# Chapter III: Financial Reporting Practices

**This chapter provides a broad-based perspective of the quality of the State Government Accounts rendered by various authorities of the State Government and the status of compliance with the prescribed financial rules, procedures and directives.**

Compliance with financial rules, procedures and directives, as well as the completeness, timeliness and quality of reporting, enhances relevance and reliability of the information presented in the financial reports.

## Issues related to completeness of accounts

### 3.1 Off budget borrowings through State owned PSUs/Authorities

Article 293(3) of the Constitution of India mandates consent of the Government of India for a State Government's borrowing if it has any outstanding loans or guarantees from the Centre. Further, the XV Finance Commission recommended that the normal net borrowing ceiling (NBC) of the State Governments for 2023-24 to 2025-26 may be fixed at three *per cent* of GSDP.

Bypassing the above stipulated net borrowing ceiling by routing loans outside budget through various State Government Public Sector Undertaking (SPSUs)/ Corporations/ other Bodies, despite the State being responsible for repayment of such loans, poses a significant risk to the fiscal health and transparency of Government finances. Accordingly, borrowing ceilings for a financial year of the State Governments are being now reduced by GoI to the extent of Off-Budget Borrowings.

The State Fiscal Responsibility and Budget Management (FRBM) Act, 2004, outlined that the State Government shall take suitable measures to ensure greater transparency in its fiscal operations in public interest by disclosing the actual liabilities arising out of Off Budget Borrowings by PSUs, Special Purpose Vehicles and other equivalent instruments where liability for repayment is on the State Government allocations. Further, the State Fiscal Responsibility and Budget Management Rules, 2007, provides that the 'Medium Term Fiscal Policy (MTFP) Statement', laid before the Legislature along with Budget documents, shall contain five- year rolling targets with respect to Revenue Deficit, Fiscal Deficit and total outstanding debt[1] of the State Government.

For the year 2024-25, debt stock for the State was targeted at 27 *per cent* of GSDP as per the MTFP submitted to the Legislature. However, as per information provided by the State Government (October 2025) no Off-Budget Borrowings were availed by the State during the financial year 2024-25.

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[1] As defined in the State FRBM Act, total outstanding debt of the State includes Internal Debt, Loans and Advances from GoI, Small Savings, Provident Funds, *etc.*, Reserve funds and Deposits.

## 3.2 Undischarged liabilities of the Government

Undischarged liabilities, such as non-transfer of collected cess to designated bodies can have significant long-term fiscal and governance implications. The unpaid obligations accumulate over time, creating hidden liabilities that distort the true financial position of the State. Further, delays in cess transfer hinder the intended development or welfare outcomes, defeating the purpose for which such levies were imposed. Over the years, such practices can erode trust, trigger legal liabilities and increase future expenditure obligations, thereby constraining fiscal space and weakening fiscal sustainability.

### 3.2.1 Undischarged Interest liability

The Government has a liability to provide for and pay interest on, the amounts shown under Interest-bearing Deposits/Reserve Funds.

Audit observed that ₹ 268.06 crore was required to be paid as interest on the balance of ₹ 2,865.63 crore lying under interest bearing Deposits/Reserve Funds as on 1 April 2024 as shown in **Table 3.1**. Non-payment of interest liability has resulted in overstatement of Revenue Surplus and understatement of Fiscal Deficit to that extent.

**Table 3.1: Details of interest liability not discharged in respect of Interest-bearing Deposits/Reserve Funds**

***(₹ in crore)***

| Sl. No. | Name/Head of the interest-bearing deposit | Opening Balance as on 1 April 2024 | Basis for calculation of interest | Amount of interest not provisioned |
|---|---|---|---|---|
| 1. | Defined Contribution Pension Scheme for Government employees | 79.27 | Interest calculated as per the rate of interest (7.1 per cent) payable to General Provident Fund. | 5.31 |
| 2. | SDRF & SDMF | 2,786.36<br>(SDRF 2,634.96 SDMF 151.40) | Interest calculated at the rate applicable to overdrafts under the RBI Overdraft Regulation Guidelines (average rate of 8.46 *per cent*). | 262.75 |
| **Total** | | **2,865.63** | | **268.06** |

***Source: Finance Accounts 2024-25***

Non-payment of accrued interest on time not only created additional liability for the State exchequer but also overstated the revenue surplus and understated the fiscal deficit of the State. As worked out by Audit, this unpaid interest would increase the present Fiscal deficit of 2.81 *per cent* by 0.05 percentage points to 2.86 *per cent*.

### 3.2.2 Short contribution to National Pension System

State Government employees recruited on or after 1 December 2004 are covered under the National Pension System (NPS) which is a defined contributory pension scheme. Under the Scheme, employees contribute 10 *per cent* of basic pay and dearness allowance, against which 14 *per cent* (w.e.f. 1 April 2019) of basic pay and dearness allowance is contributed by the State Government. The entire amount is transferred to the designated fund manager through the National Securities Depository Limited (NSDL)/ Trustee Bank.

The State Government of Jharkhand notified reversion to the Old Pension Scheme (OPS) w.e.f. 1 September 2022. Till the year 2024-25, 1,14,494 had opted for the OPS, 76 opted for NPS and 992 have not exercised any option. The employer's contribution to NSDL increased from ₹ 7.66 crore in 2023-24 to ₹ 8.54 crore in 2024-25.

During 2024-25, the opening balance of NPS in the Public Account (Major Head 8342-117-Defined Contribution Pension Scheme) was ₹ 79.27 crore, to which receipt of ₹ 5.29 crore was added as employee's contribution. During the year ₹ 60.69 crore was transferred to the NSDL by the State, leaving a closing balance of ₹ 23.87 crore at the end of 2024-25. The Government contribution of ₹ 8.54 crore was directly transferred to NSDL.

Employee contribution was required to be transferred to NSDL immediately after its collection It was. however, noticed that ₹ 23.87 crore collected from employees was not transferred and kept in Public Account as of March 2025.

The details of receipts from employees' share, Government's contribution and its transfer to NSDL by the State Government under NPS during 2008–25 are given in ***Appendix 3.1***.

### 3.2.3 Building and Other Construction Workers Welfare Cess

As per Section 3(1) of the Building and Other Construction Workers Welfare Cess Act, 1996, labour cess was to be collected at the rate of one *per cent* of the cost of construction incurred by employers/builders, excluding the cost of land and any compensation payable under the Workmen Compensation Act, 1923. All Departments, Boards, Autonomous Bodies, and Local Authorities were directed to collect this cess on all construction activities, including from individuals and deposit the same with the States' Building and Other Construction Workers' Welfare Board. The collected cess is meant to be utilised for social security and welfare schemes for construction workers in the State.

**Table 3.2** shows the Labour Cess collected by the Government and transferred to the Jharkhand Building and Other Construction Workers' (BOCW) Welfare Board.

**Table 3.2: Labour Cess collected by the Government and transferred to the Board**

***(₹ in crore)***

| Year | Amount received as Cess | Amount transferred by the Government | Outstanding balance with Government |
|---|---|---|---|
| Upto 2016-17 | 312.90 | 4.83* | 471.93 |
| 2017-18 | 80.77 | 0.00 | |
| 2018-19 | 79.81 | 0.00 | |
| 2019-20 | 76.70 | 0.00 | |
| 2020-21 | 59.15 | 0.00 | |
| 2021-22 | 54.86 | 0.00 | |
| 2022-23 | 68.81 | 154.00 | |
| 2023-24 | 93.34 | 154.00 | |
| 2024-25 | 119.33 | 160.91 | |
| **Total** | **945.67** | **473.74** | **471.93** |

**Revised as per clarification received from BOCW*
***Source: Finance Account and Statement received from BOCW***

During FY 2024-25, ₹ 119.33 crore was collected as cess by the State under Major Head 0230 – Labour and Employment and ₹ 160.91 crore of the total available fund was transferred. The total collection of cess, as of March 2025, was ₹ 945.67 crore, of which, ₹ 473.74 crore was transferred to the BOCW Welfare Board by the State in the last three years, leaving an outstanding balance of ₹ 471.93 crore. Non-transfer of the collected cess not only adversely impacts the intended welfare and social security of building and construction workers but also increased the liability of the State to that extent.

### 3.2.4 Non-transfer of cess to local bodies

During the year 2024-25, the State Government collected ₹ 0.96 crore towards Land Cess under Major Head '0029- Land Revenue'. The total collection on this account between the period 2000-01 to 2024-25 was ₹ 202.72 crore. However, no amount was transferred to any designated fund by the State Government, as of March 2025, increasing the liability of the State to that extent.

Since no Act/Rule regarding Land cess was made available by the State, the conditions for collection, transfer and its utilisation could not be verified by Audit.

The State Government (25 November 2025) assured that the matter would be examined and appropriate policy provisions regarding levy, collection, transfer and utilisation of Land cess would be formulated.

### 3.2.5 National Mineral Exploration Trust

The National Mineral Exploration Trust (NMET) was established in August 2015 under Section 9C of the Mines and Minerals (Development and Regulation Act), 1957. As per Section 9C (4) of this Act, the holder of a mining lease or a mineral concession are required to contribute 2 *per cent* of the royalty paid to the Trust. As per the NMET Rules, the State Government is responsible for collecting these contributions, depositing them in the Public Account under Major Head '8449–123–NMET Deposits', and transferring the funds monthly to the Consolidated Fund of India.

During 2024-25, the NMET deposit had an opening balance of ₹ 28.95 crore in which ₹ 140.62 crore was added and ₹ 154.85 crore transferred (including ₹ 14.23 crore from previous years balance) to the Consolidated Fund of India by the State Government. The closing balance in the Fund at the end of 2024-25 was ₹ 14.72 crore.

Since, ₹ 14.72 crore was pending for transfer to the Consolidated Fund of India, the cash balance of the State was overstated to that extent.

### 3.2.6 State Mineral Exploration Trust/State Mineral Development Fund

The Ministry of Mines, Government of India, advised (19 November 2024) all State Governments to establish a State Mineral Exploration Trust (SMET)/ State Mineral Development Fund (SMDF) on the lines of the National Mineral Exploration Trust (NMET), as mandated under clause (g) of sub-section (A) of Section 15 of the Mines and Minerals (Development and Regulation) Act, 1957.

The Government of Jharkhand had however, not established the SMET under the Public Account/Bank Account for financing exploration activities related to minor minerals (as of November 2025).

The State Government stated (25 November 2025) that the process of formulation of policy and creation of the SMET is underway.

## Issues related to transparency

## 3.3 Delay in submission of Utilisation Certificates

Rule 342 of the Jharkhand Financial Rules prescribes that where grants-in-aid are sanctioned and cases in which conditions are attached to the utilisation of grants-in-aid in the form of specification of particular objects of expenditure or, the time within which the money must be spent or otherwise, the departmental officer on whose signature or countersignature the grants-in-aid bill was drawn should be primarily responsible for certifying to the Accountant General, the fulfilment of conditions attached to the grants-in-aid.

At the beginning of the year 2024-25, 47,367 UCs amounting to ₹ 1,33,161.50 crore were outstanding, of which 86 UCs amounting to ₹ 1,899.29 crore were adjusted during 2024-25. Further, during the current year, 5,574 UCs amounting to ₹ 29,303.59 crore became due for submission (as of 31 March 2025). Thus, 52,855 UCs amounting to ₹ 1,60,565.80 crore were outstanding as on 31 March 2025 for adjustment as given in **Table 3.4**.

**Table 3.4: Age-wise pendency of Utilisation Certificates**

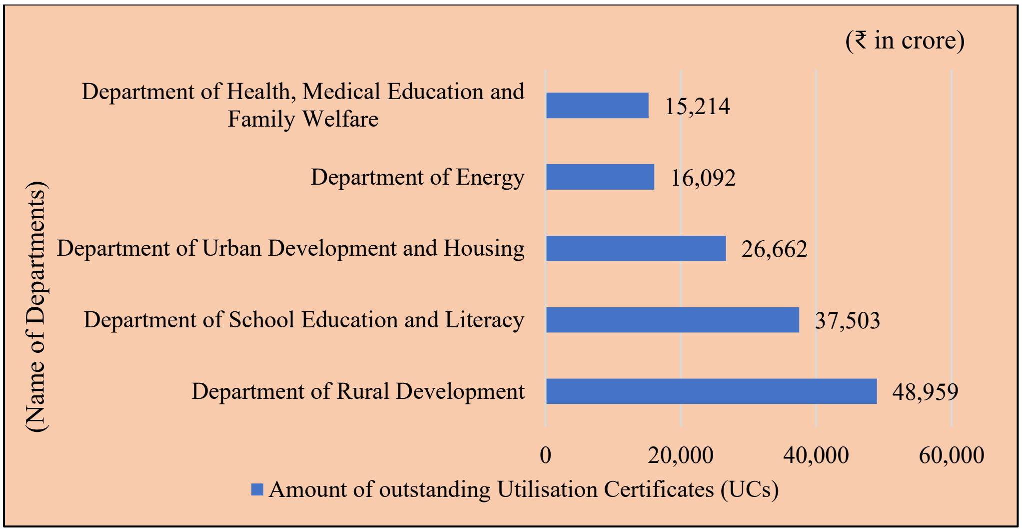
***(₹ in crore)***

| UC due year* | Number of pending UCs | Amount |
|---|---|---|
| Prior to 2019-20 | 27,985 | 66,972.00 |
| 2019-20 | 4,417 | 17,973.69 |
| 2020-21 | 4,556 | 14,535.30 |
| 2021-22 | 5,144 | 13,739.71 |
| 2022-23 | 5,179 | 18,041.51 |
| 2023-24 (sanctioned up to March 2024) | 5,574 | 29,303.59 |
| **Total** | **52,855** | **1,60,565.80** |

***Source: Finance Accounts 2024-25 and Office of the Pr. Accountant General (A&E) Jharkhand***

**The year mentioned above relates to "Due year", i.e., after 12 months of actual drawal.*

**Chart 3.1: Five main Departments where UCs were outstanding as on 31 March 2025**




***Source: Office of the Pr. Accountant General (A&E)***

Non-submission of UCs is fraught with the risk of misutilisation of Government funds. The State Government should monitor this aspect closely and persons responsible for submission of UCs in a timely manner should be held accountable.

The State Government assured (25 November 2025) that necessary action will be taken.

### 3.3.1 Outstanding Utilisation Certificates in Grant No. 20 and 51

During budgetary process analysis of selected Grant no. 20-Health, Medical Education and Family Welfare Department and Grant no. 51- Scheduled Tribe, Scheduled Caste, Minority and Backward Class Welfare Department (ST, SC and BC Welfare Division) the amount and number of outstanding UCs as on 31 March 2025, is shown in **Table 3.5**.

**Table 3.5: Arrears in submission of Utilisation Certificates in Grant no. 20 and 51**

***(₹ in crore)***

| Head | Financial Year | No. of pending UCs | Amount |
|---|---|---|---|
| **Grant no. 20** | | | |
| 2210 | Up to 2021-22 | 1,319 | 9,399.54 |
| | 2022-23 | 358 | 2,907.23 |
| | 2023-24 | 359 | 2,907.38 |
| **Total** | | **2,036** | **15,214.15** |
| **Grant no. 51** | | | |
| 2225 | Up to 2021-22 | 341 | 280.40 |
| | 2022-23 | 772 | 648.97 |
| | 2023-24 | 495 | 454.99 |
| 4225 | Up to 2021-22 | 01 | 2.99 |
| | 2022-23 | 10 | 37.24 |
| | 2023-24 | 02 | 50.00 |
| **Total** | | **1,621** | **1,474.59** |

***Source: Office of the PAG (A&E) Jharkhand***

As can be seen from **Table 3.5,** 2,306 UCs , related to a substantial amount of ₹ 15,214.15 crore under Grant no. 20 and 1,621 UCs amounting to ₹ 1,474.59 crore under Grant no. 51 had not been submitted by the Department, in violation of the provision of the Treasury Code which lays down that UCs should be submitted within 12 months of the sanction of GIA.

During test check of Grant no. 20, it was noticed that ₹ 91.75 crore was allotted for the '*Mukhya Mantri Gambhir Bimari Upchaar Yojana*' during 2021-24, of which, ₹ 73.94 crore were transferred by the Civil Surgeons of the test-checked districts to different hospitals. Against the total transfer of ₹ 73.94 crore, no UC was submitted to the PAG (A&E) as of September 2025. The Civil Surgeons stated that UCs are being collected from the hospitals.

Further, ₹ 2,288.89 crore provided between 2021-25 for Reproductive Child Health & Strengthening of Health System was utilised, but UCs were not forwarded to the PAG (A&E) by the Department resulting in pendency of UCs in the records of PAG (A&E).

Prolonged failure to submit UCs not only undermines financial accountability but also raises serious risks of misappropriation of government funds.

## 3.4 Abstract Contingent Bills

When money is required in advance or when they are not able to calculate the exact amount required, Drawing and Disbursing Officers (DDOs) are permitted to draw money without supporting documents, through Abstract Contingent (AC) bills, by debiting service heads and the expenditure is reflected as an expense under the service head.

Rule 187, read with Rule 305 of Jharkhand Treasury Code (JTC) 2016, provides that DDOs are required to present Detailed Contingent (DC) bills containing vouchers in support of financial expenditure within six months from the date of drawing of such advance. Delayed submission or prolonged non-submission of DC bills may affect the completeness and correctness of accounts.

The details of AC bills, pending adjustment, as on 31 March 2025, is given in **Table 3.6**.

**Table 3.6: Age-wise AC bills pending adjustment**

***(₹ in crore)***

| Due Year | No. of AC bills | Amount |
|---|---|---|
| Up to 2020-21 | 17,416 | 4,192.27 |
| 2021-22 | 149 | 100.73 |
| 2022-23 | 294 | 229.96 |
| 2023-24 | 16 | 7.91 |
| 2024-25* | 2 | 0.12 |
| **Total** | **17,877** | **4,530.99** |

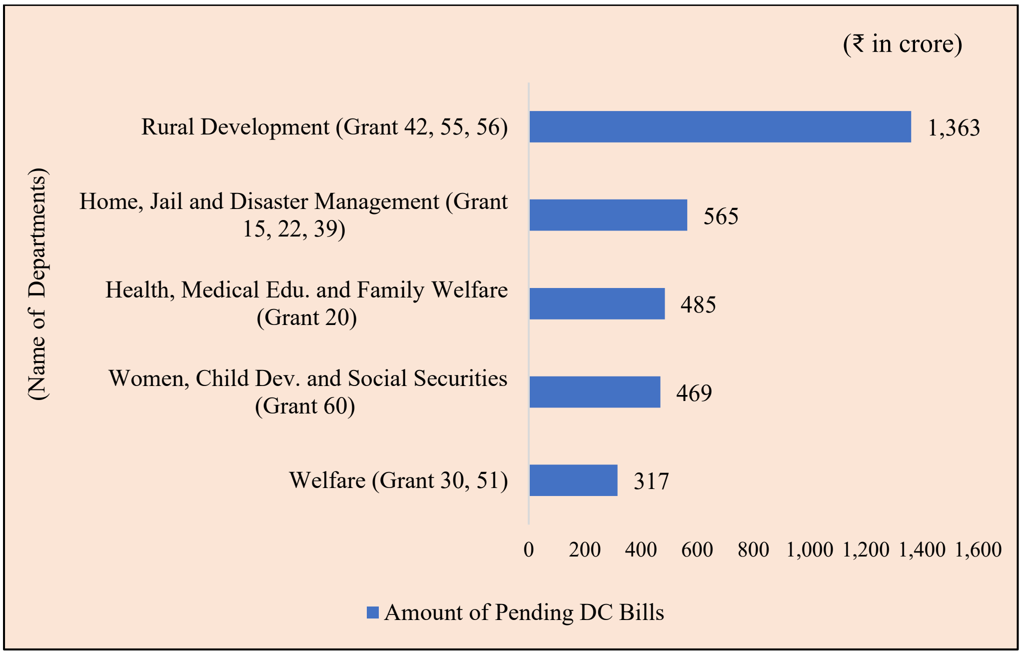
***Source: Finance Accounts 2024-25 and Office of the Principal Accountant General (A&E)***

**Bills drawn upto September 2024 has been taken into account*

During 2024-25, 151 AC bills amounting to ₹ 55.99 crore were drawn, out of which, 24 AC bills amounting to ₹ 22.35 crore were adjusted up to 31 March 2025. It was further observed that 38 AC bills amounting to ₹ 15.81 crore (28 *per cent*) were drawn in the month of March 2025. Drawal of funds on AC bills at the fag end of the year indicates that the drawals may have been made primarily to exhaust budget provisions.

The State Government stated (25 November 2025) that drawal through AC bills has now been minimized and necessary action would be taken to clear all pending DC bills.

**Chart 3.2: Five main departments where DC bills were pending**




***Source: Office of the Principal Accountant General (A&E)***

Non-adjustment of advances for long periods is fraught with the risk of misappropriation, and therefore requires close monitoring by the respective DDOs for ensuring submission of DC bills.

### 3.4.1 Outstanding DC Bills in Grant No. 20-Health, Medical Education and Family Welfare Department

As per records made available by PAG (A&E), 3,642 AC bills amounting to ₹ 2,330.40 crore were drawn up to 2024-25 under heads 2210, 2211, 2251 and 4210 of which 1,386 DC bills amounting to ₹ 1,846.07 crore were submitted and 2,256 AC bills amounting to ₹ 484.33 crore were outstanding for submission of DC bills, as detailed in **Table 3.7**.

**Table 3.7: Outstanding DC bills in Grant No. 20**

*(₹ in lakh)*

| Major Head | Year | Details of AC Bills | | Details of submitted DC Bills | | Outstanding DC Bills | |
|---|---|---|---|---|---|---|---|
| | | No. of AC Bills | Amount | No. of DC Bills | Amount | No. of DC Bills | Amount |
| 2210 | Up to 2020-21 | 1,771 | 1,20,898.04 | 833 | 97,093.10 | 938 | 23,804.94 |
| | 2021-22 | 39 | 49,542.67 | 10 | 48,955.08 | 29 | 587.59 |
| | 2022-23 | 26 | 12,884.26 | 13 | 12,577.44 | 13 | 306.82 |
| | 2023-24 | 15 | 785.73 | 08 | 584.75 | 07 | 200.98 |
| | 2024-25 | 140 | 1,946.57 | 27 | 401.19 | 113 | 1,545.38 |
| 2211 | Up to 2020-21 | 1,110 | 2,213.15 | 229 | 162.97 | 881 | 2,050.18 |
| | 2021-25 | 00 | 0.00 | 00 | 0.00 | 00 | 0.00 |
| 2251 | Up to 2020-21 | 08 | 9.57 | 04 | 8.20 | 04 | 1.37 |
| | 2021-25 | 00 | 0.00 | 00 | 0.00 | 00 | 0.00 |
| 4210 | Up to 2020-21 | 530 | 44,373.24 | 262 | 24,572.95 | 268 | 19,800.29 |
| | 2021-22 | 01 | 132.74 | 00 | 0.00 | 01 | 132.74 |
| | 2022-23 | 01 | 4.88 | 00 | 4.15* | 01 | 0.73 |
| | 2023-24 | 01 | 249.38 | 00 | 247.34* | 01 | 2.04 |
| | 2024-25 | 00 | 0.00 | 00 | 0.00 | 00 | 0.00 |
| **Total** | | **3,642** | **2,33,040.23** | **1,386** | **1,84,607.17** | **2,256** | **48,433.06** |

** DC bill partially submitted*

***Source: Office of PAG (A&E) Jharkhand***

Further, in the test-checked units of the Health, Medical Education and Family Welfare Department, it was seen that 49 AC bills amounting to ₹ 23.13 crore were drawn up to 2024-25 against which 15 DC bills (partially) amounting to ₹ 11.79 crore were submitted and 36 AC bills amounting to ₹ 11.34 crore were outstanding for submission of DC bills, as detailed in ***Appendix 3.2***.

**Observations on pending DC bills in the test-checked units under Grant no. 20:**

(i) As per Rule 168 of the JTC, the term 'contingent charges' or 'contingencies' means and includes all incident and other expenses which are incurred for the management of an office, other than those which, under prescribed rules of classification of expenditure, fall under some other head of expenditure *e.g.* 'works', 'stock', 'tool & plants' *etc*.

Scrutiny of records revealed that ₹ 1.76 crore was drawn on AC bills during the years 2006-07 and 2007-08 by the Superintendent, MGM Medical College Hospital, Jamshedpur, for various construction works in the hospital campus. The amount was transferred to EE, BCD, Jamshedpur, through bank drafts. In place of DC bills, utilisation certificates amounting to ₹ 1.04 crore were sent to PAG (A&E), Jharkhand, directly by the EE, BCD, Jamshedpur. As Utilisation Certificates were sent in place of DC bills, AC bills amounting to ₹ 1.04 crore were not adjusted in the books of PAG (A&E). Moreover, details of the remaining AC bills amounting to ₹ 0.72 crore were not provided by the auditee unit. Details are given in **Table 3.8**.

**Table 3.8: Details of amount drawn on AC bills**

*(₹ in lakh)*

| Sl. No. | AC bill no | Amount drawn through AC bills | Amount utilised | Balance |
|---|---|---|---|---|
| 1 | 168/06-07 | 10.44 | 9.74 | 0.70 |
| 2 | 169/06-07 | 6.84 | 6.33 | 0.51 |
| 3 | 208/06-07 | 25.00 | 23.65 | 1.35 |
| 4 | 191/06-07 | 5.51 | 5.40 | 0.11 |
| 5 | 171/07-08 | 128.10 | 59.26 | 68.84 |
| **Total** | | **175.89** | **104.38** | **71.51** |

***Source: Data provided by PAG (A&E) office and test checked unit***

(ii) An amount of ₹ 9.84 lakh was drawn (01 March 2025) on AC bill after five months of allotment by the Civil Surgeon-cum-CMO, Khunti, against Special Health Care Package for Primitive Tribes and transferred into the bank account of the District Rural Health Society (DRHS), Khunti. The unutilised amount was parked in the bank account of DRHS and AC bills remained pending for adjustment, as of September 2025.

(iii) An amount of ₹ 17.17 lakh was drawn (08 November 2004) on AC bill by the Civil Surgeon-cum-CMO, Jamshedpur, and transferred to EE, BCD, Jamshedpur, for renovation of an additional Primary Health Centre building and compound boundary wall, Kokpara, of which DC bills amounting to ₹ 16.72 lakh were submitted after eighteen years (26 May 2023). The balance, amounting to ₹ 0.45 lakh has remained unutilised with the EE, BCD, Jamshedpur.

(iv) An amount of ₹ 4.22 crore was drawn (05 February 2018) on AC bill during 2017-18 by the Principal, M.G.M Medical College, Jamshedpur, and transferred to JAP-IT, Ranchi, for establishment of an e-library and e-class room. Out of ₹ 4.22 crore, an amount of ₹ 2.33 crore was utilised and DC bills (in five parts) were submitted to PAG (A&E) during 12 July 2019 to 29 April 2025. However, DC bills amounting to ₹ 1.89 crore were pending for submission, as of September 2025.

(v) An amount of ₹ 12.66 lakh was drawn (16 October 2007) on AC bill and transferred to EE, Electric Division, Ranchi, of which ₹ 11.24 lakh was utilised and DC bills were submitted to PAG (A&E) on 03.02.2023. DC bills amounting to ₹ 1.42 lakh were pending for submission, as of September 2025.

#### 3.4.1.1 Drawal of AC bills at the end of the financial year-₹ 32.51 crore

As per provisions of the Appropriation Act, funds drawn from the treasury should be utilised within the financial year. Further, Rule 174 of JTC stipulated that no money shall be drawn from the treasury in anticipation of demand or to prevent lapse of budget grants.

As per Voucher Level Computerisation (VLC) data of the office of the PAG (A&E), ₹ 32.51 crore was drawn on AC bills at the end of the financial year during the period from 2004-05 to 2024-25 under the heads[2] 2210, 2211 and

[2] 2210-Medical and Public Health, 2211-Family Welfare, 4210-Capital Outlay on Medical and Public Health

4210. Out of the total drawal during the period, DC bills of ₹ 2.88 crore were pending for submission as of September 2025, as detailed in ***Appendix 3.3***.

During test-check of selected units, the following were noticed:

(i) An amount of ₹ 9.84 lakh was allotted (08.10.2024) against the 'Special Health Care Package to Primitive Tribes' to the Civil Surgeon-cum-CMO, Khunti. The amount was drawn after five months (01 March 2025) of allotment of funds on AC bill by the Civil Surgeon-cum-CMO, Khunti, and transferred to the District Rural Health Society (DRHS), Khunti. The amount was not utilised and remained parked in the bank account of DRHS resulting in non-adjustment of AC bills in the books of PAG, as of September 2025.

(ii) During-test check it was noticed that an amount of ₹ three crore was alloted (28 July 2017) to the Principal, M.G.M Medical College, Jamshedpur, as Central share for strengthening and upgradation of the Medical College. The amount was drawn (31 March 2018) and kept in the DDO's savings bank account. An amount of ₹ 1.34 crore was utilised and DC bills (in four parts) were submitted (21 June 2019 to 02 January 2025) to PAG (A&E). The balance amount of ₹ 1.66 crore remained unutilised and was parked in the DDO's bank account.

#### 3.4.1.2 Delay in submission of DC Bills

(A) As per records of the PAG (A&E), AC bills amounting to ₹ 61.44 crore were drawn by the test-checked units under Grant No. 20- Health, Medical Education & Family Welfare Department under Major Heads '2210-Medical and Public Health' and '4210-Capital Outlay on Medical and Public Health'. It was observed that after utilisation, DC bills were submitted to the PAG (A&E) by the DDOs with delays ranging from two months to 11 years, as detailed in ***Appendix 3.4***.

(B) In the test-checked units, ₹ 29.26 crore were drawn (2008-09 to 2023-24) on AC bills, of which, ₹ 20.02 crore was not utilised on Mukhya Mantri Gambhir Bimari Upchar Yojana and Model Health Sub-center. After a lapse of one to 12 years, ₹ 20.02 crore was remitted back to the Treasury and DC bills submitted to the PAG (A&E), Jharkhand for adjustment as detailed in ***Appendix 3.5***.

### 3.4.2 Outstanding DC Bills in Grant No. 51

As per data provided by the office of the PAG (A&E), 3,615 AC bills amounting to ₹ 1,432.45 crore were drawn during 2000-01 to 2020-21 in Grant No.51-Scheduled Tribe, Scheduled Caste, Minority and Backward Class Welfare Department (ST, SC & BC Welfare Division). Out of this, 1,597 DC bills amounting to ₹ 1,102.12 crore were submitted and 2,018 AC bills amounting to ₹ 330.35 crore were outstanding as of August 2025, as shown in **Table 3.9**.

**Table 3.9: Age-wise AC bills pending adjustment**

*(₹ in crore)*

| Sl. No. | Head | Year | Details of AC Bills | | Details of DC bills submitted | | Details of outstanding DC bills | |
|---|---|---|---|---|---|---|---|---|
| | | | Number of AC Bills | AC Bill Amount | Number of DC Bills | DC Bill Amount | Number of DC Bills | DC Bill Amount |
| 1 | 2225 | Up to 2020-21 | 3,145 | 1,002.86 | 1,415 | 800.37 | 1,730 | 202.50 |
| 2 | 4225 | | 408 | 429.44 | 135 | 301.74 | 273 | 127.71 |
| 3 | 2251 | | 62 | 0.15 | 47 | 0.01 | 15 | 0.14 |
| **Total** | | | **3,615** | **1,432.45** | **1,597** | **1,102.12** | **2,018** | **330.35** |

Further, in the test-checked units, it was seen that 203 AC bills amounting to ₹ 51.15 crore were drawn up to 2015-16 against which DC bills amounting to ₹ 26.59 crore were submitted and AC bills amounting to ₹ 24.56 crore were pending for submission of DC bill for periods ranging between nine to 20 years as of August 2025, as detailed in ***Appendix 3.6***.

The inordinate delay in submitting DC bills not only violates financial, administrative and accountability norms but also carries the risk of misappropriation/misutilisation of government money.

The State Government needs to take action for clearance of outstanding DC bills within a scheduled time frame and fix responsibility on officers for failure to submit DC bills in time.

## 3.5 Personal Deposit Accounts

Under the List of Major and Minor Heads of Accounts of Union and States, Personal Deposits are of the nature of deposits not bearing interest, opened under 8443-Civil Deposits-106-Personal Deposits.

As per Rule 330 of JTC, 2016, and subject to the conditions for opening of a PD Account, funds transferred to PD Accounts from the Consolidated Fund of the State are required to be written back to the Consolidated Fund under the concerned heads of accounts from which funds are transferred after the stipulated period of closure.

The Finance Department directed the treasury officers of all the districts to open PD accounts in the name of District Land Acquisition Officers in December 2019. Accordingly, 24 PD accounts were opened, to deposit the land acquisition compensation funds. All these accounts were operational in 2024-25 and an amount of ₹ 553.04 crore was added to the opening balance of ₹ 3,209.70 crore during the year. Out of the total deposits in these PD accounts, ₹ 612.98 crore was disbursed during the year, leaving a balance of ₹ 3,149.76 crore, at the end of March 2025. Details of PD accounts as of 31 March 2025, are given in **Table 3.10**.

**Table 3.10: Status of PD Accounts during the year 2024-25**

***(₹ in crore)***

| Opening Balance (As on 01-04-2024) | | Addition during the year 2024-25 | | Disbursement during the year 2024-25 | | Closing Balance (As on 31-03-2025) | |
|---|---|---|---|---|---|---|---|
| **No. of Adminis-trators** | **Amount** | **No. of Adminis-trators** | **Amount** | **No. of Adminis-trators** | **Amount** | **No. of Adminis-trators** | **Amount** |
| 24 | 3,209.70 | Nil | 553.04 | Nil | 612.98 | 24 | 3,149.76 |

***Source: Finance Accounts 2024-25 and data maintained by the PAG (A&E)***

In terms of Rule 343 of the JTC 2016, three Administrators of Personal Deposit Account (out of 24) had reconciled and verified their balances with the treasury figures (in the treasury) and 03 annual verification certificates were furnished by them to the Treasury officer. The office of the Principal Accountant General (A&E) received 03 such certificates from the Treasury Officers. Twenty-one (21) Administrators of Personal Deposit Accounts had not reconciled and verified their balances with the treasury figures.

## 3.6 Operation of Minor Head-800

Minor Head-800 relating to Other Receipts and Other Expenditure is intended to be operated only when the appropriate minor head has not been provided in the accounts. Regular operation of Minor Head-800 is to be discouraged, since it renders the accounts opaque. Classification of large amounts under the omnibus Minor Head 800 affects transparency in financial reporting and distorts proper analysis of allocative priorities and quality of expenditure.

During the year 2024-25, ₹ 683.99 crore under two Major Heads of accounts, constituting 0.65 *per cent* of the total Revenue and Capital expenditure (₹ 1,04,975.01 crore) was classified under the Minor Head-800-Other Expenditure in the accounts.

Similarly, ₹ 1,065.06 crore under 44 Major Heads of Account, constituting 1.03 *per cent* of the total Revenue and Capital Receipts (₹ 1,03,845.92 crore) was classified under 800-Other Receipts in the accounts.

The State Government stated (25 November 2025) that the amount under minor head 800 was relatively low but agreed that its usage will be minimized.

## Issues related to measurement

## 3.7 Outstanding balances under major Suspense and DDR Heads

The Finance Accounts reflect the net balances under Suspense and Remittance Heads. The outstanding balances under these heads are worked out by aggregating the outstanding debit and credit balances separately under various heads. Significant balances under these heads for the last three years have been shown in **Table 3.11**.

**Table 3.11: Balances under Suspense and Remittance Heads**

*(₹ in crore)*

| Head of Account | | 2022-23 | | 2023-24 | | 2024-25 | |
|---|---|---|---|---|---|---|---|
| 1 | | **Dr.** | **Cr.** | **Dr.** | **Cr.** | **Dr.** | **Cr.** |
| **8658** | **Suspense Account** | | | | | | |
| 101 | Pay and Accounts Office-Suspense | 137.14 | 139.16 | 160.69 | 195.25 | 226.39 | 253.30 |
| | **Net Debit (Dr.) / Credit (Cr.)** | **Cr. 2.02** | | **Cr. 34.56** | | **Cr. 26.91** | |
| 102 | Suspense Account-(Civil) | 81.45 | 88.32 | 81.56 | 98.08 | 311.06 | 332.06 |
| | **Net Debit (Dr.) / Credit (Cr.)** | **Cr. 6.87** | | **Cr. 16.52** | | **Cr. 21.00** | |
| 109 | Reserve Bank Suspense-(Headquarters) | -0.27 | 0.15 | -0.53 | -0.16 | -1.85 | 1.26 |
| | **Net Debit (Dr.) / Credit (Cr.)** | **Dr. (-) 0.42** | | **Dr. (-) 0.37** | | **Dr. (-) 3.11** | |
| 110 | Reserve Bank Suspense- (Central Accounts Office) | 5.43 | 6.39 | 0.00 | 0.00 | 0.00 | 0.00 |
| | **Net Debit (Dr.) / Credit (Cr.)** | **Cr. 0.96** | | **0.00** | | **0.00** | |
| 112 | Tax Deducted at Source (TDS) Suspense | 0 | 405.81 | 425.41 | 758.25 | 1,377.33 | 1,692.62 |
| | **Net Debit (Dr.) / Credit (Cr.)** | **Cr. 405.81** | | **Cr. 332.84** | | **Cr. 315.29** | |
| 123 | AIS Officers' Group Insurance Scheme | 1.83 | 0.04 | 1.90 | 0.05 | 2.07 | 0.06 |
| | **Net Debit (Dr.) / Credit (Cr.)** | **Dr. 1.79** | | **Dr. 1.85** | | **Dr. 2.01** | |
| **8782** | **Cash Remittance and adjustments between officers rendering account to the same Accounts Officer** | | | | | | |
| 102 | Public Works Remittances | 8,446.72 | 8,519.07 | 11,927.47 | 11,996.20 | 13,503.36 | 13,634.58 |
| | **Net Debit (Dr.) / Credit (Cr.)** | **Cr. 72.35** | | **Cr. 68.73** | | **Cr. 131.22** | |
| 103 | Forest Remittances | 988.53 | 1,003.53 | 1,225.23 | 1,209.85 | 1,239.68 | 1,335.51 |
| | **Net Debit (Dr.) / Credit (Cr.)** | **Cr. 15.00** | | **Dr. 15.38** | | **Cr. 95.83** | |
| **8793** | **Inter-State Suspense Account** | 10.81 | 0 | 5.28 | 0.00 | 3.05 | 0.38 |
| | **Net Debit (Dr.) / Credit (Cr.)** | **Dr. 10.81** | | **Dr. 5.28** | | **Dr. 2.67** | |

***Source: Finance Accounts of respective years***

Non-clearance of outstanding balances under these heads affects the accuracy of receipt/expenditure figures and balances under different heads of Accounts (which are carried forward from year to year) of the State Government.

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

- **Pay and Accounts Office (PAO) Suspense (Head 8658-101)**

Outstanding debit balances under PAO suspense head represent payments cleared by the PAG (A&E), Jharkhand, on behalf of PAOs of the 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 adjust. It was noticed that the net balance decreased from credit balance of ₹ 34.56 crore in 2023-24 to credit balance of ₹ 26.91 crore in 2024-25. On settlement of the net credit balance under this head (₹ 26.91 crore), the cash balance of the State Government will decrease to that extent.

- **Suspense Accounts (Civil) (Head 8658-102)**

Minor Head 102-Suspense Account (Civil) is used for booking of receipts (credit) and expenditure incurred (debit) which are to be cleared on receipt of supporting documents by the PAG (A&E). The net balance under this suspense head increased from credit of ₹ 16.52 crore during 2023-24 to credit of ₹ 21.00 crore in 2024-25.

Scrutiny of Cash Remittances and adjustments between officers rendering accounts to the same accounts officers revealed that a credit balance of ₹ 227.05 crore was in transit at the end of March 2025.

## 3.8 Reconciliation of Cash Balances

As per accounts of the Principal Accountant General (A&E), Jharkhand, the Cash Balance of the State Government, as on 31 March 2025, was ₹ 53.08 crore (Credit) while the same was reported as ₹ 8.63 crore (Debit) by the Reserve Bank of India. As such, there was a difference of ₹ 44.45 crore (Credit), which was under reconciliation between the Principal Accountant General (A&E) Jharkhand and the RBI.

After integration of e-Kuber system (of the RBI) with the State Integrated Financial Management System (IFMS) for payments in the State, the difference in reported transactions has increased as the State IFMS reports are on transaction date basis whereas the e-Kuber system reports the transactions on scroll date basis.

Due to difference in date of posting of transactions, the difference in cash balance in the books of PAG and as reported by the RBI is increasing persistently. Timely and coordinated reconciliation efforts should be made to ensure the integrity and reliability of cash balance figures in Government accounts.

## Issues related to disclosure

## 3.9 Compliance with Accounting Standards

As per Article 150 of the Constitution of India, the President of India may, on the advice of the Comptroller and Auditor General of India (CAG), prescribe the form of accounts of the Union and of the States. On the advice of the CAG, the President of India has so far notified four Indian Government Accounting Standards (IGAS). Compliance to these Accounting Standards by the State Government as well as deficiencies therein during 2024-25 is detailed in **Table 3.12**.

**Table 3.12: Compliance with Accounting Standards**

| Sl. No. | Accounting Standards | Essence of IGAS | Compliance by State Government | Deficiency |
|---|---|---|---|---|
| 1. | IGAS-1: | Guarantees Given by the Government –Disclosure requirements | Complied (Statements 9 and 20 of Finance Accounts) | No deficiency |
| 2. | IGAS-2: | Accounting and Classification of Grants-in-aid | Partially complied (Statement 10 of Finance Accounts) | Some amount of GIA was booked under capital section. |

| Sl. No. | Accounting Standards | Essence of IGAS | Compliance by State Government | Deficiency |
|---|---|---|---|---|
| 3. | IGAS-3: | Loans and Advances made by Government | Partially complied (Statement 7 and 18 of Finance Accounts). | Exact amount of overdue loans and the time by which loans are to be paid could not be ascertained. Disclosure regarding cases of loans sanctioned as loan in perpetuity and extraordinary transactions was not provided. |
| 4 | IGAS-4: | Prior period adjustments | Complied (Annexure to Statement 13 of Finance Accounts) | No deficiency |

***Source: Finance Accounts***

## 3.10 Submission of accounts of Autonomous Bodies/State Public Sector Undertakings

### 3.10.1 Autonomous Bodies

As on 31 March 2025, 364 accounts in respect of 34 reported Autonomous Bodies (ABs) were pending, as detailed in **Table 3.13**.

**Table 3.13: Arrears of accounts of Autonomous Bodies as on 31 March 2025**

| Sl. No. | Name of bodies/Authority | Accounts pending since | No. of accounts pending |
|---|---|---|---|
| 1. | Jharkhand State Legal Services Authority (JHALSA) | 2023-24 | 2 |
| 2. | Jharkhand State Electricity Regulatory Commission (JSERC) | 2012-13 | 13 |
| 3. | State Highway Authority of Jharkhand (SHAJ) | 2021-22 | 4 |
| 4. | Rajendra Institute of Medical Sciences (RIMS) | 2010-11 | 15 |
| 5 | Birsa Agriculture University | 2006-07 | 19 |
| 6 | Jharkhand State Housing Board (JSHB) | Since inception | 24 |
| 7 | Compensatory Afforestation for Management and Planning Authority (CAMPA) | 2010-11 | 15 |
| 8 | Jharkhand Renewable Energy Development Agency (JREDA) | Since inception | 23 |
| 9 | Ranchi Institute of Neuro-Psychiatry & Allied Sciences (RINPAS) | Since inception | Entrustment and accounts not received |
| 10 | Baba Baidyanath-Basukinath Shrine Area Development Authority (BBBSADA) | Since inception | 9 |
| 11 | District Mineral Foundation Trust (one each in the 24 districts) | 2015-16 | 240 |
| **Total** | | | **364** |

***Source: Departmental data/information***

### 3.10.2 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 of the end of the relevant financial year *i.e.,* by 30 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 3.14** below provides the details of progress made by the PSUs in finalisation of accounts as of 30 September 2025.

**Table 3.14: Position relating to finalisation of accounts of working and inactive PSUs as of 30 September 2025**

| Sl. | Particular | Working | Inactive | Total |
|---|---|---|---|---|
| 1. | Number of PSUs | 29 | 3 | 32 |
| 2. | Number of PSUs having accounts in arrears | 22 | 0 | 22 |
| 3. | Number of accounts in arrears | 119 | 0 | 119 |
| 4(a) | Number of PSUs with arrears of more than five years | 7 | 0 | 7 |
| 4(b) | Number of accounts in arrears in the above PSUs | 60 | 0 | 60 |
| 5(a) | Number of PSUs with arrears between three to five years | 9 | 0 | 9 |
| 5(b) | Number of accounts in arrears in the above PSUs | 41 | 0 | 41 |
| 6(a) | Number of PSUs with arrears between one to two years | 13 | 0 | 13 |
| 6(b) | Number of accounts in arrears in the above PSUs | 18 | 0 | 18 |
| 7 | Extent of arrear (in years) | 1 to 15 | 0 | 1 to 15 |

***Source: Data compiled from the information furnished by the companies***

Despite active pursuance, the defaulting State ABs and PSUs have not finalised/submitted audited accounts to PAG (Audit). Non-finalisation of accounts by PSUs has significant legal, financial and administrative repercussions. It primarily indicates lack of control over public funds, leading to risk of fraud, misappropriation and financial mismanagement.

## Other Issues

### 3.11 Misappropriations, losses, thefts, *etc.*

Rule 31 of the Jharkhand Financial Rules, provides that loss of public money, Government revenue, stores or other property, by defalcation or otherwise, should be immediately reported by the office to the higher authority, Finance Department as well as to the PAG (A&E), 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 and must not be delayed while enquiries are made. However, no information in this regard has been provided by the State Government to the PAG (A&E), Jharkhand, as of December 2025.

### 3.12 Follow-up action on State Finances Audit Report

In every State, the Public Accounts Committee (PAC)/Finance Department require the line departments to provide a *suo-motu* Explanatory Note (EN) on the paragraphs featuring in the Audit Reports within one month of placing the Reports in the Legislature. The line departments are also required to provide Action Taken Notes (ATNs) to the AG (for vetting and onward transmission to the PAC) within three months of tabling the Reports.

Excess expenditure over provisions amounting to ₹ 8,120.12 crore (relating to previous years) reported in the CAG's Audit Report on State Finances for the year 2011-12 was regularised by the State Legislature (13 January 2014) on the recommendations of the PAC. Thereafter, excess expenditure over provisions has not been regularised as no recommendations have been made by the PAC.

## 3.13 Conclusion

Out of total collection of labour cess amounting to ₹ 945.67 crore as of March 2025, only ₹ 473.74 crore was transferred by the State in last three years leaving an outstanding balance of ₹ 471.93 crore for transfer to the BOCW Welfare Board. Non-transfer of cess resulted in increased liabilities of the State and deprived BOCW of the fund for welfare schemes.

As on 31 March 2025, 52,855 Utilisation Certificates for an amount of ₹ 1,60,565.80 crore and DC bills, against 17,877 AC bills amounting to ₹ 4,531.00 crore, were outstanding for submission to the Principal Accountant General (A&E). Huge pendency of UCs and non-submission of DC bills is fraught with the risk of misutilisation of government fund.

Rule 343 of the JTC 2016 was not followed by the Administrators of Personal Deposit Account. Only three (03) out of 24 Administrators had reconciled and verified their balances with the treasury figures (in the treasury) and 03 annual verification certificates were furnished by them to the Treasury officer which were forwarded to the o/o the Pr. AG (A&E). Non-reconciliation of balances with treasury figures is against the norms of transparency and hinders monitoring of such fund.

The Government of Jharkhand had not established the SMET under the Public Account/Bank Account for financing exploration activities related to minor minerals as of November 2025.

## 3.14 Good Practices

- After persistent reporting of non-transfer of Labour Cess, the State has started transferring the collected Cess to the Jharkhand Building and Other Construction Workers' (BOCW) Welfare Board since the last three years.
- After regular reporting of non-reconciliation of receipts and disbursements of the State with the books of the PAG (A&E), a change was noticed where 100 *per cent* of the total receipts and total expenditure of the State has been reconciled by the departmental officers with the books of the PAG (A&E) in the last three years.

## 3.15 Recommendations

- *Necessary steps may be taken by the Government to ensure timely submission of outstanding UCs. The administrative departments releasing the grants may be held responsible for collection of UCs pending beyond the time stipulated in the grant orders. The Government may initiate appropriate action against officers who have defaulted in submission of UCs in time.*

- *The Finance Department may take steps to ensure that all controlling officers adjust, in a time-bound manner, all AC bills pending beyond the prescribed period.*

- *The Finance Department may take steps to ensure that all Administrators of PD Accounts reconcile the balances with the treasuries and the same intimated to the Principal Accountant General (A&E).*

**(INDU AGRAWAL)**

**Ranchi** **Principal Accountant General (Audit)**

**The** **Jharkhand**

**Countersigned**

**New Delhi** **(K. SANJAY MURTHY)**

**The** **Comptroller and Auditor General of India**