

## OVERVIEW

The Report comprises six Chapters; the first two contain observations on the Finance and Appropriation Accounts of Government of Jharkhand and the remaining four chapters contain five reviews of certain selected programmes and activities including audit of Internal Control Mechanism of Rural Development Department, two long paragraphs and nineteen paragraphs on audit of financial transactions of various Government Departments and statutory corporations. A summary of main audit findings contained in the Audit Reviews and the important paragraphs is presented in this overview.

### 1. Financial Position of the State Government

Revenue receipts (Rs 6661 crore) during 2004-05 showed an increase of 18 per cent as against 29 *per cent* increase in revenue expenditure (Rs 6976 crore) over the previous year, leading to revenue deficit of Rs 315 crore.

Overall expenditure of the State increased from 6516 crore in 2003-04 to Rs 8886 crore in 2004-05. Revenue expenditure (Rs 6976 crore) constituted 79 per cent of total expenditure. Salaries, pension and interest payments consumed nearly 59 *per cent* of the revenue receipts during the year. Fiscal deficit increased by 154 *per cent* from Rs 874 crore in 2003-04 to Rs 2217 crore in 2004-05. The fiscal liabilities (Rs 13512 crore) increased during 2004-05 by about 28 *per cent* over the previous year and stood nearly two times of revenue receipts.

The overall savings of Rs 2592 crore were the net result of saving of Rs 3168 crore in 48 grants and appropriations offset by excess of Rs 576 crore in five cases of grants and appropriation.

### 2. Sampoorna Gramin Rojgar Yojana (SGRY)

Sampoorna Gramin Rojgar Yojana (SGRY), a Centrally sponsored scheme was aimed at generating wage employment and ensuring food security for the rural poor. In the State, the scheme was implemented through DRDAs, in the absence of elected Panchayati Raj Institutions. A review on implementation of SGRY during the period 2002-05 revealed that huge amount (Rs 76.99 crore) of scheme funds remained unspent. Employment generation was not adequate as the works undertaken under this programme were not labour intensive. Though State Government reported employment generation of 9.74 crore mandays, actual employment that could be generated with 2.89 lakh MT of foodgrains distributed during 2002-05 was only 5.77 crore mandays. The beneficiaries in three districts did not receive the minimum wage and quality

of foodgrains was not ensured before distribution. In five districts 1140 schemes involving Rs 19.90 crore remained incomplete mainly due to lack of proper monitoring. Employment Register and Asset Register were not maintained.

*(Paragraph 3.1)*

### **3. Integrated Child Development Scheme (ICDS)**

The Integrated Child Development Scheme (ICDS) was launched with a view to improving the nutritional and health status of children up to six years and enhance the capability of mothers through proper nutrition and health education for looking after normal health and nutrition need of children. Implementation of ICDS in the State was far from satisfactory. While there were not enough AWCs in the State, the infrastructure in the existing AWCs was not adequate. Supply of poshahar for supplementary nutrition was irregular and poshahar was deficient in stipulated calories. Important records like immunisation registers, health cards were either not maintained or maintained improperly. No medicine kits were provided in the AWCs. Procurement and distribution of pre-school kits was inadequate. The training needs of the functionaries were neglected. Effective monitoring of the scheme at various levels was absent. Thus objectives of the scheme could not be fully achieved.

*(Paragraph 3.2)*

### **4. Implementation of Acts and Rules relating to Consumer Protection**

The Consumer Protection Act was enacted by Government of India to protect the interest of the consumers by providing simple, speedy and inexpensive redressal to the consumers' grievances. In Jharkhand, the Act has not been implemented effectively. The State Commission came into existence in December 2001. Three District forums remained non-functional upto March 2002 for periods ranged between 16 months and 36 months as the posts of President and Members remained vacant. No consumer protection council established at State level and district level. In three District Forums all the 310 execution cases filed during 2000-2005 were pending till August 2005 due to inaction by the Police Department. There were shortages of staff in the District Forums. Infrastructural facilities such as waiting lounges, furniture, drinking water etc. were also inadequate mainly due to under utilisation of funds (Rs 1.21 crore). No Government laboratory was established, so testing of products was hampered to that extent. No action plan was prepared by the State Government for the protection of the rights, awareness and empowerment of consumers in the State. No District Information Centres were established except in Dhanbad.

*(Paragraph 3.3)*

## **5. Member of Parliament Local Area Development Schemes (MPLADS)**

MPLADS was introduced by the Government of India in December 1993. Under the scheme, MPs of both the Houses recommend to the Deputy Commissioner for execution of works developmental in nature costing up to Rupees two crore per year. A review of implementation of the scheme revealed that utilisation of funds was less than 50 *per cent* due to delay in sanction of works, and poor progress in execution of works. Inadmissible works were sanctioned and works were executed through contractors. Funds were given to the registered societies in which recommending MP himself was the Chairman. Effective monitoring at various levels was absent.

*(Paragraph 3.4)*

## **6 Internal Control Mechanism in Rural Development Department**

A review of internal control mechanism in the Rural Development Department revealed that budgetary and financial management in the Department was poor. The Department prepared its budget without assessing the actual requirement. As a result, there were huge savings and most of the savings were surrendered on the last day. Monitoring of the expenditure by the controlling officers was absent. Huge amounts drawn on AC bills remained unadjusted. Implementation of Centrally Sponsored Schemes suffered due to selection of ineligible beneficiaries, diversion of scheme funds, unfruitful and inadmissible expenditure of scheme funds. Besides, 919 IAY schemes involving Rs 1.65 crore remained incomplete. There was no mechanism of Internal Audit in the Department. Finance Department also did not conduct any internal audit of the units of the Department.

*(Paragraph 5.1)*

## **7 Transaction Audit Findings**

Audit of financial transactions, subjected to test-check, in various departments of the Government and their field functionaries revealed instances of losses, overpayment and wasteful expenditure etc. of over Rs 37 crore as mentioned below:

- Defalcation of Rs 83.31 lakh were noticed in Rural Development Department (Rs 49.55 lakh) and Forest and Environment Department (Rs 33.76 lakh).
- Unfruitful expenditure, avoidable expenditure and extra expenditure amounting to Rs 14.93 crore, were noticed in Rural Development Department (Rs 90.56 lakh), Road Construction Department (Rs 7.08 crore), Welfare Department (Rs 4.07 crore),

Health and Family Welfare Department (Rs 1.64 crore), Civil Aviation Department (Rs 40.61 lakh) and Water Resource Department (Rs 82.57 lakh).

- Violation of contractual obligations and undue favour to contractors amounting to Rs 23.07 lakh was noticed in Building Construction Department.
- Wasteful expenditure of Rs 1.05 crore were noticed in Civil Aviation Department (Rs 27.12 lakh) and Food Supply and Commerce Department (Rs 78.07 lakh).
- Idle investment and nugatory expenditure on idle staff of Rs 4.25 crore were noticed in Human Resource Development Department (Rs 1.22 crore), Rural Development Department (Rs 1.67 crore) and Animal Husbandry Department (Rs 1.36 crore).
- Diversion of fund of Rs 15.70 crore was noticed in Home Department.

**Some of the important findings are as shown below:**

- Unfruitful expenditure of Rs 4.21 crore on non-functional bridge over Damodar river.  
*(Paragraph 4.2.1)*
- Due to improper planning and implementation of the project, expenditure of Rs 4.07 crore on Birsa Munda Complex was rendered unfruitful.  
*(Paragraph 4.2.3)*
- Inordinate delay in allotment of work resulted in extra expenditure of Rs 44.50 lakh in widening and strengthening of Dumka-Rampurhat road.  
*(Paragraph 4.3.3)*
- Non-identification of beneficiaries and non-fixation of market rent resulted in blockage of Government money (Rs 1.67 crore) by way of construction of market complex.  
*(Paragraph 4.4.1)*

<b>8 Government Commercial and Trading activities</b>
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As on 31 March 2005 there were five Government Companies, one Statutory Corporation and one Autonomous Body (all working) under the control of the State Government. The total investment in the working PSU's increased from 501.14 crores as on 31 March 2004 to 815.69 crore as on 31 March 2005. The budgetary support in the form of capital, loans and grants/subsidy disbursed to

working PSU's increased from Rs.199.73 crore in 2003-04 to 645.15 crore in 2004-05. None of the Companies submitted their account for the year 2004-05 within the stipulated period. The accounts of all the Government Companies were in arrears for periods ranging from one to three years. The accounts of the Statutory Corporation and the Autonomous Body were in arrears for three years and two years respectively.

*(Paragraphs 6.1)*

### **Computerised Energy Billing System of Ranchi Electric Supply Circle of Jharkhand State Electricity Board**

Ranchi Circle, one of the highest revenue generating Circle of Jharkhand State Electricity Board (JSEB), has outsourced the entire operations of billing right from meter reading to generation of monthly bills of the consumers to third party agencies. Audit analysed the efficiency and effectiveness of the billing package being used by JSEB by means of IT Audit. Some of the important points noticed in audit are given below:

The Board did not demonstrate any ability to monitor performance of the agencies. As against minimum 10 *per cent* of meter readings to be cross checked by the Board, it checked only 0.32 *per cent* in January 2003.

Change of rules and tariffs by the JSEB were not reflected in the software that leading to incorrect categorisation of consumers and consequential loss of revenue of Rs. 73.22 lakh to the Board. Accumulation of arrears of Rs.85.43 crore against the consumers. Loss of revenue of Rs.18.91 crore to JSEB due to cases becoming time barred.

*(Paragraphs 6.2)*

### **Environment Management System in Jharkhand State Electricity Board**

Patratu Thermal Power Station (PTPS), a unit of Jharkhand State Electricity Board, has 10 Power Generating units which affects the environment. The important points noticed in audit are given below:

To control air pollution, PTPS installed Electro Static Precipitators at a total cost of Rs. 53.36 crore. But the excess emission ranged between 388 per cent and 2088 per cent over the prescribed norms. The effluent water analysis was done only once in each year against prescribed monthly norm. Disposal of ash was not arranged as per Government notification.

*(Paragraph 6.3)*

### **Transaction Audit Observation**

Avoidable extra payment of Rs 14.89 lakh due to delayed decision in placing of supply order.

*(Paragraph 6.4)*