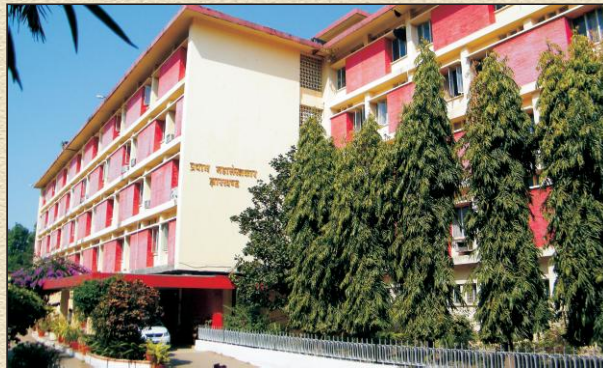




सत्यमेव जयते

Government of Jharkhand

Accounts at a Glance 2010-2011



PRINCIPAL ACCOUNTANT GENERAL
(Accounts and Entitlements)
JHARKHAND, RANCHI





**ACCOUNTS AT A GLANCE
2010-2011**

**PRINCIPAL ACCOUNTANT GENERAL
(Accounts and Entitlements)**

JHARKHAND, RANCHI



Jharkhand Legislative Assembly

P R E F A C E

The Annual Accounts of the State Government are prepared and examined under the directions of the Comptroller and Auditor General of India (C&AG) in accordance with the requirements of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 for being laid before the Legislature of the State. The Annual Accounts are summary statements of accounts under the Consolidated Fund, Contingency Fund and the Public Account. The Appropriation Accounts record the Grant-wise expenditures against provisions approved by State Legislature and offer explanations for variations between the actual expenditure and the funds provided. The Accountant General (Accounts and Entitlements) prepares the State Finance Accounts and the Appropriation Accounts.

'Accounts at a Glance' provides a broad overview of Governmental activities, as reflected in the Finance Accounts and the Appropriation Accounts. The information is presented through brief explanations, statements and graphs.

We look forward to suggestions that would help us in improving the publication.



(Manoj Sahay)

Accountant General (A&E)

PLACE : RANCHI

DATE : 23 January 2012

Our Vision, Mission and Core Values

The vision of the institution of the Comptroller and Auditor General of India represents what we aspire to become

We strive to be a global leader and initiator of national and international best practices in public sector auditing and accounting and recognized for independent, credible, balanced and timely reporting on public finance and governance.

Our mission enunciates our current role and describes what we are doing today

Mandated by the Constitution of India, we promote accountability, transparency and good governance through high quality auditing and accounting and provide independent assurance to our stakeholders – the Legislature, the Executive and the Public – that public funds are being used efficiently and for the intended purposes.

Our core values are the guiding beacons for all that we do and give us the benchmarks for assessing our performance

Independence

Objectivity

Integrity

Reliability

Professional Excellence

Transparency

Positive Approach

TABLE OF CONTENTS

CHAPTER 1	OVERVIEW	PAGE
1.1	Introduction	6
1.2	Structure of Accounts	6
1.2.1	Government Accounts are kept in three parts	6
1.3	Finance Accounts and Appropriation Accounts	6
1.3.1	Finance Accounts	6-7
1.3.2	Appropriation Accounts	7
1.4	Sources and Application of Funds	8
1.4.1	Ways and Means Advances	8
1.4.2	Fund flow statement	8-9
1.4.3	Where the Rupee came from	9
1.4.4	Where the Rupee went	10
1.5	Highlights of Accounts	10-11
1.6	What do the Deficits and Surpluses indicate?	11-12
1.6.1	Trend of Revenue deficit /surplus	12
1.6.2	Trend of Fiscal deficit	12
1.6.3	Proportion of borrowed funds spent on Capital expenditure	12
<hr/>		
CHAPTER 2	RECEIPTS	
2.1	Introduction	13
2.2	Revenue Receipts	13-14
2.3	Trend of Receipts	14-15
2.4	Performance of State's own Tax Revenue Collection	16
2.5	Efficiency of Tax Collection	16
2.6	Trend in State's share of Union Taxes over the past five years	17
2.7	Grants-in-Aid	17-18
2.8	Public Debt	18
<hr/>		
CHAPTER 3	EXPENDITURE	
3.1	Introduction	19
3.2	Revenue Expenditure	19
3.2.1	Sectoral distribution of Revenue Expenditure (2010-11)	20

3.2.2	Major Components of Revenue Expenditure (2006-2011)	20
3.3	Capital Expenditure	21
3.3.1	Sectoral distribution of Capital Expenditure	21
3.3.2	Sectoral distribution of Capital expenditure over the past five years	22
<hr/>		
CHAPTER 4 PLAN & NON-PLAN EXPENDITURE		
4.1	Distribution of expenditure (2010-2011)	23
4.2	Plan Expenditure	23
4.2.1	Plan Expenditure under Capital Account	23
4.3	Non-Plan Expenditure	24
4.4	Committed Expenditure	24
<hr/>		
CHAPTER 5 APPROPRIATION ACCOUNTS		
5.1	Summary of Appropriation Accounts for 2010-2011	25
5.2	Trend of Savings/Excess during the past five years	25
5.3	Significant Savings	26-27
<hr/>		
CHAPTER 6 ASSETS AND LIABILITIES		
6.1	Assets	28
6.2	Debt and Liabilities	28
6.3	Guarantees	28
<hr/>		
CHAPTER 7 OTHER ITEMS		
7.1	Balances under Internal Debt	29
7.2	Loans and Advances by the State Government	29
7.3	Financial Assistance to Local Bodies and Others	29
7.4	Cash Balance and investment of Cash Balance	29
7.5	Reconciliation of Accounts	30-31
7.6	Submission of Accounts by Treasuries	31
7.7	Abstract Contingent (AC) Bills and Detailed Contingent (DC) Bills	31
7.8	Commitments on Account of Incomplete Capital Works	31
7.9	Rush of Expenditure	32

CHAPTER 1

OVERVIEW

1.1. Introduction

The monthly accounts of the State Government are compiled and consolidated from the accounts submitted by the District Treasuries, Public Works and Forest Divisions, to the Accountant General (Accounts and Entitlements). Besides, the Finance Accounts and the Appropriation Accounts are prepared annually by the Accountant General under the directions of the Comptroller and Auditor General of India in accordance with the requirements of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

1.2. Structure of Accounts

1.2.1. Government Accounts are kept in three parts :

Part I CONSOLIDATED FUND	Receipts and expenditure on Revenue and Capital Account, Public Debt and Loans and Advances.
Part II CONTINGENCY FUND	Intended to meet unforeseen expenditure not provided for in the budget. Expenditure from this Fund is recouped subsequently from the Consolidated Fund.
Part III PUBLIC ACCOUNT	Comprises of Debt, Deposits, Advances, Remittances and Suspense transactions. Debt and Deposits represent repayable liabilities of the Government. Advances are receivables of the Government. Remittances and Suspense transactions are adjusting entries that are to be cleared eventually by booking to the final heads of account.

1.3. Finance Accounts and Appropriation Accounts

1.3.1. Finance Accounts

The Finance Accounts depict the receipts and disbursements of the Government for the year, together with the financial results disclosed by the revenue and capital accounts, public debt and public account balances recorded in the accounts. The Finance Accounts have been issued in two volumes to make them more comprehensive and informative. Volume I of the Finance Accounts contains the certificate of the Comptroller and Auditor General of India, summarized statements of overall receipts and disbursements and 'Notes to Accounts' containing summary of significant accounting policies, quality of accounts and other items; Volume II contains other summarized statements (Part-I), detailed statements (Part-II) and appendices (Part-III).

Receipts and Disbursements of the Government of Jharkhand as depicted in the Finance Accounts 2010-2011 are given below :-

(In crore of ₹)

Receipts (Total : ₹ 2,09,17)	Revenue Total :	Tax Revenue	1,18,71
		Non-Tax Revenue	28,03
		Grants-in-aid	41,07
	Capital Total :	Recovery of Loans and Advances	24
		Borrowings and other Liabilities *	21,11
Disbursements (Total : ₹ 2,09,17)	Revenue		1,79,45
	Capital		26,64
	Loans and Advances		3,08

* Borrowings and other Liabilities : Net (Receipts-Disbursements) of Public Debt + Net of Contingency Fund + Net (Receipts – Disbursements) of Public Account + Net of Opening and Closing Cash Balance

The Union Government transfers substantial funds directly to State Implementing Agencies / NGOs for implementation of various schemes and programmes. This year, the Government of India directly released ₹43,29 Crore (₹27,64 Crore last year). Since these funds are not routed through the State Budget, they are not reflected in the accounts of the State Government. These transfers are now exhibited in Appendix VII of Volume II of the Finance Accounts.

1.3.2. Appropriation Accounts

The Appropriation Accounts supplement the Finance Accounts. They depict the expenditure of the State Government against amounts 'Charged' on the Consolidated Fund or 'Voted' by the State Legislature. There are 05 Charged Appropriations, 44 Voted Grants, 02 Voted and Charged mixed Grants and 01 without Budget Grant.

The Appropriation Act, 2010-2011, had provided for gross expenditure of ₹ 2,69,15 Crore and ₹ 11 Crore provision under reduction of expenditure (recoveries). Against this, the actual gross expenditure was ₹ 2,28,03 Crore and reduction of expenditure was ₹ 5,87 Crore, resulting in net savings of ₹ 46,99 Crore (17 %) and an under-estimation of ₹ 5,76 Crore (5236 %) on reduction of expenditure. Reduction of expenditure, both revenue and capital, was far more than estimates, due to lapsing of unspent balance of deposits in March 2011, as detailed at Para 1.6 of this publication. The gross expenditure included ₹6,72 Crore drawn on Abstract Contingent (AC) Bills, which is still outstanding at the end of the year for want of supporting Detailed Contingent (DC) bills.

During 2010-11, ₹17,27 Crore was transferred from the Consolidated Fund to Personal Deposit (PD) accounts under the Public account, which are maintained by designated Administrators for specific purposes. Normally, unspent balances under PD accounts are to be transferred back to the Consolidated Fund at the end of the financial year. However, details of such transfers, if any, and outstanding balances in individual PD accounts are available only with the treasuries, since they are responsible for maintaining such records.

1.4 Sources and Application of Funds.

1.4.1. Ways and Means Advances

¹Except where indicated otherwise, GSDP figures used in this publication are adopted from the Planning and Development Department (Directorate of Economic and Statistics), Government of Jharkhand.

SOURCE AND APPLICATION OF FUNDS

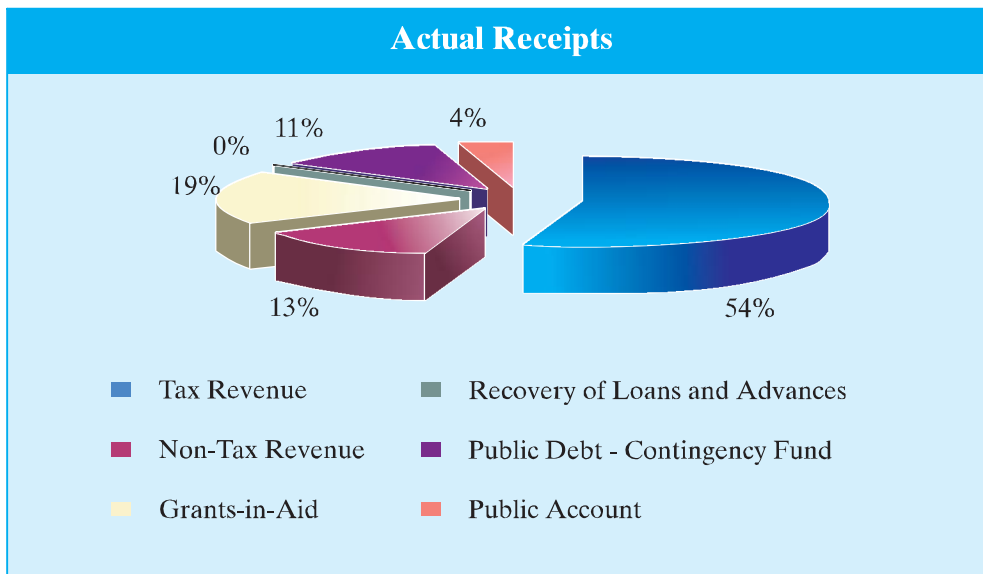
(In crore of ₹)

SOURCE	PARTICULARS	AMOUNT
	Opening Cash Balance as on 01.04.2010	(-) 7,53
Revenue Receipts	1,87,81	
Recovery of Loans & Advances	24	
Public Debt	24,47	
Inter State Settlement	1	
Small Savings Provident Fund & Others	5,72	
Reserves & Sinking Funds	0	
Deposits Received	35,58	
Civil Advances Repaid	1,12	
Suspense Account	4,57,51	
Remittances	32,98	
Contingency Fund	0	
TOTAL	7,37,91	

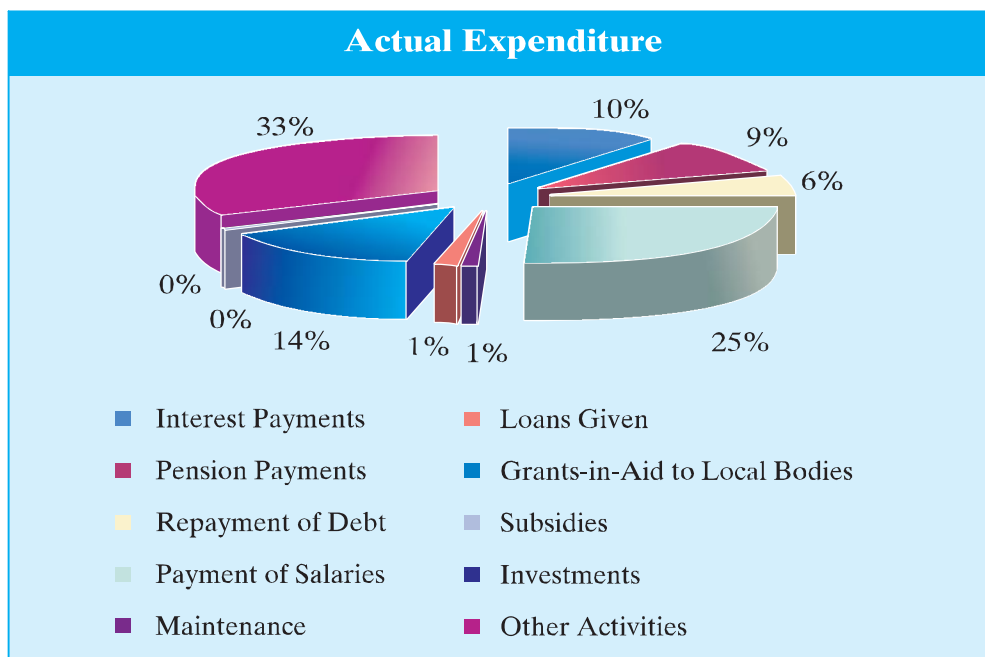
(In crore of ₹)

APPLICATION	PARTICULARS	AMOUNT
	Revenue Expenditure	1,79,45
	Capital Expenditure	26,64
	Loans Given	3,07
	Repayment of Public Debt	12,99
	Small Savings Provident Fund & Others	4,67
	Reserves & Sinking Funds	2,24
	Deposits Spent	30,97
	Civil Advances Given	1,09
	Suspense Account	4,52,78
	Remittances	32,92
	Closing Cash Balance as on 31.3.2011	(-) 8,91
	TOTAL	7,37,91

1.4.3. Where the Rupee came from



1.4.4. Where the Rupee went



1.5. Highlights of Accounts

(In crore of ₹)

	B.E 2010-11	Actuals	Percentage of actuals to B.E	Percentage of actuals to GSDP(\$)
1. Tax Revenue (@)	1,23,07	1,18,71	96	11
2. Non-Tax Revenue	31,30	28,03	90	3
3. Grants-in-aid & Contributions	46.65	41,07	88	4
4. Revenue Receipts(1+2+3)	2,01,02	1,87,81	93	17
5. Recovery of Loans and Advances	17	24	141	....
6. Borrowings & other Liabilities(A)	21,79	21,12	97	2
7. Capital Receipts(5+6)	21,96	21,36	97	2
8. Total Receipts(4+7)	2,22,98	2,09,17	94	19
9. Non-Plan Expenditure(*)	1,19,93	1,21,21	101	11
10. NPE on Revenue Account	1,03,84	1,19,41	115	11
11. NPE on interest Payments out of 10	21,35	22,28	104	2
12. NPE on Capital Account	16,09	1,80	11	....
13. Plan Expenditure(*)	1,03.04	87.95	85	8
14. PE on Revenue Account	61,67	60,04	97	6
15. PE on Capital Account	41,38	27,92	67	3
16. Total Expenditure (9+13)	2,22,98	2,09,17	94	19
17. Revenue Expenditure (10+14)	1,65,51	1,79,45	108	17
18. Capital Expenditure (12+15) (#)	57,47	29,72	52	3
19. Revenue Surplus (4-17)	35,51	8,36	24	1
20. Fiscal Deficit (4+5-16)	21,79	21,12	97	2

- (@) Includes State's share of Union Taxes of ₹ 61,54 crore.
- (\$) GSDP figure of ₹10,84,01 crore adopted from Planning and Development Department (Directorate of Economics and Statistics) Government of Jharkhand.
- (#) Expenditure on Capital Account includes Capital Expenditure (₹ 26,64 crore) and Loans and Advances disbursed (₹ 3,08 crore).
- (*) Expenditure includes ₹ 1,37 crore under Non-Plan and ₹ 1,71 crore under Plan which pertains to Loans and Advances.
- (A) Borrowings and other Liabilities: Net (Receipts-Disbursements) of Public Debt + Net of Contingency fund + Net (Receipts-Disbursements of Public Account + Net of Opening and Closing cash Balance.

1.6. What do the Deficits and Surpluses indicate?

Deficit	Refers to the gap between Revenue and Expenditure. The kind of deficit, how the deficit is financed, and application of funds are important indicators of prudence in Financial Management.
Revenue Deficit/ Surplus	Refers to the gap between Revenue Receipts and Revenue Expenditure. Revenue Expenditure is required to maintain the existing establishment of Government and ideally, should be fully met from Revenue Receipts.
Fiscal Deficit/ Surplus	Refers to the gap between Total Receipts (excluding borrowings) and Total Expenditure. This gap, therefore, indicates the extent to which expenditure is financed by borrowings. Ideally, the Borrowings should be invested in capital projects.

Deficit indicators, revenue augmentation and expenditure management are major yardsticks for judging the fiscal performance of the Government. The 13th Finance Commission had recommended that the States achieve revenue balance by 2009-2010 and reduce Gross Fiscal Deficit to 3% of GSDP by 2010-2011. In view of the economic slow-down, Government of India further relaxed the acceptable ceiling for the Fiscal Deficit – GSDP ratio to 3.5% in 2010-2011 and to 3% in 2011-2012. To encourage the State Governments to achieve these goals, Government of India extended Debt Consolidation and Relief Facility (DCRF) to States, under which, successful State Governments would receive relief on repayment of principal and/or interest. Consequently the Government of Jharkhand escalated the Jharkhand Fiscal Responsibility and Budget Management (Amendment) Act, 2011, committing the State Government to reduce the fiscal deficit by 3% of GSDP at the end of 31st March 2012.

The State Government has been successful in achieving the Revenue Surplus target as early as in 2006-2007 and maintaining it thereafter². There is however, a difference of opinion between the State Government and Government of India on the calculation of the percentage of Fiscal Deficit to GSDP. While, according to the State Government estimation, the ratio of Fiscal Deficit³ to GSDP ranged between 1.36% (provisional figures)

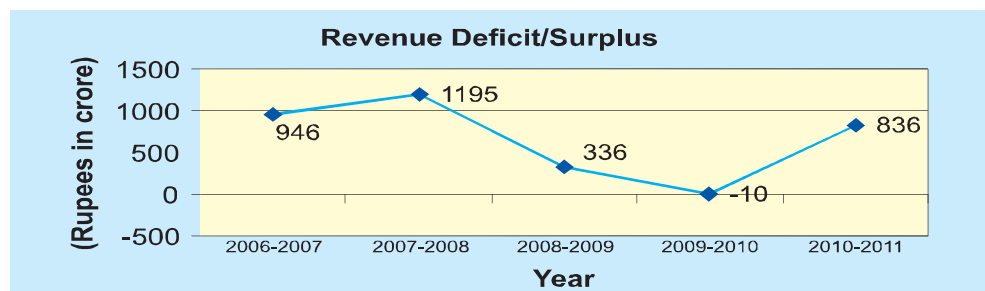
and 2.88% (quick figures) in 2009-2010 and 3.96% (budget estimates) in 2010-2011⁴.

² The Revenue Deficit was ₹10 crore in 2009-2010 and Surplus ₹8,36 crore in 2010-2011.

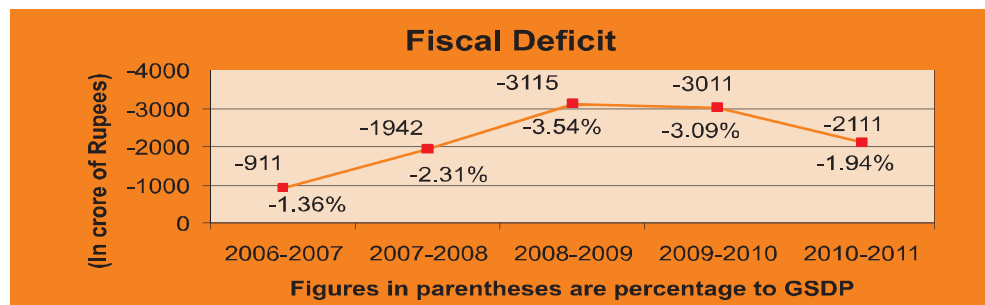
³ The Fiscal Deficit was ₹ 30,11 Crore in 2009-2010 and ₹ 21,12 Crore in 2010-2011.

⁴ According to the Planning Department, Government of Jharkhand, the GSDP ranged between ₹ 8,30,78 Crore (Provisional figures) and ₹ 9,75,19 (Quick figures) for 2009-2010 and ₹10,84,01 Crore (Advanced figures) for 2010-2011, whereas, according to the projections of the 13th Finance Commission, as adopted by the Government of India, the GSDP was ₹11,22,68 Crore for 2010-2011.

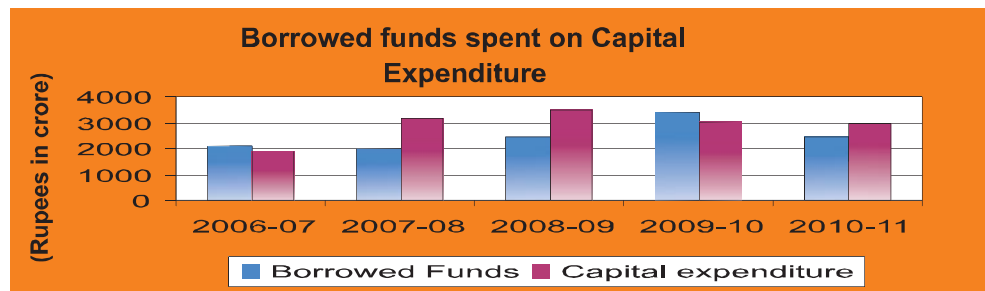
1.6.1. Trend of Revenue Deficit/Surplus



1.6.2. Trend of Fiscal Deficit



1.6.3. Proportion of borrowed funds spent on Capital expenditure



It is desirable to fully utilize borrowed funds for the creation of capital assets, and to use revenue receipts for the repayment of principal and interest. The State Government has financed its Capital expenditure from borrowings of the current year (₹ 24,47 crore) and Revenue Surplus (₹ 8,36 crore) on capital expenditure during the year 2010-2011.

CHAPTER 2

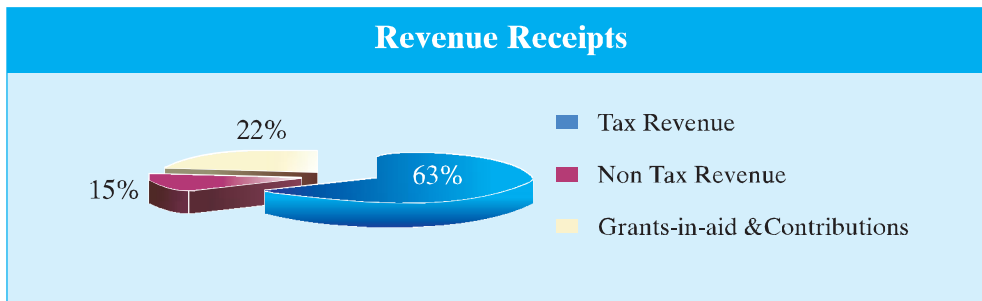
RECEIPTS

2.1. Introduction

Receipts of the Government are classified as Revenue Receipts and Capital Receipts. Total Receipts for 2010-2011 were ₹ 2,12,53 Crore.

2.2 Revenue Receipts

Tax Revenue	Comprises taxes collected and retained by the State and State's share of Union taxes under Article 280(3) of the Constitution.
Non-Tax Revenue	Includes interest receipts, dividends, profits etc.
Grants-in-Aid	Essentially, a form of Central Assistance to the State Government from the Union Government. Includes 'External Grant Assistance' and 'Aid', Material & Equipment' received from foreign Governments and channelised through the Union Government. In turn, the State Governments also give Grants-in-aid to institutions like Panchayati Raj Institutions, Autonomous bodies etc.



Revenue Receipt Components (2010-2011)

(In crore of ₹)

Components	Actuals
A. Tax Revenue	1,18,71
Taxes on Income & Expenditure	36.77
Taxes on Property & Capital Transactions	4.64
Taxes on Commodities & Services	77.30

Components	Actuals
B. Non-Tax Revenue	28,03
Interest Receipts, Dividends and Profits	99
General Services	(*) 3,09
Social Services	1,27
Economic Services	22,68
C. Grants-in-aid & Contributions	41,07
Total – Revenue Receipts	1,87,81

(*) Includes ₹ 1,60 Crore towards sale proceeds of Land and Property and recovery of Debt Relief of ₹ 1,05 Crore sanctioned by the Government of India in 2010-2011.

2.3. Trend of Receipts

(In crore of ₹)

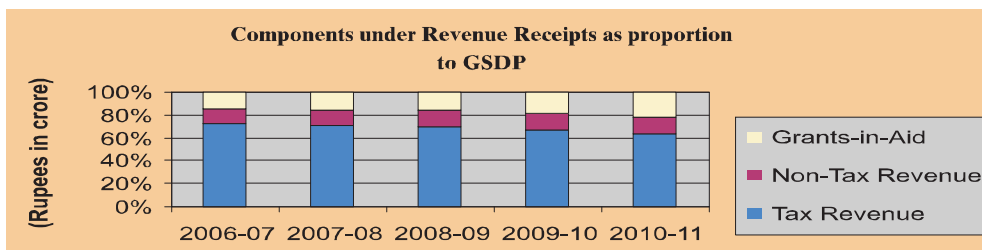
	2006-07	2007-08	2008-09	2009-10	2010-11
Tax Revenues	72,40 (11)	85,84 (10)	91,45 (10)	1,00,48 (10)	1,18,71 (11)
Non-Tax Revenues	12.50 (2)	16.01 (2)	19,52 (2)	22.54 (2)	28,03 (3)
Grants-in-Aid	15.20 (2)	18.42 (2)	21,16 (2)	28.17 (3)	41,07 (4)
Total Revenue Receipts	1,00,10 (15)	1,20,27 (14)	1,32,13 (15)	1,51,18 (16)	1,87,81 (17)
GSDP	6,69,35*	8,39,50*	8,80,11 (P)*	9,75,19 (Q)*	10,84,01 (A)

* Revised figures of GSDP adopted from Planning and Development Department (Directorate of Economics and Statistics) Government of Jharkhand.

(P) Provisional Estimate (Q) Quick Estimate (A) Advance Estimate

Note : figures in parentheses represent percentage to GSDP in approaching round figure.

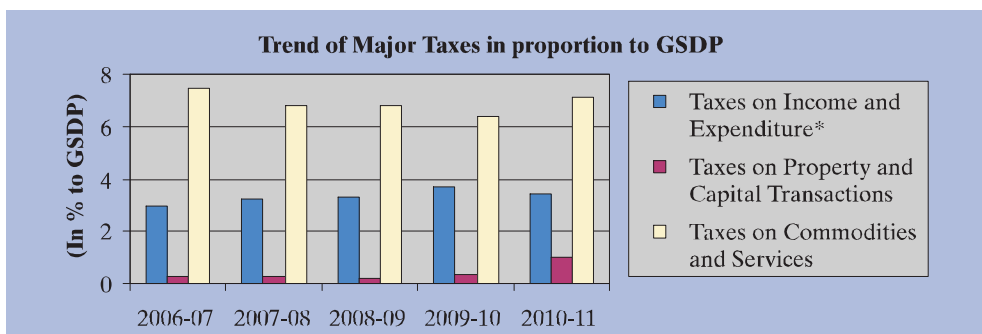
During 2010-11, growth in revenue collection was 24% in 2010-11, while GSDP growth was restricted to 11% only between 2009-2010 and 2010-2011. Tax revenues increased by 18% and non-tax revenue declined by 24% despite significant collection under Police (₹12 crore), Jail (₹3 crore), Miscellaneous General Services (₹ 2,66 crore). The decline under non-tax revenues was mainly under Industries (₹ 34 crore) and non-ferrous mining and metallurgical industries (₹20,56 crore). The State's own revenue under certain tax components like taxes on sales, trade etc. (₹44,73 crore), State Excise (₹ 3,88 crore) and Taxes on vehicles (₹ 3,12 crore) showed a high trend.



Sector-wise Tax Revenue

(In crore of ₹)

	2006-07	2007-08	2008-09	2009-10	2010-11
Taxes on Income and Expenditure	20,32	27,10	28,78	35,55	36,77
Taxes on Property and Capital Transactions	1,60	1,84	2,47	2,85	4,64
Taxes on Commodities and Services	50,48	56,89	60,20	62,08	77,30
Total Tax Revenue	72,39	85,83	91,45	1,00,48	1,18,71



(*) Primarily net proceeds of Central share to the State

2.4. Performance of State's own Tax Revenue Collection

(In crore of ₹)

Year	Tax Revenue	State share of Union taxes	State's own Tax Revenue	
			Rupees	Percentage to GSDP
(1)	(2)	(3)	(4)	(5)
2006-2007	72,39	40,51	31,89	4.76
2007-2008	85,83	51,10	34,74	4.14
2008-2009	91,45	53,92	37,53	4.26
2009-2010	1,00,48	55,48	45,00	4.61
2010-2011	1,18,71	61,54	57,17	5.27

The proportion of the State's Own Tax Revenue to GSDP(5.09%) is perceptibly lower than the target of 6.26% recommended by the 13th Finance Commission.

2.5. Efficiency of Tax Collection

A. Taxes on Property and Capital Transactions

(In crore of ₹)

	2006-07	2007-08	2008-09	2009-10	2010-11
Revenue Collection	1,60	1,84	2,47	2,85	4,64
Expenditure on Collection	82	1,00	1,38	1,61	1,57
Efficiency of Tax Collection	51%	54%	56%	57%	34%

B. Taxes on Commodities and Services

(In crore of ₹)

	2006-07	2007-08	2008-09	2009-10	2010-11
Revenue Collection	50,48	56,89	60,20	62,08	77,30
Expenditure on Collection	25	27	40	50	59
Efficiency of Tax Collection	0.5%	0.5%	0.7%	0.8%	0.8%

Taxes on commodities and services form a major chunk of tax revenue. Tax collection marginally needs to be improved.

2.6 Trend in State's share of Union Taxes over the past five years

(In crore of ₹)

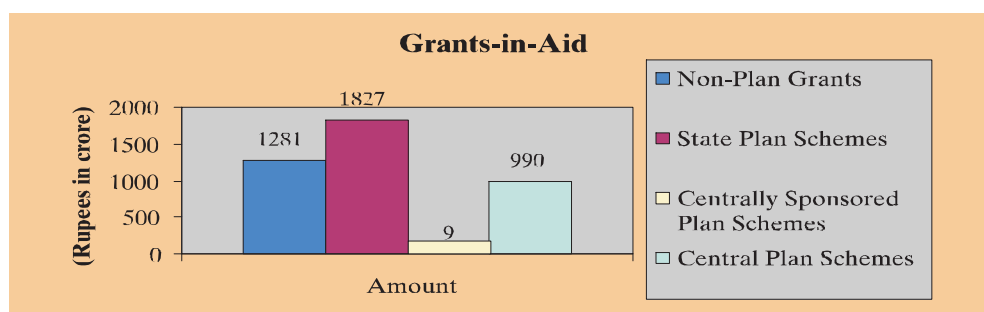
Major Head description	2006-07	2007-08	2008-09	2009-10	2010-11
Corporation tax	12,64	16,22	17,68	22,83	24,06
Taxes on Income other than Corporation Tax	7,68	10,88	11,10	12,72	12,71
Taxes on wealth	2	2	2	5	5
Customs	7,90	9,66	10,31	7,76	10,76
Union Excise Duties	8,39	9,22	8,99	6,25	7,83
Service Tax	3,89	5,10	5,83	5,86	6,14
Other Taxes and Duties on Commodities and Services	...	...	...	...	...
State Share of Union Taxes	40,51	51,10	53,92	55,48	61,54
Total Tax Revenue	72,39	85,83	91,45	1,00,48	1,18,71
% of Union Taxes to Total Tax Revenue	56%	60%	59%	55%	52%

Government of Jharkhand received 3.36 % of the net proceeds of all shareable Union taxes during the period 2006-07 to 2009-10 and 2.80% in 2010-11, excepting share of Service Taxes, which is 3.40% in 2010-11.

The decline in the State's share of Union excise duties is mainly due to lowering of tax rates on specific items by the Government of India from time to time.

2.7 Grants-in-Aid

Grants in Aid represent assistance from the Government of India, and comprise, Grants for State Plan Schemes, Central Plan Schemes and Centrally Sponsored Schemes approved by the Planning Commission and State Non-plan Grants recommended by the Finance Commission. Total receipts during 2010-2011 under Grants-in-Aid were ₹ 41,07 crore as shown below :



The share of non-plan grants in total grants-in-aid decreased from 41 % during 2009-10 to 31 % in 2010-11 and the share of grants for plan schemes increased from 59 % in 2009-10 to 69% in 2010-11. As against a budget estimate of ₹ 46,65 Crore of Union share, the State Government has actually spent ₹ 41,07 of Grants- in-Aid (88% of BE).

2.8. Public Debt

Trend of Public Debt over the past 5 years

(In crore of ₹)

Description	2006-07	2007-08	2008-09	2009-10	2010-11
Internal Debt	20,79	20,09	24,34	33,79	23,15
Central Loans	17	14	3	(-) 10	1,32
Total Public Debt	20.96	20.23	24,37	33.69	24,47

Note : Negative figure indicate that repayment is in excess of receipts.

In 2010-11, one loan amounting to ₹ 5,00 Crore at interest rates of and redeemable in the year 2020 were raised at par.

Against the total internal debt of ₹ 23,15 Crore of the State Government in 2010-11 plus the central loan component of ₹ 1,32 Crore received during this period, capital expenditure was only ₹ 29,72 Crore, indicating that the expenditure was incurred from Revenue Receipts.



CHAPTER 3

EXPENDITURE

3.1. Introduction

Expenditure is classified as Revenue Expenditure and Capital Expenditure. Revenue expenditure is used to meet the day-to-day running, of the organization. Capital expenditure is used to create permanent assets, or to enhance the utility of such assets, or to reduce permanent liabilities. Expenditure is further classified under Plan and Non-Plan.

General Services	Includes Justice, Police, Jail, PWD, Pension etc.
Social Services	Includes Education, Health & Family Welfare, Water Supply, Welfare of Scheduled Castes, Scheduled Tribes etc.
Economic Services	Includes Agriculture, Rural Development, Irrigation, Co-operation, Energy, Industries, Transport etc.

3.2. Revenue Expenditure

Revenue Expenditure of ₹ 1,79,45 Crore for 2010-11 exceeded of budget estimates by ₹ 13,94 Crore due to excess disbursement of ₹ 15,57 Crore under Non-Plan Expenditure which was partly off set by ₹ 1,63 Crore under Plan Expenditure.

The shortfall/ excess of expenditure against budget estimates under Revenue Section during the past five years is given below :

(In crore of ₹)

	2006-07	2007-08	2008-09	2009-10	2010-11
Budget estimates	1,50,21	1,60,41	1,80,79	2,21,83	1,65,51
Actuals	1,09,36	1,40,13	1,63,46	1,81,51	1,79,45
Gap (-) Saving/(+) Excess	(-) 40,85	(-) 20,28	(-) 17,33	(-) 40,32	(+) 13,94
% of gap over BE	(-) 27	(-) 13	(-) 10	(-) 18	(+) 8

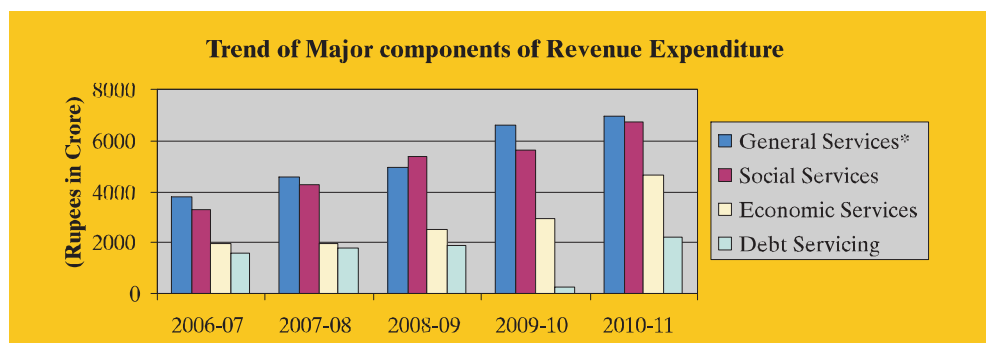
Compounding the excess (by 8%) of revenue receipts against budget estimates.

3.2.1 Sectoral distribution of Revenue Expenditure (2010-11)

(In crore of ₹)

Components	Amount	Percentage
A. Fiscal Services		
(I) Collection of Taxes on Property and Capital Transactions	1,57	1
(ii) Collection of Taxes on Commodities and Services	59	....
(iii) Other Fiscal Services	2	....
B. Organs of State	2,74	2
C. Interest Payments and Servicing of debt	22,28	12
D. Administrative Services	21,91	12
E. Pensions and Miscellaneous General Services	20,81	12
F. Social Services	67,07	37
G. Economic Services	42,46	24
H. Grants-in-aid and Contributions	....	....
Total Expenditure (Revenue Account)	1,79,45	100

3.2.2 Major Components of Revenue Expenditure (2006-2011)



* General Services excluded MH 2048 (Appropriation for reduction or avoidance of debt), MH 2049 (Interest Payments) and includes MH 3604 (Compensation and assignment to Local Bodies and Panchayati Raj Institutions).

The expenditure on Economic services (which includes important sectors like Rural development, Agriculture and Irrigation) has gone down, as against a steady increase in other services.

3.3. Capital Expenditure

Capital disbursements for 2010-11 at 3 % of GSDP were less than Budget Estimates by ₹ 27,76 Crore (less disbursement of ₹ 13,47 Crore under Plan Expenditure and ₹ 14,29 Crore under Non-plan Expenditure).

3.3.1. Sectoral distribution of Capital Expenditure

During 2010-11, the Government spent ₹ 1,43 Crore under Medical and Family Welfare, ₹ 1,88 Crore on Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes and ₹ 6,71 Crore on Roads and Bridges.

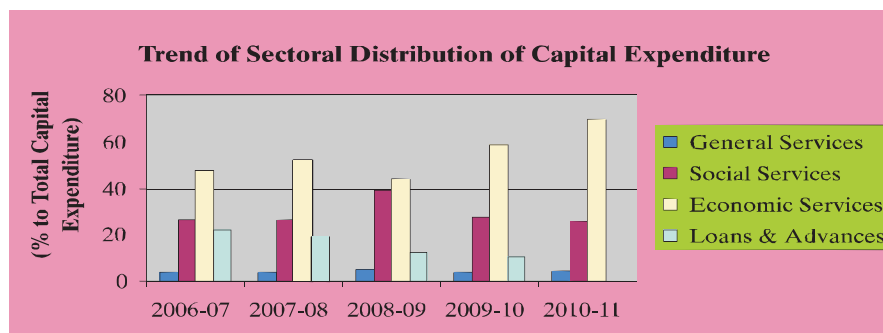
(In crore of ₹)

Sl.No.	Sector	Amount	Percentage
1.	General Services —Police, Land Revenue etc.	1,20	4
2.	Social Services – Education, Health & Family Welfare, Water Supply, Welfare of Scheduled Castes, Scheduled Tribes etc.	6,82	23
3.	Economic Services – Agriculture, Rural Development, Irrigation, Co-operation, Energy, Industries, Transport etc.,	18,62	63
4.	Loans and Advances Disbursed	3,07	10
	Total	29,71	100

3.3.2. Sectoral distribution of Capital Expenditure over the past 5 years

(In crore of ₹)

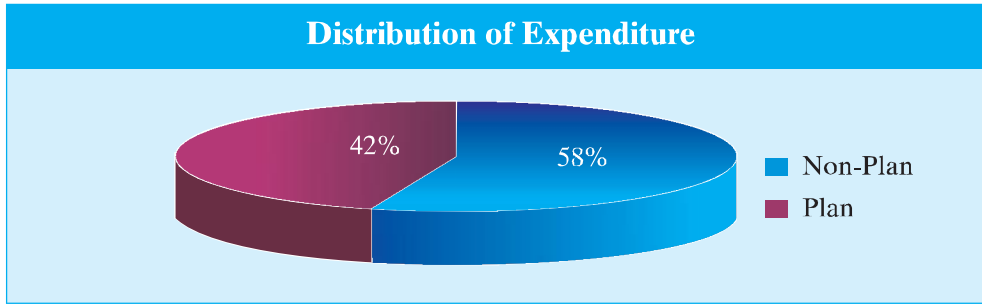
Sl. No.	Sector	2006-07	2007-08	2008-09	2009-10	2010-11
1.	General Services	72	1,08	1,76	1,13	1,20
2.	Social Services	4,95	8,32	13,55	8,25	6,82
3.	Economic Services	8,94	16,44	15,20	17,66	18,62
4.	Loans and Advances	4,11	5,97	4,18	3,19	3,07
	Total	18,72	31,81	34,69	30,23	29,71



CHAPTER 4

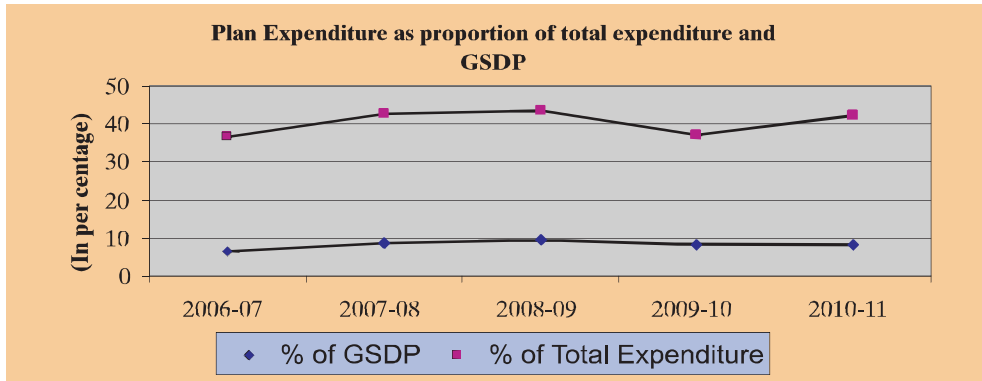
PLAN & NON-PLAN EXPENDITURE

4.1. Distribution of expenditure (2010-2011)



4.2. Plan Expenditure

During 2010-2011, Plan Expenditure, representing 42 percent of total disbursements, was ₹ 87,95 Crore (₹ 78,07 Crore under State Plan, ₹ 5,90 Crore under Centrally Sponsored Plan Schemes, ₹ 2,27 Crore under Central Plan Schemes and ₹ 1,71 crore under Loans and Advances).



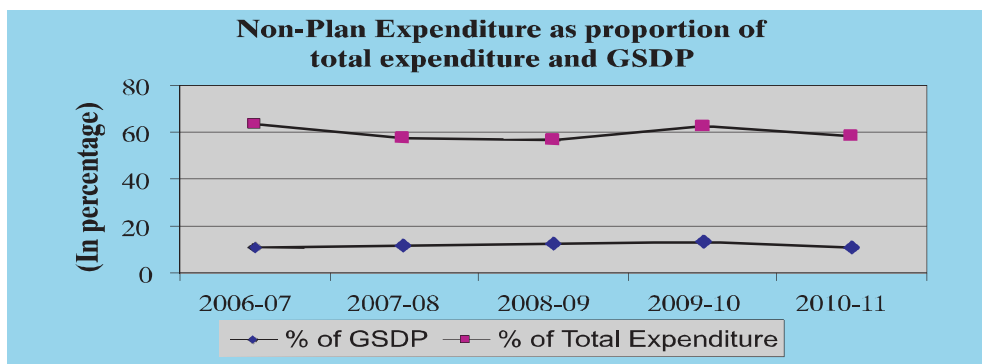
4.2.1. Plan Expenditure under Capital Account

(In crore of ₹)

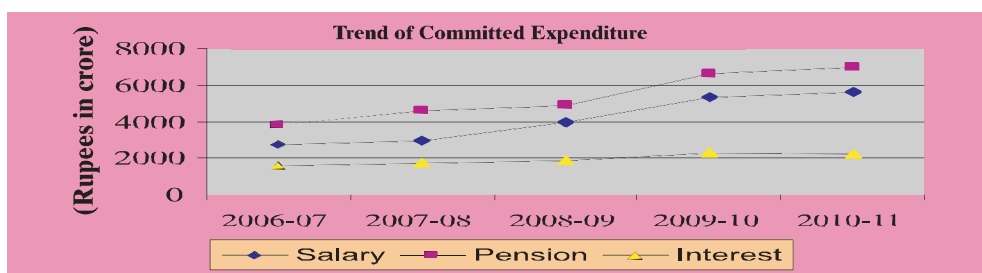
	2006-07	2007-08	2008-09	2009-10	2010-11
Total Capital Expenditure	18,72	31,81	34,69	30,23	29,71
Total Expenditure (Plan)	15,80	29,74	32,70	29,74	27,91
% of Capital Expenditure (Plan) to Total Capital Expenditure	84	93	94	98	94

4.3 Non-Plan Expenditure

Non-Plan Expenditure during 2010-2011, representing 58 Per cent of total disbursements, was ₹ 1,21,21 Crore, (₹ 1,19,41 Crore under Revenue and ₹ 1,80 Crore under Capital).



4.4 Committed Expenditure



(In crore of ₹)

Component	2006-07	2007-08	2008-09	2009-10	2010-11
Committed Expenditure	50,37	55,61	68,23	93,30	99,51
Revenue Expenditure	90,64	1,08,32	1,28,77	1,51,28	1,79,45
Revenue Receipt	1,00,10	1,20,27	1,32,13	1,51.18	1,87.81
% of committed expenditure to Revenue Receipts	50	46	52	62	53
% of committed expenditure to Revenue expenditure	56	51	53	62	55

The steep upward trend on committed expenditure leaves the Government with lesser flexibility for developmental spending. However, the government has reduced expenditure marginally compared to 2009-10.

CHAPTER 5

APPROPRIATION ACCOUNTS

5.1. Summary of Appropriation Accounts for 2010-2011

(In crore of ₹)

Sl. No.	Nature of expenditure	Original grant	Supplementary grant	Re-appropriation	Total	Actual expenditure	Savings(-) Excesses(+)
1.	Revenue Voted Charged	1,43,75 21,76	39,13 33	... ...	1,82,88 22,09	1,62,03 22,76	(-) 20,85 (+) 67
2.	Capital Voted Charged	38,26 ...	6,05 ...	... ...	44,31 ...	27,17 ...	(-) 17,14 ...
3.	Public Debt Charged	15,06	38	...	15,44	12,99	(-) 2,45
4.	Loans and Advances Voted	4,15	27	...	4,42	3,08	(-) 1,34
	Total	2,22,98	46,16	...	2,69,14	2,28,03	(-)41,11

5.2. Trend of Savings / Excess during the past five years

(In crore of ₹)

Year	Savings (-) / Excess (+)				Total
	Revenue	Capital	Public Debt	Loans & Advances	
2006-07	(-) 25,82	(-) 18,55	(+) 4,12	(-) 10,19	(-) 50,44
2007-08	(-) 33,79	(-) 9,50	(+) 92	(-) 1,13	(-) 43,50
2008-09	(-) 27,76	(-) 13,43	(+) 2,30	(-) 4,01	(-) 42,90
2009-10	(-) 46,56	(-) 15,07	(+) 1,17	(-) 3,90	(-) 64,36
2010-11	(-) 20,18	(-) 17,41	(-) 2,45	(-) 1,07	(-) 41,11

5.3. Significant Savings

Substantial savings under a grant indicates either non-implementation or slow implementation of certain schemes / programmes.

Some grants with persistent and significant savings are given below :

Grant	Nomenclature	2006-07	2007-08	2008-09	2009-10	2010-11
1	Agriculture Department	24%	44%	70%	44%	39%
10	Energy Department	44%	82%	53%	45%	37%
20	Health, Medical Education and Family Welfare Department	54%	44%	23%	45%	25%
29	Mines and Geology Department	43%	66%	66%	26%	23%
43	Science and Technology Department	59%	33%	50%	59%	41%

During 2010-11, supplementary grants totaling ₹ 8,21 crore (4 % of total expenditure) proved to be unnecessary in some cases, where there were significant savings at the end of the year even against original allocations. A few instances are given below:-

(In crore of ₹)

Grant	Nomenclature	Section	Original	Supplementary	Actual Expenditure
1	Agriculture Department	Revenue	4,61	6	2,85
2	Animal Husbandry and Fisheries Department	Revenue	2,02	9	1,65
10	Energy Department	Revenue	7,43	1,50	5,47
		Capital	3,88	20	2,75
19	Forest and Environment Department	Revenue	2,60	31	2,23
20	Health, Medical Education and Family Welfare Department	Revenue	8,00	42	6,64
		Capital	2,19	10	1,43

(In crore of ₹)

Grant	Nomenclature	Section	Original	Supplementary	Actual Expenditure
26	Labour, Employment and Training Department	Revenue	7,26	57	6,35
36	Drinking Water and Sanitation Department	Capital	3,00	45	2,67
40	Revenue and Land Reforms Department	Revenue	2,19	25	2,16
41	Road Construction Department	Capital	6,97	1,20	6,70
42	Rural Development Department	Capital	6,32	2,00	5,95
48	Urban Development and Housing Department	Capital	6,87	7	37
49	Water Resources Department	Revenue	2,25	15	2,08
51	Welfare Department	Revenue	12,52	37	10,80
		Capital	2,28	47	1,66



ASSETS AND LIABILITIES**6.1. Assets**

The existing form of accounts do not easily depict valuation of Government assets like land, buildings etc., except in the year of acquisition / purchase. Similarly while the accounts present the impact of liabilities arising in the current year, they do not depict the overall impact of the liabilities to future generations except to the limited extent shown by the rate of interest and period of existing loans.

During 2010-2011, Government invested ₹6 Crore, and received ₹0.40 crore.

Cash Balance with RBI stood at ₹ (-) 7,53 Crore on 31st March 2010 and decreased to ₹ (-) 8,91 Crore at the end of March, 2011.

6.2. Debt and Liabilities

Outstanding Public Debt at the end of 2010-2011 was ₹2,32,99 crore comprising Internal debt of ₹2,11,32 crore and loans and advances from Central Government of ₹21,67. In addition, other liabilities accounted under Public Account was ₹53,56 crore.

The State also acts as a banker and trustee in respect of deposits like Samall Savings collections, Provident Funds and Deposits. There was an overall increase of ₹5,66 crore in respect of such liabilities of the State Government during 2010-2011.

Interest payments on debt and other liabilities totaling ₹22,28 crore constituted 12.42% of Revenue Expenditure of ₹1,79,45 crore. Interest payments on Internal debts were ₹1836 crore (₹3,31 crore on other Internal debt, ₹6,09 crore on Market Loans raised by State Government ₹8,94 crore on Special Securities i.e. National Small Savings Fund of the Central Government by State Government and ₹2 crore on other liabilities). Expenditure on account of interest payments decreased by ₹79 crore during 2010-2011.

The Internal debt of ₹23,15 crore raised during 2010-2011 was mainly used for discharge of debt obligations ₹10,63 crore and payment of interest ₹18,36 crore.

INVESTMENTS AND RETURNS

Total investments as share capital in Statutory Corporations, Rural Banks, Government Companies, Joint Stock Companies etc. stood at ₹1,29 crore at the end of 2010-2011. Dividends received during the year was ₹0.40 crore (i.e. 7%) of investments. While investments in Statutory Corporations, Rural Banks, Government Companies, Joint Stock Companies etc. increased by ₹6 crore.

6.3. Guarantees

The guarantees given by the composite State of Bihar upto 14.11.2000 has not been allocated between the successor States, Bihar and Jharkhand so far (October 2011). Fiscal correction path of the State Government revealed that at the end of March 2011, ₹5,00 crore was outstanding in the shape of guarantees given by the Government. No further details were made available.

CHAPTER 7

OTHER ITEMS

7.1. Balances under Internal Debt

Borrowings of State Governments are governed by Article 293 of the Constitution of India. In addition to directly raising loans, State Governments also guarantee loans raised by Government Companies and Corporations from the market and financial institutions for implementation of various Plan schemes and programmes which are projected outside the State Budget. These loans are treated as receipts of the concerned Administrative Departments and do not appear in the books of the Government. The balances under Internal Debt is ₹ 2,11,31 crore as on March 2011.

7.2. Loans and Advances by the State Government

Total Loans and Advances made by the State Government at the end of 2010-11 was ₹ 70 crore. Of this, Loans and Advances to Government Corporations / Companies, Non-Government Institutes and Local Bodies amounted to ₹ 65 crore. Recovery of Principal aggregating to ₹ 0.24 crore and Interest amounting to ₹ 6,47 crore is in arrears at the end of 31st March 2011.

7.3. Financial Assistance to Local Bodies and Others

During the past three years, Grants-in-Aid to local bodies etc., increased from ₹ 23,66 Crore in 2008-09 to ₹ 31,22 Crore in 2010-11. Grants to Zila Parishads, Panchayat Samitees and Municipalities (₹ 8,76 crore) represented 28 percent of total grants given during the year.

Details of Grants-in-aid for past 3 years are as under :

(In crore of ₹)

Year	Zilla Parishads	Municipalities	Panchayat Samitees	Others	Total
2008-09	...	7,35	...	16,31	23,66
2009-10	...	4,85	...	18,48	23,33
2010-11	8,76	2,46	...	20,00	31,22

7.4. Cash Balance and investment of Cash Balance

(In crore of ₹)

Component	As on 1st April 2010	As on 31st March 2011	Net increase (+)/ decrease (-)
Cash Balances	-7,53	-8,91	-1,38
investments from cash balance (GOI Treasury Bills)	13,59	8,79	-4,80
Interest realized	1,46	91	-55

State Government had a positive closing cash balance at the end of 2010-2011, despite utilizing its cash balances.

7.5. Reconciliation of Accounts

Accuracy and reliability of accounts depend, among other things, on timely reconciliation of the figures available with the departments and the figures appearing in the accounts compiled by the Principal Accountant General (Accounts and Entitlements). This exercise is to be conducted by respective Heads of Departments. The reconciliation of accounts of many departments is in arrears. In 2010-11, only 20 % (₹ 40,29 Crore) of the total expenditure of ₹ 2,06,09 Crore of the State Government was reconciled. Similarly, out of total receipts of ₹ 1,87,81 Crore, only 55 % (₹ 1,03,50 Crore) was reconciled. The status of reconciliation of accounts in respect of the Chief Controlling Officers (CCO) of different departments is given below :

PARTICULARS	TOTAL No. OF CCOs	FULLY RECONCILED	PARTIALLY RECONCILED	NOT RECONCILED
EXPENDITURE	180	14	80	86
RECEIPTS	100	13	11	76
TOTAL	280	27	91	162

Some chronic defaulters in reconciliation are listed below :

S I . No.	Name of the Department / Chief Controlling Officer	Year / Years pending
1.	Secretary, Law	2009-10, 2010-11
2.	Secretary, Agriculture	2009-10, 2010-11
3.	Commissioner of Commercial Taxes	2009-10, 2010-11
4.	Secretary, Finance (Revenue & Land Revenue)	2009-10, 2010-11
5.	Secretary, Board of Personnel & Administrative Reforms	2009-10, 2010-11
6.	Addl. Secretary, Home Section IV Village Police Commissioner, North C.N. Division., Hazaribagh Commissioner, South C.N. Division., Ranchi	2009-10, 2010-11
7.	I.G. (Prison), Home Department	2009-10, 2010-11
8.	Finance Commissioner	2009-10, 2010-11
9.	Dy. Secretary, Primary and Adult Education Dy. Secretary, Higher Education Department	2009-10, 2010-11

Sl. No.	Name of the Department / Chief Controlling Officer	Year / Years pending
10.	Dy. Secretary, Art Culture and Youth	2009-10, 2010-11
11.	Director, Health Service	2009-10, 2010-11
12.	Under Secretary, Health & Family Welfare	2009-10, 2010-11
13.	Secretary, P.H.E.D.	2009-10, 2010-11
14.	Dy. Secretary, Rural Development	2009-10, 2010-11
15.	Secretary, Urban Development	2009-10, 2010-11
16.	Secretary, Welfare	2009-10, 2010-11
17.	Joint Secretary, Natural Calamity	2009-10, 2010-11
18.	Commissioner of Labour	2009-10, 2010-11
19.	Director Employment & Training	2009-10, 2010-11
20.	Director, Directorate of Social Security	2009-10, 2010-11

7.6. Submission of Accounts by Treasuries

The rendition of initial accounts by the Treasuries is satisfactory. However, submission of accounts by the Public Works and Forest Departments should improve.

7.7. Abstract Contingent (AC) Bills and Detailed Contingent (DC) Bills

The Drawing and Disbursing Officers are authorized to draw sums of money by preparing Abstract Contingency Bill by debiting Service Heads and they are required to present Detailed Contingency Bill along with sub-vouchers in support of charges in all cases within a specified period. Presently 29,078 DC bills amounting to ₹ 62,39 crore from the year 2000-01 to 2010-11 (position as on 15.09.2011) have not been received in this office. Drawal of money in AC Bill reflects disbursement and does not represent actual expenditure made.

7.8. Commitments on Account of Incomplete Capital Works

A total expenditure of ₹ 19,98.42 crore was incurred upto the year 2010-2011 by the State Government on various incomplete projects.

7.9 Rush of Expenditure

The financial rules stipulate that rush of expenditure particularly in the closing month of the financial year shall be regarded as a breach of financial regularity and should be avoided. However, the expenditure incurred under certain selected Heads of Account during March 2011 ranged between 52.37% to 539.32% of the total expenditure during the year indicating a tendency to utilize the budget at the close of the financial year. The flow of expenditure during the four quarters of 2010-2011 in the above mentioned Heads was as under:-

Head of Account	Description	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Total	During March	Percentage of 3/2011 w.r.t. Total expenditure of 2010-2011
		(In crore of ₹)						
2203	Technical Education	4.84	6.53	10.55	50.05	71.97	37.69	52.37%
2204	Sports and Youth Services	1.27	1.76	2.87	257.8	63.72	56.35	88.45%
2245	Relief on Account of Natural Calamities	0.79	2.61	1.97	37.59	42.96	2,31.69	539.32%
2401	Crop Husbandry	7.01	10.12	16.53	1,44.07	1,77.73	1,18.83	66.86%
402	Soil and Water Conservation	2.29	3.30	3.17	37.29	46.05	34.74	75.44%
2404	Dairy Development	1.07	2.05	7.40	43.48	54.00	37.38	69.21%
2505	Rural Employment	1.51	29.13	63.17	2,41.34	3,35.15	2,00.94	59.96%
2515	Other Rural Development Programmes	30.93	54.34	2,00.31	10,07.75	12,93.33	7,50.85	58.06%
4225	Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes	12.37	7.08	12.43	1,55.65	1,87.53	1,07.02	57.07%
5075	Capital Outlay on other Transport Services	0	0	1,26.00	1,74.16	3,00.16	1,74.16	58.02%
6801	Loans for Power Projects	0	0	40.00	2,35.43	2,75.43	2,30.43	83.66%



