

CHAPTER 3

FINANCIAL REPORTING

This Chapter provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the year 2017-18.

3.1 Outstanding Utilisation Certificates against grants

The Jharkhand Financial Rules (JFR) stipulate that departmental officers should obtain Utilisation Certificates (UC) from the grantees and after verification should forward these to the Accountant General (A&E), Jharkhand within 12 months of their sanction.

Audit observed that 21,391 UCs due in respect of grants aggregating to ₹ 38,911.59 crore, paid up to 2016-17, were outstanding at the end of March 2018. A significant part of these UCs were outstanding against five departments, viz., Animal Husbandry Department (2,312 UCs aggregating ₹ 8,336.50 crore), Urban Development Department (6,237 UCs aggregating ₹ 8,318.73 crore), Agriculture Department (7,744 UCs aggregating ₹ 1,842.67 crore), Welfare Department (89 UCs aggregating ₹ 1,622.14 crore) and Industry Department (839 UCs aggregating ₹ 486.04 crore). Department-wise break-up of outstanding UCs is given in **Appendix 3.1**.

As on 31 March 2018, the number and amount of outstanding UCs were 21,391 and ₹ 38,911.59 crore respectively as shown in **Table 3.1**.

Table 3.1: Outstanding Utilisation Certificates as on 31.03.2018

(₹ in crore)

Year in which GIA disbursed	Year in which UCs due	Utilisation Certificates Outstanding	
		Number	Amount
Up to 2014-15	Up to 2015-16	7,318	10,678.82
2015-16	2016-17	9,054	10,751.41
2016-17	2017-18	5,019	17,481.36
Total Number of UCs awaited		21,391	38,911.59

Source: Finance Accounts of Government of Jharkhand 2017-18

Further, the comparative status of the last four years in six departments having major outstanding UCs as on 30 September 2018 is given in the Table below:

Table 3.2: Major departments with outstanding Utilisation Certificates (as on 30.09.2018)

(₹ In crore)

Sl. No.	Name of Department	2013-14		2014-15		2015-16		2016-17	
		No. of UCs	Amount	No. of UCs	Amount	No. of UCs	Amount	No. of UCs	Amount
1	Human Resources	12	404.49	88	1,148.89	513	2,049.97	1,587	4,430.09
2	Rural Development	00	0.00	01	0.90	182	1,294.63	237	2,840.33
3	Animal Husbandry	03	1.28	0	0.00	0	0.00	06	39.25
4	Agriculture	07	17.04	06	68.07	107	138.02	210	82.62
5	Urban Development	793	404.76	823	845.22	700	2,162.64	1,141	3,859.39
6	Welfare	152	166.77	215	226.26	6,505	1,038.08	546	200.81
7	Industry	01	2.00	84	113.03	376	226.59	341	100.28
Grand Total		968	996.34	1,217	2,402.37	8,383	6,909.93	4,068	11,552.77

The increase in the amount and number of pending UCs after 2013-14 is a consequence of GoI's decision (July 2013) to transfer funds to State implementing agencies through the State budget instead of directly to the agencies as was the practice earlier. However, even after this decision, direct transfer of funds to MP Local Area Development Schemes, Central Universities/Institutes, Societies and NGOs was continued by the GoI. During 2014-15 direct transfer of fund came down from ₹ 2,602 crore to ₹ 131 crore which increased to ₹ 322 crore in 2017-18.

It was also noticed that after relaxation of the Treasury Code rules 329-331 by the GoJ¹ which discontinued the requirement of authority letter from PAG (A&E), the amount of outstanding utilisation certificates increased from ₹ 5,148.57 crore in 2014-15 to ₹ 38,911.59 crore in 2017-18.

Non-receipt of UCs against the GIA bills (₹ 38,911.59 crore) at the end of March 2018 indicates failure of the departmental officers to comply with the rules and procedures to ensure timely submission of utilisation of the grants for the intended purpose. High pendency of UCs is fraught with the risk of misappropriation of funds and fraud.

Recommendation: The Finance Department should prescribe a time frame within which administrative departments releasing grants, collect UCs pending for more than the time stipulated in the grant orders and also ensure that till such time, administrative departments release no further grants to defaulting grantees. The Government may initiate appropriate action against the officers who defaulted in submission of UCs in time.

3.2 Submission of accounts and audit of Autonomous Bodies, Authorities and grantee institutions

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

Bodies and authorities that are substantially financed by way of loans or grants from the Consolidated Fund, or those that receive such loans or grants for specific purposes are audited by the CAG. As on date, there are 75 such bodies and authorities, of which 74 have been audited, as detailed in **Appendix 3.2**.

Scrutiny revealed that out of 75 bodies/authorities, no body/authority had submitted their updated accounts as of 28 February 2019, whereas two² bodies/authorities have not submitted their accounts to audit since inception. The delay in submission of accounts of other bodies/authorities ranged between one to 14 years even after repeated reporting.

Recommendation: State Government need to take appropriate measures to ensure that these accounts are compiled and submitted for audit within a fixed timeframe to ensure that financial irregularities, if any, do not go undetected.

¹ vide letter no. 759/F dated 20.03.2015

² Jharkhand AIDS Control Society, Ranchi and Jharkhand Bio-Diversity Council, Doranda, Ranchi

3.2.2 Audit under Sections 19 & 20 of CAG's (DPC) Act, 1971

There are five³ Autonomous Bodies in the State which are to be audited under Sections 19 & 20 of the C&AG's (DPC) Act, 1971 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.

The details of submission of accounts and status of audit of these autonomous bodies are given in **Table 3.3**.

Table 3.3: Details of submission of accounts and status of audit of autonomous bodies

Sl. No.	Name of Bodies/ Authority	Year up to which accounts were rendered	Period up to which SAR was issued	Placement of SAR in the Legislature	Comments
1	Jharkhand State Legal Services Authority (JHALSA)	2016-17	2016-17	Not Intimated	Annual Accounts for the years 2017-18 have not been received so far (February 2019)
2	Jharkhand State Electricity Regularity Commission (JSERC)	2014-15	2011-12	Not yet placed	Annual Accounts for the years 2015-16 and 2016-17 have not been received so far (December 2018)
3	Rajendra Institute of Medical Sciences (RIMS)	Nil	Nil	Nil	In spite of active persuasion annual accounts for the years 2010-11 to 2017-18 have not been received as of December 2018.
4	Ranchi Institute of Neuro-Psychiatry & Allied Sciences (RINPAS), Ranchi	Nil	Nil	Nil	Annual Accounts have not been received till date. However, Compliance Audit is being conducted regularly.
5	Jharkhand Housing Board, Ranchi	Nil	Nil	Nil	Annual Accounts have not been received since inception (2001). However, Compliance Audit is being conducted regularly.

Information regarding placement of SARs in respect of audited accounts of JHALSA has not been intimated despite active pursuance. Further, though audit pursued the matter regularly with the concerned authorities for submission of accounts of three bodies mentioned in the above table, the same has not been submitted to audit since inception. However, Compliance Audit of these bodies is being regularly conducted.

³ (i) Jharkhand State Legal Services Authority (JHALSA) including 22 District Legal Services Authorities (DLSAs) (ii) Jharkhand State Electricity Regulatory Commission (JSERC) (iii) Rajendra Institute of Medical Sciences (RIMS) (iv) Ranchi Institute of Neuro-Psychiatry & Allied Sciences (RINPAS) and (v) Jharkhand Housing Board, Ranchi.

3.2.3 Delay in submission of accounts of Public Sector Undertakings (PSUs)

The Companies Act, 2013 stipulates that the financial statements of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year i.e., by 30th September of the next financial year. Failure to submit accounts on time renders the officers of the company liable to penal provisions under the Act.

Table 3.4 below provides the details of progress made by the PSUs in finalisation of accounts as of 31 December 2018.

Table 3.4: Position relating to finalisation of accounts of working and non-working PSUs

Sl. No.	Particulars	Working	Non-working	Total
1	Number of PSUs	22	3	25
2	Number of PSUs having accounts in arrears	20	01	21
3	Number of accounts in arrear	55	05	60
4(a)	Number of PSUs with arrears of more than six years	02	00	02
4(b)	Number of accounts in arrear in the above PSUs	17	00	17
5(a)	Number of PSUs with arrears between three to five years	06	01	07
5(b)	Number of accounts in arrear in the above PSUs	24	05	29
6(a)	Number of PSUs with arrears between one to two years	14	00	14
6(b)	Number of accounts in arrear in the above PSUs	15	00	15
7	Extent of arrears (in years)	1 to 9	1 to 5	1 to 9

Source: Data compiled from the information furnished by the companies

Due to non-finalisation of accounts, the C&AG has been unable to perform supplementary audit of these companies as stipulated in Companies Act for periods up to nine years.

The above denotes failure of the concerned administrative departments and specifically of the Finance Department for their inability to ensure that the defaulting companies comply with the relevant Acts. Further, it was noticed that the State Government had invested ₹ 64.97 crore in share capital, between 2008-09 and 2016-17, in four PSUs which have not finalised their accounts.

Recommendation: The Finance Department should review the cases of all PSUs that are in arrears of accounts, ensure that the accounts are made current within a reasonable period, and stop financial support in all cases where accounts continue to be in arrears.

3.2.4 Dividend not declared by PSUs

The State Government had not formulated any dividend policy under which PSUs are required to pay a minimum return on the paid up share capital contributed by the State Government. As per latest finalised accounts,

Jharkhand Police Housing Corporation Limited earned a profit of ₹ 4.33 crore during 2017-18 but no dividend was given to the Government.

Recommendation: The State Government should formulate a dividend policy for return on its investments as share capital.

3.3 Audit of funds drawn on Abstract Contingent (AC) bills

The Jharkhand Treasury Code (JTC), 2016 stipulates that when contingent charges are drawn as an advance from the treasury on Abstract Contingent (AC) bills without supporting vouchers, the relevant Detailed Contingent (DC) bills supported with sub-vouchers and countersigned by the Controlling Officer (CO) are to be submitted to the Principal Accountant General (A&E) within six months from the date of the AC bill.

Year-wise details of pending DC bills as on 30.10.2018 are given in **Table 3.5**.

Table 3.5: Details of pending DC bills

(₹ in crore)

Year	AC bills drawn		DC bills submitted		Outstanding DC bills		Percentage of outstanding amount of DC bills
	Number	Amount	Number	Amount	Number	Amount	
Upto 2014-15	55,382	15,915.51	38,156	12,271.45	17,226	3,644.06	22.90
2015-16	806	1,224.91	287	718.37	519	506.54	41.35
2016-17	459	1,267.80	96	762.26	363	505.54	39.88
2017-18	335	1,209.12	37	649.60	298	559.52	46.27
Total	56,982	19,617.34	38576	14,401.68	18,406	5,215.66	26.59

Departments with maximum amount of pending DC bills along with comparative details are given in **Table 3.6**.

Table 3.6: Department-wise comparative details of outstanding DC bills

(₹ in crore)

Sl. No.	Name of Department	Outstanding DC bills as on 30.10.2018				Total
		upto 2014-15	2015-16	2016-17	2017-18	
1	Rural Development Department (Rural Development Division)	625.02	138.38	163.49	278.14	1,205.03
2	Welfare Department (Welfare Division)	538.18	21.40	22.23	5.12	586.93
3	Women, Child Development and Social Security Department	450.05	83.72	0.00	0.00	533.77
4	Health, Medical Education and Family Welfare Department	446.48	68.44	18.05	5.64	538.61
5	Home, Jail and Disaster Management Department (Home Division)	96.90	28.15	30.10	79.96	235.11
Total		2,156.63	340.09	233.87	368.86	3,099.45

As shown in the above table, DC bills amounting to ₹ 625.02 crore was outstanding against Rural Development Department as of 2014-15 which increased significantly year after year.

Out of ₹ 1,209 crore drawn on AC bill in 2017-18, AC bills amounting to ₹ 233 crore (19.27 per cent) were drawn in March 2018 and of this, ₹ 40 crore was drawn on the last day of the financial year. Significant expenditure through AC bill in March 2018 indicates that the drawal was primarily to exhaust the budget and reveals inadequate budgetary control.

Drawal of funds on AC bill and non-submission of DC bills within the prescribed time not only breaches financial discipline but also entails risk of misappropriation of public money and unhealthy practices. Moreover, drawal of funds on AC bills on the last day of the financial year is fraught with the risk of misutilisation of public money.

3.4 Audit of AC/DC bills under Rural Development Department (RDD) and IT & e-Governance Department

Audit of the funds withdrawn on AC bills during the period 2000-18 by RDD and IT & e-Governance Department was conducted during July-October 2018.

In RDD, funds amounting to ₹ 4,965.86 crore were drawn through 5,963 AC bills under five⁴ Major heads during the period 2000-18, of which 2,854 DC bills amounting to ₹ 1,293.34 crore were outstanding as on July 2018. Out of the total amount of outstanding DC bills, an amount of ₹ 785.71 crore was pending for more than two years.

Similarly, in IT & e-Governance Department, 41 DC bills for an amount of ₹ 90.28 crore was outstanding as of October 2018, of which DC bills for an amount of ₹ 69.74 crore were pending for more than two years as detailed in **Appendix 3.3**.

Further, scrutiny of records in eight test checked DRDAs⁵ revealed that ₹ 558.86 crore (1,383 DC bills) was outstanding for submission of DC bills in these DRDAs against the total drawal of ₹ 1,751.77 crore on AC bills during the period 2000-01 to 2017-18.

Non-submission of DC bills within the prescribed time not only breaches financial discipline but also entails risk of misappropriation of public money and unhealthy practices.

3.4.1 Delay in submission of DC bills

Scrutiny of records of eight test-checked DRDAs revealed 2,487 DC bills amounting to ₹ 746.16 crore, drawn during the period from 2000-01 to 2017, were submitted to the Principal Accountant General (A&E) with delays up to 15 years 07 months 02 days in violation of codal provisions.

⁴ 2053- District Administration, 2505- Rural Employment, 2515- Other Rural Development Programmes, 3451- Secretariat Economic Service and 4515-Capital Outlay on other Rural Development Programmes

⁵ Bokaro, Palamu, Garhwa, Giridih, Dumka, Sahibganj, East Singhbhum and Chatra

Similarly, in IT & e-Governance Department, five DC bills amounting to ₹ 3.32 crore were submitted to the Principal Accountant General (A&E) with delays ranging from seven months to two years and seven months.

3.4.2 Irregular drawal of funds on AC bill for Capital works

As per Rule 184 of the JTC, read with JTC Form 26, AC bills are meant for the purpose of contingent charges only. Therefore, drawal of funds on AC bill for capital work is not permissible as the same are not in the nature of contingent charges.

Scrutiny of records of IT & e-Governance Department revealed that ₹ 10.29 crore was drawn on two⁶ AC bills for capital work under Major head 4202 – Capital Outlay on Education, Sports, Art and Culture during 2013-16 in contravention to the above provisions of JTC.

The Department of IT & e-Governance accepted (October 2018) the facts and stated (October 2018) that it will be avoided in future.

3.4.3 Withdrawal against AC bills at the end of the financial year

The Appropriation Act stipulates that funds drawn from the Treasury should be utilized within the financial year. The Jharkhand Treasury code also forbids withdrawals from the Treasury to prevent lapse of budget grant.

Scrutiny of records revealed that ₹ 9.96 crore (₹ 0.06 crore in 2012-13 and ₹ 9.90 crore in 2016-17) was withdrawn through AC bills in the month of March by Under Secretary, IT & e-Governance Department against which DC bills have not been submitted till the end of September, 2018.

Drawal of fund on AC bills to avoid lapse of budget grant is an unhealthy practice and is against the budgetary procedure. Moreover, misuse and misutilisation of public money, drawn against codal provisions, cannot be ruled out.

Recommendation: The Finance Department should ensure that all controlling officers adjust, in a time bound manner, all AC bills pending beyond the prescribed period, and also ensure that AC bills are not drawn merely to avoid lapse of budget.

3.4.4 Outstanding Utilisation Certificates

Scrutiny revealed that 423 UCs amounting to ₹ 4,190.06 crore in RDD and nine UCs amounting to ₹ 28.32 crore in IT & e-Governance Department were outstanding as of 31 March 2018 as detailed in **Table 3.7**.

⁶ Land acquisition for establishment of IIIT, Ranchi and mobilisation advance to contractor for construction of STPI, Adityapur

Table 3.7: Details of outstanding Utilisation Certificates

(₹ in crore)

Department	Year	Upto 2014-15		2015-16		2016-17		Total	
		No. of UCs pending	Amount	No. of UCs pending	Amount	No. of UCs pending	Amount	No. of UCs pending	Amount
RDD	2501	1	0.90	171	242.88	197	454.10	369	697.88
RDD	2505	0	0.00	11	1,051.75	43	2,440.43	54	3,492.18
IT & e. Governance	2203	4	25.03	0	0.00	5	3.29	9	28.32
	Total	5	25.93	182	1294.63	245	2897.82	432	4218.38

Source: VLC data, AG (A&E) Jharkhand

Further, test-check in eight DRDAs of RDD revealed that 125 UCs amounting to ₹ 6.01 crore was outstanding as on 31 March 2018, against the GIA received upto 2016-17.

In reply (October 2018), the administrators of DRDAs stated that the UCs were submitted to RDD. However, the same has not been forwarded (as of October 2018) to Principal Accountant General (A&E) by the Department.

Thus, pendency in submission of UCs indicates failure of the departmental officers to comply with the rules and procedures to ensure timely submission of utilisation of the grants for the intended purpose. High pendency of UCs is fraught with the risk of misappropriation of funds and fraud.

Audit of Grant No 45- IT and e-Governance revealed that UCs for the whole amount of grant-in-aid provided to JSAC (₹ 1.12 crore in 2016-17 and ₹ 1.41 crore in 2017-18) were submitted though ₹ 18.13 lakh was unspent and lying in the PL Accounts of the JSAC (April 2018).

In reply (January 2019), the Director, JSAC stated that ₹ 17.43 lakh was spent during 2018-19 leaving an unspent balance of ₹ 0.70 lakh.

Reply is not acceptable as Utilisation Certificate should have been submitted only for the amount actually spent.

3.5 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 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.

Despite audit requisition (24 August 2018), no information has been received from the Finance Department (March 2019).

However, in response to Audit request during the previous years, the Finance Department had directed the departments to provide the information who in turn had instructed the DDOs to provide the same to Audit. This indicates that the Finance Department has no information as required under rule 31 to

monitor such cases. Thus, the Finance Department is not aware of the number of such cases and its status at any point of time.

Recommendation: Finance Department should develop a mechanism in the light of financial rule 31 so that it can monitor such cases.

3.6 Funds drawn and kept in Personal Ledger Accounts

As per Rule 174 of Jharkhand Treasury Code, money should not be withdrawn from Treasury unless it is required for immediate payment.

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-Deposits of Local Funds for the year 2017-18 revealed that there were 177 Personal Ledger Accounts (PLAs) operated by various agencies of 19 departments of the State Government as of 31 March 2018.

During 2017-18, ₹ 12,694.02 crore was added to the opening balance of ₹ 9,488.40 crore leading to accumulation of ₹ 22,182.42 crore in the PLAs. Further, ₹ 8,979.76 crore was spent during the year leaving a balance of ₹ 13,202.66 crore at the end of 2017-18 in the PLAs. Year wise details of balances in PLAs are given below:

Table 3.8: Funds in Personal Ledger Accounts

(₹ in crore)

Year	Opening balance	Receipts	Disbursement	Closing Balance
2014-15	2,597.50	5,155.09	4,422.64	3,329.95
2015-16	3,329.95	12,054.22	10,166.20	5,217.97
2016-17	5,217.97	8,406.87	4,136.44	9,488.40
2017-18	9,488.40	12,694.02	8,979.76	13,202.66

It is evident from **Table 3.8** that while every year, a substantial amount was added in the PLAs, the expenditure incurred was minimal during those years leading to sharp increase in the closing balance.

It was further seen that the nineteen departments had parked ₹ 3,714.26 crore under Personal Ledger Account during 2017-18, of which ₹ 656.44 crore were transferred in the month of March 2018. Thus, a fund of ₹ 13,202.66 crore was created outside the Consolidated Fund beyond the direct control of the Government which is against the provisions of budgetary control system. The expenditure of the State Government was also overstated to the extent of ₹ 3,714.26 crore during 2017-18.

Further, scrutiny of records of JAP-IT⁷ revealed that balance in their Personal Ledger Account was ₹ 83.37 crore as on 31.03.2018. It was further noticed that though a substantial amount was added in the PL Account every year, the expenditure incurred during the period 2014-15 to 2017-18 was minimal resulting in accumulation of funds in the PLA. Year wise details of balances in PLA of the Agency are given in **Table 3.9**.

⁷ Jharkhand Agency for Promotion of Information Technology

Table 3.9: Funds in Personal Ledger Accounts (JAP-IT)

(₹ in crore)

Year	Opening balances as on 1 st April	Receipts	Disbursement	Closing Balance as on 31 st March
2014-15	43.00	44.99	34.31	53.68
2015-16	53.68	98.63	49.75	102.56
2016-17	102.56	100.94	69.80	133.70
2017-18	133.70	30.51	80.84	83.37

Unspent balances lying in Personal Ledger Accounts, which were neither reconciled periodically nor transferred to the Consolidated Fund, before the closure of the financial year entails the risk of misuse, fraud and misappropriation of public funds.

Recommendation: The Finance Department should review all PL accounts and ensure that all amounts unnecessarily lying in these PL accounts are immediately remitted to the Consolidated Fund. Further, the Finance Department is required to reiterate the instructions contained in the financial rules and ensure that appropriate action is taken against departmental officers who fail to follow the rules.

3.7 Booking under minor head “800”

Bookings of receipts or expenditure under the minor head “800–Other Receipts” and “800–Other Expenditure” is considered opaque as these heads do not disclose the schemes, programmes, etc., to which the amounts relate. These minor heads normally accommodate the receipts/expenditure, which cannot be classified under the available programme minor heads or due to incorrect provision under the available heads of account at the stage of budget preparation.

During 2017-18, ₹ 2,006.67 crore was booked under the minor head “800–Other Expenditure” in 12 Major Heads of which, expenditure (more than 10 *per cent* of total expenditure in each case) aggregating ₹ 1,966.54 crore (27.23 *per cent* of the total expenditure of ₹ 7,221.87 crore in these heads) under six Major Heads was booked under the minor head “800–Other Expenditure” as detailed in **Appendix 3.4**.

Similarly, ₹ 1,107.08 crore was booked under the minor head “800–Other Receipts” in 49 Major Heads of which, revenue receipts (more than 40 *per cent* of total receipts in each case) aggregating ₹ 781.43 crore (53.25 *per cent* of the total receipt of ₹ 1,467.47 crore in these heads) under 26 Major Heads were classified under minor head “800 – Other Receipts”. The entire receipts in 11 Major Heads were classified under the omnibus minor head “800 – Other Receipts” as detailed in **Appendix 3.5**.

Recommendation: The Finance Department should, in consultation with the Principal Accountant General (A&E), conduct a comprehensive review of all items presently appearing under minor head 800 and ensure that all such receipts and expenditure are in future booked under the appropriate head of account.

3.8 Important factors affecting accuracy of accounts

- **Outstanding balances under major suspense accounts**

Suspense heads are operated when transactions of receipts and payments cannot be booked to a final head of account due to lack of information as to the nature or for other reasons. These heads of accounts are finally cleared by minus debit or minus credit when amounts under them are booked to their respective final heads of accounts. Suspense balances remaining uncleared at the end of the year adversely affect the accurate reflection of the Government's receipt and expenditure of the year. The position of Suspense balances of the State are indicated in **Table 3.10**.

Table 3.10: Position of balances under Suspense Head (8658)

Name of the Minor Head	2015-16		2016-17		2017-18	
	Debit	Credit	Debit	Credit	Debit	Credit
101 Pay and Accounts Office Suspense	19.10	0.00	46.06	24.77	70.90	45.38
Net	Dr. 19.10		Dr. 21.29		Dr. 25.52	
102 Suspense Account (Civil)	6.72	5.76	160.19	11.59	196.54	17.27
Net	Dr. 0.96		Dr. 148.60		Dr. 179.27	

Source: Finance Accounts of Government of Jharkhand 2017-18

The implications of the balances under these heads are stated below:

- **Pay and Accounts Office (PAO) Suspense**

Outstanding debit balances under this head represents payments that have been made by the PAG (A&E) Jharkhand on behalf of PAOs of Central Government departments, which are yet to be recovered. Outstanding credit balances represent payments made by PAOs on behalf of the State Government which the PAG (A&E) is yet to reimburse. On settlement of the net debit balance under this head (₹25.52 crore), the cash balance of the State Government will increase.

- **Suspense Accounts (Civil)**

This minor head is credited for recording receipts and debited for expenditure incurred and is cleared on receipt of supporting documents by the PAG (A&E). There is no impact on cash balance on clearance of this item.

3.9 Apportionment of balances on reorganisation of the State

Balances amounting to ₹ 7,443.90 crore under Public Account heads along with balance under Capital Section (₹ 11,935.23 crore) and Loans and Advances (₹ 6,583.36 crore) remained to be apportioned between the successor States of Bihar and Jharkhand, almost two decades after the reorganisation of the erstwhile State of Bihar with effect from November 2000. Government of Jharkhand made payment of ₹ 936.82 crore against claim of ₹ 4,502.02 crore by the Government of Bihar for payment of Pension liability. The State Government had filed suit in the Supreme Court of India in May 2012 challenging the claim of Government of Bihar which is still sub-judice.

Further, list of 52 items were prepared which are yet to be apportioned between the successor states as the matter is sub-judice. The position of the various pending court cases are not available with PAG (A&E).

Recommendation: The State Government is required to expedite the apportionment of balances under Deposits and Advances between the two successor States.

3.10 Follow up on Audit Report on State Finances

Public Accounts Committee (PAC) had already discussed paragraph 2.4.4 (Excess over provisions relating to previous years) of the Audit Report on State Finances for the year 2011-12 and regularised the excess expenditure over provisions amounting to ₹ 8,120.12 crore out of ₹ 8,120.63 crore on 13.01.2014 on the recommendation of PAC. No excess expenditure over provisions was regularised after that date till 2017-18 as no recommendation has been made by the PAC in this regard.

3.11 Impact on Revenue surplus and Fiscal deficit

The impact of incorrect booking/accounting of expenditure and revenue resulted in overstatement of Revenue Surplus and understatement of Fiscal Deficit as discussed in various places in the report is shown in **Table 3.11**.

Table 3.11: Impact on Revenue Surplus and Fiscal Deficit as per Audit

(₹ in crore)

Particulars	Impact on Revenue Surplus		Impact on Fiscal Deficit		Impact on outstanding liabilities
	Over statement	Under statement	Over statement	Under statement	Under statement
Non-transfer of Labour Cess to the Board	393.67	0.00	0.00	393.67	393.67
Non-transfer to the Sinking Fund	334.13	0.00	0.00	334.13	334.13
Non-credit of interest bearing Reserve Funds and Deposits	102.49	0.00	0.00	102.49	102.49
Non-contribution to Guarantee Redemption Fund	0.79	0.00	0.00	0.79	0.79
Total	831.08			831.08	831.08
Net Impact	Over Statement of ₹ 831.08		Under Statement of ₹ 831.08		

Source: Finance Accounts of Government of Jharkhand 2017-18

In view of the above, the Revenue Surplus and Fiscal Deficit of the State which are ₹ 1,803.96 crore and ₹ 11,932.92 crore as projected in the Finance Accounts would actually be ₹ 972.88 crore and ₹ 12,764 crore respectively due to overstatement of revenue surplus by ₹ 831.08 crore and understatement of fiscal deficit by ₹ 831.08 crore as given in **Table 3.11**. It is also evident from the above table that the liabilities of the State was understated to the extent of ₹ 831.08 crore.

Ranchi
The:

(INDU AGRAWAL)
Accountant General (Audit), Jharkhand

Countersigned

New Delhi
The:

(RAJIV MEHRISHI)
Comptroller and Auditor General of India