	54.16	892.56	271.91	(-)620.65
	Total Voted	35204.61	3562.60	38767.21	26018.67	(-)12748.54
Charged	IV Revenue	2535.26	3.87	2539.13	2670.01	(+)130.88
	V Capital	0.00	0.00	0.00	0.00	0.00
	VI Public Debt-Repayment	1809.02	6.32	1815.34	1996.92	(+)181.58
	Total Charged	4344.28	10.19	4354.47	4666.93	(+)312.46
	Grand Total	39548.89	3572.79	43121.68	30685.60	(-)12436.08

Source: Appropriation Accounts of Government of Jharkhand 2013-14

* The expenditure figures are gross without taking into account the recoveries adjusted in the accounts as reduction of revenue voted expenditure (₹ 21.29 crore) and capital voted expenditure (₹ 201.09 crore).

Note: Expenditure was overstated to the extent of ₹ 560 crore drawn on AC bills during 2013-14 against which DC bills were not submitted as on 30 June 2014.

During 2013-14, the overall savings of ₹ 12,436.08 crore was the result of savings of ₹ 13,130.13 crore (₹ 9,572.41 crore in 55 grants and two appropriations under the Revenue Section and ₹ 3,557.73 crore in 30 Grants under the Capital Section), offset by excess of ₹ 694.05 crore in one Grant and two Appropriations.

The head-wise expenditure status was provided by the Accountant General (A&E), Jharkhand monthly to the State Government through Monthly Civil Accounts Statement and Monthly Appropriation Accounts. 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 1,433 sub-heads captured in Appropriation Accounts of Government of Jharkhand 2013-14, reasons for savings in 1,310 sub-heads and reasons for excesses in 53 sub-heads were not furnished by the departments.

2.4 Financial Accountability and Budget Management

2.4.1 Appropriations vis-à-vis Allocative Priorities

The outcome of appropriation audit revealed that in 45 cases (35 grants), savings aggregating ₹ 12,037.60 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 ₹ 13,130.13 crore, savings of ₹ 11,876.80 crore (90 per cent)¹ occurred in 26 cases relating to 23 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	939.41	43.34	982.75	416.22	566.53
2	10-Energy Department	1753.65	501.31	2254.96	1536.82	718.14
3	18-Food, Public Distribution and Consumer Affairs Department	994.33	149.87	1144.20	573.65	570.55
4	20- Health, Medical Education and Family Welfare Department	1133.20	4.56	1137.76	966.63	171.13
5	21-Higher Education	662.98	0.00	662.98	491.78	171.20
6	22-Home Department	2786.70	99.67	2886.37	2684.80	201.57
7	23-Industries Department	290.94	1.04	291.98	171.18	120.80
8	26-Labour, Employment and Training Department	996.20	22.05	1018.25	710.13	308.12
9	35-Planning and Development Department	642.46	0.43	642.89	109.28	533.61
10	39-Disaster Management Department	458.76	5.30	464.06	316.07	147.99
11	40-Revenue and Land Reforms Department	397.17	0.28	397.45	271.78	125.67
12	42-Rural Development Department	756.60	0.27	756.87	538.76	218.11
13	48-Urban Development Department	1287.35	107.66	1395.01	493.84	901.17
14	51-Welfare Department	810.64	65.24	875.88	627.92	247.96
15	56- Panchayati Raj and National Rural Employment Programme (Special Division) Department	1627.28	665.65	2337.93	869.88	1468.05
16	58-Secondary Education	740.97	58.96	799.93	582.89	217.04
17	59-Primary and Public Education	4369.24	0.00	4369.24	2628.97	1740.27
18	60-Social Welfare, Women and Child Development Department	1233.96	2.42	1236.38	841.05	395.33
Capital-Voted						
19	8-Civil Aviation Department	0.00	279.99	279.99	110.00	169.99
20	10- Energy Department	766.88	0.00	766.88	175.34	591.54
21	20- Health, Medical Education and Family Welfare Department	291.80	26.75	318.55	166.18	152.37
22	41- Road Construction Department	1775.94	450.00	2225.94	1877.26	348.68
23	42-Rural Development Department	599.00	0.00	599.00	249.42	349.58
24	43-Science and Technology Department	170.15	0.00	170.15	52.56	117.59
25	49- Water Resources Department	1640.00	20.00	1660.00	529.04	1130.96
26	50-Minor Irrigation Department	298.60	20.30	318.90	126.05	192.85
Total		27469.21	2525.09	29994.30	18117.50	11876.80

Source: Appropriation Accounts of Government of Jharkhand

Further, in 117 sub-head/schemes under the above grants savings occurred (exceeding ₹ 20 crore and above in each case) aggregating ₹ 9,527.28 crore (73 per cent of total savings). Details of savings along with reasons for savings exhibited in the Appropriation Accounts 2013-14 are given in **Appendix 2.2**. Large savings may adversely affect implementation of the development programmes in the State.

2.4.2 Persistent savings

In 16 cases (15 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 2009-14

(₹ in crore)

Sl. No.	Number and name of the Grant	Amount of savings				
		2009-10	2010-11	2011-12	2012-13	2013-14
Revenue-Voted						
1	1- Agriculture and Sugarcane Development Department	178.10(44)	181.21(39)	228.82(35)	264.25(37)	566.53(58)
2	2-Animal Husbandry Department	54.21(27)	46.11(22)	31.52(23)	35.50(22)	35.53(22)
3	17- Finance (Commercial Tax) Department	3.79 (11)	8.27 (17)	11.24 (18)	27.17 (38)	8.18(13)
4	18- Food, Public Distribution and Consumer Affairs Department	98.68 (28)	84.27 (13)	168.00 (15)	307.90 (28)	570.55(50)
5	19- Forest and Environment Department	61.60 (23)	68.35 (23)	52.20 (19)	48.17 (15)	60.50(18)
6	20-Health, Medical Education & Family Welfare Department	480.56(45)	178.41(21)	277.93(25)	326.13(53)	171.13(15)
7	23- Industry Department	73.27(32)	31.89(18)	157.41(45)	82.94(29)	120.80(41)
8	26- Labour, Employment and Training Department	162.39 (23)	148.44 (19)	193.07 (23)	232.43 (25)	308.12(30)
9	35- Planning and Development Department	72.02 (82)	14.00 (46)	291.78 (58)	594.38 (88)	533.61(83)
10	40-Revenue and Land Reforms Department	47.00 (17)	27. 94 (11)	79.15 (24)	77.17 (23)	125.67(32)
11	43- Science & Technology Department	66.06(59)	51.83(41)	40.29(42)	37.03(40)	18.45(25)
12	49- Water Resources Department	57.85(22)	30.98(13)	83.77(27)	92.55(29)	85.14(26)
13	51- Welfare Department	304.76(28)	208.83(16)	309.14(33)	250.26(31)	247.96(28)
Capital-Voted						
14	10- Energy Department	383.67 (61)	132.56 (32)	1130.05 (87)	252.30 (32)	591.54(77)
15	41- Road Construction Department	230.19(31)	146.70(18)	899.94(53)	174.55(10)	348.68(16)
16	49- Water Resources Department	277.49(56)	153.71(40)	714.70(78)	1232.85(74)	1130.96(68)

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

Source: Appropriation Accounts

It may be seen from the above table that large savings continued over the years indicating improper estimation under the Grants. Further, details of savings in some major schemes under four Departments performing Social and Economic Services mentioned in the above table are discussed below:

Grant No. 18 - Food, Public Distribution and Consumer Affairs Department

Large savings occurred under 'Mukhyamantri Khadyanna Sahayata Yojna', 'Mukhyamantri Dal-Bhat Yojna', 'Above Poverty Line (APL) Scheme' and 'Computerisation Yojna' in the State as shown in the table below:

(₹ in crore)

Sl. No.	Name of Scheme/Head	2011-12		2012-13		2013-14	
		Budget	Savings	Budget	Savings	Budget	Savings
1	Mukhyamantri Khadyanna Sahayata Yojna (3456-00-102-13)	0.00	0.00	235.83	84.47 (36)	126.23	22.03(17)
2	Mukhyamantri Khadyanna Sahayata Yojna (3456-00-789-13)	0.00	0.00	84.49	24.49 (29)	54.10	9.58(18)
3	Mukhyamantri Khadyanna Sahayata Yojna (3456-00-796-13)	0.00	0.00	335.36	88.52 (26)	206.06	41.02(20)
4	Mukhyamantri Dal-Bhat Yojna (3456-00-102-23)	2.75	1.16(42)	4.45	0.93(21)	7.83	4.12(53)
5	Mukhyamantri Dal-Bhat Yojna (3456-00-789-23)	1.08	0.41(38)	1.67	0.44(26)	1.97	1.09(55)
6	Mukhyamantri Dal-Bhat Yojna (3456-00-796-23)	4.28	1.44(34)	6.83	2.70(40)	8.05	3.64(45)
7	APL Scheme (3456-00-102-16)	8.62	7.93 (92)	9.24	9.09 (98)	16.60	16.44 (99)
8	APL Scheme (3456-00-789-16)	2.11	2.06 (98)	2.40	2.39 (99)	1.22	1.20 (98)
9	APL Scheme (3456-00-796-16)	5.74	4.71 (82)	6.81	6.34 (93)	4.57	3.79 (83)
10	Computerisation Yojna (3456-00-102-27)	0.00	0.00	13.82	12.60 (91)	34.86	34.62 (99)
11	Computerisation Yojna (3456-00-789-27)	0.00	0.00	4.76	4.74 (99)	3.96	3.87 (98)
12	Computerisation Yojna (3456-00-796-27)	0.00	0.00	18.00	16.86 (94)	22.13	19.74 (89)

Figures in bracket represent percentage of savings to total budget under the head of accounts.

Source: Appropriation Accounts 2011-12, 2012-13, 2013-14.

During 2012-13 savings occurred under 'Mukhyamantri Khadyanna Sahayata Yojna' 'APL Scheme' and 'Computerisation Yojna' due to non-receipt of allotted funds from Central Government, lifting of less food grains and less sanction of funds for Public Distribution System computerisation by the Central Government respectively. Reasons for savings in other cases during the last two/three years were not intimated by the department.

Grant No. 26- Labour, Employment and Training Department

Significant savings occurred in 'National Health Insurance Scheme' and 'Indira Gandhi National Handicapped Pension Scheme' during last three years. Details are given in the table below:

(₹ in crore)

Sl. No.	Name of Scheme/Head	2011-12		2012-13		2013-14	
		Budget	Savings	Budget	Savings	Budget	Savings
1	National Health Insurance Scheme (2230-01-103-10)	12.00	7.74 (66)	10.00	8.30 (83)	8.00	4.02(50)
2	National Health Insurance Scheme (2230-01-789-10)	6.00	4.11 (69)	5.00	2.35(47)	4.00	2.04(51)
3	National Health Insurance Scheme (2230-01-796-10)	12.00	5.17 (43)	10.00	8.25 (83)	0.00	0.00
4	Indira Gandhi National Handicapped Pension Scheme (2235-03-101-06)	6.96	3.12 (45)	4.83	1.00(21)	7.42	2.11(28)
5	Indira Gandhi National Handicapped Pension Scheme (2235-03-789-06)	4.26	2.99 (70)	2.35	1.08(46)	3.09	1.40(45)
6	Indira Gandhi National Handicapped Pension Scheme (2235-03-796-06)	11.22	8.21 (73)	6.18	3.53(57)	8.65	5.08(59)

Figures in bracket represent percentage of savings to total budget under the head of accounts.

Source: Appropriation Accounts 2011-12, 2012-13 and 2013-14.

Reason for savings during 2011-12 and 2012-13 under 'National Health Insurance Scheme' was given as non-preparation of Smart Cards. In other cases reasons for savings were not intimated by the department.

Grant No. 35 Planning and Development Department

Significant savings occurred in 'Mukhyamantri Lakshmi Ladli Yojna' during 2011-12 to 2013-14 as shown below:

(₹ in crore)

Sl. No.	Name of Scheme/Head	2011-12		2012-13		2013-14	
		Budget	Savings	Budget	Savings	Budget	Savings
1	Mukhyamantri Lakshmi Ladli Yojna (2235-02-102-01))	54.44	43.80(80)	143.87	118.01(82)	75.63	39.70(52)
2	Mukhyamantri Lakshmi Ladli Yojna (2235-02-796-01))	54.00	40.94(76)	144.00	118.35(82)	75.71	42.70(56)

Figures in bracket represent percentage of savings to total budget under the head of accounts.

Source: Appropriation Accounts 2011-12, 2012-13 and 2013-14..

The reasons for savings in the above cases were not intimated by the department.

Grant No. 42 Rural Development Department

Significant savings were noticed in 'Swarnajayanti Gram Swarojgar Yojna Scheme' and 'Indira Awas Yojna Scheme for General' during 2011-12, 2012-13 and 2013-14 as well as 'Adarsh Gram Yojna' during 2012-13 and 2013-14. Details are given in the table below:

(₹ in crore)

Sl. No.	Name of Scheme/Head	2011-12		2012-13		2013-14	
		Budget	Savings	Budget	Savings	Budget	Savings
1	Swarnajayanti Gram Swarojgar Yojna Scheme for General (2501-06-789-05)	19.08	9.89(52)	20.40	14.90(73)	13.95	8.74(63)
2	Swarnajayanti Gram Swarojgar Yojna Scheme for General (2501-06-796-05)	25.30	6.91(27)	26.64	16.92(64)	28.80	19.89(69)
3	Swarnajayanti Gram Swarojgar Yojna Scheme for General (2501-06-800-05)	19.80	9.04(46)	36.26	36.26(100)	39.20	21.24(54)
4	Swarnajayanti Gram Swarojgar Yojna (2501-06-796-01)	34.43	22.08(64)	29.42	18.99(65)	11.78	4.21(36)
5	Swarnajayanti Gram Swarojgar Yojna (2501-06-800-01)	21.39	15.68(73)	35.78	28.26(79)	11.77	8.91(76)
6	Indira Awas Yojna Scheme for General (2505-01-796-02)	69.00	24.78(36)	54.00	12.83(24)	59.40	8.05(14)
7	Indira Awas Yojna Scheme for General (2505-01-702-02)	54.00	12.48(23)	73.50	35.02(48)	80.85	38.77(48)
8	Adarsh Gram Yojna (2515-00-102-28)	0.00	0.00	29.40	12.09(41)	22.05	18.38(83)
9	Adarsh Gram Yojna (2515-00-789-28)	0.00	0.00	9.00	3.65(41)	6.75	5.37(80)
10	Adarsh Gram Yojna (2515-00-796-28)	0.00	0.00	21.60	8.59(40)	16.20	11.89(73)

Figures in bracket represent percentage of savings to total budget under the head of accounts.

Source: Appropriation Accounts 2011-12, 2012-13 and 2013-14.

During the last three years, no reasons for savings under the schemes were furnished by the department.

2.4.3 Advances from Contingency Fund

The Contingency Fund of the State was established under Section 4 of Jharkhand Contingency Fund Act 2001 in terms of the provisions of Article 267(2) and 283 (2) of the Constitution of India. Advances from the Fund are to be given only for meeting expenditure of unforeseen and emergent character, postponement of which, till authorisation by the Legislature, would be undesirable. The corpus of the fund in the State is ₹ 150 crore.

Review of relevant records revealed that the advances from Contingency Fund were made to meet expenditure which was neither unforeseen nor of emergent nature. On 45 occasions ₹ 336.33 crore was withdrawn during 2013-14. However, the total withdrawal from the fund during 2013-14 was recouped during the year. Details of some cases are given in the **Table 2.4** below:

Table 2.4: Expenditure from Contingency Fund of the State

Sl.No.	Head of account	Detail of work	Amount of Advance (₹ in lakh)
1	2011-02-101-06	Pay & Allowance of Leader of Opposition Party	50.00
2	2011-02-103-01	Purchase of New Motor Vehicles	23.00
3	2045-00-103-03	Pay and Allowance	10.52
4	2051-00-103-01	Pay and Allowance	15.55
5	2052-00-090-07	Pay and Allowance	32.00
6	2059-80-001-01	Pay and Allowance	7.21
7	2070-00-104-01	Tender Allowance	13.92
8	2071-01-117-03	Grants-in-aid to Contributory Pension Scheme	3000.00
9	2406-01-105-38	Purchase of New Motor Vehicles	110.89
10	2406-01-796-13	Wages (Supply & Materials)	352.17
11	2515-00-001-79	Grants-in-aid (Non-Salary)	4500.00
12	2515-00-796-79	Grants-in-aid (Non-Salary)	9000.00
13	2515-00-789-79	Grants-in-aid (Non-Salary)	1500.00
14	2851-00-001-01	Pay and Allowance	39.34
15	3451-00-090-07	Professional Service	500.00
16	3451-00-090-01	Pay and Allowance	65.00
Total			19219.60

Source: Information compiled by office of the Accountant General (A&E) Jharkhand

The above mentioned expenditure does not meet the criteria for drawal from Contingency Fund as these expenditure are not of an unforeseen or of an emergent character. Thus, these should have been postponed till authorisation by the Legislature of the State.

2.4.4 Excess over provisions during 2013-14 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 2.5 contains the summary of total excess in two appropriations and one grant amounting to ₹ 694.05 crore over and above authorisation from the Consolidated Fund of the State by the State Legislature during 2013-14, which requires regularisation under Article 205 of the Constitution.

Table 2.5: Excess over provisions requiring regularisation during 2013-14

(₹ in crore)

Sl. No.	Number and name of grant/appropriation	Total grant / appropriation	Expenditure	Excess
Charged Appropriation				
1.	13- Interest Payment	2475.02	2614.44	139.42
2	14-Repayment of Loans	1815.34	1996.92	181.58
Voted Grant				
3	15-Pension	3111.26	3484.31	373.05
Total		7401.62	8095.67	694.05

Source: Appropriation Accounts of Government of Jharkhand 2013-14

Excess expenditure in the above grants amounting to ₹ 694.05 crore, was incurred in excess of budget provision under different sub-heads of the grants.

2.4.5 Excess over provisions relating to previous years requiring regularisation

Excess expenditure over provisions, amounting to ₹ 9,803.97 crore for the years 2001-02 to 2012-13, was yet to be regularised (October 2014) 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 2.6**. Non-regularisation of the excess over grants/appropriations over the years is a breach of legislative control over appropriations.

Table 2.6: Excess relating to previous years requiring regularisation

(₹ in crore)

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	15	13,32	318.40
2011-12	15,25	14	420.16
2012-13	7,15,42	14	1263.18
Total			9803.97

Source: Appropriation Accounts of Government of Jharkhand

2.4.6 Avoidable/excessive Supplementary Provision

Supplementary provisions aggregating ₹ 1,907.43 crore obtained in 47 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.

2.4.7 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 26 sub-heads during 2013-14 as detailed in **Appendix 2.5** proved excessive or insufficient. Under 24 schemes/sub-heads, additional funds of ₹ 19.36 crore were provided through re-appropriation leading to savings of ₹ 15.70 crore under the same while in two schemes/sub-heads ₹ 0.56 crore were re-appropriated to other schemes/sub-heads, though there was excess expenditure of ₹ 5.66 crore in those schemes/sub-heads at the end of year.

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 total savings of ₹ 13,130.13 crore during 2013-14 significant savings (₹ one crore and above in each grant/appropriation) aggregating to ₹ 11,505.90 crore occurred under 42 grants/ appropriations. Of these, a total of ₹ 8,731.52 crore (66 *per cent* of the total savings) were not surrendered, details of which are given in **Appendix 2.6**.

Besides, in 26 cases, where the surrender of funds was in excess of ₹ Five crore each, ₹ 1,519.89 crore was surrendered on the last two working days of March 2014 (**Appendix 2.7**), leaving no scope for utilisation of these funds for other developmental purposes. This indicated poor financial control.

2.5 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. Contrary to this, in respect of 20 heads of accounts listed in **Appendix 2.8**, expenditure (exceeding ₹ 20 crore in each case) incurred in the last quarter of the year 2013-14 was more than 50 *per cent* of the total expenditure of the year.

It was noticed that entire expenditure during the year under the Major Heads '2810-Non-Conventional Sources of Energy for New and Renewable Energy' (₹ 11.87 crore) and '4404-Share Capital to Milkfed under Dairy Development' (₹ 10.00 crore) was incurred in the month of March 2014.

2.6 Non-reconciliation of Departmental figures

Though non-reconciliation of departmental figures by Controlling Officers (COs) with the books of the Accountant General (A&E) was pointed out regularly in our Audit Reports, the irregularities continued to persist during 2013-14. It was noticed that against the total receipts of ₹ 30,863.02 crore during 2013-14, a total amount of ₹ 12,792.03 crore (41.45 *per cent*) was not reconciled. Similarly, out of total expenditure of ₹ 30,463.22 crore during the year 2013-14, an expenditure of ₹ 17,947.18 crore (58.91 *per cent*) was not reconciled with the books of the Accountant General (A&E), Jharkhand as of 15 June 2014. Un-reconciled expenditure exceeding ₹ 10 crore or more in each case aggregating to ₹ 17,380.93 crore during 2013-14 is given in **Appendix 2.9**.

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.

2.7 Deficiencies in Budgetary Controls in Grant No. 20 Health, Medical Education and Family Welfare Department

A review of Budgetary process of Grant No. 20 – Health, Medical Education and Family Welfare Department for the year 2013-14 was conducted. This Grant contains three² Revenue Major Heads of Accounts and one Capital³ Major head. Audit scrutinized records of 31 units covered under the Grant.

Important observations are summarised below:

2.7.1 Non-adherence to prescribed schedule

Rule 62 of the Bihar Budget Manual (as adopted by Jharkhand) provides schedule for preparation of Budget Estimates. During review of Grant No. 20 we observed that though the Finance Department (FD) issued instructions to Health, Medical Education and Family Welfare Department (Department) on 16 November 2012 to send copy of prepared Budget Estimates (BE) and Comprehensive Outlay of Budget Transaction (COBT) for the year 2013-14 to the FD by 24 December 2012, the same were sent to Finance Department on 01 February 2013 after a delay of 38 days. Scrutiny of 31 units⁴ revealed that 11 units have submitted the BE with a delay ranging from two days to 26 days to the department where as six units failed to submit the BE to the department, six units did not produced BE file to audit and only eight units submitted the BE timely. Thus, the department did not adhere to the submission schedule.

The Joint Secretary, Health, Medical Education and Family Welfare Department stated (October 2014) that COBT was prepared on the basis of Budget Estimate received from all field offices.

Reply was not convincing as six test checked field units had not submitted Budget Estimate (Plan) for 2013-14.

2.7.2 Inflated Budget Estimate

Rule 131 of the Budget Manual states that the estimating officers should provide for everything that can be foreseen to the extent as much as is necessary in the budget. Further, Rule 132 provides that there should be little possibility of normal expenditure differing widely from the budget provision.

² Major Head 2210-Medical and Public Health, 2211-Family Welfare and 2251-Secretariat-Social Services

³ Major Head 4210-Capital Outlay on Medical and Public Health

⁴ **Office of the:** National Rural Health Mission (Jharkhand), Director in Chief, Director Drugs, Director Food, Director AYUSH, Director RIMS, Director RINPAS and JMHIDPCL.

Divisions under Health, Medical Education and Family Welfare Department: EE Kolhan (Chaibasa), EE North Chhotanagpur (Hazaribagh) and EE South Chhotanagpur (Ranchi)

Civil Surgeon Office: Ranchi, Jamshedpur, Dhanbad, Hazaribagh and Chaibasa

Superintendent Office: Dhanbad (PMCH), Jamshedpur (MGMMCH), Ranchi, Hazaribagh and Chaibasa.

ACMO Office: Ranchi, Hazaribagh, Jamshedpur, Dhanbad and Chaibasa

RCH Office: Ranchi, Hazaribagh, Jamshedpur, Dhanbad and Chaibasa.

- It was observed that out of total budget provision of ₹ 1,456.31 crore for the year 2013-14, an expenditure of ₹ 1,132.81 crore (77.79 *per cent*) was incurred by the department. Out of total savings of ₹ 323.50 crore (22.21 *per cent*), ₹ 287.99 crore lapsed and ₹ 35.51 crore was surrendered. Analysis of Appropriation Accounts 2013-14 revealed that entire budget provisions under 34 sub-heads (out of 136) aggregating to ₹ 47.76 crore remained unutilised (**Appendix 2.10**) and eventually surrendered or lapsed.

We also observed that the department had persistent savings of ₹ 265.01 crore (24.72 *per cent*), ₹ 455.65 crore (31.74 *per cent*) and ₹ 586.65 crore (38.27 *per cent*) respectively against the provision during the years 2010-11, 2011-12 and 2012-13 as detailed in **Appendix 2.11**.

The Joint Secretary, Health, Medical Education and Family Welfare Department stated (October 2014) that during 2013-14 funds were surrendered due to prohibition on important decision in the light of Lok Sabha Election. For the years 2010-11, 2011-12 and 2012-13 no specific reasons were provided by the department.

Further, audit scrutiny of 31 units revealed following deficiencies in Budget estimate:

- **Avoidable Budget provision for vacant posts:** Rule 55 (1) of the Budget Manual provides that budget should be made only for men on duty.

Scrutiny of budget files of five out of 31 field units test checked (**Appendix 2.12**) for the year 2013-14 revealed that budget provision of ₹ 7.47 crore were made for 225 vacant posts which remained unutilized and ultimately resulted in savings of ₹ 7.47 crore.

While accepting the fact the Joint Secretary, Health, Medical Education and Family Welfare Department stated (October 2014) that special attention would be given in future.

- **Excess allotment against demand:** In the BE for the year 2013-14, against the demand of ₹ 3.60 lakh, ₹ 16.38 lakh and ₹ nil, respectively raised by the offices of Superintendent, Sadar Hospital, Ranchi, Superintendent, Patliputra Medical College and Hospital (PMCH), Dhanbad and Superintendent, Mahatma Gandhi Memorial Medical College and Hospital (MGMMCH), Jamshedpur, fund of ₹ 20.00 lakh, ₹ 40.00 lakh and ₹ 40.00 lakh respectively were allotted by the department under detailed head “50-Stipend”. Thus excess allotment of fund by the department to the units resulted in surrender of ₹ 80.02 lakh.

While accepting the fact the Joint Secretary, Health, Medical Education and Family Welfare Department stated (October 2014) that the matter has been noted for future.

- **Avoidable/Irregular Budget Provision for construction of already existing Health Sub-Centres and Panchkarm Therapy Centres:**

- Analysis of surrender report of Executive Engineer, North Chhotanagpur Division, Hazaribagh revealed that though there was no demand by the unit, a provision of ₹ 1.06 crore was made in the budget

for construction of four already existing health sub-centres by the department. The irregular allotment without demand and assessment of requirement resulted into non-utilisation and surrender of the entire funds.

- Scrutiny of allotment letter revealed that a sum of ₹ 2.04 crore was sanctioned on 15 February 2014 and released on 20 February 2014 to the Director, AYUSH to establish Panchkarm Therapy Centre at 12 districts. Allotment letter instructed the Director AYUSH to form a Committee to adjudge the requirement of machines, tools, medicines etc. The said fund remained unutilised as the post of Director, AYUSH was vacant since October 2013 to June 2014. Thus, the department did not assess the condition for implementation of the scheme prior to the allotment of the fund which resulted in its eventual surrender.

While accepting the facts, the Joint Secretary, Health, Medical Education and Family Welfare Department stated (October 2014) that the matter has been noted for future.

2.7.3 Injudicious supplementary provision

As per Rule 115 of Budget Manual, Supplementary demands are undesirable in principle and a free resort to them inevitably leads to laxity in budgetary control. Their admissibility, apart from the question of the actual provision of funds, would, therefore, be closely scrutinized. The justification of a supplementary demand should rest upon circumstances which are exceptional.

We observed that during the year 2013-14 ₹ 31.31 crore was provided through Supplementary grants in anticipation of expenditure. Out of the total supplementary grants, provision of ₹ 14.39 crore made under 16 sub-heads (**Appendix 2.13**) proved unjustified as the final expenditure under these heads was less even than the Original provisions in Budget Estimate.

The Joint Secretary, Health, Medical Education and Family Welfare Department stated that special attention would be given on this matter in future.

2.7.4 Late release of funds

A sum of ₹ 6.78 lakh for the construction of Maternity and Child Health Centre sanctioned by the department on 12 January 2013 and allotted to the Executive Engineer North Chhotanagpur Division, Hazaribagh on 29 March 2014 was received by the unit only on 31 March 2014. The entire allotment remained unutilised as the fund was released and received late. While accepting the fact the Joint Secretary, Health, Medical Education and Family Welfare Department stated (October 2014) that the matter has been noted for future.

2.7.5 Rush of Expenditure

As mentioned in Para 2.5, under Rule 113 of Budget Manual, rush of expenditure particularly in the closing month should be avoided.

We observed that during the year 2013-14 under 26 sub-head (out of 136) expenditure of ₹ 141.24 crore (76 *per cent*) out of total expenditure of ₹ 187.52 crore was incurred in the month of March 2014 (**Appendix 2.14**).

Further Scrutiny of monthly accounts and Budget Control Register of the 11 units⁵ revealed that expenditure of ₹ 38.07 crore (ranging from 27 to 100 *per cent*) out of total expenditure of ₹ 98.21 crore in these units during 2013-14 was spent in the month of March 2014 (**Appendix 2.15**). Huge expenditure in the last month of the year was contrary to the provision of Rule 113 of Budget Manual.

The Joint Secretary, Health, Medical Education and Family Welfare Department stated (October 2014) that field offices were being directed in this regard.

2.7.6 Non-reconciliation of departmental expenditure figures

Rule 134 of Budget Manual, requires Departmental Accounts to be reconciled with Accountant General's book on monthly basis to avoid chances of misclassification of expenditure and receipts.

We observed that out of total expenditure of ₹ 1,132.81 crore during the year 2013-14, the Department reconciled a sum of ₹ 9.81 crore (0.86 *per cent*) only as of August 2014. Thus, expenditure of ₹ 1,123.00 crore remained unreconciled in contravention of the Rule cited above (**Appendix 2.16**).

The Joint Secretary, Health, Medical Education and Family Welfare Department stated (October 2014) that field offices were being directed in this regard.

2.7.7 Funds drawn and kept in bank accounts and Personal Ledger (PL) Account

Rule 300 of Jharkhand Treasury code (JTC) as adopted by the State stipulates that no money should be withdrawn from 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. Rule further stipulates that if money is drawn in advance, the unspent balance of the amount so drawn should be refunded to the treasury by short drawal in the next bill or with a challan at the earliest possible opportunity and in any case before the end of financial year in which the amount was drawn.

- Scrutiny of records of 2013-14 revealed that against the sanction/allotment order of the department, the Director-in-Chief withdrew ₹ 27.00 crore through AC bills and transferred (between December 2013 to March 2014) the funds to the Jharkhand Medical & Health Infrastructure Development & Procurement Corporation Ltd (JMHDPCCL) for purchase of Medicines, equipments etc. JMHDPCCL parked the amount in four bank accounts and did not incur expenditure as of July 2014. Thus, the entire fund ₹ 27.00 crore was not intended for immediate disbursement and was parked outside Government accounts.

⁵ (i) EE, South Chhotanagpur Division, (ii) EE, North Chhotanagpur Division, (iii) EE, Kolhan Division, (iv) RINPAS, (v) Superintendent, Sadar Hospital, Ranchi, (vi) C S cum CMO, Ranchi, (vii) RIMS, (viii) Superintendent, Sadar Hospital, Hazaribagh, (ix) C S cum CMO, Jamshedpur, (x) MGMMCH, Jamshedpur and (xi) C S cum CMO, Chaibasa.

- During 2013-14, Rajendra Institute of Medical Science (RIMS) received (27 March 2014) Grants-in-aid of ₹ 20.00 crore for development works through State Plan Budget. The entire amount was deposited in PL Account (28 March 2014) and remained unutilised as of July 2014.

Thus provision of fund of ₹ 47.00 crore in above cases was not immediately required and was parked in Bank Account/PL Account in violation of provision of JTC code which showed deficiency in budgetary control by the department.

The Joint Secretary, Health, Medical Education and Family Welfare Department stated (October 2014) that purchase was under process and Director, RIMS was directed for necessary action.

2.7.8 Non-submission of DC bills

Rule 320 of JTC states that DC bill (in T.C. form 39) supported with sub-vouchers and countersigned by the Controlling Officer is required to be submitted to the Accountant General (A&E) not later than 25th of the month following that to which they relate.

During 2013-14 we observed that a sum of ₹ 50.24 crore was withdrawn through AC bills in the Department against which DC bills amounting ₹ 62.18 lakh only were submitted as of September 2014, leaving a outstanding balance of ₹ 49.61 crore (*Appendix 2.17*). We observed in six test checked units that DC bills were not submitted due to non-utilisation of funds and non-submission of vouchers by various beneficiary hospitals.

Non-submission of DC bills in time in contravention of the provisions of the JTC reflected weak monitoring and deficiency in Budgetary control by the Department.

The Joint Secretary, Health, Medical Education and Family Welfare Department stated (October 2014) that field offices were being directed to submit DC Bills.

2.7.9 Irregular drawal of fund

Under Rule 318 of JTC, contingent charges requiring countersignature by the Controlling Officers after payments can be drawn as an advance from the Treasury in an AC Bill (Form T.C. 38) without any supporting voucher. The expenditure is debited under the relevant service head. Under Rule 320 and Rule 322, DC Bill (in Form T.C. 39) supported with sub-vouchers and countersigned by the Controlling Officers is required to be submitted to the Accountant General (A&E) not later than 25th of the following month. As per sanction order of the department, medical assistance fund under *Asadhya Rog* for BPL family scheme were to be drawn in AC Bills.

During scrutiny of files we observed that on the basis of instructions in the sanction order, out of allotment of ₹ 9.46 crore a sum of ₹ 2.98 crore was withdrawn from Treasury by four units through bills prepared in Form T.C. 37 and Form T.C. 76 (used for drawal of fully vouched contingent bill and drawal of Loans and Advances respectively) instead of prescribed Form T.C. 38. Thus drawal of funds in Form T.C. 37 and Form T.C. 76 was irregular as the funds drawn were neither fully vouched contingent bills nor an advance and it also bypassed a procedural requirement under Rule 318,

thereby making the system vulnerable to misappropriation as there was no requirement to submit detailed contingent bills supported with sub-vouchers countersigned by Controlling Officers against the funds drawn on Form T.C. 37 and T.C. 76.

While accepting the fact, the Joint Secretary, Health, Medical Education and Family Welfare Department stated (October 2014) that the matter was noted for future and field offices were being directed to draw AC bills in proper form and thereafter submit DC bills.

2.8 Conclusion and Recommendations

Large Savings due to improper Budget estimation

- There were large savings of ₹ 13,130.13 crore (30 *per cent*) against total budget provision of ₹ 43,121.68 crore during 2013-14 indicating improper budget estimation. Large savings under various schemes/sub-heads may adversely affect the implementation of development programmes in the State. Persistent savings for the last five years were also noticed in 15 departments performing Social and Economic Services.

The budgetary control mechanism should be strengthened in the Government Departments to avoid huge savings, especially where savings occurred persistently and to avoid taking supplementary grants, which remain unutilised.

Advances from Contingency Fund

- Advances amounting ₹ 336.33 crore on 45 occasions were withdrawn from Contingency Fund during 2013-14 to meet expenditure which was neither unforeseen nor of emergent nature.

Advances from the Contingency Fund should be given only for meeting expenditure of unforeseen and emergent character.

Excess over provisions during 2013-14 requiring regularisation

- Excess expenditure of ₹ 694.05 crore was incurred over provisions during 2013-14, which requires regularisation under Article 205 of the Constitution of India. Besides, excess expenditure occurred during 2001-2013 was yet to be regularised.

Regularisation of excess expenditure in the current year and as well as that occurred in the previous years should be given priority.

Non-reconciliation of Departmental figures

- The Controlling Officers did not reconcile 59 *per cent* of total expenditure and 41 *per cent* of total receipts of the departments with the books of the Accountant General (A&E), Jharkhand during 2013-14.

Controlling officers should reconcile their expenditure and receipts figures every month with those in the books of the Accountant General (A&E).

Deficiencies in Budgetary Controls in Health, Medical Education and Family Welfare Department

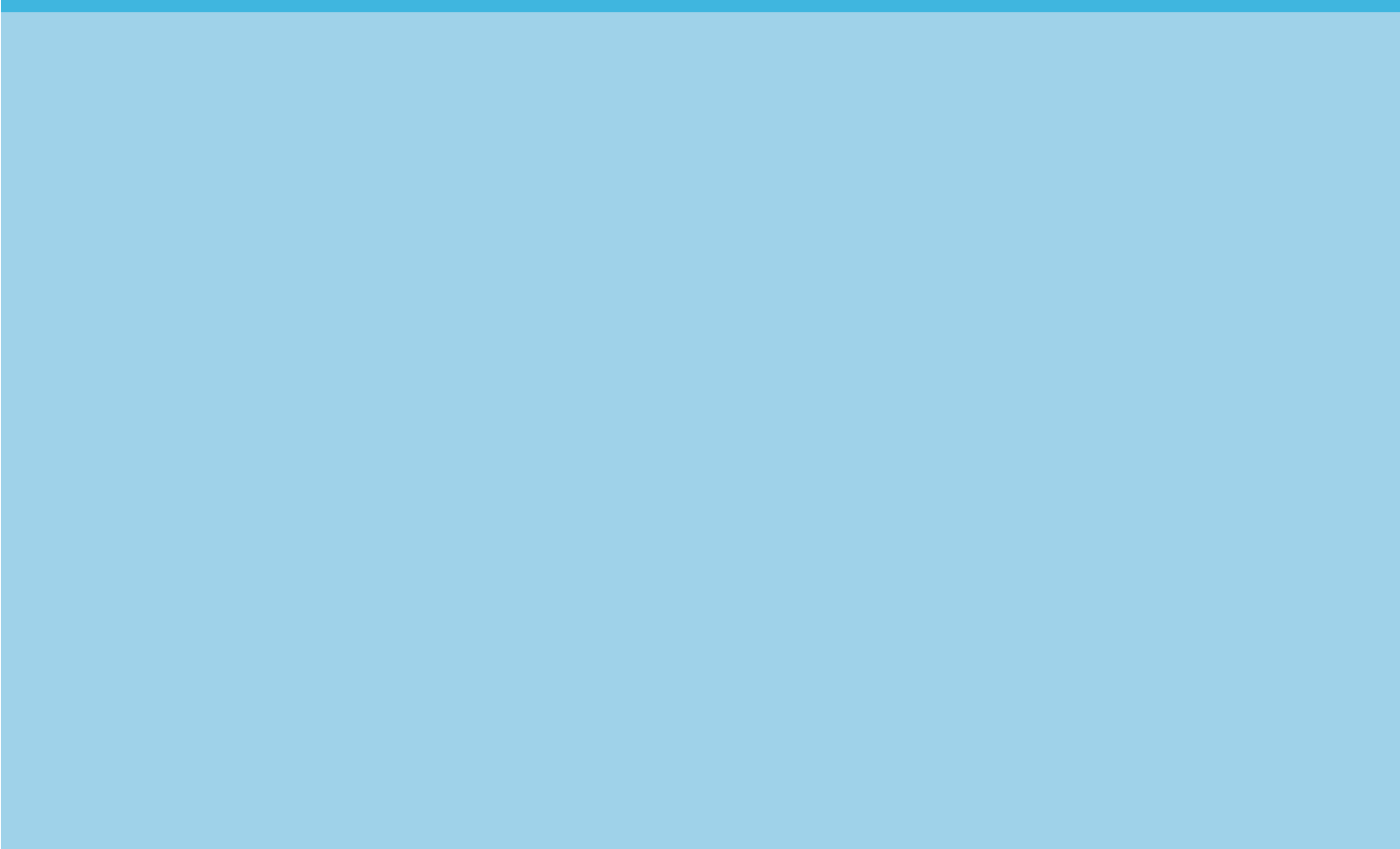
- The Health, Medical Education and Family Welfare Department was not following the provisions of the Budget Manual resulting in lack of budgetary control in the Department.

The Health, Medical Education and Family Welfare Department should adhere to the provisions of the Budget Manual by adopting budget monitoring system in the Department.



Chapter-3

FINANCIAL REPORTING



CHAPTER 3

FINANCIAL REPORTING

A sound internal financial reporting system and the availability of relevant and reliable information significantly contribute 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 2013-14.

3.1 Compliance Audit of outstanding Utilisation Certificates against the grants

3.1.1 Introduction

Grants-in-aid (GIA) are payments in the nature of assistance, donations or contributions made by one government to another government, body, institution or individual. GIA is given by the Union Government to the State Governments or Panchayati Raj Institutions, agencies, bodies and institutions. Similarly, the State governments also disburse GIA to agencies, bodies and institutions such as universities, hospitals, cooperative institutions and others. The grants so released are utilised by these agencies, bodies and institution for meeting day-to-day operating expenses and for creation of capital assets.

Rule 341 of the Jharkhand Financial Rules (JFR) provides that only so much of GIA should be paid during the financial year as is likely to be expended during that year, the authority signing or countersigning a bill for GIA should see that the money is not drawn in advance of requirement.

Rule 342 of JFR further stipulates that if GIA are provided during a year for specific purposes, Utilisation Certificates (UCs) in form GFR-19A 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.

In Jharkhand, a total of 5,264 UCs amounting to ₹ 6,543.82 crore were outstanding as of 31 March 2014 in different departments against the GIA bills drawn during 2006-07 to 2012-13 as given in *Appendix 3.1*.

A compliance audit was conducted between June and August 2014 to study the reasons for huge numbers of outstanding UCs. Accordingly, Panchayati Raj & National Rural Employment Programme (Special Division) Department (PR&NREPD) and Urban Development Department (UDD) with outstanding 4,105 UCs amounting to ₹ 3,321.89 crore covering more than 50 *per cent* of the total outstanding amount were selected in audit. Further, three districts¹

¹ Deoghar, East Singhbhum and Ranchi

covering 25 number of outstanding UCs amounting to ₹ 601.23 crore² pertaining to both the departments were selected for detailed examination.

3.1.2 Status of outstanding UCs in Panchayati Raj & NREP (Special Division) Department and Urban Development Department

The year-wise status of outstanding UCs of ₹ 3,321.89 crore in respect of PR&NREPD and UDD as on 31 March 2014 is given in **Table 3.1**.

Table 3.1: Statement showing outstanding UCs as on 31 March 2014 for the GIA disbursed by the selected departments during 2006-13

(₹ in crore)

Year of disbursement of GIA	Panchayati Raj & NREP (Special Division)		Urban Development	
	No. of UC pending	Amount	No. of UC pending	Amount
2006-07	72	140.95	186	24.21
2007-08	26	48.13	189	45.49
2008-09	55	251.03	352	114.12
2009-10	38	156.86	585	194.00
2010-11	99	250.84	522	142.12
2011-12	64	259.97	390	146.64
2012-13	566	1031.57	961	515.96
Total	920	2139.35	3185	1182.54

From the **Table 3.1**, it may be seen that amount of ₹ 2,139.35 crore (920 UCs) in respect of PR&NREPD and ₹ 1,182.54 crore (3,185 UCs) in respect of UDD pertaining to 2006-07 to 2012-13 were outstanding as on 31 March 2014. As per Rule 342 of the JFR, UCs were to be submitted within 12 months from the date of sanction of GIA. However, the period of non-submission of UCs by the Drawing and Disbursing Officers (DDOs) ranged from one to six years.

In absence of submission of UCs by the concerned DDOs, audit could not ascertain whether the grants were actually utilised. Such huge pendency in submission of UCs indicated ineffective internal control mechanism and poor monitoring of the Department.

Detailed examination of the 25 test-checked cases revealed that non-utilisation of grants, blocking of grant by parking in bank accounts, non-drawal of grants from treasury, delay in release of grants, erroneous submission of UCs by the executing agencies etc. were the reasons for outstanding UCs.

Audit Findings

Significant irregularities noticed in course of audit are detailed below:

3.1.3 Delay in release of grants

The Urban Development Department (UDD) sanctioned (March 2010) grants of ₹ 75.14 crore for Basic Services to Urban Poor (BSUP) (₹ 53.51 crore) and Water Supply Scheme (WSS) (₹ 21.63 crore) in Ranchi district under Jawaharlal Nehru Urban Rural Mission (JNNURM). The Under Secretary, UDD was the DDO for withdrawal of grants. The entire grants were withdrawn from the treasury and transferred (March 2010) to the Greater

² Panchayati Raj & NREP (Special Division) Department – 14 cases – ₹ 379.43 crore and Urban Development Department – 11 cases – ₹ 221.80 crore

Ranchi Development Agency (GRDA), the State Level Nodal Agency for JNNURM, for onward transmission to implementing agencies.

Audit observed that GRDA released the grants to the Chief Executive Officer (CEO), Ranchi Municipal Corporation, the implementing agency, after a delay ranging between 12 to 23 months from the receipt of grant as detailed in **Table 3.2.**

Table 3.2 : Statement showing delay in release of grant to implementing agency
(₹ in crore)

Sanction of Grants		Grants received by GRDA		Grants released by GRDA		Delay in months	Agency
Order/Date	Amount	Date	Amount	Date	Amount		
195/25.3.2010	53.51	31.3.2010	53.51	11.2.2012	53.51	23	CEO, Ranchi Municipal Corporation for BSUP Scheme
147/3.3.2010	21.63	23.3.2010	21.63	29.3.2011	21.63	12	CEO, Ranchi Municipal Corporation for WSS
Total	75.14		75.14		75.14		

In reply, GRDA accepted the audit observation and stated (August 2014) that delay in releasing the grant for BSUP Scheme was due to non-utilisation of previous grants and regarding WSS, the reason was non-submission of UCs and work plans by the implementing agencies.

Release of grants by the UDD without actual utilisation of the previous grants by the implementing agency reflected that the requirement of the grants was not for immediate use, which was in contravention of Rule 341 of the JFR. Further, failure to obtain UCs and work plan by the GRDA showed poor monitoring of works by the GRDA resulting in non-achievement of the purpose for which the grants were released. Moreover, delay in release of grants further delayed its actual utilisation and submission of UC thereon.

Further, scrutiny of grants of ₹ 53.51 crore released to CEO, Ranchi Municipal Corporation revealed that only ₹ 7.16 crore was utilised and balance ₹ 46.35 crore could not be utilised either due to non-completion of ongoing projects or due to inclusion of projects yet to be started under BSUP scheme into Rajeev Awas Yojana for which revised Detailed Project Report (DPR) was to be sent to the Ministry of Housing & Urban Poverty Alleviation (MoHUPA), GOI. Thus, ₹ 46.35 crore remained blocked and UC could not be submitted (August 2014). However, ₹ 21.63 crore was fully utilised (August 2014) by Ranchi Municipal Corporation for Ranchi Water Supply Scheme under JNNURM.

3.1.4 Improper disbursement of grants and incorrect submission of Utilisation Certificate

General Basic Grant of ₹ 57.41 crore under Thirteenth Finance Commission for execution of works³ as per approved work plan for Gram Panchayat (GP) were sanctioned (September 2012) by the Panchayati Raj and NREP (Special Division) Department. The Under Secretary after withdrawal (October 2012) of grants from treasury transferred it to all 24 districts of Jharkhand through

³ Arrangement of Computer and Computer operator in all offices of Panchayats; Arrangement of generator/inverter/solar panel in Panchayat Bhawans; Supply of equipment in Panchayat Bhawans and arrangement of drinking water in Panchayats.

Real Time Gross Settlement (RTGS), of which ₹ 3.93 crore was transferred (October 2012) to the Secretary, Zila Parishad, Ranchi.

According to the sanction order, the Zila Parishad was to electronically transfer the grants immediately into the bank accounts of concerned GPs opened for that particular scheme. Further, UCs of the expenditure incurred were to be sent to Accountant General (A&E), Jharkhand in prescribed format of GFR 19A along with a copy to the Secretary, Department of Panchayati Raj and NREP (Special Division).

The Secretary, Zila Parishad, Ranchi instead of transferring the grants directly into the bank accounts of the GPs, transferred (November 2012) the said grants to 18 Block Development Officers⁴ (BDOs) of Ranchi district for onward disbursement to 303 GPs at the rate of ₹ 1,29,794 each. Further information furnished by the Zila Parishad revealed that the amount was ultimately credited on 9 February 2013 into the bank accounts of the GPs after a delay of four months from the date of allotment for execution of approved works.

The Secretary accepted and stated (July 2014) that the grants would be transferred electronically direct to the GPs in future.

On being asked for physical and financial progress of the works executed through these grants, the Secretary, Zila Parishad stated (July 2014) that it would be obtained from concerned blocks and made available. However, the Secretary, Zila Parishad had already submitted (March 2013) the UC in the prescribed format GFR-19A showing the entire grant of ₹ 3.93 crore actually utilised.

Thus, the Secretary submitted incorrect UC to Accountant General (A&E) without obtaining the status of actual work executed and expenditure incurred.

The improper release of grant to BDOs instead of electronic transfer into the bank accounts of gram panchayats led to delay in disbursement and ultimately delayed the submission of UC showing actual utilisation. Faulty submission of UC not only reflected on the poor monitoring of works by the Secretary, Zila Parishad but also raises a question mark on the validity of the UC.

3.1.5 Blocking and non-utilisation of Grants

As already mentioned in paragraph 3.1.1, no money should be drawn in advance of requirement (Rule 341 of JFR). Further, as per provisions of Appropriation Act, the funds drawn from the treasury should be utilised within the financial year. Again, Rule 300 of Jharkhand Treasury Code (JTC) stipulated that no money should be withdrawn from 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. Rule further stipulates that if money is drawn in advance, the unspent balance of the amount so drawn should be refunded to the treasury by short drawal in the next bill or with a challan at the earliest

⁴ Angara, Bero, Bundu, Burmu, Chanho, Itki, Kanke, Khelari, Lapung, Mandar, Nagri, Namkum, Ormanjhi, Rahe, Ratu, Sonahatu, Silli and Tamar.

possible opportunity and in any case before the end of financial year in which the amount was drawn.

In course of test-check of outstanding UCs, following cases of blocking of grants were noticed:

- On the basis of the recommendation of Twelfth Finance Commission under State Specific Needs, against the total sanctioned grant of ₹ 275.51 crore for rehabilitation of Heavy Engineering Corporation (HEC) Ltd, Ranchi, the Urban Development Department (UDD), sanctioned (March 2010) grant of ₹ 36 crore for payment to HEC Ltd. The grant was to be paid to the HEC Ltd after it hands over the un-encroached land and buildings measuring 354.25 acres⁵ to the State Government. The Under Secretary withdrew (March 2010) the grant from treasury and transferred it to the Secretary, Industries Department in the shape of Bankers cheque issued in favour of Chairman-cum-Managing Director, HEC Ltd valid till 30 September 2010. As the land measuring 354.25 acres, which was under encroachment, was not handed over to the State Government by the HEC Ltd, the said Bankers cheque remained unutilised with the Secretary, Industries Department in the shape of lapsed Bankers Cheque (June 2014).

Since the grants could not be utilized, UCs against the same could not be submitted by the UDD.

- The UDD administratively approved and allotted (March 2011) ₹ 1.41 crore to Deoghar Municipal Corporation for construction of a park at Club *Maidaan*, Deoghar. The Chief Executive Officer (CEO), Deoghar Municipal Corporation after withdrawal from treasury deposited (March 2011) the entire amount of ₹ 1.41 crore into its Personal Ledger (PL) Account.

The work for construction of park could not be started (July 2014) as the land selected for construction was sub-judice since 2005 in the Hon'ble High Court of Jharkhand. The CEO requested (March 2013 and January 2014) the Department for permission to utilise the grants for up-gradation of Children's Park, Jalsar. The permission for the same was not granted by the department as yet (July 2014) and the entire amount of ₹ 1.41 crore allotted for construction of park remained blocked for more than three years.

Keeping the unutilized grant amount blocked in PL Account in violation of the Rule 341 of JFR and Rule 300 of JTC resulted in non-submission of UC. Moreover, sanction for construction of park on disputed land showed the improper selection of work which reflected the defective procedure for sanctioning the grant.

- Greater Ranchi Development Agency (GRDA) is the State Nodal Agency for implementation of JNNURM scheme. The grants pertaining to JNNURM are withdrawn by the Departmental officers of

⁵ A total of 2,342 acres of land was to be handed over by the HEC Ltd after payment of ₹ 275.51 crore. Of which 1987.75 acres were already handed over to the State Government.

UDD and transferred to GRDA for the implementation of schemes taken up under JNNURM.

Scrutiny of information received from GRDA revealed that the UDD released (April 2010) grants of ₹ 1.02 crore through two sanction orders to GRDA, Ranchi for onward disbursement to Executive Officers, Lohardaga Municipal Corporation and Hazaribag Nagar Parshad for implementation of Solid Waste Management (SWM) scheme. But the amount was not disbursed to both the Executive Officers as of July 2014. Thus, the said amount remained blocked for more than four years with GRDA which hampered the implementation of scheme and non-submission of UCs thereof.

In reply, the GRDA accepted and stated (August 2014) that the grants were not released to the Executive Officers of Lohardaga Municipal Corporation and Hazaribag Nagar Parshad due to non-finalisation of pending enquiries against them.

Delay in finalisation of pending enquiries by the Department against the concerned Executive Officers and not utilising the said grants on other schemes by taking back it from the GRDA reflected ineffective monitoring of the Department.

- Department of Panchayati Raj and NREP (Special Division) sanctioned (December 2006) grants of ₹ 11.29 crore for developmental works of 2,052 Gram Sabhas of Ranchi district. The grants were to be transferred to Gram Sabhas at the rate of ₹ 55,000 per Gram Sabha. The said grant was withdrawn (March 2007) from the Treasury by District Panchayati Raj Officer (DPRO), Ranchi, of which ₹ 10.54 crore was released (April 2007 to August 2008) to 1,916 Gram Sabhas and ₹ 74.80 lakh remained unreleased as bank accounts of some Gram Sabhas had not been opened and some Gram Sabhas were falling under other district (Khunti). The Deputy Commissioner (DC), Ranchi requested (June 2010) the Department for sanction to spent the unutilised grants of ₹ 74.80 lakh for implementation of different schemes for Gram Sabhas of Ranchi District, but the reply of the department was awaited (July 2014). Thereafter neither any correspondence was made by the DC with the Department, nor the balance amount of the grant was refunded into Government Account. Thus, the unreleased grants of ₹ 74.80 lakh had been blocked by the DPRO in its current Bank Account for more than seven years.

Failure to provide necessary instruction by the Department for utilisation of the unspent grant and non-refund of the same into government account by the DC and DPRO reflected ineffective internal control mechanism and violation of the Rules mentioned *ibid*.

Thus, the developmental works of the Gram Sabhas could not be carried out due to non-utilisation of the grants which ultimately resulted in non-submission of UC thereof.

- The UDD administratively approved (March 2011) ₹ 7.24 crore and released (March 2011) ₹ 5.76 crore⁶ for the work of construction of Auditorium and laying of coloured interlocking pavers to Deoghar Municipal Corporation. The CEO, Deoghar Municipal Corporation, against the available grant of ₹ 5.76 crore, spent only ₹ 1.35 crore⁷ on the work and ₹ 4.41 crore remained un-utilised (July 2014) due to slow progress of work by the contractor in respect of construction of auditorium and delayed commencement of the work in respect of laying of coloured interlocking pavers.

In reply, the Chief Executive Officer, Deoghar Municipal Corporation accepted the audit observation and stated (July 2014) that the matter would be examined, works would be completed and grants would be utilised soon.

Delay in completion of work for more than three years from the date of allotment showed poor monitoring of the work by the Chief Executive Officer which led to non-submission of UCs.

Thus, drawal of grants without its immediate use and keeping it blocked and unutilised was in violation of the provisions of the Appropriation Act, financial Rules and treasury codes. This also reflected the poor planning and monitoring by the Department resulting in non-utilisation and ultimately non-submission of UCs.

3.2 Compliance Audit of funds drawn on Abstract Contingent bills by the Welfare Department

Background

In Jharkhand, funds drawn from the treasury as advances in Abstract Contingent (AC) bills have been unusually large. During the period 2000-14, a total amount of ₹ 15,135 crore was drawn on 54,563 AC bills, of which ₹ 5,162 crore involving 17,778 bills remained outstanding as on 30 June 2014. The advances remain outstanding as long as the Controlling Officers (COs) do not submit the Detailed Contingent (DC) bills with supporting vouchers to the Accountant General (A&E). In the absence of submission of DC bills for outstanding amount drawn on AC bills, 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.

3.2.1 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 on an AC bill (T.C. Form 38), without any supporting voucher (Rule 318 of the JTC). The expenditure is debited under

⁶ (i) Construction of Auditorium in Shilpagram-Approved estimated cost: ₹ 2.76 crore; released amount: ₹ 2.76 crore, (ii) Laying of coloured interlocking pavers- Approved estimated cost: ₹ 4.48 crore; released amount: ₹ 3.00 crore

⁷ Construction of Auditorium – ₹ 85.78 lakh and Interlocking pavers – ₹ 48.73 lakh

the relevant service head and the DC bill (in T.C. Form 39)⁸ supported with sub-vouchers and countersigned by the CO⁹ is required to be submitted to the Accountant General (A&E) not later than 25th of the month¹⁰ following that to which they relate. A certificate to the effect that the 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 adjustments are made in case of misclassification. However, the responsibility for 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 funds withdrawn on AC bills during the period 2011-14 by the Welfare Department was conducted in September-October 2014. In Jharkhand, funds amounting to ₹ 3,192 crore were drawn through AC bills during the period 2011-14, of which ₹ 1,383 crore were outstanding (June 2014) as shown in **Table 3.3**. The Welfare Department withdrew ₹ 164.60 crore during the period, of which ₹ 161.54 crore remained outstanding (**Appendix-3.2**). The AC bills amounting to ₹ 89.71 crore drawn during 2011-14 by three DDOs¹¹ of Welfare Department in Ranchi district through 11 AC bills were examined in detail.

3.2.2 Trends of drawal of Abstract Contingent 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 period¹², but not later than 31 March of the financial year¹³. Non-submission of DC bills on time entails breach of financial discipline and leads to risk of misappropriation. The details of funds drawn through AC bills during 2000-14, DC bills submitted and outstanding amounts against these bills as of 30 June 2014 are detailed in **Table 3.3**.

⁸ Rule 320 of JTC

⁹ 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).

¹⁰ Rule 322 of JTC

¹¹ (i) Deputy Director, Tribal Welfare, Welfare Department (ii) District Welfare Officer, Ranchi and (iii) Project Director, Integrated Tribal Development Agency (ITDA), Ranchi

¹² From 1st of a month to 10th of the next month, for submission of detailed bills to the CO for counter signature (Rule 319 of the JTC)

¹³ Rule 300 of JTC

Table 3.3 : Outstanding Detailed Contingent bills as on 30 June 2014*(₹ in crore)*

Year	AC bills drawn		DC bills submitted		Outstanding DC bills		Percentage of outstanding amount
	Number	Amount	Number	Amount	Number	Amount	
2000-2011	52489	11943	35892	8164	16597	3779	32
2011-2012	1059	1600	333	1208	726	392	25
2012-2013	547	925	498	494	49	431	47
2013-2014	468	667	62	107	406	560	84
Total (2011-2014):	2074	3192	893	1809	1181	1383	43
Grand Total :	54563	15135	36785	9973	17778	5162	34

Source: Notes to Accounts in Finance Accounts

It would be seen from the **Table 3.3** that out of the total outstanding amount of ₹ 5,162 crore (June 2014), an amount of ₹ 3,779 crore (73 *per cent*) was more than three years old. The outstanding amount of AC bills drawn during 2000-11 was 32 *per cent* of the total amounts drawn. While the pendency decreased to 25 *per cent* for AC Bills drawn during 2011-12, it increased to 47 *per cent* and 84 *per cent* for the years 2012-13 and 2013-14 respectively of the total amount of AC bills drawn during that year.

We observed that drawal of funds through AC bills continuously decreased during 2012-13 (₹ 547 crore from ₹ 1059 crore) and 2013-14 (₹ 468 crore from ₹ 547 crore) in comparison to preceding year.

In Welfare Department, the amounts drawn on AC bills increased from ₹ 42.96 crore (70 bills) in 2011-12 to ₹ 107.06 crore (25 bills) in 2012-13 and then decreased to ₹ 14.58 crore (two bills) in 2013-14. The outstanding amounts against these AC bills were ₹ 39.90 crore (66 bills) for 2011-12, ₹ 107.06 crore (25 bills) for 2012-13 and ₹ 14.58 crore (two bills) for 2013-14 as of August 2014 (**Appendix-3.2**).

3.2.3 Delay in submission of Detailed Contingent bills

Rule 322 of JTC provides that DC bills shall be sent to the Accountant General (A&E) Jharkhand, Ranchi not later than the 25th of the month following the month to which they relate.

Scrutiny of test-checked 11 AC bills pertaining to Welfare Department revealed that amount of ₹ 53.52 lakh was withdrawn (March 2012) by the District Welfare Officer (DWO), Ranchi through two AC bills. The details of which are shown in **Table 3.4**.

Table 3.4 : Delay in submission of Detailed Contingent bills

Sl. No	Bill No	Date of withdrawal from treasury	Amount (₹ in lakh)	Due date of submission of DC Bills	Date of submission of DC Bills	Delay in months
1	285/11-12	31.03.2012	24.33	25.04.2012	20.06.2014 and 04.07.2014	26
2	288/11-12	31.03.2012	29.19	25.04.2012	20.06.2014 and 04.07.2014	26
Total			53.52			

Source : Information furnished by the District Welfare Officer, Ranchi

As per JTC Rule the DC bills were to be submitted to AG (A&E) Jharkhand, Ranchi by 25 April 2012. But it is evident from the **Table 3.4** that the DC bills were submitted in June and July 2014 with a delay of approximately 26 months.

In reply, the DWO, Ranchi accepted and stated (September 2014) that delay in submission of DC bills was due to delayed receipt of measurement books and vouchers from the implementing agencies.

Audit further observed that the remaining test-checked nine bills amounting to ₹ 89.17 crore drawn during March 2012 to March 2013 were yet to be adjusted through submission of DC bills (August 2014).

The Project Director (PD), Integrated Tribal Development Agency (ITDA) accepted and stated (October 2014) that non-completion of works in time by the implementing agencies was the reason for non-submission of DC bills. The reply of the Tribal Welfare Commissioner (TWC), Welfare Department is awaited (October 2014).

3.2.4 Drawal of Plan funds on Abstract Contingent bills

Drawal of Plan funds on AC bill is not permissible as the same are not of contingent nature.

- We observed that out of a total amount of ₹ 164.60 crore drawn on 97 AC bills by the Department during 2011-14, ₹ 160.01 crore (97 *per cent*) were Plan funds. Against these Plan funds, DC bills of only ₹ 3.06 crore were submitted to Accountant General (A&E) and ₹ 156.95 crore remained outstanding as of August 2014.
- Scrutiny of test-checked AC bills revealed that the Welfare Department allotted (September and December 2012) ₹ 77.18 crore to two DDOs¹⁴ for implementation of different schemes under Article 275(1) of the Constitution and allowed to draw funds as lump-sum advance. Accordingly, the entire funds of ₹ 77.18 crore were drawn (January 2013 and March 2013) by the DDOs as advance through two AC bills from treasury. As the funds allotted from Central Government under article 275(1) of the Constitution are grants, these were to be released as Grants-in-aid (GIA) for implementation of the schemes. However, we noticed that since the State Budget did not have the detailed head “Grants-in aid” under Minor (programme) head (796-Tribal area sub-plan)- Sub head (08-Central Assistance under Article 275 (1) of the Constitution), the DDOs could not draw the funds on GIA bills.

Withdrawal of GIA funds on AC bills was one of the reasons for high outstanding AC bills amounts in Jharkhand.

Further, we observed that drawal of funds as lump-sum advance was allowed by the Department quoting the provisions of Para 15 of Bihar Finance Department's orders dated 17 April 1998, as adopted by Jharkhand, under which 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.

Sanction for lump-sum advance drawal of entire funds under article 275 (1) of the Constitution based on above Government orders was

¹⁴ Tribal Welfare Commissioner, Ranchi (₹ 69.96 crore) and Project Director, Integrated Tribal Development Agency (ITDA), Ranchi (₹ 7.22 crore)

irregular, as the advance was not drawn only for procurement of materials.

The reply of the Department is awaited (October 2014).

3.2.5 Drawal of Abstract Contingent 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.

The amounts drawn by the Welfare Department and test-checked DDOs¹⁵ of Ranchi district at the fag end of the financial year through AC bills during 2011-14 are shown in **Table 3.5**.

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

(₹ in crore)

	Total Drawal		Drawn in March		Drawn in last week of March		Drawn on 31 st March	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Welfare Department	97	164.60	79	59.12(36)	74	55.27(34)	55	35.12(21)
Test -checked AC Bills	11	89.71	10	19.75(22)	9	16.67(18.58)	8	14.63(16)

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 ₹ 164.60 crore drawn by the Department in AC bills during the years 2011-14, ₹ 59.12 crore (36 per cent) was drawn in the month of March. Of these, ₹ 55.27 crore (34 per cent) was drawn in the last week of March. The amount drawn on the last day of the financial year was ₹ 35.12 crore. The 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.

Further, test-check of records of three DDOs of the Department revealed that the DDOs withdrew (March 2012 and March 2013) ₹ 19.75 crore through 10 AC bills for implementation of various schemes. Of these, ₹ 11.20 crore was paid/disbursed or remitted into treasury and ₹ 8.55 crore remained unutilised with them as of August 2014. Moreover, out of ₹ 11.20 crore, only ₹ 0.22 crore was paid during the same financial year (March 2013) and ₹ 10.98 crore were paid/disbursed or remitted into treasury during the subsequent financial years.

Thus, drawal of ₹ 19.53 crore¹⁶ in AC bills, not required for immediate payment, was in violation of the Appropriation Act and the provisions of the JTC.

¹⁵ (i) Deputy Director, Tribal welfare, Welfare Department (ii) District Welfare Officer, Ranchi and (iii) Project Director, ITDA, Ranchi

¹⁶ ₹ 19.75 crore – ₹ 0.22 crore

3.2.6 Repeated drawal of funds on Abstract Contingent bills

Our scrutiny revealed that two test-checked DDOs repeatedly withdrew funds amounting to ₹ 89.17 crore through AC bills during 2011-13 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 Table 3.6.

Table 3.6 : Statement showing repeated drawal of Abstract Contingent Bills

(₹ in Crore)				
Sl.	Drawing & Disbursing Officers	Drawal of Bills	No. of Bills drawn	Amount
1	Deputy Director, Tribal Welfare	Between 29 March 2012 and 31 March 2013	07	81.72
2	Project Director, Integrated Tribal Development Agency (ITDA), Ranchi	31 March 2012 and 31 March 2013	02	7.45
	Total		09	89.17

Source : Voucher Level Computerisation (VLC) Database

While drawing funds from treasury on AC bills after 10th of the next month of month of drawal of AC bills, the DDO signs a certificate in TC Form 38 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 onward submission to Accountant General (A&E).

As could be seen from the Table 3.6, both the DDOs withdrew funds from the treasury on subsequent AC bills by signing certificates required for withdrawal of funds on AC bills. Thus, the DDOs furnished false certificates, as DC bills were outstanding against the previously drawn AC bills.

3.2.7 Funds drawn on Abstract Contingent bills kept in bank account

Rule 300 of the JTC requires that funds should not be drawn unless required for immediate payment. Further, Financial Rules prohibit keeping of Government money outside Government accounts. We observed that funds drawn by the DDOs in AC bills were not utilised fully and were lying in the bank accounts of the DDOs and implementing agencies as discussed below:

- The Project Director (PD), Integrated Tribal Development Agency (ITDA), Ranchi withdrew (March 2012 and March 2013) ₹ 7.45 crore through two AC bills for implementation of tribal welfare schemes. Out of which only ₹ 4.20 crore was spent up to 24 September 2014 and balance ₹ 3.25 crore was lying unutilised in the savings account of ITDA as on September 2014.

The PD, ITDA, Ranchi accepted and stated (October 2014) that funds could not be utilized due to non-completion of the schemes.

- The Deputy Director, Tribal Welfare, Welfare Department withdrew (March 2012 to March 2013) ₹ 81.72 crore through seven AC bills from treasury for implementation of various Tribal welfare Schemes, of which ₹ 75.33 crore was paid/dispensed for implementation of different schemes and balance amount of ₹ 6.39 crore was kept in bank accounts of Tribal Welfare Commissioner as of September 2014.

The reply is still awaited (October 2014).

- The TWC, Welfare Department released (February 2013 to August 2014) ₹ 2.96 crore to PD, ITDA and DWO, Ranchi for implementation of various schemes, of which only ₹ 0.77 crore was utilised and remaining amount of ₹ 2.19 crore was kept in the bank accounts of concerned agencies as of September 2014.

The PD, ITDA, Ranchi accepted and stated (September 2014) that funds could not be utilised due to non-completion of works and non-payment to the suppliers. The DWO, Ranchi also accepted and stated (September 2014) that funds could not be utilized due to non-completion of works.

3.2.8 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 various irregularities in drawal of AC bills to the Finance Secretary to Government on regular intervals. 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. However, it was noticed that though the drawal of funds through AC Bills had decreased during 2012-14; trend of non-submission of DC bills for long periods against the bills drawn during 2012-14 still continued.

3.3 Submission of accounts and audit of Autonomous Bodies, Authorities and Grantee institutions

3.3.1 Audit under Sections 14 and 15 of CAG's (DPC) Act, 1971

In order to identify institutions/organisations which attract audit under Section 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (C&AG's DPC Act), the Government/Heads of Departments are required to furnish to Audit every year the detailed information about the financial assistance given to various institutions, the purpose for which the assistance is granted and the total expenditure of the institutions. Further, Regulations on Audit and Accounts 2007 provides that Governments and heads of departments which sanction grants and/or loans to bodies or authorities shall furnish to the Audit Office by the end of July every year a statement of such bodies and authorities to which grants and/or loans aggregating ₹ 10 lakh or more were paid during the preceding year indicating (a) the amount of assistance (b) the purpose for which the assistance was sanctioned and (c) the total expenditure of the body or authority. As of October 2014, no department of the Government had furnished such details for the year 2013-14. However, 71 bodies/authorities in the State which attract audit under section 14 of C&AG's (DPC) Act 1971 have been identified by Audit on the basis of information gathered from the Annual Accounts of the State of which audit of 59 authorities/bodies have been conducted for various periods as of October 2014 (accounts of one body audited up to 2013-14 and 16 bodies audited up to 2012-13), as shown in *Appendix 3.3*.

Due to non submission of information about the financial assistance given by the Government, the purpose of assistance granted and the total expenditure of such bodies/authorities, it was not possible to provide assurance to Legislature/Government about the manner in which the grants sanctioned/paid by them has been utilised. This dilutes control in Government expenditure systems.

3.3.2 Audit under section 19 of CAG's (DPC) Act, 1971

There are three Autonomous Bodies¹⁷ in the State which are to be audited under Sections 19 (3) of the C&AG's (DPC) Act, with regard to verification of their transactions, operational activities and accounts, conducting compliance audit of transactions, review of internal management and financial controls, review of systems and procedures, etc.

Separate Audit Report (SAR) of Jharkhand State Legal Services Authority (JHALSA) including 22 District Legal Services Authorities (DLSAs) for the year 2008-09 was issued on 08 April 2013. Its placement in Legislature had not been intimated. Annual Accounts of 2009-10 and 2010-11 were audited and SAR was issued to Member Secretary, JHALSA on 22 November 2013. Accounts for the years 2011-12 and 2012-13 have not been received so far (October 2014).

The audit of Accounts of Jharkhand State Electricity Regularity Commission (JSERC) has been completed and SAR has been issued up to 2011-12. However, status of placement of the same for the years 2003-04 to 2011-12 before State Legislature has not been intimated. Accounts for the years 2012-13 and 2013-14 have not been received (October 2014).

Rajendra Institute of Medical Sciences (RIMS) Act was enacted in the year 2002. As per Article 22 of the Act the audit of RIMS is to be conducted by the Principal Accountant General (Audit), Jharkhand. Accordingly, the audit of accounts of RIMS was entrusted to Principal Accountant General (Audit) under section 19 (3) of the CAG's DPC Act, 1971 which was accepted by the Principal Accountant General (Audit) in October 2009. However, in spite of active persuasion annual accounts for any year have not been submitted to Audit as of October 2014.

3.4 Reporting of cases on misappropriation, losses etc.

Rule 31 of the Jharkhand Financial Rules, provides that loss of public money, government revenue, stores or other property by defalcations or otherwise should be immediately reported by the office to the higher authority, Finance Department as well as to the Principal Accountant General (Audit), Jharkhand even when such loss has been made good by the party responsible for it. Such reports must be submitted as soon as a suspicion arises that there has been a loss; these must not be delayed while enquiries are made.

In reply to the audit request (28 April 2014 and 26 June 2014) for providing information in this regard, no information has been received by the Finance Department as of October 2014.

¹⁷ (i) Jharkhand State Legal Services Authority (JHALSA) including District Legal Services Authorities (DLSAs) (ii) Jharkhand State Electricity Regulatory Commission (JSERC) (iii) Rajendra Institute of Medical Sciences (RIMS).

3.5 Funds drawn and kept in Personal Ledger (PL) Accounts

As per rule 300 of Jharkhand Treasury Code money should not be withdrawn from Treasury unless it is required for immediate payment. It is not permissible to draw advances, in anticipation of demands, from the treasury for prosecution of works, the completion of which is likely to take a considerable time to prevent lapse of appropriation. Further, financial rules prohibit keeping of Government money outside Government accounts.

Review of Finance Accounts and Voucher Level Computerisation (VLC) data related to the transactions in the minor heads under the Major Head of accounts 8448-Civil Deposit for the year 2013-14 revealed that there were 101 Personal Ledger Accounts of the State as of 31 March 2014.

The closing balances under the PL Accounts were continuously increasing during the years 2011-12 and 2012-13 whereas it decreased during the year 2013-14, as shown in **Table 3.7**.

Table 3.7: Funds in Personal Ledger Accounts

(₹ in crore)

Year	Opening balance	Receipts	Disbursement	Closing Balance
2010-11	1457.58	1940.34	1670.78	1727.14
2011-12	1727.14	2248.95	1782.95	2193.14
2012-13	2193.14	3110.78	2349.49	2954.43
2013-14	2954.43	2613.93	2970.86	2597.50

It may be seen from **Table 3.7** that huge funds amounting to ₹ 2,597.50 crore were kept in PL Accounts at the end of March 2014.

Thus, drawal of government money to prevent it from being lapsed and keeping it in PL Accounts for its expenditure in the years other than in which it was provided in the budget with the approval of Legislature not only violated the Financial Rules but also led to the failure of budgetary control of the State.

3.6 Conclusion and Recommendations

Outstanding Utilisation Certificates against the grants

- Utilisation certificates (UCs) of ₹ 6,543.82 crore against the GIA bills drawn during 2006-07 to 2012-13 by different departments were outstanding as on 31 March 2014. Non-receipt of UCs against the GIA bills 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 purpose.

It is recommended that the State Government should ensure timely utilisation of the grants for the intended purpose and submission of UCs there against.

- The reasons for Utilisation certificates remaining outstanding were delayed and improper release of grants, non-utilisation or partial utilisation of grants, blocking of grants and non-reconciliation of drawal of grants and submission of UCs thereof by the concerned Drawing and Disbursing Officer with the Accountant General (A&E), Jharkhand.

It is recommended that monitoring should be done at each level to avoid delay in release of grants and watch the physical and financial progress of the works and submission of Utilisation Certificates thereof. It is also recommended that the Departmental Officers should comply strictly with the financial rules and procedures to avoid blocking and non-utilisation of grants. Reconciliation of outstanding UCs should be done between Accountant General (A&E) and concerned Drawing and Disbursing Officers at regular intervals to avoid the undue delay/non-receipt of UCs despite submission.

In addition to above, it is also recommended that process of sanction of grants-in-aid by the department, permission for drawal of GIA by office of the Accountant General (A&E) and submission of Utilisation certificates by the grantee should be done electronically to watch the actual withdrawal of grants from treasury and submission of Utilisation Certificates in time by the concerned Drawing and Disbursing Officers.

Drawal of funds on Abstract Contingent Bills

- Significant amount of ₹ 5,162 crore drawn on Abstract Contingent (AC) bills during 2000-14 remained outstanding as of June 2014 due to non-submission of Detailed Contingent (DC) bills.

It is recommended that State Government should ensure timely submission of DC bills as per extent rules and provisions.

- Non-provisioning of funds, allotted as grants from Central Government, in the State budget as Grants-in-aid resulted in drawal of the same through AC bills. AC bills were drawn for purposes for which advance drawal was not permissible. The Departments withdrew AC bills even for Plan expenditure.

It is recommended that funds allotted as grants from Central Government should be provisioned as Grants-in-aid in the State Budget and such funds should be drawn on GIA bills and not on AC bills.

- 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. Further, unspent funds drawn on AC bills were kept in bank accounts and not deposited into the Government account.

It is recommended that withdrawal of funds on AC bills for expenditure not of contingent nature should be prohibited and unspent amounts drawn through AC bills should be immediately deposited in to the Government Accounts.

- AC bills were repeatedly drawn by the DDOs by furnishing false certificates regarding submission of DC bills in respect of AC bills drawn earlier.

It is recommended that 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.

Submission of Accounts and Audit of Autonomous Bodies, Authorities and Grantee Institutions

- Government departments have not timely submitted the accounts of grantee bodies to the Principal Accountant General (Audit). Status of submission of Separate Audit Reports of the Autonomous Bodies to the Legislature has not been intimated to the Principal Accountant General (Audit) by the departments.

It is recommended that Government Departments should ensure timely submission of the accounts of Autonomous Bodies to the Principal Accountant General (Audit).

Funds kept in Personal Ledger Accounts

- There was a huge balance of ₹ 2,597.50 crore in Personal Ledger Accounts at the end of March 2014. Transfer of budgeted funds passed by the Legislature for the current year to Personal Ledger Accounts for expenditure in future years was in contravention of Financial Rules and weakened the budgetary control of the State.

It is recommended that parking funds in Personal Ledger Accounts should be avoided and funds should be utilised during the financial year for which it was provided in the budget.

**Ranchi
The**


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

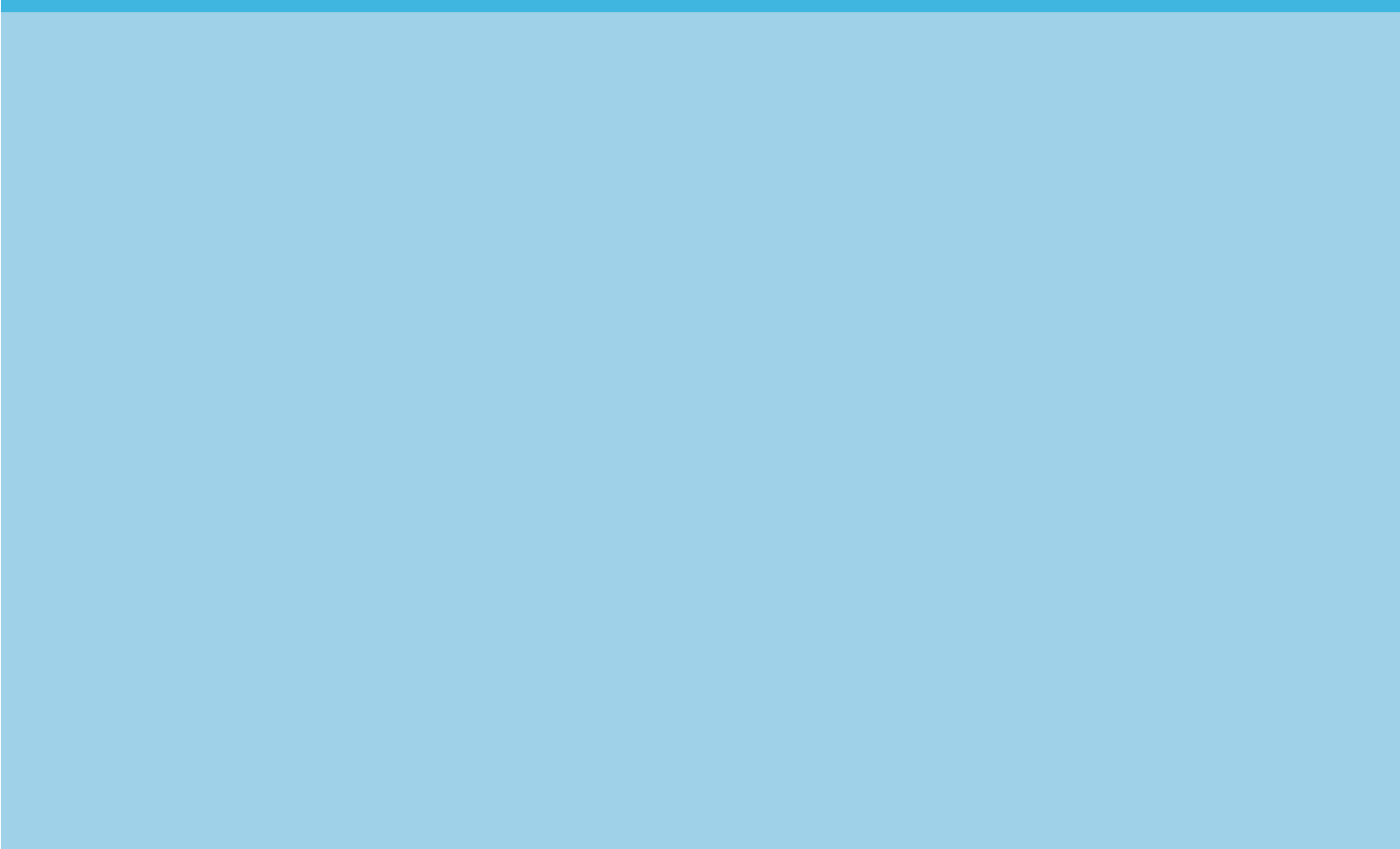
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**New Delhi
The**


(SHASHI KANT SHARMA)
Comptroller and Auditor General of India



APPENDICES



the fact that the *Journal of the American Medical Association* (JAMA) has been the most widely cited journal in the field of medicine for over a century.

The *JAMA* is a peer-reviewed journal that publishes research findings, clinical trials, and reviews of medical literature. It is published weekly and is one of the most influential journals in the field of medicine.

The *JAMA* is published by the American Medical Association (AMA), which is a professional organization of physicians in the United States. The AMA is committed to the highest standards of medical practice and research.

The *JAMA* is a leading source of information for physicians, researchers, and the general public. It provides a comprehensive overview of the latest research and clinical findings in the field of medicine.

The *JAMA* is a highly respected journal that is read by physicians and researchers around the world. It is a valuable resource for anyone interested in the latest developments in the field of medicine.

The *JAMA* is a leading journal in the field of medicine, and its research findings have shaped the practice of medicine for over a century. It is a journal that is read by physicians and researchers around the world.

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

PROFILE OF JHARKHAND					
A. General Data					
Sl. No.	Particulars				Figures
1	Area				79714 Sq km
2	Population a				
	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 ¹ below poverty line (BPL) (All India Average = 21.92 %)				40.4 <i>per cent</i>
5	a	Literacy (As per 2001 Census) (All India Average = 64.80%)			44 <i>per cent</i>
	b	Literacy (As per 2011 Census) (All India Average = 74.04 %)			67.63 <i>per cent</i>
6	Infant mortality ² (per 1000 live births) (All India = 40 per 1000 live births)				42
7	Gini Coefficient ³				
	a.	Rural. (All India = 0.29)			0.24
	b.	Urban. (All India = 0.38)			0.36
8	Gross State Domestic Product (GSDP) 2013-14 at current prices				₹ 172773 crore
9	Per capita GSDP CAGR (2004-05 to 2013-14)		Jharkhand		10.93 <i>per cent</i>
			General Category States		14.88 <i>per cent</i>
10	GSDP CAGR (2004-05 to 2013-14)		Jharkhand		12.52 <i>per cent</i>
			General Category States		15.49 <i>per cent</i>
11	Population Growth (2004-05 to 2013-14)		Jharkhand		13.69 <i>per cent</i>
			General Category States		12.94 <i>per cent</i>
B. Financial Data ⁴					
Sl. No.	Particulars		Figures (in <i>per cent</i>)		
	CAGR		2004-05 to 2012-13		2004-05 to 2013-14
			General Category States	Jharkhand	Jharkhand
1	a.	of Revenue Receipts	16.93	17.84	18.58
2	b.	of Own Tax Revenue	16.42	16.75	18.83
3	c.	of Non Tax Revenue	12.49	16.35	14.54
4	d.	of Total Expenditure	15.37	15.54	17.78
5	e.	Capital Expenditure	17.01	15.49	19.14
6	f.	of Revenue Expenditure on Education	17.44	15.97	15.91
7	g.	of Revenue Expenditure on Health	16.50	9.58	17.90
8	h.	of Salaries& Wages	14.73	@	@
9	i.	of Pension	18.34	21.43	22.52

¹ Press note July 2013 Planning Commission BPL 2011-12 by Tendulkar Methodology.

² SRS Bulletin September 2013,

³ Planning Commission data for 2009-10

⁴ Financial data of Jharkhand is based on Finance Accounts of the State Governments.

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.

@ figure of Salaries & Wages for the year 2004-05 is not available.

Appendix 1.1 Part B Structure and Form of Government Accounts (Reference: Paragraph 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 2013-14.
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 2013-14.
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 2014.
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
Methodology Adopted for the Assessment of Fiscal Position
(Reference: Paragraph 1.1; Page 2)

The norms/Ceilings prescribed by the ThFC 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 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)

	2009-10	2010-11	2011-12	2012-13	2013-14
Gross State Domestic Product (₹ in crore)	100621	127281	135618	151655	172773
Growth rate of GSDP	14.6	26.5	6.6	11.8	13.9

Source: Directorate of Statistics and Evaluation, Government of Jharkhand.

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
Resource Gap	Incremental Non-debt Receipts <u>minus</u> Incremental Primary Revenue Expenditure + Incremental Interest Receipts

Appendix 1.3
Time series data on the State Government finances
(Reference: Paragraph 1.1, 1.3 & 1.9.2; Page 2, 8 & 30)

(₹ in crore)

	2009-10	2010-11	2011-12	2012-13	2013-14
Part A. Receipts					
1. Revenue Receipts	15118(82)	18781(88)	22420(89)	24770(83)	26137(85)
(i) Tax Revenue	4500(30)	5717(30)	6954(31)	8224(33)	9380(36)
Taxes on Agricultural Income	-	-	-	-	-
Taxes on Sales, Trade, etc.	3597(80)	4473(78)	5522(79)	6422(78)	7305(78)
State Excise	323(7)	388(7)	457(7)	578(7)	628(7)
Taxes on Vehicles	234(5)	312(6)	392(6)	465(6)	495(5)
Stamps and Registration fees	238(5)	328(6)	401(6)	492(6)	502(5)
Land Revenue	41(1)	131(2)	53(1)	96(1)	230(3)
Taxes on Goods and Passengers	13	21	41(0)	1(0)	1(0)
Other Taxes	54(2)	64(1)	88(1)	170(2)	219(2)
(ii) Non Tax Revenue	2254(15)	2803(15)	3038(14)	3536(14)	3753(14)
(iii) State's share of Union taxes and duties	5547(37)	6154(33)	7170(32)	8188(33)	8939(34)
(iv) Grants in aid from Government of India	2817(18)	4107((22)	5258(23)	4822(20)	4065(16)
2. Miscellaneous Capital Receipts	-	-	Nil	Nil	Nil
3. Recoveries of Loans and Advances	22	24	24	43	23
4. Total Revenue and Non debt capital receipts (1+2+3)	15140	18805	22444	24813	26160
5. Public Debt Receipts	3369(18)	2447(12)	2671(11)	5199(17)	4703(15)
Internal Debt (excluding Ways and Means Advances and Overdrafts)	3379	2315	2409	4591	4281
Net transactions under Ways and Means Advances and Overdrafts	-	-	229	369	316
Loans and Advances from Government of India	-10	132	33	239	106
6. Total Receipts in the Consolidated Fund (4+5)	18509	21252	25115	30012	30863
7. Contingency Fund Receipts	-	-	Nil	Nil	Nil
8. Public Account Receipts	8242	7721	10813	14495	14275
9. Total Receipts of the State (6+7+8)	26751	28973	35928	44507	45138
Part B. Expenditure/Disbursement					
10. Revenue Expenditure	15128(83)	17945(86)	20992(86)	23400(83)	23472(83)
Plan	3758(25)	6004(33)	7646(36)	7743(33)	6288(27)
Non Plan	11370(75)	11941(67)	13346(64)	15657(67)	17184(73)
General Services (including interest payments)	6605(44)	6991(39)	7846(37)	8696(37)	9960(42)
Social Services	5610(37)	6707(37)	7287(35)	8309(36)	8215(35)
Economic Services	2913(19)	4247(24)	5859(28)	6395(27)	5297(23)
Grants-in-aid and contributions	-	-	-	Nil	Nil
11. Capital Expenditure	2703(15)	2664(13)	3159(13)	4218(15)	4722(17)
Plan	2682(99)	2621(98)	3111(98)	4151(98)	4706(100)
Non Plan	21(1)	43(2)	48(2)	67(2)	16(0)
General Services	112(4)	120 (4)	156(5)	176(4)	168(3)
Social Services	825(31)	682(26)	866(27)	1030(25)	924(20)
Economic Services	1766(65)	1862(70)	2137(68)	3012(71)	3630(77)
12. Disbursement of Loans and Advances	320(2)	308(1)	217(1)	601(2)	222(1)
13. Total (10+11+12)	18151	20917	24368	28219	28416
14. Repayments of Public Debt	1190	1299	1639	2183	1997
Internal Debt (excluding Ways and Means Advances and Overdrafts)	1068(90)	1063(82)	1406(86)	1525(70)	1542(77)
Net transactions under Ways and Means Advances and Overdraft	-	-	78(5)	520(24)	316(16)
Loans and Advances from Government of India	123(10)	236(18)	155(9)	138(6)	139(7)

Appendix 1.3 continued..

15. Appropriation to Contingency Fund	-	-	Nil	Nil	Nil
16. Total disbursement out of Consolidated Fund (13+14+15)	19341	22216	26007	30402	30413
17. Contingency Fund disbursements	-	-	-	-	-
18. Public Account disbursements	7290	7400	9728	13417	14094
19. Total disbursement by the State (16+17+18)	26631	29616	35735	43819	44507
Part C. Deficits					
20. Revenue Deficit(-)/Revenue Surplus (+) (1-10)	(-)10	(+)836	(+)1428	(+)1370	(+)2665
21. Fiscal Deficit (-)/Fiscal Surplus (+) (4-13)	(-)3011	(-)2112	(-)1924	(-)3406	(-)2256
22. Primary Deficit(-)/Surplus(+) (21+23)	(-)704	(+)116	(+)343	(-)1015	(+)358
Part D. Other data					
23. Interest Payments (included in revenue expenditure)	2307	2228	2267	2391	2614
24. Financial Assistance to local bodies etc.	2333	3122	4530	6950	6422
25. Ways and Means Advances/ Overdraft availed (days)	-	-	6	13	8
Ways and Means Advances availed (days)	-	-	6	13	8
Overdraft availed (days)	-	-	Nil	Nil	Nil
26. Interest on Ways and Means Advances/ Overdraft	-	-	0.03	0.32	0.21
27 Gross State Domestic Product (GSDP)[@]	100621	127281	135618	151655	172773
28 Outstanding Fiscal liabilities (year end)	27165	28655	30664	34869	37594
29. Outstanding guarantees (year end) (including interest)	500	-	-	-	-
30. Maximum amount guaranteed (year end)	-	-	-	-	-
31. Number of incomplete projects (value ₹ 1 crore and above)	262	167	182	189	328
32. Capital blocked in incomplete Projects	1466	1503	573	1972	760
Part E. Fiscal Health Indicators					
I Resource Mobilisation					
Own Tax revenue/GSDP	4.5	4.5	5.1	5.4	5.4
Own Non-Tax Revenue/GSDP	2.2	2.2	2.2	2.3	2.2
Central Transfers/GSDP	8.3	8.1	9.2	8.6	7.5
II Expenditure Management					
Total Expenditure/GSDP	18.0	16.4	18.0	18.6	16.4
Total Expenditure/Revenue Receipts	120.1	111.4	108.7	113.9	108.7
Revenue Expenditure/Total Expenditure	83.3	85.8	86.1	82.9	82.6
Expenditure on Social Services (including L&A)/Total Expenditure	35.8	35.4	33.5	33.2	32.2
Expenditure on Economic Services (including L&A)/Total Expenditure	27.2	30.6	33.6	35.3	32.1
Capital Expenditure/Total Expenditure	14.9	12.7	13.0	14.9	16.6
Capital Expenditure on Social and Economic Services/Total Expenditure.	14.3	12.2	12.3	14.3	16.0
III Management of Fiscal Imbalances					
Revenue deficit (surplus)/GSDP	0.0	0.7	1.1	0.9	1.5

Appendix 1.3 continued..

Fiscal deficit/GSDP	-3.0	-1.7	-1.4	-2.2	-1.3
Primary Deficit (surplus) /GSDP	-0.7	0.1	0.3	-0.7	0.2
Revenue Deficit/Fiscal Deficit	0.3	-39.6	-74.2	-40.2	-118.1
Primary Revenue Balance/GSDP	2.3	2.4	2.7	2.5	3.1
IV Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	27.0	22.5	22.6	23.0	21.8
Fiscal Liabilities/RR	179.7	152.6	136.8	140.8	143.8
Primary deficit vis-à-vis quantum spread	(+)647	(+)5145	(+)30	(+)1388	(+)2698
Debt Redemption (Principal +Interest)/ Total Debt Receipts	3.1	4.3	3.9	Nil	Nil
V Other Fiscal Health Indicators					
Return on Investment	Nil	0.4	1.17	15.00	18
Balance from Current Revenue (₹ in crore)	2077	4014	6855	5782	6208
Financial Assets/Liabilities	85	89	95	98	100

@ GSDP figures obtained from the website of Ministry of Statistics and Programme Implementation, Government of India..

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 2013-14
(Reference: paragraph 1.1.1; Page 2)

(₹ in crore)

Abstract of Receipts and Disbursements for the year 2013-14								
Receipts				Disbursements				
2012-13			2013-14	2012-13		Non-plan	Plan	Total
	Section-A: Revenue							
24769.56	I. Revenue Receipts		26136.80	23399.87	I. Revenue Expenditure	17184.41	6287.48	23471.89
8223.67	Tax Revenue	9379.79		8696.49	General Services	9691.69	267.67	9959.36
				8308.59	Social Services	4299.54	3915.80	8215.34
3535.63	Non-tax Revenue	3752.71		4411.28	Education, Sports, Art and Culture	2876.19	1045.97	3922.16
				808.74	Health and Family Welfare	604.47	372.63	977.10
8188.05	State's share of Union Taxes	8939.32		642.06	Water supply, Sanitation, Housing and Urban Development	300.97	409.43	710.40
				46.27	Information and Broadcasting	40.51	12.61	53.12
1483.41	Non-plan Grants	1319.91		563.88	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	92.51	532.33	624.84
2393.94	Grants for State Plan Schemes	1565.83		150.43	Labour and Labour Welfare	45.61	82.13	127.74
				1668.48	Social Welfare and Nutrition	318.72	1460.70	1779.42
944.86	Grants for Central and Centrally Sponsored Plan Schemes	1179.24		17.45	Others	20.56	0.00	20.56
				6394.79	Economic Services	3193.18	2104.01	5297.19
				992.44	Agriculture and Allied Activities	418.62	556.40	975.02
				1768.17	Rural Development	610.13	819.44	1429.57
					Special Areas Programmes	0.00	0.00	0.00
				281.40	Irrigation and Flood Control	303.39	0.69	304.08
				1560.20	Energy	1502.36	18.41	1520.77
				220.11	Industry and Minerals	44.00	142.09	186.09
				725.86	Transport	244.32	7.31	251.63
					Science, Technology and Environment	0.00	0.00	0.00
				846.61	General Economic Services	70.36	559.67	630.03
					Grants-in-aid and Contributions	0.00	0.00	0.00
				23399.87	Total	17184.41	6287.48	23471.89
	II Revenue Deficit carried over to Section B			1369.79	II Revenue Surplus/Deficit carried over to Section B			2664.91
24769.56	Total	26136.80		24769.56	Total			26136.80

Appendix I 4. Part A continued ..

Section B									
116.85	III Opening Cash Balance including Permanent Advances and Cash Balance Investment	704.75			III Opening Over Draft from Reserve Bank of India				
	IV Miscellaneous Capital Receipts			4218.43	IV Capital Outlay	15.81	4706.69	4722.50	4722.50
				175.91	General Services	15.81	152.28	168.09	
				1029.78	Social Services	0.00	924.12	924.12	
				90.76	Education, Sports, Art and Culture		145.21	145.21	
				146.84	Health and Family Welfare		166.18	166.18	
				487.42	Water supply, Sanitation, Housing and Urban Development		342.07	342.07	
					Information and Broadcasting		0.00	0.00	
				194.39	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes		168.03	168.03	
Section B Others (contd...)									
				110.37	Social Welfare and Nutrition		102.63	102.63	
					Others				
				3012.74	Economic Services		3630.29	3630.09	
				16.39	Agriculture and Allied Activities		15.26	15.26	
				886.85	Rural Development		1148.93	1148.93	
					Special Areas Programme		0.00	0.00	
				591.08	Irrigation and Flood Control		454.01	454.01	
					Energy		0.00	0.00	
				1.00	Industry and Minerals		2.00	2.00	
				1503.45	Transport		1994.65	1994.65	
				13.97	General Economic Services		15.44	15.44	
				4218.43	Total	15.81	4706.69	4722.50	
43.11	V Recoveries of Loans and Advances		23.32	600.81	V Loans and Advances Disbursed	29.92	191.99	221.91	
	From Power Projects	0.00		541.70	For Power Projects	0.00	175.34	175.34	
22.07	From Govt. Servants	22.31		18.74	To Government Servants	12.76	0.00	12.76	
21.04	From Others	1.01		40.37	To Others	17.16	16.65	33.81	
1369.69	VI Revenue Surplus brought down		2664.91		VI Revenue Deficit brought down				
5199.00	VII Public Debt Receipts		4702.90	2183.06	VII Repayment of Public Debt			1996.92	1996.92
	External Debt				External Debt				
4591.56	Internal Debt other than Ways and Means Advances and Over Draft	4281.17		1524.50	Internal Debt other than Ways and Means Advances and Over Draft			1542.59	

Appendix 1.4 Part A concluded..

368.79	Transaction under Ways and Means Advances	315.58		520.04	Transactions under Ways and Means Advances			315.58	
-	Net Transaction under Over Draft.				Net Transaction under Over Draft				
238.65	Loans and Advances from Central Government	106.15		138.52	Repayments of Loans and Advances to Central Government			138.95	
	VIII Appropriation to Contingency Fund		-		VIII Appropriation to Contingency Fund				0.00
	IX Amount transferred to Contingency Fund				IX Expenditure from Contingency Fund				0.00
14494.71	X Public Accounts Receipts		14275.26	13416.31	X Public Accounts Disbursements				14094.33
667.69	Small Savings and Provident Funds	760.20		645.53	Small Savings and Provident Funds			751.47	
279.80	Reserve Funds	293.18		403.23	Reserve Funds			21.29	
199.00	Suspense and Miscellaneous	-58.77		167.60	Suspense and Miscellaneous			-57.13	
4642.57	Remittances	6076.81		4784.27	Remittances			5920.48	
8705.65	Deposits and Advances	7203.84		7415.68	Deposits and Advances			7458.22	
	Inter State Settlement			100.00	Inter-state Settlement			50.00	50.00
	XI Closing Over Draft from Reserve Bank of India			704.75	XI Cash Balance at the end of the Year			1285.48	1285.48
					Cash in Treasuries and Local Remittances				
				-56.50	Deposits with Reserve Bank			428.20	
				14.68	Departmental Cash Balance including Permanent Advances			5.44	
					Investment of Earmarked Fund				
				746.57	Cash Balance Investment			851.84	
45992.92	Total		48507.94	45992.92	Total				48507.94

Appendix 1.4 Part B
Summarised financial position of the Government of Jharkhand as on 31 March 2014
(Reference: Paragraphs 1.9.1; Page 30)

(₹ in crore)

As on 31.03.2013	Liabilities		As on 31.03.2014
25201.59	Internal Debt -		27940.16
11775.40	Market Loans bearing interest	14311.11	
0.18	Market Loans not bearing interest	0.00	
6.30	Loans from Life Insurance Corporation of India	6.30	
3635.54	Loans from other Institutions	3968.24	
NIL	Ways and Means Advances	0.00	
9784.16	Special securities issued to NSS Fund of Central Government	9654.51	
NIL	Overdrafts from Reserve Bank of India	0.00	
2124.55	Loans and Advances from Central Government -		2091.95
	Pre 1984-85 Loans		
6.38	Non-Plan Loans	4.09	
2118.17	Loans for State Plan Schemes	2087.86	
150.00	Contingency Fund		150.00
1549.86	Small Savings, Provident Funds, etc.		1558.59
5673.32	Deposits		5411.58
319.67	Reserve Funds		591.56
NIL	Remittance Balances	0.00	
109.87	Suspense and Miscellaneous Balances		117.72
	Cumulative excess of receipts over expenditure		2153.09
35128.85	Total		40014.65
	Assets		
25749.35	Gross Capital Outlay on Fixed Assets -		30471.85
107.11	Investments in shares of Companies, Corporations, etc.	140.35	
25642.24	Other Capital Outlay	30331.50	
100.00	Inter State Settlement		50.00
7747.85	Loans and Advances -		7946.44
7125.21	Loans for Power Projects	7300.55	
631.50	Other Development Loans	664.29	
-8.86	Loans to Government servants and Miscellaneous loans	-18.40	
12.72	Advances		5.35
	Suspense and Miscellaneous Balances		
704.75	Cash -		1285.48
NIL	Cash in Treasuries and Local Remittances	0.00	
-56.50	Deposits with Reserve Bank	428.20	
NIL	Reserve Fund Investments	0.00	
14.68	Departmental Cash Balance including Permanent Advances	5.44	

Appendix 1.4 Part B continued..

746.57	Cash Balance Investments	851.84	
411.86	Remittance Balances		255.53
402.32	Deficit on Government Account -		0.00
1369.69	(i) Revenue Deficit/surplus of the current year		
	(ii) Miscellaneous Deficit		
1772.01	Accumulated deficit/surplus at the beginning of the year		
35128.85	Total		40014.65

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 Part B**, 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. Difference of ₹ 68.34 crore (Net debit) has been reconciled and balance of ₹ 1.61 crore for the period prior to October 1987 is under reconciliation (August 2014).

Appendix 1.5

**Scheme-wise detail of grants budgeted on the recommendation of Thirteenth Finance Commission
(Reference Paragraph 1.3.4; page 14)**

(₹ in crore)

Grant No. and Name	Head of Accounts	Scheme	Budget Provision	Exp.	Excess (+) / Saving(-)
19 Forest & Environment Department	2406-01-105-38	Grant-in-aid from 13 th Finance Commission	24.28	16.78	7.5
	2406-01-796-38	Grant-in-aid from 13 th Finance Commission	23.84	13.60	10.24
		Sub total	48.12	30.38	17.74
22 Home Department	2055-00-796-69	Recommendation of 13th Finance Commission	11.00	11.00	Nil
	2055-00-800-69	Recommendation of 13th Finance Commission	63.50	63.50	Nil
		Sub total	74.50	74.50	Nil
26 Labour, Employment and Training Department	2230-03-003-43	Construction of 20 IITs under Recommendation of 13th Finance Commission	34.50	25.30	9.20
	2230-03-796-43	Construction of building for 20 IITs under Recommendation of 13th Finance Commission	18.25	18.25	Nil
		Sub total	52.75	43.55	9.20
27 Law Department	2014-00-105-04	Court Managers appointed to assist District Judges under Recommendation of 13th Finance Commission	1.58	1.06	0.52
	2014-00-105-05	Morning /Evening court constituted under Recommendation of 13th Finance Commission	0.32	0.07	0.25
	2014-00-105-06	Heritage Court Buildings under Recommendation of 13th Finance Commission	2.97	Nil	2.97
	2014-00-114-08	Training of Arbitrators in ADR under Recommendation of 13th Finance Commission	5.97	Nil	5.97
	2014-00-114-09	Infrastructure of Judicial Academy	5.97	5.94	0.03
	2014-00-114-10	Training to be given by Judicial Academy	2.64	Nil	2.64

Grant No. and Name	Head of Accounts	Scheme	Budget Provision	Exp.	Excess (+) / Saving(-)
27 Law Department	2014-00-114-11	Mega Lok Adalat and Legal Aid	1.98	Nil	1.98
	Sub total		21.43	7.07	14.36
35 Planning and Development Department	3454-02-205-02	Grants for State Statistical System in the light of the Recommendation of 13th Finance Commission	4.80	Nil	4.80
	Sub total		4.80	Nil	4.80
39 Disaster Management Department	2245-80-789-02	Development of Disaster Management	2.00	Nil	2.00
	2245-80-789-02	Strengthening of development of Disaster Management	0.50	Nil	0.50
	2245-80-796-02	Strengthening of development of Disaster Management	2.50	Nil	2.50
	Sub total		5.00	Nil	5.00
42 Rural Development Department	4515-00-103-21	Construction of Buildings at the Block Level under Recommendation of 13th Finance Commission	30.37	25.63	4.74
	4515-00-796-21	Construction of Buildings at the Block Level under recommendation of 13th Finance Commission	37.12	37.12	Nil
	Sub total		67.49	62.75	4.74
45 Information Technology Department	2203-00-001-61	Enrolment facility to BPL under unique identification in the light of recommendation of 13th Finance Commission	57.91	57.90	0.01
	Sub total		57.91	57.90	0.01
48 Urban Development Department	2217-80-191-29	Grants to Municipal Corporation under recommendation of 13th Finance Commission	14.21	7.58	6.63
	2217-80-191-30	Grants to Municipal Corporation on recommendation of 13th Finance Commission under general performance grant	12.00	Nil	12.00
	2217-80-191-52	Basic grant to Nagar Nigams for Special Area under recommendation of 13th Finance Commission	2.00	Nil	2.00

Grant No. and Name	Head of Accounts	Scheme	Budget Provision	Exp.	Excess (+) / Saving(-)
48 Urban Development Department	2217-80-192-08	Grants to Municipal Council under recommendation of 13th Finance Commission on general basic grant	27.00	3.79	23.21
	2217-80-192-09	Grants to Municipal Council	18.00	15.00	3.00
	2217-80-192-52	Basic grant to Nagar Parishad/Nagar Palika for Special Area under recommendation of 13th Finance Commission	3.00	Nil	3.00
	2217-80-192-53	Performance grant to Nagar Parishad/Nagar Palika for special area under recommendation of 13th Finance Commission	3.00	Nil	3.00
	2217-80-193-08	Grants to Nagar Panchayat under recommendation of 13th Finance Commission	22.43	17.34	5.09
	2217-80-193-09	Grants to Nagar Panchayat under recommendation of 13th Finance Commission	13.48	1.74	11.74
	2217-80-193-52	Basic grant to Nagar Panchayat/Notified Area for Special Area under recommendation of 13th Finance Commission	2.37	1.98	0.39
	2217-80-193-53	Performance grant to Nagar Panchayat/Notified Area for Special Area under recommendation of 13th Finance Commission	2.37	Nil	2.37
	Sub total		121.86	47.43	74.45
49 Water resource Department	2701-03-001-08	Feeding of Major Irrigation Scheme under recommendation of 13th Finance Commission	24.67	Nil	24.67
	Sub total		24.67	Nil	24.67
50 Minor Irrigation Department	2702-02-005-05	Feeding of Minor Irrigation Scheme under recommendation of 13th Finance Commission	2.33	Nil	2.33
	Sub total		2.33	Nil	2.33
51 Welfare Department	2525-02-796-13	PTC Vocational Training & Hostel	31.25	Nil	31.25
	Sub total		31.25	Nil	31.25

Grant No. and Name	Head of Accounts	Scheme	Budget Provision	Exp.	Excess (+) / Saving(-)
52 Art, Culture, Sports and Youth Affairs Department	2205-00-106-29	Regarding 13th Finance Commission	9.00	8.00	1.00
	2205-00-796-29	Regarding 13th Finance Commission	16.00	14.00	2.00
	Sub total		25.00	22.00	3.00
55 Rural Works Department	2515-04-105-01	Maintenance and Repairs of Non P.M.G.S.Y Roads under recommendation of 13th Finance Commission	28.09	17.41	10.67
	3054-04-105-02	Maintenance and Repairs of Non P.M.G.S.Y Roads under recommendation of 13th Finance Commission	56.00	Nil	56.00
	Sub total		84.09	17.41	66.68
56 Panchayati Raj and N.R.E.P. (Special Division) Department	2515-00-196-02	Special Area Grants to Zila Parishad	5.47	3.50	1.97
	2515-00-196-03	Performance Grants to Zila Parishad for general area under recommendation of 13th Finance Commission	30.99	3.05	27.94
	2515-00-196-04	Performance Grants to Zila Parishad for Special Area under recommendation of 13th Finance Commission	5.47	Nil	5.47
	2515-00-197-01	Basic Grants to Block Panchayat for general area under recommendation of 13th Finance Commission	45.36	45.01	0.35
	2515-00-197-02	Special Area basic Grants to Block Panchayat for general area under recommendation of 13th Finance Commission	5.47	3.50	1.97
	2515-00-197-03	Performance Grants to Block Panchayat for Special Area for general area under recommendation of 13th Finance Commission	30.99	2.88	28.11
	2515-00-197-04	Performance Grants to Block Panchayat for Special Area under recommendation of 13th Finance Commission	5.47	Nil	5.47
	2515-00-198-01	Basic Grants to Gram Panchayat for General Area under recommendation of 13th Finance Commission	1.36	1.33	0.03

Grant No. and Name	Head of Accounts	Scheme	Budget Provision	Exp.	Excess (+) / Saving(-)
56 Panchayati Raj Department	2515-00-198-02	Basic Grants to Gram Panchayat for Special Area under recommendation of 13th Finance Commission	16.39	10.5	5.89
	2515-00-198-03	Performance Grants to Gram Panchayat for General Area under recommendation of 13th Finance Commission	92.97	9.17	88.80
	2515-00-198-04	Performance Grants to Gram Panchayat for General Area for Special Area under recommendation of 13th Finance Commission	16.39	Nil	16.39
	Sub total		256.33	78.94	177.39
59 Primary and Public Education Department	2202-01-111-33	Special State Share to Sarva Siksha Abhiyaan under recommendation of 13th Finance Commission	1.43	Nil	1.43
	2202-01-789-33	Special State Share to Sarva Siksha Abhiyaan under recommendation of 13th Finance Commission	61.03	Nil	61.03
	2202-01-796-33	Special State Share to Sarva Siksha Abhiyaan under recommendation of 13th Finance Commission	154.37	Nil	154.37
	Sub total		216.83	Nil	216.83
60 Social Welfare, Women and Child Development Department	4235-02-103-59	Construction of Aanganbari Kendra Bhawan under recommendation of 13th Finance Commission	54.00	48.62	5.38
	Sub total		54.00	48.62	5.38
TOTAL			1148.36	490.55	657.83

Appendix 1.6 Part-A
Details of functions of ULBs as per the 74th Constitutional Amendment Act (Schedule XII)
(Reference: Paragraph 1.6.6; Page 22)

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 1.6 Part-B
Details of functions of PRIs as per the 74th Constitutional Amendment Act (Schedule XII)
(Reference: Paragraph 1.6.6; Page 23)

Sl. No.	Details of function	Status of Devolution
1	Agriculture including agriculture extension	Yes
2	Land improvement, implementation of land reforms, land consolidation and soil conservation	No
3	Minor irrigation, water management and watershed development	Partial
4	Animal husbandry, dairy and poultry	Partial
5	Fisheries	Yes
6	Social forestry and farm forestry	No
7	Minor forest produce	No
8	Small scale Industries including food processing industries	Partial
9	Khadi Village and Cottage industries	Yes
10	Rural Housing	No
11	Drinking Water	Yes
12	Fuel and fodder	No
13	Road, Culverts, Bridges, ferries waterways and other means of communication	No
14	Rural Electrification including distribution of electricity	No
15	Non-conventional energy sources	No
16	Poverty alleviation programmes	No
17	Education including primary and secondary school	Partial
18	Technical Training and Vocational Education	No
19	Adult and Non-formal Education	Yes
20	Libraries	No
21	Cultural Activities	No
22	Market and Fairs	No
23	Health and Sanitation including Hospitals, Primary Health Centres with Dispensaries	Yes
24	Family Welfare	Yes
25	Women and Child Development	Yes
26	Social Welfare including Welfare of the Handicapped and Mentally retarded	Yes
27	Welfare of the weaker section and in particular of the SCs and STs	No
28	Public Distribution Systems	Yes
29	Maintenance of community assets	Partial

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 (Referred to in Paragraph 2.4.1; Page 40)

(₹ in crore)

Sl. No.	Grant No.	Name of the Grant/Appropriation	Total Grant/Appropriation	Savings	
				Amount	Percentage of Savings to total provision
1	2	3	4	5	6
Revenue					
1	1	Agriculture and Sugarcane Development Department	982.75	566.53	57.65
2	2	Animal Husbandry Department	162.13	35.53	21.91
3	4	Cabinet Secretariat and Co-ordination Department	33.37	15.84	47.47
4	8	Civil Aviation Department	23.23	22.20	95.57
5	10	Energy Department	2254.96	718.15	31.85
6	18	Food, Public Distribution and Consumer Affairs Department	1144.20	570.55	49.86
7	21	Higher Education	662.98	171.20	25.82
8	23	Industries Department	291.98	120.80	41.37
9	26	Labour, Employment and Training Department	1018.25	308.12	30.26
10	35	Planning and Development Department	642.89	533.61	83.00
11	39	Disaster Management Department	464.06	147.99	31.89
12	40	Revenue and land Reforms Department	397.45	125.67	31.62
13	41	Road Construction Department	278.44	58.73	21.09
14	42	Rural Development Department	756.87	218.12	28.82
15	43	Science and Technology Department	73.19	18.45	25.21
16	47	Transport Department	117.78	95.49	81.07
17	48	Urban Development Department	1395.01	901.17	64.60
18	49	Water Resources Department	331.96	85.14	25.65
19	50	Minor Irrigation Department	82.43	19.40	23.54
20	51	Welfare Department	875.88	247.96	28.31
21	52	Art, Culture, Sports and Youth Affairs Department	84.38	35.04	41.53
22	53	Fishery	53.81	18.07	33.59
23	54	Dairy	117.78	48.97	41.58
24	55	Rural Works Department	205.88	78.30	38.03
25	56	Panchayati Raj and N.R.E.P (Special Divisional) Department	2337.93	1468.05	62.79
26	58	Secondary Education	799.93	217.04	27.13
27	59	Primary and Public Education	4369.24	1740.27	39.83
28	60	Social Welfare, Women and Child Development Department	1236.38	395.33	31.97
Capital					
29	3	Building Construction Department	185.90	72.95	39.24
30	8	Civil Aviation Department	279.99	169.99	60.71
31	9	Co-operative Department	20.66	10.01	48.45
32	10	Energy Department	766.88	591.54	72.14
33	11	Excise and Prohibition Department	10.00	10.00	100.00
34	20	Health, Medical Education and Family Welfare Department	318.55	152.37	47.83
35	22	Home Department	99.55	23.49	23.60
36	30	Minorities Welfare Department	175.45	88.04	50.18
37	42	Rural Development Department	599.00	349.58	58.36

Sl. No.	Grant No.	Name of the Grant/Appropriation	Total Grant/Appropriation	Savings	
				Amount	Percentage of Savings to total provision
1	2	3	4	5	6
38	43	Science and Technology Department	170.15	117.59	69.11
39	45	Information Technology Department	32.46	30.28	93.28
40	47	Transport Department	19.40	12.01	61.91
41	48	Urban Development Department	25.13	10.56	42.02
42	49	Water Resources Department	1660.00	1130.96	68.13
43	50	Minor Irrigation Department	318.90	192.85	60.47
44	51	Welfare Department	152.72	72.10	47.21
45	58	Secondary Education	94.63	21.56	22.78
TOTAL			26124.51	12037.60	46.08

Appendix 2.2

Sub-head wise details where substantial savings (₹ 20 crore and above) occurred during the year 2013-14
(Referred to in Paragraph: 2.4.1; Page 42)

(₹ in crore)

Sl. No.	Number and Name of Grant/Appropriation	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	2401-00-109-01	71.61	31.18	₹20 crore was attributed to less Number of joining of Jan sevaks and reasons for final savings of ₹11.18 crore have not been intimated
2.		2401-00-796-91	130.00	73.05	Reasons have not been intimated
3.		2401-00-800-91	102.74	45.29	Reasons have not been intimated
4.		2401-00-796-78	27.00	27.00	Reasons have not been intimated
5.		2401-00-796-85	21.60	21.60	Reasons have not been intimated
6.	8-Civil Aviation Department	5053-80-800-01	169.99	169.99	Reasons have not been intimated
7.	10-Energy Department	2801-01-800-02	31.00	27.19	Reasons have not been intimated
8.		2801-80-800-07	115.00	115.00	Reasons have not been intimated
9.		6801-00-789-03	67.91	46.86	Reasons have not been intimated
10.		6801-00-796-03	147.13	101.54	Reasons have not been intimated
11.		6801-00-800-03	350.85	242.13	Reasons have not been intimated
12.		6801-00-201-09	93.00	93.00	Reasons have not been intimated
13.		6801-00-201-24	25.00	25.00	Reasons have not been intimated
14.		6801-00-796-09	39.00	39.00	Reasons have not been intimated
15.	13-Interest Payment	2049-01-123-01	1084.24	158.48	Reasons have not been intimated
16.		2049-01-200-02	200.000	35.95	Reasons have not been intimated
17.		2049-04-109-01	102.33	102.33	Reasons have not been intimated
18.	14-Repayment of Loans	6003-00-105-01	350.00	48.75	Reasons have not been intimated
19.		6003-00-109-01	150.00	85.18	₹8.22 crore was attributed Excess provision of fund and final saving of ₹76.96 crore have not been intimated
20.	15-Pension	2071-01-101-08	155.82	59.47	Reasons have not been intimated
21.		2071-01-101-09	510.00	210.00	Reasons have not been intimated
22.		2071-01-104-03	162.00	130.17	Reasons have not been intimated
23.		3456-00-102-13	126.23	22.03	Reasons have not been intimated
24.	18-Food, Public Distribution and Consumer Affairs Department	3456-00-102-27	34.86	34.61	Saving of ₹19.05 crore was attributed to non-receipt of proper tender for system integrator and final saving of ₹15.56 crore have not been intimated
25.		3456-00-102-31	77.01	46.75	Out of ₹46.75 crore ,saving of ₹1.46 crore was attributed to delay in distribution of food Grain & ₹20.00 crore and ₹25.29 crore have not been intimated
26.		3456-00-789-31	33.00	27.94	Saving of ₹2.55 crore was attributed to delay in supply of food grain and balance anticipated and final saving have not been intimated

Appendix 2.2 continued...

Sl. No.	Number and Name of Grant/Appropriation	Name of the scheme (Head of Account)	Provision	Amount of Savings	Reasons furnished by the Departments as per Appropriation Accounts
27.	18-Food, Public Distribution and Consumer Affairs Department	3456-00-796-13	206.06	41.02	Reasons have not been intimated
28.		3456-00-796-31	110.01	84.50	Saving of ₹2.59 crore was attributed to delay in distribution of food grain and balance anticipated and final saving have not been intimated
29.		3456-00-102-28	59.08	59.08	Reasons have not been intimated
30.		3456-00-102-29	31.00	31.00	Due to implementation of code of conduct
31.		3456-00-796-28	37.20	37.20	Reasons have not been intimated
32.		3456-00-796-29	45.00	45.00	Due to implementation of code of conduct
33.	20-Health, Medical Education and Family Welfare Department	2211-00-101-01	94.18	41.04	Reasons have not been intimated
34.		4210-02-796-29	36.00	29.02	Reasons have not been intimated
35.		4210-02-796-48	40.00	30.70	Reasons have not been intimated
36.	21-Higher Education	2202-03-796-34	20.00	20.00	Reasons have not been intimated
37.	22-Home Department	2055-00-110-01	188.27	43.76	Reasons have not been intimated
38.		2055-00-115-43	131.74	52.77	Reasons have not been intimated
39.	30-Minorities Welfare	4225-80-796-12	94.97	52.72	Reasons have not been intimated
40.	35-Planning and Development Department	2235-02-102-01	75.63	39.70	Reasons have not been intimated
41.		2235-02-796-01	75.71	42.70	Reasons have not been intimated
42.		2053-00-094-31	20.00	20.00	Reasons have not been intimated
43.		2053-00-796-24	50.00	50.00	Reasons have not been intimated
44.		2053-00-796-25	200.00	200.00	Reasons have not been intimated
45.		2053-00-796-31	77.35	77.35	Reasons have not been intimated
46.	39-Disaster Management Department	2245-01-101-01	30.00	30.00	Reasons have not been intimated
47.	40- Revenue & Land	2029-00-796-04	22.12	22.12	Reasons have not been intimated
48.		2029-00-796-04	22.12	22.12	Reasons have not been intimated
49.	41-Road Construction Department	3054-03-337-01	150.00	35.60	Reasons have not been intimated
50.		5054-03-337-01	615.00	110.03	Reasons have not been intimated
51.		5054-03-337-08	70.00	51.07	Reasons have not been intimated
52.		5054-03-796-03	104.00	38.55	Reasons have not been intimated
53.		5054-03-796-08	404.40	223.00	Reasons have not been intimated
54.	42-Rural Development Department	2501-02-800-05	39.20	21.24	Reasons have not been intimated
55.		2505-01-702-02	80.85	38.77	Reasons have not been intimated
56.		4515-00-103-10	149.70	149.70	Reasons have not been intimated
57.		4515-00-789-10	45.83	45.83	Reasons have not been intimated
58.		4515-00-796-07	41.00	41.00	Reasons have not been intimated
59.		4515-00-796-10	109.98	109.98	Reasons have not been intimated
60.	43-Science and Technology Department	4202-02-105-06	82.55	58.12	Reasons have not been intimated
61.		4202-02-105-06 (CPS)	55.00	55.00	Reasons have not been intimated
62.	47-Transport Department	3075-60-101-01	20.00	20.00	Reasons have not been intimated
63.		3075-60-796-01	30.00	30.00	Reasons have not been intimated
64.	48- Urban Development Department	2215-01-796-01	45.00	21.91	Reasons have not been intimated
65.		2217-80-191-47	234.33	219.30	Saving of ₹20.00 crore was attributed to excess provision of fund and final saving have not been intimated

Appendix 2.2 continued...

Sl. No.	Number and Name of Grant/Appropriation	Name of the scheme (Head of Account)	Provision	Amount of Savings	Reasons furnished by the Departments as per Appropriation Accounts
66.	48- Urban Development Department	2217-80-191-56	22.00	20.55	Reasons have not been intimated
67.		2217-80-192-08	27.00	23.21	Reasons have not been intimated
68.		2217-80-796-47	234.33	150.14	Saving of ₹20.00 crore was attributed to excess provision of fund and final saving have not been intimated
69.		2217-80-796-51	31.10	23.89	Reasons have not been intimated
70.		2217-80-001-48	76.01	76.01	Reasons have not been intimated
71.		2217-80-789-47	117.16	117.16	Saving of ₹10.00 crore was attributed to excess provision of fund and final saving have not been intimated
72.		2217-80-796-54	50.00	50.00	Non-Release of fund from central govt.
73.		2700-01-001-02	139.47	20.79	Reasons have not been intimated
74.	49- Water Resources Department	2701-03-001-18	24.67	24.67	Reasons have not been intimated
75.		4700-80-796-10	800.00	426.69	Reasons have not been intimated
76.		4700-80-796-11	130.00	129.98	Reasons have not been intimated
77.		4700-80-789-09	35.00	35.00	Reasons have not been intimated
78.		4700-80-789-10	400.00	400.00	Reasons have not been intimated
79.		4700-80-796-09	50.00	50.00	Reasons have not been intimated
80.	50-Minor Irrigation Department	4702-00-101-33	120.00	105.57	Reasons have not been intimated
81.	51-Welfare Department	2225-02-796-04	71.32	61.42	Reasons have not been intimated
82.		2225-02-796-73	31.25	31.25	Reasons have not been intimated
83.		4225-02-796-08	115.00	41.31	Reasons have not been intimated
84.	55-Rural Works Department	3054-04-105-01	56.00	56.00	Reasons have not been intimated
85.		4515-00-103-04	245.52	25.61	Reasons have not been intimated
86.		4515-00-103-19	25.00	25.00	Reasons have not been intimated
87.		4515-00-796-19	50.00	50.00	Reasons have not been intimated
88.	56-Panchayati Raj and N.R.E.P (Special Divisional) Department	2515-00-001-15	145.40	100.93	Non-receipt of first and second instalment
89.		2515-00-001-38	200.00	132.00	Non-receipt of first and second instalment
90.		2515-00-196-03	30.99	27.93	Non-release of fund by the govt. Of India
91.		2515-00-197-03	30.99	28.11	Non-release of fund by the govt. Of India
92.		2515-00-198-03	92.97	83.79	Non-release of fund by the govt. Of India
93.		2515-00-789-15	85.00	76.51	Non-receipt of first and second instalment
94.		2515-00-789-38	80.00	63.00	Non-receipt of first and second instalment
95.		2515-00-796-15	195.00	175.39	Non-receipt of first and second instalment
96.		2515-00-796-38	230.00	145.00	Non-receipt of first and second instalment
97.		2515-00-001-29	200.00	200.00	Providing of fund for additional central assistance for LWE

Appendix 2.2 continued...

Sl. No.	Number and Name of Grant/Appropriation	Name of the scheme (Head of Account)	Provision	Amount of Savings	Reasons furnished by the Departments as per Appropriation Accounts
98.	56-Panchayati Raj and N.R.E.P (Special Divisional) Department	2515-00-789-29	80.00	80.00	Providing of fund for additional central assistance for LWE
99.		2515-00-796-29	230.00	230.00	Providing of fund for additional central assistance for LWE
100.	58-Secondary Education	2202-02-109-01	421.39	135.45	Reasons have not been intimated
101.	59-Primary and Public Education	2202-01-101-01	2413.21	732.92	₹600.00 crore was attributed to excess provision of fund and final saving of ₹132.92 cr. have not been intimated
102.		2202-01-101-03	174.00	51.54	Reasons have not been intimated
103.		2202-01-101-27	36.00	21.05	Reasons have not been intimated
104.		2202-01-111-25	206.00	109.18	Reasons have not been intimated
105.		2202-01-789-03	74.00	29.88	Reasons have not been intimated
106.		2202-01-789-25	87.55	46.40	Reasons have not been intimated
107.		2202-01-796-03	187.00	50.26	Reasons have not been intimated
108.		2202-01-796-25	221.45	117.37	Reasons have not been intimated
109.		2202-01-796-27	38.70	23.80	Reasons have not been intimated
110.		2202-01-111-33	143.60	143.60	Reasons have not been intimated
111.		2202-01-789-33	61.03	61.03	Reasons have not been intimated
112.		2202-01-796-33	154.37	154.37	Reasons have not been intimated
113.	60- Social Welfare, Women and Child Development Department	2235-02-102-51	194.40	69.92	Reasons have not been intimated
114.		2235-02-103-71	20.50	20.44	Reasons have not been intimated
115.		2235-02-796-51	210.60	66.18	Reasons have not been intimated
116.		2235-02-796-71	24.00	23.90	Reasons have not been intimated
117.		2236-02-101-02	92.25	22.69	Reasons have not been intimated
Total			17531.83	9527.28	

Appendix 2.3
Excess over provisions of previous years requiring regularisation
(Referred to in Paragraph 2.4.5; Page 46)

Year	Number of Grant/ Appropriation	Grant/ Appropriation name	Amount of excess (₹ in crore)
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
2011-12	14	Repayment of Loans	219.56
2011-12	15	Pension	200.60
2011-12	25	Institutional Finance Department	^
2012-13	7	Vigilance	0.07
2012-13	14	Repayment of Loans	556.01
2012-13	15	Pension	703.44
2012-13	42	Rural Development Department	3.66
Total			9803.97

Source: Respective year's Appropriation Accounts

*excess amount was ₹ 8,807 only

@ excess amount was ₹ 1,072 only

excess amount was ₹ 49,670 only

\$ excess amount was ₹ 81,665 only

^ excess amount was ₹ 11,160 only

Appendix 2.4
Cases where supplementary provision (₹ 10 lakh or more in each case) proved unnecessary
(Referred to in Paragraph 2.4.6; Page 46)

(₹ in lakh)

Sl. No.	Number and name of the grant	Original Provision	Actual Expenditure	Savings out of Original Provision	Supplementary provision
	Revenue (Charged)				
1.	28-High Court of Jharkhand	4618.20	4316.07	302.13	201.70
	Total Revenue (Charged)	4618.20	4316.07	302.13	201.70
	Revenue (Voted)				
2.	1-Agriculture and Sugarcane Development Department	93941.03	41622.02	52319.01	4333.56
3.	2-Animal Husbandry Department	15944.96	12659.60	3285.36	267.57
4.	4-Cabinet Secretariat and Co-ordination Department	3160.61	1752.82	1407.79	175.99
5.	7-Vigilance	1351.70	1261.05	90.65	40.43
6.	8-Civil Aviation Department	2301.01	103.54	2197.47	22.22
7.	9-Co-operative Department	8294.45	7182.71	1111.74	101.02
8.	10-Energy Department	175364.91	153681.89	21683.02	50131.53
9.	17-Finance (Commercial Tax) Department	5708.94	5291.84	417.10	400.50
10.	18-Food, Public Distribution and Consumer Affairs Department	99433.04	57365.26	42067.78	14987.20
11.	19-Forest and Environment Department	30775.97	27105.74	3670.23	2379.43
12.	20-Health, Medical Education and Family Welfare Department	113319.72	96662.82	16656.9	455.79
13.	22-Home Department	278670.68	268479.88	10190.8	9966.75
14.	23-Industries Department	29093.82	17117.56	11976.26	104.19
15.	26-Labour, Employment and Training Department	99620.28	71012.95	28607.33	2204.91
16.	27-Law Department	20914.10	18393.82	2520.28	282.68
17.	29-Mines and Geology Department	2697.40	1853.42	843.98	57.88
18.	30- Minorities Welfare Department	173.99	128.92	45.07	17.70
19.	31-Parliamentary Affairs	41.09	34.40	6.69	28.84
20.	33-Personnel Administrative Reforms Department	1736.38	1720.24	16.14	314.92
21.	35-Planning and Development Department	64246.41	10928.17	53318.24	42.54
22.	38-Registration Department	1977.20	1876.65	100.55	312.00
23.	39-Disaster Management Department	45876.26	31607.21	14269.05	529.91
24.	40-Revenue and land Reforms Department	39716.56	27177.94	12538.62	28.32
25.	41-Road Construction Department	27711.40	21970.82	5740.58	132.22
26.	42-Rural Development Department	75660.37	53875.89	21784.48	27.04

Sl. No.	Number and name of the grant	Original Provision	Actual Expenditure	Savings out of Original Provision	Supplementary provision
27.	43-Science and Technology Department	7218.72	5473.40	1745.32	99.80
28.	46-Tourism Department	931.45	841.60	89.85	62.95
29.	48-Urban Development Department	128735.01	49383.94	79351.07	10766.19
30.	49-Water Resources Department	33080.76	24682.19	8398.57	115.10
31.	50-Minor Irrigation Department	8222.97	6302.58	1920.39	20.10
32.	51-Welfare Department	81063.80	62791.63	18272.17	6524.30
33.	52-Art, Culture, Sports and Youth Affairs Department	7859.07	4933.82	2925.25	578.89
34.	54-Dairy	11740.48	6881.19	4859.29	37.80
35.	55-Rural Works Department	20136.54	12758.52	7378.02	451.59
36.	56-Panchayati Raj and N.R.E.P (Special Divisional) Department	167228.33	86988.66	80239.67	66565.15
37.	57-Housing Department	1039.18	132.66	906.52	47.00
38.	58-Secondary Education	74097.74	58289.35	15808.39	5895.65
39.	60-Social Welfare, Women and Child Development	123396.52	84104.99	39291.53	241.93
Total Revenue (Voted)		1902482.85	1334431.69	568051.16	178751.59
Total Revenue		1907101.05	1338747.76	568353.29	178953.29
Capital (Voted)					
40.	3-Building Construction Department	14600.00	11294.87	3305.13	3990.00
41.	9-Co-operative Department	1650.00	1065.00	585.00	416.00
42.	20-Health, Medical Education and Family Welfare Department	29180.28	16617.96	12562.32	2675.00
43.	36-Drinking Water and Sanitation Department	36000.00	32101.76	3898.24	350.00
44.	48-Urban Development Department	2221.72	1457.68	764.04	291.47
45.	49-Water Resources Department	164000.00	52904.44	111095.56	2000.00
46.	50-Minor Irrigation Department	29860.00	12605.30	17254.70	2030.00
47.	53-Fishery	700.00	376.20	323.80	36.80
Total Capital (Voted)		278212.00	128423.21	149788.79	11789.27
Grand Total		2185313.05	1467170.97	718142.08	190742.56

Appendix 2.5
Excess/Insufficient re-appropriation of funds
(Referred to in Paragraph 2.4.7; Page 47)

(₹ in lakh)

Sl. No.	Number and Name of Grant	Head of Account	Plus re-appropriation	Minus Re-appropriation	Saving (-)/ Excess (+)
1.	2-Animal Husbandry Department	2403-00-001-01	45.00	---	(-)16.71
2.		2403-00-103-03	15.00	---	(-)6.97
3.		2403-00-113-01	17.00	---	(-)0.73
4.	3-Building Construction Department	2059-80-001-05	52.87	---	(-)13.84
5.	5-Secretariat of Governor	2012-03-105-01	0.44	---	(-)3.02
6.	7-Vigilance	2070-00-104-02	11.64	---	(-)4.50
7.		2070-00-104-03	0.39	---	(-)11.87
8.	12-Finance Department	2052-00-090-08	4.13	---	(-)112.21
9.	18- Food, Public Distribution and Consumer Affairs Department	3451-00-090-11	4.80	---	(-)9.86
10.	20-Health, Medical Education and Family Welfare Department	2210-01-110-13	200.00	---	(-)199.12
11.		2210-03-103-01	200.00	---	(-)585.28
12.	22-Home Department	2055-00-001-04	35.00	---	(-)50.40
13.		2055-00-101-06	275.00	---	(-)5.89
14.		2055-00-104-04	400.00	---	(-)2.45
15.		2055-00-104-05	524.00	---	(-)285.59
16.	23-Industries Department	2851-00-103-01	4.59	---	(-)1.94
17.	27-Law Department	2014-00-114-02	22.00	---	(-)146.20
18.	32-Legislature	2011-02-103-01	38.50	---	(-)27.58
19.	40-Revenue and land Reforms Department	2052-00-099-01	8.50	---	(-)3.74
20.	42-Rural Development Department	3451-00-090-10	38.00	---	(-)19.04
21.	44-Human Resource Development Department	2251-00-090-01	27.28	---	(-)8.82
22.		2251-00-090-03	1.00	---	(-)5.90
23.	45-Information Technology Department	2203-00-796-85	1.00	---	(-)41.00
24.	58-Secondary Education	2202-02-001-01	10.00	---	(-)7.45
Total			1936.14	---	(-)1570.11
25.	2-Animal Husbandry Department	2403-00-102-05	---	3.15	(+)28.45
26.	3-Building Construction Department	2059-80-053-13	---	52.87	(+)537.40
Total			---	56.02	(+)565.85

Appendix 2.6
Details of saving of ₹ 1 crore and above not surrendered
(Referred to in Paragraph 2.4.8; Page 47)

(₹ 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	566.53	55.38	511.15
2.	2-Animal Husbandry Department	35.53	31.77	3.76
3.	3-Building Construction Department	11.39	0.00	11.39
4.	4-Cabinet Secretariat and Co-ordination Department	15.84	0.23	15.61
5.	7-Vigilance	1.31	0.02	1.29
6.	8-Civil Aviation Department	22.20	0.00	22.2
7.	9-Co-operative Department	12.13	10.38	1.75
8.	10-Energy Department	718.15	502.54	215.61
9.	11-Excise and Prohibition Department	5.48	0.00	5.48
10.	12-Finance Department	9.77	0.00	9.77
11.	18-Food, Public Distribution and Consumer Affairs Department	570.55	274.29	296.26
12.	19-Forest and Environment Department	60.50	4.96	55.54
13.	20-Health, Medical Education and Family Welfare Department	171.13	10.53	160.60
14.	21-Higher Education Department	171.20	8.50	162.70
15.	22-Home Department	201.58	26.05	175.53
16.	23-Industries Department	120.80	0.36	120.44
17.	24-Information and Public Relation Department	6.82	1.15	5.67
18.	26-Labour, Employment and Training Department	308.12	9.35	298.77
19.	27-Law Department	28.03	0.00	28.03
20.	28-High Court of Jharkhand	5.04	0.00	5.04
21.	29-Mines and Geology Department	9.02	0.20	8.82
22.	35-Planning and Development Department	533.61	190.63	342.98
23.	38-Registration Department	4.13	0.00	4.13
24.	39-Disaster Management Department	147.99	0.00	147.99
25.	40-Revenue and land Reforms Department	125.67	6.57	119.10
26.	41-Road Construction Department	58.73	1.00	57.73
27.	42-Rural Development Department	218.12	8.54	209.58
28.	43-Science and Technology Department	18.45	10.00	8.45
29.	45-Information Technology Department	19.24	8.36	10.88
30.	47-Transport Department	95.49	75.00	20.49
31.	48-Urban Development Department	901.17	139.95	761.22
32.	49-Water Resources Department	85.14	0.60	84.54
33.	50-Minor Irrigation Department	19.40	0.00	19.4
34.	51-Welfare Department	247.96	19.77	228.19
35.	52-Art, Culture, Sports and Youth Affairs Department	35.04	2.03	33.01
36.	53-Fishery	18.07	13.30	4.77
37.	55- Rural Works Department	78.30	0.00	78.30
38.	58-Secondary Education	217.04	37.40	179.64
39.	59-Primary and Public Education	1740.27	600.00	1140.27
40.	60-Social Welfare, Women and Child Development Department	395.33	0.41	394.92

Sl. No.	Number and Name of Grants/Appropriation	Saving	Surrender	Savings not surrendered
1	2	3	4	5
Capital				
41.	3-Building Construction Department	72.95	39.90	33.05
42.	8-Civil Aviation Department	169.99	0.00	169.99
43.	10-Energy Department	591.54	0.00	591.54
44.	11-Excise and Prohibition Department	10.00	0.00	10.00
45.	12-Finance Department	12.64	0.00	12.64
46.	20-Health, Medical Education and Family Welfare Department	152.37	24.97	127.40
47.	30-Minorities Welfare	88.04	3.90	84.14
48.	36-Drinking Water and Sanitation Department	42.48	22.00	20.48
49.	40-Revenue and land Reforms Department	1.44	0.00	1.44
50.	41-Road Construction Department	348.68	250.00	98.68
51.	42-Rural Development Department	349.58	137.74	211.84
52.	43-Science and Technology Department	117.59	92.60	24.99
53.	45-Information Technology Department	30.28	28.00	2.28
54.	47-Transport Department	12.01	0.00	12.01
55.	48-Urban Development Department	10.56	5.00	5.56
56.	49-Water Resources Department	1130.96	73.60	1057.36
57.	50-Minor Irrigation Department	192.85	6.10	186.75
58.	51-Welfare Department	72.10	41.30	30.80
59.	52-Art,Culture,Sports and Youth Affairs Department	4.33	0.00	4.33
60.	55-Rural Works Department	77.14	0.00	77.14
61.	59-Primary and Public Education	2.73	0.00	2.73
62.	60-Social Welfare, Women and Child Development Department	5.37	0.00	5.37
	Total	11505.90	2774.38	8731.52

Appendix - 2.7
Cases of surrender of funds in excess of ₹5 crore on 30 and 31 March 2014
(Referred to in Paragraph 2.4.8; Page 47)

(₹ in crore)

Sl. No.	Number and name of the Grant/Appropriation	Major Head	Amount of Surrender
1.	2-Animal Husbandry Department	2403-00-106-12	10.58
2.	10-Energy Department	2801-80-101-12	500.00
3.	36-Drinking Water and Sanitation Department	4215-01-102-02	6.76
4.		2215-01-102-03	5.89
5.	47-Transport Department	3075-60-101-01	20.00
6.		3075-60-101-03	10.00
7.		3075-60-796-01	30.00
8.		3075-60-796-03	15.00
9.	49-Water Resources Department	4701-80-800-46	5.00
10.	54-Dairy	2404-00-796-27	8.28
11.		2404-00-102-27	12.46
12.	56-Panchayati Raj and N.R.E.P (Special Divisional) Department	2515-00-001-38	132.00
13.		2515-00-001-15	100.93
14.		2515-00-789-15	76.51
15.		2515-00-796-15	175.39
16.		2515-00-796-38	145.00
17.		2515-00-789-38	63.00
18.		2515-00-198-02	5.89
19.		2515-00-198-03	83.79
20.		2515-00-198-04	16.39
21.		2515-00-197-03	27.93
22.		2515-00-197-04	5.47
23.		2515-00-196-04	5.47
24.		2515-00-196-03	27.93
25.		2515-00-001-03	25.22
26.	57-Housing Department	2216-02-796-06	5.00
Grand Total			1519.89

Appendix-2.8
Rush of expenditure at the end of the year
(Referred to in Paragraph 2.5; Page 47)

(₹ in crore)

Sl. No.	Name of Department	Head	Expenditure incurred during January to March 2014	Expenditure incurred in March 2014	Total expenditure	Percentage to total expenditure during	
						Jan-March 2014	March 2014
1	Welfare Department	4225	159.69	83.98	168.03	95.04	49.98
2	Human Resources Department	2205	24.93	24.10	27.21	91.60	88.58
3	Industries Department	2852	44.82	42.65	58.48	76.63	72.93
4	Welfare Department	2225	475.96	390.30	624.84	76.17	62.46
5	Agriculture and Sugarcane Development Department	2401	208.52	168.51	275.14	75.78	61.24
6	Rural Development Department	2501	37.47	35.73	51.86	72.25	68.89
7	Building Construction Department	4059	64.06	42.92	92.03	69.61	46.64
8	Water Resources Department	4701	97.03	69.93	146.71	66.14	47.67
9	Drinking Water And Sanitation Department	2015	25.51	22.35	39.06	65.32	57.23
10	Home Department	4055	45.23	41.40	72.70	62.22	56.95
11	Agriculture and Sugarcane Development Department	2402	30.23	23.80	49.55	61.02	48.04
12	Rural Development Department	2515	685.93	626.53	1127.97	60.81	55.54
13	Labour, Employment and Training Department	2230	77.30	59.80	127.74	60.51	46.81
14	Welfare Department	4235	59.99	38.25	102.63	58.45	37.27
15	Road Construction Department	5054	1058.69	774.44	1877.26	56.40	41.25
16	Health, Medical Education and Family Welfare Department	4210	93.63	67.55	166.18	56.34	40.65
17	Agriculture and Sugarcane Development Department	2415	45.43	23.49	82.06	55.37	28.63
18	Urban Development Department	2217	213.55	202.24	397.61	53.71	50.86
19	Information Technology Department	2203	72.72	64.49	137.09	53.05	47.04
20	Industries Department	2851	58.32	43.07	110.09	52.98	39.12

Appendix 2.9
List of Controlling Officers where expenditure remained un-reconciled during 2013-14
(Amounts exceeding ₹10 crore in each case)
(Referred to in Paragraph 2.6; Page 47)

(₹ in crore)

Sl. No.	Controlling Officers/ Departments	Amount not reconciled
1	Secretary, Law Department	29.12
2	Secretary, Administration, Finance Department	14.88
3	Additional Secretary, Home (Police) Department Section IV Village Police , Commissioner, North C.N. Division, Hazaribagh	2509.83
4	Finance Commissioner	52.62
5	Secretary, Finance Department, Jharkhand, Ranchi	247.97
6	Commissioner of Commercial Taxes, Ranchi	34.58
7	Electoral Commission, Election Department	39.05
8	Secretary, Energy Department	1508.90
9	Director, Energy Department	11.87
10	Director of Industries, Deptt/ of Industries & Minerals	158.07
11	Registrar, Industry Department	21.08
12	I.G. (Prison) Home Department	18.48
13	I.G. of Registration, Registration Department, Ranchi	13.38
14	Under Secretary, Building Construction & Housing (PWD Div.) Department Chief Engineer, Building Construction & Housing Department	85.67
15	Chief Engineer, Road Construction (PWD) Department	224.59
16	Secretary, P.H.E.D. Jharkhand, Ranchi	291.99
17	Secretary, Housing Department, Ranchi Chief Engineer, Housing Department	39.12
18	Dy. Secretary, Primary & Adult Education Dy. Secretary, Higher Education	3810.65
19	Dy. Secretary, Science & Technology Department	14.83
20	Director, Mines & Geology Department	10.74
21	Secretary, Board of Revenue Department	197.75
22	Commissioner Cum-Secretary, Revenue Department Dy. Director, Surveys Settlement, Jharkhand, Ranchi	13.79
23	Commissioner of Excise, Jharkhand, Ranchi	14.61
24	Under Secretary, Health, Medical Education and Welfare Department	78.39
25	Director, Health Service, Jharkhand, Ranchi	1055.06
26	Registrar, Co-operative Society, Co-operative Department	29.75
27	Joint Secretary, Water Resources Department	189.53
28	Commissioner-cum-Secretary, Water Resources(irrigation), Department	118.65
29	Secretary, Food & Nutrition/Food Supplies Department	911.42
30	Director, Planning & Evaluation Department	13.15
31	Director, Probationer Service, Jharkhand, Ranchi	102.62
32	Secretary, Welfare Department	623.79
33	Secretary, Minority Welfare Department	178.02
34	Secretary, Urban Development Department	523.65
35	Secretary Welfare Department Director, Social Security Department	1075.48
36	Commissioner of Labour	122.53
37	Directorate, Soil & Water Conservation	49.51
38	Secretary, Minor Irrigation, Ranchi	34.14
39	Secretary, Agriculture and Sugarcane Development Department	261.60
40	Director, Dairy Development Department	29.43

Sl. No.	Controlling Officers/ Departments	Amount not reconciled
41	Secretary, Animal Husbandry & Fisheries Department	13.99
42	Director of Fisheries, Jharkhand, Ranchi	26.95
43	Dy. Secretary, Rural Development Department	249.73
44	Director, Panchayati Raj Department	2265.66
45	Chairman-cum-Managing Director, JSRTC, Jharkhand	15.39
46	Secretary, Jharkhand Legislative Assembly	48.92
Total		17380.93

Source: Office of the Accountant General (A&E), Jharkhand

Appendix 2.10
Inflated Budget Estimate
(Referred to in Paragraph 2.7.2; Page 49)

(₹ In lakh)

Sl. No.	Head	Allotment				Savings
		Original	Supplementary	Surr.	Final	
1	2210-01-001-06	10.00	0.00	0.00	10.00	10.00
2	2210-01-001-18	500.00	0.00	0.00	500.00	500.00
3	2210-01-001-21	100.00	0.00	0.00	100.00	100.00
4	2210-01-001-37	12.00	0.00	0.00	12.00	12.00
5	2210-01-109-17	105.56	0.00	0.00	105.56	105.56
6	2210-01-110-25	300.00	0.00	0.00	300.00	300.00
7	2210-01-110-28	75.00	0.00	0.00	75.00	75.00
8	2210-01-110-30	300.00	0.00	0.00	300.00	300.00
9	2210-02-200-04	0.50	0.00	0.00	0.50	0.50
10	2210-02-200-05	0.50	0.00	0.00	0.50	0.50
11	2210-02-200-13	0.50	0.00	0.00	0.50	0.50
12	2210-02-200-17	5.57	0.00	0.00	5.57	5.57
13	2210-02-200-21	420.00	0.00	0.00	420.00	420.00
14	2210-02-200-22	264.00	0.00	0.00	264.00	264.00
15	2210-02-796-18	108.06	0.00	0.00	108.06	108.06
16	2210-02-796-19	150.00	0.00	0.00	150.00	150.00
17	2210-02-796-20	2.94	0.00	0.00	2.94	2.94
18	2210-03-796-19	100.00	0.00	0.00	100.00	100.00
19	2210-03-800-16	100.00	0.00	0.00	100.00	100.00
20	2210-03-800-17	10.00	0.00	0.00	10.00	10.00
21	2210-03-800-18	670.00	0.00	27.80	642.20	642.20
22	2210-05-796-13	100.00	0.00	0.00	100.00	100.00
23	2210-05-796-14	330.00	0.00	0.00	330.00	330.00
24	2211-00-001-01	0.01	0.00	0.00	0.01	0.01
25	4210-01-110-07	20.00	0.00	0.00	20.00	20.00
26	4210-01-110-08	10.00	0.00	0.00	10.00	10.00
27	4210-01-110-10	100.00	0.00	0.00	100.00	100.00
28	4210-01-110-11	12.00	0.00	0.00	12.00	12.00
29	4210-02-101-62	200.00	0.00	0.00	200.00	200.00
30	4210-02-110-13	287.40	0.00	0.00	287.40	287.40
31	4210-02-110-26	100.00	0.00	0.00	100.00	100.00
32	4210-02-110-36	50.00	0.00	0.00	50.00	50.00
33	4210-02-796-61	200.00	0.00	0.00	200.00	200.00
34	4210-03-105-04	160.00	0.00	0.00	160.00	160.00
Total		4804.04	0.00	27.80	4776.24	4776.24

Appendix 2.11
Persistent savings
(Referred to in Paragraph 2.7.2; Page 49)

(₹ in crore)

Year		Original	Supplementary	Total	Actual Expenditure	Saving	Per cent
2010-11	Revenue	800.45	42.21	842.66	664.26	178.40	
	Capital	218.82	10.47	229.29	142.68	86.61	
	Total	1019.27	52.68	1071.95	806.94	265.01	24.72
2011-12	Revenue	1086.02	8.21	1094.23	816.30	277.93	
	Capital	341.25	0.00	341.25	163.54	177.72	
	Total	1427.27	8.21	1435.48	979.84	455.65	31.74
2012-13	Revenue	1105.87	19.66	1125.53	799.40	326.13	
	Capital	352.56	54.80	407.36	146.84	260.52	
	Total	1458.43	74.46	1532.89	946.24	586.65	38.27

Source : Appropriation Account 2010-2013

Appendix 2.12
Avoidable budget provision for vacant posts
(Referred to in Paragraph 2.7.2; Page 49)

Name of the Office	Head	No. of Vacant Post	Amount of Demand (₹ in lakh)
RINPAS, Kanke, Ranchi	Non-plan	179	498.53
	Plan	27	204.16
RIMS, Ranchi	Non-plan	01	12.15
Sadar Hospital, Hazaribagh	Non-plan	13	16.63
ACMO, Hazaribagh	CPS	02	9.26
ACMO, Jamshedpur	CPS	03	6.64

Appendix 2.13
Injudicious Supplementary provision
(Referred to in Paragraph 2.7.3; Page 50)

(₹ In Lakh)

Sl. No.	Head	Original	Supplementary	Surrender	Final	Expenditure	Savings from Original Grants
1	2210-01-001-02	1176.40	56.25	0.00	1232.65	1062.83	113.57
2	2210-01-001-04	749.77	4.15	0.00	753.92	732.39	17.38
3	2210-01-110-12	1787.05	56.00	0.00	1843.05	1471.18	315.87
4	2210-02-101-01	924.08	0.24	0.00	924.32	832.74	91.34
5	2210-03-101-02	4388.53	3.08	0.00	4391.61	3979.23	409.30
6	2210-03-103-01	12801.59	200.00	100.00	12901.59	12316.31	385.28
7	2210-03-103-03	7067.66	0.91	400.00	6668.57	5828.78	838.88
8	2210-03-110-04	3044.71	0.89	0.00	3045.60	2755.92	288.79
9	2210-04-102-01	306.18	0.43	28.73	277.88	225.89	51.56
10	2210-06-001-02	228.61	0.51	0.00	229.12	191.36	37.25
11	2210-06-101-01	870.88	34.37	0.00	905.25	844.91	25.97
12	2210-06-101-05	1503.84	82.10	0.00	1585.94	1503.43	0.41
13	2210-06-101-06	299.87	0.35	0.00	300.22	253.44	46.43
14	4210-01-110-04	150.00	200.00	0.00	350.00	126.22	23.78
15	4210-02-103-09	4690.00	500.00	0.00	5190.00	3888.07	801.93
16	4210-02-110-24	1220.00	300.00	0.00	1520.00	1180.96	39.04
Total		41209.17	1439.28	528.73	42119.72	37193.66	3486.78

Appendix 2.14
Rush of Expenditure (State Level)
(Referred to in Paragraph 2.7.5; Page 50)

(₹ In Lakh)

Sl. No.	Head	Allotment				Expenditure		Per cent in March
		Original	Supplementary	Surr.	Final	In March	Total	
1	2210-01-001-13	10.00	0.00	0.00	10.00	10.00	10.00	100.00
2	2210-01-001-20	50.00	0.00	0.00	50.00	30.00	30.00	100.00
3	2210-01-110-02	2.00	0.00	0.00	2.00	1.72	1.72	100.00
4	2210-01-110-10	18.00	0.00	0.00	18.00	18.00	18.00	100.00
5	2210-01-110-11	120.00	0.00	0.00	120.00	120.00	120.00	100.00
6	2210-01-110-16	2236.23	0.00	0.00	2236.23	2236.23	2236.23	100.00
7	2210-01-110-18	10.00	0.00	0.00	10.00	6.83	6.83	100.00
8	2210-01-110-26	200.00	0.00	0.00	200.00	200.00	200.00	100.00
9	2210-01-110-36	200.00	0.00	0.00	200.00	105.26	105.26	100.00
10	2210-01-796-05	2000.00	0.00	0.00	2000.00	2000.00	2000.00	100.00
11	2210-06-104-02	3.00	0.00	0.00	3.00	0.09	0.09	100.00
12	4210-01-110-12	300.00	0.00	180.00	120.00	120.00	120.00	100.00
13	4210-02-103-07	450.00	0.00	0.00	450.00	223.59	223.59	100.00
14	4210-02-110-33	200.00	0.00	0.00	200.00	71.68	71.68	100.00
15	4210-02-796-33	100.00	0.00	0.00	100.00	50.00	50.00	100.00
16	4210-02-796-48	4000.00	0.00	742.40	3257.60	930.49	930.49	100.00
17	4210-02-796-01	1265.21	0.00	0.00	1265.21	343.91	395.09	87.05
18	2210-01-110-24	1775.00	0.00	0.00	1775.00	706.23	817.00	86.44
19	2210-03-110-01	3.00	0.00	0.00	3.00	1.52	2.03	74.88
20	4210-02-110-34	220.00	0.00	0.00	220.00	101.14	149.79	67.52
21	4210-02-103-09	4690.00	500.00	0.00	5190.00	2616.28	3888.07	67.29
22	2210-01-001-05	4000.00	0.00	0.00	4000.00	2027.61	3392.08	59.77
23	4210-02-796-39	1000.00	0.00	0.00	1000.00	422.11	714.05	59.11
24	4210-02-110-24	1220.00	300.00	0.00	1520.00	670.52	1180.96	56.78
25	4210-02-110-17	1348.56	0.00	0.00	1348.56	450.93	801.46	56.26
26	4210-02-103-08	2600.00	0.00	0.00	2600.00	660.03	1287.14	51.28
Total		28021.00	800.00	922.40	27898.60	14124.17	18751.56	

Appendix 2.15
Rush of Expenditure (Field Units)
(Referred to in Paragraph 2.7.5; Page 51)

(₹ In lakh)

Sl. No.	Name of the Offices	Head	Total Expenditure	Expenditure in March	Per cent
1.	EE South Chhotanagpur Division, Health & Family Welfare Department, Ranchi	Plan	2153.86	574.86	26.69
2.	EE, North Chhotanagpur Division, Health & Family Welfare Department, Hazaribagh	Plan	2003.00	533.00	26.61
3.	EE, Kolhan Division, Health & Family Welfare Department, Chaibasa	Plan	3210.00	1709.00	53.24
4.	RINPAS, Kanke	Plan	1795.31	512.11	28.52
5.	Superintendent, Sadar Hospital, Ranchi	Material & Supply	2.98	2.00	67.11
		Machine Equipment	0.50	0.50	100.00
		T A	0.87	0.87	100.00
6.	C S cum CMO, Ranchi	Medicine	63.00	36.68	58.22
		Out sourcing	102.44	40.02	39.02
7.	RIMS	Genetic wing	105.26	105.26	100.00
8.	Superintendent, Sadar Hospital, Hazaribagh	Medicine	19.99	10.19	51.00
		Material & Supply	5.93	3.09	52.00
9.	C S cum CMO, Jamshedpur	Medicine	4.86	4.86	100.00
		Out sourcing	205.88	205.88	100.00
10.	MGMCH, Jamshedpur	Medicine	146.19	67.82	46.00
11.	C S cum CMO, Chaibasa	Machine Equipment	1.10	1.10	100.00
Total			9821.17	3807.24	

Appendix 2.16
Non – reconciliation of departmental expenditure figures
(Referred to in Paragraph 2.7.6; Page 51)

(₹ in lakh)

Major Head	Expenditure as per Book of AG (A&E)	Reconciled Expenditure	Non-reconciled Expenditure
2210- Medical and Public Health	88599.70	980.75	87618.95
2211- Family Welfare	7839.34	Nil	7839.34
2251- Secretariat-Social Services	223.78	Nil	223.78
4210- Capital Outlay on Medical and Public Health	16617.96	Nil	16617.96
Total	113280.78	980.75	112300.03

Appendix 2.17
Non-submission of D.C. Bill
(Referred to in Paragraph 2.7.8; Page 52)

(in ₹)

Major Head : 2210							
Financial Year 2013-2014							
Treasury	Month Voucher No.		DDO	AC Bill No.	AC Bill Drawn	DC Bill Submitted	Balance AC Bill
CHATRA	3	00014	CTRMED013	01/2013-14	13666666	0	13666666
DEOGHAR	3	00023	DGRMEDD5	104/13-14	11702765	0	11702765
DHANBAD	3	00011	DHNMED072	55/2013-14	18413266	0	18413266
DUMKA	3	00008	DMKMED079	72/13-14	12464166	0	12464166
DORANDA	2	00005	DRNMED124	02/13-14	15000000	0	15000000
DORANDA	3	00034	DRNMED124	29/13-14	1000000	0	1000000
DORANDA	3	00119	DRNMED124	27/13-14	20000000	0	20000000
GODDA	3	00003	GDDMED010	53/2013-14	12104966	0	12104966
GUMLA	3	00009	GMLMED010	66/2013-20	13416666	0	13416666
GARWAH	3	00142	GRHMED052	32/13-14	102675	0	102675
HAZARIBAGH	11	00010	HZBMED069	63/13-14	15000000	0	15000000
JAMTARA	2	00004	JMTMED058	27/13-14	2000000	0	2000000
JAMSHEDPUR	3	00013	JSRMED031	89/13-14	4166666	0	4166666
KHUNTI(SUB	3	00005	KHNMEDL05	23/13-14	11666682	0	11666682
LOHARDAGA	3	00007	LDGMED008	50/13-14	8018166	0	8018166
LATEHAR	3	00009	LTRMED047	38/13-14	5804164	0	5804164
PAKUR	3	00009	PKRMED009	37/13-14	13666666	0	13666666
RAMGARH(S UB TRY)	3	00016	RGHMED013	03/13-14	15166666	0	15166666
RANCHI	3	00014	RNCMED013	7/13-14	15699276	0	15699276
RANCHI	3	00127	RNCMED020	85/13-14	12000000	0	12000000
RANCHI	3	00159	RNCMED020	84/13-14	600000	0	600000
SAHIBGANJ	3	00014	SBJMED001	38/13-14	10081666	0	10081666
SIMDEGA	3	00011	SDGFMW020	44/13-14	11561666	0	11561666
SINGHBHUM	5	00008	SGHMED075	01/2013-20	13000000	1217891	11782109
SARAIKELA	3	00006	SKLMED112	32/2013-14	6000000	0	6000000
SARAIKELA	7	00001	SKLMED112	04/2013	5000000	5000000	0
Total					267302788	6217891	261084897

Major Head : 2251							
Financial Year 2013-2014							
Treasury	Month Voucher No.		DDO	AC Bill No.	AC Bill Drawn	DC Bill Submitted	Balance AC Bill
RANCHI SECTT.	3	00071	PRJSS006	325/13-14	50000	0	50000
Total					50000	0	50000

Major Head : 4210							
Financial Year 2013-2014							
Treasury	Month	Voucher No.	DDOs	AC Bill No.	AC Bill Drawn	DC Bill Submitted	Balance AC Bill
DORANDA	3	00001	DRNMED124	28/13-14	12000000	0	12000000
DORANDA	3	00002	DRNMED124	12/13-14	100000000	0	100000000
DORANDA	3	00003	DRNMED124	05/13-14	7000000	0	7000000
DORANDA	3	00004	DRNMED124	10/13-14	3000000	0	3000000
DORANDA	3	00005	DRNMED124	11/13-14	1000000	0	1000000
DORANDA	3	00006	DRNMED124	04/13-14	48000000	0	48000000
DORANDA	3	00007	DRNMED124	07/13-14	5000000	0	5000000
DORANDA	3	00008	DRNMED124	09/13-14	4000000	0	4000000
DORANDA	3	00009	DRNMED124	08/13-14	5000000	0	5000000
DORANDA	12	00001	DRNMED124	01/13-14	50000000	0	50000000
Total:					235000000	0	235000000

Summary of Non-submission of DC Bill

(₹ in lakh)

Sl. No.	Major Head	AC Bill Drawn	DC Bill Submitted	Outstanding AC Bill
1	2210	2673.03	62.18	2610.85
2	2251	0.50	0.00	0.50
3	4210	2350.00	0.00	2350.00
Total		5023.53	62.18	4961.35

Appendix – 3.1
(Referred to in Paragraph 3.1.1; page 55)
Details of outstanding Utilisation Certificates in respect of GIA disbursed during 2006-2013 as on 31 March 2014

Sl. No.	Year Department	2006-07		2007-08		2008-09		2009-10		2010-11		2011-12		2012-13		Total	
		UC	Amount	UC	Amount	UC	Amount	UC	Amount	UC	Amount	UC	Amount	UC	Amount	UCs	Amount
1	Panchayati Raj & NREP	72	140.95	26	48.13	55	251.03	38	156.86	99	250.84	64	259.97	566	1031.57	920	2139.35
2	Urban Development	186	24.21	189	45.49	352	114.12	585	194	522	142.12	390	146.64	961	515.96	3185	1182.54
3	Human Resources	4	16.17	3	1.72	3	4.29	5	1.55	5	5.47	4	27.20	8	792.65	32	849.05
4	Transport	0	0	0	0	0	0	0	0	0	0	13	452.25	3	301.98	16	754.23
5	Welfare	19	12.40	18	6.55	13	5.36	20	6.02	29	98.83	137	13.63	99	167.11	335	309.90
6	Rural Development	2	20.00	0	0	0	0	1	0.16	1	2.00	0	0	13	215.00	17	237.16
7	Planning & Development	5	37.50	0	0	0	0	0	0	0	0	11	152.26	14	1.40	30	191.16
8	Drinking water & Sanitation	0	0	0	0	0	0	0	0	0	0	0	0	8	190.05	8	190.05
9	Co-operative	10	5.79	12	4.08	6	7.71	8	9.23	34	97.53	9	5.48	50	17.75	129	147.57
10	Civil Aviation	0	0	0	0	1	1.06	0	0	1	7.29	2	65.41	3	40.00	7	113.76
11	Health & Family Welfare	0	0	0	0	0	0	0	0	0	0	0	0	4	110.09	4	110.09
12	Energy	2	17.38	0	0	1	1.50	1	30.00	4	24.66	0	0	0	0	8	73.54
13	Industry	0	0	0	0	0	0	30	42.61	22	18.31	2	1.81	1	1.00	55	63.73
14	Agriculture & Sugarcane	4	3.10	4	2.50	0	0	0	0	0	0	2	11.50	13	35.47	23	52.57
15	Dairy Development	6	0.19	21	4.29	2	6.00	2	4.00	0	0	0	0	23	16.05	54	30.53
16	Home	22	1.51	21	2.56	55	5.33	76	7.45	134	7.49	37	2.47	2	2.08	347	28.89
17	Science & Technology	0	0	0	0	2	6.78	0	0	0	0	0	0	8	11.28	10	18.06
18	Institutional Finance	0	0	0	0	0	0	0	0	0	0	2	14.70	0	0	2	14.70
19	Census, Survey & Statistics	0	0	0	0	0	0	0	0	0	0	0	0	28	9.21	28	9.21
20	Tourism	1	0.50	1	0.50	15	7.45	0	0	0	0	1	0.50	0	0	18	8.95
21	Road & Bridges	0	0	0	0	0	0	0	0	0	0	2	5.00	0	0	2	5.00
22	Animal Husbandry	0	0	0	0	0	0	0	0	0	0	2	1.85	4	3.07	6	4.92
23	Housing	0	0	3	1.80	0	0	0	0	3	0.80	4	1.50	0	0	10	4.10
24	Art,Culture & Youth	1	0.07	3	1.42	1	0.20	0	0	0	0	0	0	4	0.91	9	2.60
25	Law	0	0	0	0	1	0.60	1	0.50	1	0.60	0	0	0	0	3	1.70
26	Fisheries	0	0	0	0	0	0	5	0.25	0	0	0	0	0	0	5	0.25
27	Land Revenue	1	0.21	0	0	0	0	0	0	0	0	0	0	0	0	1	0.21
	Total	335	279.98	301	119.04	507	411.43	772	452.63	855	655.94	682	1162.17	1812	3462.63	5264	6543.82

Source: Data furnished by office of the Accountant General (A&E) Jharkhand, Ranchi

Appendix –3.2
(Referred to in Paragraph 3.2.1 and 3.2.2; page 62 & 63)
Outstanding Detailed Contingent Bills in Welfare Department

(₹ in crore)

Year	AC Bills Drawn		DC Bills submitted		Outstanding DC Bills		Remarks
	Number	Amount	Number	Amount	Number	Amount	
2011-12	70	42.96	04	3.06	66	39.90	DC bills submitted involving eight AC Bills. Of which four AC Bills of ₹ 1.90 crore were fully adjusted and balance of ₹ 1.16 crore were partially adjusted
2012-13	25	107.06	00	0.00	25	107.06	
2013-14	02	14.58	00	0.00	02	14.58	
Total	97	164.60	04	3.06	93	161.54	

Appendix 3.3
List of auditable units identified u/s 14 of CAG's DPC Act
(Referred to in Paragraph 3.3.1; Page 67)

Sl. No.	Department	Name of the office	District	Audited up to
1	Arts Culture Sports and Youth Affairs	National Games Organising Committee, NGOC, Morabadi, Ranchi	Ranchi	2008-09
2	Education	Director Jharkhand Education Project Council, Ranchi	Ranchi	2006-07
3	Health	Distt. Rural Health Society, (Reproductive Child Health Societies)	Bokaro	2012-13
4	Health	Distt. Rural Health Society, (Reproductive Child Health Societies)	Chatra	Nil
5	Health	Distt. Rural Health Society, (Reproductive Child Health Societies)	Deoghar	2012-13
6	Health	Distt. Rural Health Society, (Reproductive Child Health Societies)	Dhanbad	2010-11
7	Health	Distt. Rural Health Society, (Reproductive Child Health Societies)	Dumka	2011-12
8	Health	Distt. Rural Health Society, (Reproductive Child Health Societies)	East Singhbhum	2012-13
9	Health	Distt. Rural Health Society, (Reproductive Child Health Societies)	Garhwa	2011-12
10	Health	Distt. Rural Health Society, (Reproductive Child Health Societies)	Giridih	2012-13
11	Health	Distt. Rural Health Society, (Reproductive Child Health Societies)	Godda	2010-11
12	Health	Distt. Rural Health Society, (Reproductive Child Health Societies)	Gumla	2010-11
13	Health	Distt. Rural Health Society, (Reproductive Child Health Societies)	Hazaribagh	2012-13
14	Health	Distt. Rural Health Society, (Reproductive Child Health Societies)	Jamtara	Nil
15	Health	Distt. Rural Health Society, (Reproductive Child Health Societies)	Khunti	2011-12
16	Health	Distt. Rural Health Society, (Reproductive Child Health Societies)	Koderma	Nil
17	Health	Distt. Rural Health Society, (Reproductive Child Health Societies)	Latehar	Nil
18	Health	Distt. Rural Health Society, (Reproductive Child Health Societies)	Lohardaga	2012-13
19	Health	Distt. Rural Health Society, (Reproductive Child Health Societies)	Pakur	Nil
20	Health	Distt. Rural Health Society, (Reproductive Child Health Societies)	Palamu	Nil
21	Health	Distt. Rural Health Society, (Reproductive Child Health Societies)	Ramgarh	2011-12
22	Health	Distt. Rural Health Society, (Reproductive Child Health Societies, Namkum)	Ranchi	2011-12
23	Health	Jharkhand State Health Mission Society, Namkum	Ranchi	2011-12
24	Health	Distt. Rural Health Society, (Reproductive Child Health Societies)	Saraikela Kharsawan	Nil
25	Health	Distt. Rural Health Society, (Reproductive Child Health Societies)	Simdega	Nil
26	Health	Distt. Rural Health Society, (Reproductive Child Health Societies)	West Singhbhum	Nil

Sl. No.	Department	Name of the office	District	Audited up to
27	Health	Distt. Rural Health Society, (Reproductive Child Health Societies)	Sahebganj	Nil
28	Health	Director, RINPAS Kanke	Ranchi	2008-09
29	Health	Jharkhand AIDS Control Society, Ranchi	Ranchi	Nil
30	Rural Development	DRDA	Bokaro	2011-12
31	Rural Development	DRDA	Chatra	2011-12
32	Rural Development	DRDA	Deoghar	2011-12
33	Rural Development	DRDA	Dhanabad	2012-13
34	Rural Development	DRDA	Dumka	2012-13
35	Rural Development	DRDA	Jamshedpur	2012-13
36	Rural Development	DRDA	Garhwa	2010-11
37	Rural Development	DRDA	Giridih	2011-12
38	Rural Development	DRDA	Godda	2011-12
39	Rural Development	DRDA	Gumla	2011-12
40	Rural Development	DRDA	Hazaribagh	2011-12
41	Rural Development	DRDA	Koderma	2010-11
42	Rural Development	DRDA	Lohardagga	2012-13
43	Rural Development	DRDA	Pakur	2011-12
44	Rural Development	DRDA	Palamau	2012-13
45	Rural Development	DRDA	Ranchi	2012-13
46	Rural Development	DRDA	Sahebganj	2004-05
47	Rural Development	DRDA	Chaibasa	2011-12
48	Rural Development	DRDA	Jamtara	2010-11
49	Rural Development	DRDA	Simdega	2011-12
50	Rural Development	DRDA	Saraikela	12/2012
51	Rural Development	DRDA	Latehar	2004-05
52	Rural Development	DRDA	Ramgarh	09/2010
53	Rural Development	DRDA	Khunti	Nil
54	Industry	Indo Danish Tool Room, Adityapur, Jamshedpur	Jamshedpur	2012-13
55	Science & Technology	Birla Institute of Technology, Mesra, Ranchi	Ranchi	2012-13
56	Civil Aviation	Civil Aviation Authority, Ranchi	Ranchi	2012-13
57	Information Technology	Jharkhand Institute of Application for promotion (JAP I.T.)	Ranchi	2011-12
58	Information Technology	Jharkhand Space Application Centre, Dhurwa, Ranchi	Ranchi	2007-08

Sl. No.	Department	Name of the office	District	Audited up to
59	Social Welfare	Jharkhand Pollution Control Board, Ranchi	Ranchi	2006-07
60	Industry	Industrial Area Development Authority, Ranchi	Ranchi	2005-06
61	Industry	Industrial Area Development Authority, Bokaro	Bokaro	2012-13
62	Industry	Industrial Area Development Authority, Jamshedpur	Jamshedpur	2013-14
63	Science & Technology	Science & Technology Council, Govt. of Jharkhand	Ranchi	10/2007
64	Forest	Lac Treatment Plant, Latehar	Latehar	2008-09
65	Forest	Lac Cultivation Crop in forest, Doranda	Ranchi	2008-09
66	Forest	Forest State Trading Division	1.Latehar 2.Gumla 3.Chaibasa 4.Hazaribagh	1.2009-10 2.2011-12 3.2011-12 4.2008-09
67	Animal Husbandry	Bacon Factory, Kanke, Ranchi	Ranchi	2009-10
68	Animal Husbandry	Regional Poultry Farm, Ranchi	Ranchi	2008-09
69	Law	High Court Legal Services Committee, Ranchi	Ranchi	2008-09
70	Information and Public Relation	Govt. Press, Ranchi	Ranchi	2010-11
71	Higher Education	Birsa Agriculture University	Ranchi	2006-07

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

Appendix 4.1

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	Interest payment/[(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities)/2]*100
Interest spread	GSDP growth – Average Interest Rate
Quantum spread	Debt stock *Interest spread
Interest received as <i>per cent</i> to Loans Outstanding	Interest Received [(Opening balance + Closing balance of Loans and Advances)/2]*100
Revenue Deficit	Revenue Receipt – Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances–Revenue Receipts–Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit – Interest payments
Balance from Current Revenue (BCR)	Revenue Receipts minus all Plan Grants and Non-Plan Revenue Expenditure excluding expenditure recorded under the major head 2048–Appropriation for reduction of Avoidance of debt.
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.

Glossary 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 Aviyan 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 - 4.1 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
ThFC	Thirteenth Finance Commission
UC	Utilisation Certificate
VAT	Value Added Tax