

OVERVIEW

This Report comprises three Chapters: the first Chapter contains the financial profile of the State, planning and conduct of audit and follow up on Audit Reports. Chapter 2 of this Report deals with the findings of six performance audit reviews and one long paragraph and Chapter 3 deals with compliance audit in the various Departments. The Audit findings included in the Performance Audits and Compliance Audit paragraphs in this Report have total money value of ₹ 2,633.69 crore.

The audit has been conducted in accordance with the Auditing Standards prescribed for the Indian Audit and Accounts Department. Audit samples have been drawn based on statistical sampling as well as risk based judgemental sampling. The specific audit methodology adopted has been mentioned in each Performance Audit. The audit conclusions have been drawn and recommendations have been made taking into consideration the views of the Government. A summary of main audit findings is presented in this overview.

1 Performance Audit of programmes/activities/Departments

(i) Implementation of Indira Awaas Yojana (IAY)

The review of Indira Awaas Yojana (IAY) was carried out to examine the implementation of the scheme in the backdrop of its objective to help rural people below the poverty-line (BPL) in construction of dwelling units and upgradation of existing unserviceable *kutcha* houses by providing assistance in the form of lump sum grant. The objective of IAY in providing housing to the rural poor was not fulfilled to the extent originally envisaged due to implementation lapses. There were deficiencies beginning with allocations of inter block/ inter GP funds without considering the actual housing shortage as required under the guidelines. Financial management was also affected due to short release of Government of India (GoI) as well as state share, treatment of advances as expenditure, diversion and suspected misappropriation of scheme funds, non-credit of interest amounts and non-utilisation of scheme funds which reduced the utilisation efficiency. Besides non-provision of IAY scheme benefits to additional identified BPL families, there were instances of non/improper preparation of permanent waitlist, fraudulent/multiple allotment of houses to ineligible beneficiaries due to non-transparent process adopted for selection of beneficiaries. There was lack of monitoring and evaluation at each level which deprived the scheme benefit of supervision and guidance.

(Paragraph 2.1)

(ii) Implementation of Rashtriya Krishi Vikas Yojana (RKVY)

Government of India (GoI) launched Rashtriya Krishi Vikas Yojana (RKVY) in May 2007 to incentivise States so as to increase public investment to bring about quantifiable changes in production and productivity of various components of agriculture and allied sectors by addressing them in a holistic manner. A performance review of RKVY for 2007-08 to 2012-13 was conducted to assess the effectiveness of Planning, financial management, execution and monitoring of projects in the implementation of RKVY in the

State. District Agriculture Plans for the year 2012-13 were not prepared as such local needs were not reflected in projects taken up. Government of Jharkhand was deprived of grants of ₹ 93.37 crore from Government of India during 2008-09 and 2010-11 due to non-utilisation of available funds. We noticed that envisaged irrigation facility to the farmers' group could not be provided due to non-completion of 119 units of micro lifts irrigation system in test-checked districts. Due to delay in initiating work and delayed finalisation of tender for purchase of machines, Jharkhand Agriculture Machinery Testing and Training Centre could not be established as envisaged. Envisaged seed production and training of farmers in agriculture farms could not be started due to lack of seed plan, slow progress of strengthening work and lack of man power. State level committee to review the implementation of RKVY projects was not constituted.

(Paragraph 2.2)

(iii) Rural Drinking Water Programmes

The Government of India (GoI) launched (1972-73) Accelerated Rural Water Supply Programme (ARWSP) to ensure provision of adequate drinking water supply to the rural community through the Public Health Engineering System. The goal of the State was to provide every rural person with adequate safe water for drinking, cooking and other domestic basic needs on a sustainable basis. In the State about seven *per cent* of the rural population were covered through piped water supply schemes and the remaining by dispersed sources i.e. tube wells and wells. The Annual Action Plan for the year 2008-09 and 2009-10 was not prepared in respect of ARWSP. In respect of NRDWP the State Programme Management Unit did not prepare the Rolling Plan. The Village Water Security Plan and District Water Security Plan were not prepared. In respect of State Plan Schemes, the Department had not prepared Perspective Plan and shelf of Schemes. There were instances of non-functioning of Rural Piped Water Supply Schemes, award of work without acquiring land, large number of incomplete Rural Piped Water Supply Schemes/Mini Rural Piped Water Supply Schemes etc. and non realisation of water charge from the users. The objective to provide safe drinking water to all villages was not achieved as required number of water sources were not tested for quality.

(Paragraph 2.3)

(iv) Infrastructure and functioning of Community Health Centres

Community Health Centres (CHCs) were planned as First Referral Units (FRUs) alongwith increase in number of Primary Health Centres (PHCs). Out of 220 PHCs required under 36 test-checked CHCs, only 53 (24 *per cent*) PHCs were in existence as of July 2013. Further, out of 53 PHCs, 17 PHCs were running without doctors. As a result patients were directly coming to CHCs and the objective of CHCs being FRU was not achieved. As of July 2013, 111 CHCs buildings were incomplete beyond their due date of completion after incurring an expenditure of ₹ 221.98 crore due to delay in site selection and slow progress of work by executing agencies and against 1,354 Specialist doctors required in the State as per IPHS norms, no Specialist

doctors were deployed in the State as of July 2013. Facilities for new born care, Intra-Natal examination of gynaecological conditions, caesarean deliveries, AYUSH and Blood Storage facilities were not available. Out of 36 test-checked CHCs, in 30 CHCs only six functional beds existed against the requirement of 30 beds. Purchase of machines and equipments by the respective Civil Surgeons was not requirement driven which led to idling of these equipment and their benefit to patients. Shortfall in availability of essential medicines ranged between 26 and 85 *per cent* in 36 test-checked CHCs and ANMs of Sub-centres, though not competent to administer the Schedule-H drugs, distributed the same among the rural patients which was fraught with the risk of severe health hazard among them. No inspection was conducted by the district health authority during the period 2008-13 in test checked CHCs. Shortfall in number of meetings by Rogi Kalyan Samiti (RKS) ranged between 75 to 84 *per cent* during 2008-13.

(Paragraph 2.4)

(v) Functioning of Road Construction Department

The Road Construction Department (Department) constructs and maintains State Highways (SH), Major District Roads (MDR) and Other District Roads (ODR). The focus of the Department is on improving connectivity and increasing the road density in the State. The performance review revealed that financial management, planning, implementation and monitoring of the projects including ADB and PPP projects in the Department were deficient. The Department prepared budget estimates without receiving requirements from the field offices. A systematic planning process according to the prescribed norms was missing in the Department. The Department did not achieve the target of Eleventh Plan of upgradation/construction of roads and bridges. There were instances of upgradation of roads without rehabilitation of old and narrow bridges on these roads. The Department adopted BOT (Annuity) model through Special Purpose Vehicle (SPV) for Public Private Partnership (PPP) projects without performing due diligence. The Department did not have adequate control over the Concessionaire's activities due to it being under the control of private partner in SPV. Bottlenecks in progress of ADB aided Project viz. delays in finalisation of changes in sanctioned DPR, land acquisition, utility shifting etc. could not be resolved. Prescribed quality tests were not conducted during execution of works and there was lack of inspections at Chief Engineer and Superintending Engineers' levels.

(Paragraph 2.5)

(vi) Information Technology Audit of e-District - a project under National e-Governance Plan

As a part of the National e-Governance Plan (NeGP), a pilot e-District project at Ranchi district was approved for implementation by Government of India (GoI) in March 2008. The project became operational in September 2011 in which only one service (issue of certificates) out of ten services identified was being provided to the citizen through e-District as of March 2013. The basic objective of speedy service delivery could not be met due to delay in issue of certificates in prescribed time. The system was not fully secure and reliable as multiple birth, death and caste certificates were issued to the same persons.

There were no alternative measures in place to handle accidental loss of data and start the services (e-District portal) immediately in case the e-District server went down.

(Paragraph 2.6)

(vii) Utilisation of Twelfth Finance Commission Grants under Education Sector

Based on the assessment of needs and developmental concerns of Jharkhand, Twelfth Finance Commission (TFC) recommended grants-in-aid of ₹ 3032.82 crore for nine sectors of the State for the award period 2005-10, of which ₹ 651.73 crore was for Education Sector. Audit of utilisation of TFC grants for education sector revealed that the State Government failed to obtain the allocated grants from GoI for four years continuously due to non-fulfilment of conditions laid down by the GoI. Against the allocated grants of ₹ 651.73 crore, only ₹ 379.77 crore was received by the State Government. Due to short receipt of grant, the coverage for construction of buildings in schools was reduced. The Human Resources Development Department (HRDD) even failed to utilise the available grants and amount of ₹ 57.04 crore was lying unutilised. As proper monitoring was not done at State and district level, 204 works remained incomplete as of December 2013, even after the lapse of TFC period in March 2010. Thus, the very objective of providing better infrastructural facilities and accessibility of education by utilisation of TFC grants in the State was not fully achieved.

(Paragraph 2.7)

2. Compliance Audit Findings

Audit observed significant deficiencies in critical areas, which impact the effectiveness of the State Government. Some important findings arising out of compliance audit (twelve paragraphs) are featured in the Report. The major observations relate to non-compliance with rules and regulations, audit against propriety and cases of expenditure without adequate justification and failure of oversight/governance. Some of them are mentioned below:

- Irregular payment of equipment advance of ₹ 4.90 crore.

(Paragraph 3.1.1)

- Purchase of higher priced medical equipment without recording justification and ignoring lowest priced technically approved equipment resulted in avoidable expenditure of ₹ 92.36 lakh.

(Paragraph 3.1.2)

- Improper management of cash and non-adherence to financial rules resulted in non-accountal of receipt of ₹ 1.14 crore, unauthorised refund of ₹ 44.58 lakh and non-deposit of ₹ 4.06 lakh.

(Paragraph 3.1.3)

- Non-forfeiture of bank guarantee, non-recovery of penalty and excess payment to the contractor led to loss of ₹ 1.09 crore.

(Paragraph 3.1.4)

- Construction of bridge without acquisition of complete land for approach road resulted in unfruitful expenditure of ₹ 2.07 crore.

(Paragraph 3.1.5)

- Due to non-synchronisation of activities, the Industrial Training Institutes failed to provide trainings to students even after spending a sum of ₹ 3.72 crore on purchase of machineries and equipment.

(Paragraph 3.2.1)

- Purchase based on inaccurate demand resulted in bicycles remaining undistributed leading to unfruitful expenditure of ₹ 2.07 crore, including theft and missing bicycles of ₹ 97.13 lakh.

(Paragraph 3.2.2)

- Lack of co-ordination between Departments and approval of estimate without considering external source of water rendered expenditure of ₹ 2.14 crore on construction of government quarters unfruitful.

(Paragraph 3.3.1)

- Injudicious lifting and non-utilisation of rice in time under Sampoorana Gramin Rozgar Yojana led to loss of ₹ 1.54 crore due to deterioration in quality and embezzlement.

(Paragraph 3.3.2)

- Due to lackadaisical approach of the executing agency and lack of monitoring and supervision by the authorities, the hospital building remained incomplete even after six years of its sanction, thereby resulting in unfruitful expenditure of ₹ 1.39 crore and denial of medical facilities to the people.

(Paragraph 3.3.3)

- Due to lack of co-ordination between authorities and non-taking/handing over, the Civil Surgeon Office building at Giridih constructed at a cost of ₹ 83.82 lakh remained idle for more than four years and could not be utilised for its intended purpose of providing proper accommodation for Civil Surgeon Office thereby adversely affecting the delivery of health care services.

(Paragraph 3.3.4)

- Purchase of Cardiology and Cardiothoracic equipment well before completion of physical infrastructure and non-availability of medical team resulted in non-installation/non-utilisation of equipment and consequent blockage of Government money amounting to ₹ 1.47 crore in idle equipment.

(Paragraph 3.4.1)