




OVERVIEW


This Report includes two chapters on the finances and accounts of the Government of Jharkhand and 4 chapters comprising 3 reviews and 13 paragraphs arising out of financial transactions of Government. A summary of main audit findings contained in the important paragraphs is presented in this overview.


1. An overview of the finances of the State Government


 In the first full financial year, Jharkhand incurred a revenue deficit of Rs 305 crore as its revenue receipts failed to meet the requirement of revenue expenditure primarily on account of payment of subsidy/ financial assistance of Rs 250 crore to Indian Railways.

 Revenue receipts constituted the most significant source of fund of the State Government. During the year, out of the total Revenue receipts of Rs 4495 crore, Tax revenue contributed Rs 1586 crore (35%) while non-tax revenue mainly royalties from Non-ferrous Mining and Metallurgical Industries yielded Rs 852 crore (19%). State's share of Union Taxes and duties was Rs 1603 crore (36%) and Grants -in -aid from Government of India amounted to Rs 454 crore (10%).

 Revenue expenditure accounted for 82 per cent of Government's total expenditure during 2001-2002, which was higher than the revenue receipts, leading to a revenue deficit of Rs 305 crore. The share of capital expenditure was a meager 12 per cent and that of loans and advance 6 per cent.


 Wastage in public expenditure, diversion of funds, blockage of funds in incomplete projects etc. impinged negatively on the quality of expenditure.


 Plan performance of the State Government was poor, being only 26 per cent of the revenue expenditure. Various State Plan Schemes, centrally sponsored schemes and central plan schemes were marred by huge savings of Rs 1350.24 crore (38 per cent of the total plan provision).


 The liability of the State Government grew by 31.75 per cent while the assets grew by 153.84 per cent during 2001-2002. The assets include investment (Rs 7 crore) in the Government companies.

[Paragraph 1.1 to 1.11.4]

2. Appropriation Audit and control over expenditure


 State Government incurred expenditure of Rs 6067 crore during 2001-2002 against the total budget provision of Rs 8438 crore leading to substantial saving of 28 per cent.


 The overall saving of Rs 2371 crore was the result of saving in 46 cases of grants and 6 cases of appropriations in Revenue Section and in 18 cases of grants and one case of appropriation in Capital Section.

 The supplementary provision of Rs 1264 crore obtained by Government in August 2001, December 2001 and March 2002 constituted 18 per cent of the original budget provision of Rs 7174 crore. Out of this, the supplementary provision of Rs 399 crore in 40 cases proved wholly unnecessary. In 11 more cases, supplementary provision of Rs 558 crore proved excessive by Rs 425 crore.

 There was excess expenditure of Rs 3,60,369 which requires regularisation under article 205 of the Constitution of India.


 Persistent savings exceeding Rupees two crore in 36 grants and 3 appropriations occurred.


 Savings exceeding Rupees 10 lakh in each case in 27 grants and 3 appropriation aggregating Rs 1008 crore were not surrendered, while in 5 cases surrenders of Rs 2.06 crore were unjustified/excessive.

 Non-reconciliation of departmental figures with those appearing in the books of Accountant General was being pointed out in the Reports of the Comptroller and Auditor General of India over the years. During 2001-2002 expenditure under 1736 units of Appropriation involving a sum of Rs 3325 crore remained unreconciled.

[Paragraph 2.1 to 2.4]

3. Working of Forest Department in Jharkhand

 *The Forest and Environment Department is responsible for the implementation of National Forest Policy, 1988 through various schemes including Centrally Sponsored Schemes. Though various schemes for Maintenance and Development of Natural Forest, Rehabilitation of Degraded Forest and Afforestation in forest land, Soil and Water Conservation and Conservation of wild life and its development were implemented, performance under such schemes was far from satisfactory and the basic objectives of the schemes remained unfulfilled. On the whole, the schemes suffered due to lack of attention and monitoring by higher authorities.*

 Out of total budget provisions of Rs 878.70 crore during the years 1997 to 2002, Rs 388.95 crore (Plan: 74 per cent and Non-plan: 10 per cent) remained unutilised.

📖 State Government failed to utilise Rs 31.96 crore out of Rs 49.79 crore received from Government of India.

📖 Plantation in 2334.75 hectares of forest land was done at a cost of Rs 3.36 crore without availability of blank/degraded forest area in approved working plan.

📖 Rs 5.68 crore was spent in plantation work on 7217.59 hectares of forest land without approved working plan/shelf of project.

📖 Liability of Rs 3.14 crore including Rs 2.21 crore for wages was created for schemes not sanctioned by Government.

📖 10 Forest Divisions unauthorisedly spent Rs 33.65 lakh on construction of wooden pillars and boundary pillars without sanction during the years 1998-2001.

📖 Irregular expenditure of Rs 80.49 lakh was incurred by 10 Forest Divisions during 2000-02 on Roadside plantation works.

📖 Compensatory afforestation was not executed due to failure to raise demand of Rs 72.28 lakh.

📖 Unfruitful expenditure of Rs 94.24 lakh due to failure of installation of operational wireless system.

[Paragraph 3.1]

4. Rural Housing Scheme

📖 *Indira Awaas Yojana (IAY) is a centrally sponsored scheme aimed at providing houses to people belonging to Scheduled Castes, Scheduled Tribes, free bonded labourers and non-SC/ST rural poor living Below Poverty Line (BPL). The implementation of the schemes was poor and 68 per cent of targeted houses remained incomplete and entire Central funds were not availed. There were cases of diversion of funds, irregular expenditure, abandonment of work etc. indicating poor monitoring of the scheme, which significantly contributed to dismal performance of the scheme. In case of supplementary scheme like Samagra Awaas Yojana (SAY), Rural Building Centre (RBC) and Innovative Scheme for Rural Housing and Habitat Development (ISRHHD) the State Government did not send any proposal for availment of fund showing complete lack of interest by State to ensure upliftment in the condition of rural poor people.*

📖 Since 19 to 34 per cent of available funds remained unutilised, central assistance of Rs 117.39 crore was denied.

📖 240981 houses were completed against target of 321233 houses. Of 240981 completed houses, only in 198 smokeless *chullahs* and in 590 sanitary latrines were constructed. 28786 IAY houses were allotted in the

name of “male”, member of the family instead of female or in joint names of male and female members of the family.

📖 **Diversion of IAY funds (Rs 1.66 crore) to other schemes, misuse of IAY funds (Rs 8.90 lakh), discrepancy (Rs 1.44 crore) between the scheme register of beneficiary and the amount of expenditure shown in IAY cash book and unauthorised expenditure (Rs 18.60 lakh) was noticed in districts test checked.**

📖 **In the districts test checked only 29 to 56 per cent of the targeted houses were completed. In 12 blocks of 4 districts, 4579 houses remained incomplete/ abandoned for 2 to 5 years after incurring expenditure of Rs 6.76 crore. In 10 blocks of 4 districts, 5464 houses constructed at a cost of Rs 9.25 crore were allotted to persons not belonging to BPL families. In Dhanbad district, short payment of Rs 1.76 crore was made to 7023 beneficiaries.**

📖 **The Rural Development Department did not send any proposal to Government of India, Ministry of Rural Development, New Delhi for release of funds for Samagra Awaas Yojana, Rural Building Centres and Innovative Schemes for Rural Housing and Habitat Development.**

[Paragraph 3.2]

5. Swarnjayanti Gram Swarozgar Yojana

📖 *Swarnjayanti Gram Swarozgar Yojana (SGSY) is a holistic programme covering various aspects of self-employment by providing the Swarozgaris income-generating assets through a mix of bank credit and Government subsidy. Against a target of 4.26 lakh swarozgaris required to be assisted through this programme during 1999-2002, only 1.15 lakh swarozgaris were assisted though substantial fund of Rs 42.28 crore remained unutilised as of March 2002.*

- **Poor utilisation of available funds resulted in receipt of less Central assistance of Rs 30.57 crore.**
- **Rs 63.84 lakh were misutilised on purchases/ maintenance of vehicles etc. apart from cases of avoidable expenditure.**
- **The funds earmarked for Subsidy, Revolving fund and Training were Rs 68.11 crore, Rs 11.36 crore and Rs 11.36 crore respectively against which Rs 96.12 crore, Rs 1.45 crore and Rs 1.52 crore were spent on these components indicating complete mismatch in utilisation of funds.**
- **The physical progress of the scheme was extremely poor as only 1.15 lakh swarozgaris could be assisted. Only 28984 (25 per cent) of Swarozgaris assisted were trained and 75 per cent of Swarozgaris were assisted without training, which may lead to failure of the scheme.**

- Assistance of Rs 6.21 crore was provided to non-BPL families.
- Rs 44.40 lakh was spent on construction of redundant infrastructure of ITI and undue financial assistance of Rs 17.50 lakh was extended to a co-operative society.

[Paragraph 3.3]

6. Mismanagement of Stores in Health Department

- Nearly 40 per cent medicines procured were purchased without assessment of actual requirement.
- Medicines worth Rs 7.01 crore were purchased from private firms/ unauthorised agencies without inviting tenders/approval of purchase committee.
- 18 out of 63 samples of medicines collected by Drug Inspectors were found to be substandard.
- Equipments worth Rs 44.07 lakh were purchased without adhering norms. C.T. Scan machine was purchased by payment of extra cost of Rs 21.95 lakh. Equipments worth Rs 64.69 lakh were lying idle for want of repairs.

[Paragraph 3.4]

7. Scheme of liberation and rehabilitation of Scavengers

- The implementation of the centrally sponsored scheme of liberation and rehabilitation of Scavengers in Jharkhand failed miserably, as the Government could not identify Scavengers for training and rehabilitation.
- Rs 6.60 crore out of central grant of Rs 10.85 crore was invested in fixed deposits by Jharkhand State Tribal Co-operative Development Corporation and balance amount remained unutilised even after a year of distribution to 10 district.
- Since dry latrines were not identified, conversion thereof into water borne ones to eliminate the practice of scavenging could not be undertaken.

[Paragraph 3.5]

8. Misutilisation of Funds

- Rs 1.31 crore of GOI sponsored schemes meant for rural below poverty line (BPL) people were misutilised for the benefit of other categories of rural people.
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- **EAS funds of Rs 85.08 lakh was misutilised by 5 blocks, denying benefit to the targeted rural people.**

[Paragraph 3.6]

9. Avoidable/unfruitful/ inadmissible/ nugatory expenditure

- **Abandonment of works resulted in unfruitful expenditure of Rs 36.94 lakh.**

[Paragraph 4.1]

- **Delay in payment of land compensation amount resulted in avoidable payment of interest of Rs 49.65 lakh.**

[Paragraph 4.2]

- **Negligence and lack of initiative evinced by the Divisional Officer, Mechanical Division, Chandil for supply of electricity at reduced load resulted in loss of Rs 6.40 crore till February 2003.**

[Paragraph 4.3]

- **District Superintendents of Education Dumka and Hazaribag spent Rs 1.15 crore on pay and allowances of teachers, who remained without work before being deputed for in-service training.**

[Paragraph 3.7]

10. Other points of interest

- **Superintendent of Police, Dhanbad failed to recover the cost of deployment of police force amounting to Rs 53.77 lakh.**

[Paragraph 3.8]

- **Rs 6.76 crore were unjustifiably drawn from the State Contingency Fund for purchase of vehicles, wireless sets and equipment for non-existent battalions.**

[Paragraph 3.9]

- **Irregular payment of advance to an Assistant Engineer who was appointed on ad-hoc basis resulted in non-recovery/loss of government money for Rs 27.37 lakh.**

[Paragraph 5.1]

- **The Jharkhand State Electricity Board allowed Rs 1.05 crore of revenue realisable by way of tariff on power supplied for induction furnaces to languish by not reviving the contract and not raising the revised bills for higher amounts.**

[Paragraph 6.2.1]