

PREFACE

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution of India.
2. Chapters I and II of this Report respectively contain audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2009.
3. Chapter III on 'Financial Reporting' provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.

Executive Summary

Background

In response to the Twelfth Finance Commission's recommendation, the Government of Jharkhand enacted its Fiscal Responsibility and Budget Management (FRBM) Act in May 2007, with a view to ensure prudence in fiscal management and fiscal stability by progressive elimination of revenue deficit, sustainable debt management consistent with fiscal deficit, greater transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term fiscal framework. The State Government's commitment to carry forward these reforms is largely reflected in the policy initiatives announced in the subsequent budgets. The benefits of FRBM legislation have been realised to some extent in terms of reduction in major deficit indicators etc, the State Government's resolve to implement value Added Tax (VAT), introduction of the New Pension Scheme and a host of other institutional and sectoral reform measures will go a long way in building up the much needed 'fiscal space' for improving the quality of public expenditure and to promote fiscal stability.

The State Government is in the process of establishing an institutional mechanism on fiscal transparency and accountability as evident from the year-on-year presentation of data on State Finances. This data however, does not give the big picture of the status of financial management including the debt position, off-budget liabilities, cash management etc. for the benefit of the State Legislature and other stakeholders.

The Comptroller and Auditor General's Audit Reports have been commenting upon the Government's finances for over three years since the FRBM legislation. Since these comments formed part of the Civil Audit Reports, it was felt that the audit findings on State finances remained camouflaged because the majority of audit findings were on compliance and performance aspects. The obvious fallout of this all-inclusive reporting was that the audit findings in financial management portion of these findings did not receive proper attention. In recognition of the need to bring State finances to centre-stage, a stand-alone report on State Government finances was considered an appropriate audit response to this challenge. Accordingly, from the report year 2008-09 onwards, the Comptroller & Auditor General of India has decided to bring out a separate volume titled "Report on State Finances."

The Report

Based on the audited accounts of the Government of Jharkhand for the year ending March 2009, this report provides an analytical review of the Annual Accounts of the State Government. The report is structured in three Chapters.

Chapter I is based on the audit of Finance Accounts and makes an assessment of the Government's fiscal position as at 31 March 2009. It provides an insight into trends of committed expenditure and borrowing

patterns, besides giving a brief account of Central funds transferred directly to the State implementing agencies through the off-budget route.

Chapter II is based on audit of Appropriation Accounts and gives a grant-wise description of appropriations and the manner in which the allocated resources were managed by the service delivery departments.

Chapter III is an inventory of the Jharkhand Government's compliance with various reporting requirements and financial rules. The report also has an appendage of additional data collated from several sources in support of the findings.

Audit findings and recommendations

Fiscal discipline: The Government achieved a revenue surplus in 2006-07 and has retained it, albeit with a steep fall in the quantum of revenue surplus during the current year due to the slump in the economy and the award of the Sixth Pay Commission which put pressure on the committed expenditure. The State failed to achieve the target set for containing the fiscal deficit within three *per cent* of the GSDP.

Priority to capital expenditure: Government gave adequate fiscal priority to capital expenditure since the capital expenditure/aggregate expenditure ratio was higher than the national average. This should be maintained in future.

Adequate thrust to development and social sector expenditure: The per capita development expenditure and per capita social sector expenditure in Jharkhand is much lower than the national average even though the state is spending adequate amounts compared to the rest of the country on social sector expenditure. However, it was slightly lower in the case of developmental expenditure. This calls for a serious introspection on whether the capacity of the State to utilise expenditure for developmental and social outcomes can be improved by better designing of schemes, reducing administration costs, timely implementation, closer monitoring etc. Cost and time overruns of incomplete projects are inevitable by-products of weak control systems. The State can work towards further improvements in this area so that people derive the envisaged benefits in the quickest possible time.

Review of Government investments: The average return on the Government's investments in statutory corporations, rural banks, joint stock companies and co-operatives was reported to be 'nil' in the past three years, while the government paid an average of 7.97 *per cent* as interest on its borrowings during this period. This was obviously an unsustainable proposition. The Government should, therefore, hasten to seek better value for money in investments. Otherwise, high-cost borrowed funds invested in projects with 'nil' financial return will continue to strain the economy.

Increasing fiscal liabilities accompanied by negligible rates of return on Government investments and inadequate interest cost recovery on loans and advances might lead to a situation of unsustainable debt in the medium to long run unless suitable measures are initiated to compress the Non-plan revenue expenditure and mobilise additional resources both through tax and non-tax sources.

Debt sustainability: The quantum spread together with the primary deficit, was positive in two years and negative in three years, during the five-year

period from 2004-05 to 2008-09. The resource gap has been fluctuating during these five years. In the year 2008-09, the resource gap increased over the previous year. All these are indicative of increasing debt liabilities in future.

Financial management and budgetary control: During 2008-09, there was an overall saving of Rs 4328.93 crore, which was the result of savings of Rs 3378.73 crore in 46 grants and four appropriations under the Revenue Section and Rs 1179.09 crore in 25 grants under the Capital Section offset by excess of Rs 228.89 crore in one grant and one appropriation under the Capital Section. This excess requires regularisation under Article 205 of the Constitution of India. There were instances of inadequate provision of funds and unnecessary/ excessive re-appropriations. Rush of expenditure at the end of the year was another chronic feature noticed in the overall financial management. In many cases, the anticipated savings were either not surrendered or surrendered on the last day of the year leaving no scope for utilising these funds for another development purposes. Detailed bills were not submitted for large amounts of advances drawn on abstract contingent bills. Budgetary controls should be strictly observed to avoid such deficiencies in financial management. Last minute fund releases and issuance of re-appropriation/surrender orders should be avoided.

Financial reporting: The State Government's compliance with various rules, procedures and directives was inadequate which was evident from the delays in furnishing utilisation certificates against loans and grants received by departmental undertakings/institutions. Submission of Annual Accounts was delayed by some autonomous bodies and departmental undertakings. Internal controls in all the organisations should be strengthened to prevent such cases in future.

1.1 Introduction

This chapter provides a broad perspective of the finances of the Government of Jharkhand during the current year and analyses critical changes in the major fiscal aggregates relative to the previous year, keeping in view the overall trends during the last five years. The structure of Government Accounts and the layout of the Finance Accounts are shown in **Appendix 1.1**. The methodology adopted for assessment of the fiscal position of the State is given in **Appendix 1.2**. Time series data on State Government finances is given in **Appendix 1.3**.

1.1.1 Summary of Current Year's Fiscal Transactions

Table 1.1 presents the summary of the State Government's fiscal transactions during the current year (2008-09) *vis-à-vis* the previous year while **Appendix 1.4** provides details of receipts and disbursements as well as the overall fiscal position during the current year.

Table 1.1 Summary of Current Year's Fiscal Operations.

(Rupees in crore)

2007-08	Receipts	2008-09	2007-08	Disbursements	2008-09		
Section-A: Revenue					Non-plan	Plan	Total
12026.55	Revenue Receipts	13212.84	10831.97	Revenue expenditure	9063.71	3813.19	12876.90
3473.55	Tax revenue	3753.21	4607.49	General Services	4729.19	194.80	4923.99
1601.40	Non-tax revenue	1951.74	4257.02	Social Services	3270.22	2114.96	5385.18
5109.83	Share of Union Taxes/Duties	5392.11	1967.37	Economic Services	1029.05	1503.43	2532.48
1841.77	Grants from Government of India	2115.78	0.09	Grants-in-aid and Contributions	35.25	-	35.25
Section-B: Capital							
	Misc. Capital Receipts		2583.54	Capital Outlay	35.82	3015.45	3051.27
44.22	Recoveries of Loans and Advances	18.90	597.66	Loans and Advances disbursed	163.83	254.36	418.19
2022.65	Public debt receipts *	2436.56	747.37	Repayment of Public Debt	-	-	863.40
31.75	Transfers to Contingency Fund	-	-	Expenditure from Contingency Fund	-	-	-
7013.07	Public Account Receipts	8335.16	6206.46	Public Account disbursements	-	-	7185.19
1003.64	Opening Cash Balance	1174.88	1174.88	Inter State Settlement	-	-	145.87
				Closing Cash Balance	-	-	637.52
22141.88	Total	25178.34	22141.88	Total			25178.34

(Source: Finance Accounts for the years 2007-08 and 2008-09).

* Excluding net transactions under Ways and Means advances and overdraft.

The significant changes during 2008-09 as compared to the previous year are given below:

- Revenue receipts of the State increased by Rs 1186 crore (10 *per cent*) over the previous year. The increase was due to increase in tax revenue by Rs 279 crore (eight *per cent*), non-tax receipts by Rs 351 crore (22 *per cent*), State's share of Union taxes and duties by Rs 282 crore (six *per cent*) and grants-in-aid by Rs 274 crore (15 *per cent*).
- Revenue expenditure increased by Rs 2045 crore (19 *per cent*) mainly due to increase in expenditure on General Services (Rs 317 crore), Social Services (Rs 1128 crore) and Economic Services (Rs 565 crore).
- Capital expenditure increased by Rs 467 crore (18 *per cent*) over the previous year.
- Recovery and disbursement of loans and advances decreased by Rs 25 crore (57 *per cent*) and Rs 180 crore (30 *per cent*) in 2008-09 respectively over the previous year.
- Public Debt receipts and repayment increased by Rs 414 crore (20 *per cent*) and Rs 116 crore (16 *per cent*) respectively over the previous year.
- Public Account receipts and disbursements increased by Rs 1322 crore (19 *per cent*) and by Rs 979 crore (16 *per cent*) respectively.
- The net impact of these transactions led to a significant decrease of Rs 537 crore in the cash balance at the end of the year of the State over the previous year.

Review of the fiscal position

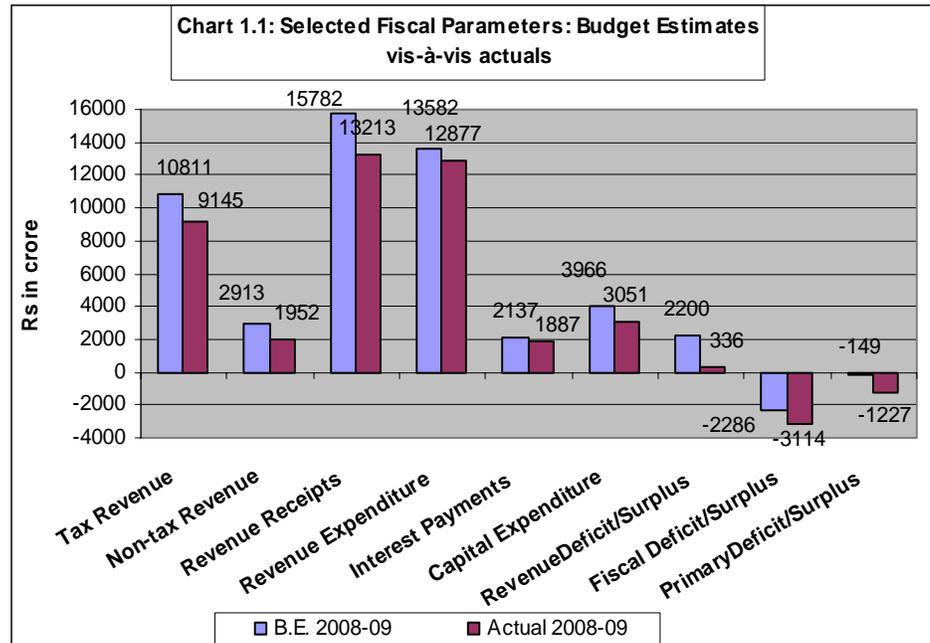
As per the Jharkhand Fiscal Responsibility and Budget Management (FRBM) Act, 2007, in line with the recommendation of the Twelfth Finance Commission (TFC), the State Government was to eliminate the revenue deficit by the end of March 2009 and reduce the fiscal deficit to not more than three *per cent* of the estimated Gross State Domestic Product (GSDP) by March 2009.

The State had achieved the target set in the FRBM Act by eliminating the revenue deficit in 2006-07 by turning the deficit into a huge revenue surplus (Rs 946 crore), and further improving the revenue surplus to Rs 1195 crore in 2007-08. However, the surge in revenue expenditure *vis-à-vis* revenue receipts during 2008-09, if allowed to continue, could pose a substantial threat to retention of the present fiscal situation.

Budget analysis

Budget papers presented by a State Government provide descriptions of the projections or estimations of revenue and expenditure for a particular fiscal year. The importance of accuracy in the estimation of revenue and expenditure is widely accepted in the context of effective implementation of fiscal policies for overall economic management. Deviations from the budget estimates are indicative of non-attainment and non-optimisation of the desired fiscal objectives, due to a variety of causes, some within the control of Government and some outside.

Chart 1.1 Presents the budget estimates and actuals for some important fiscal parameters.

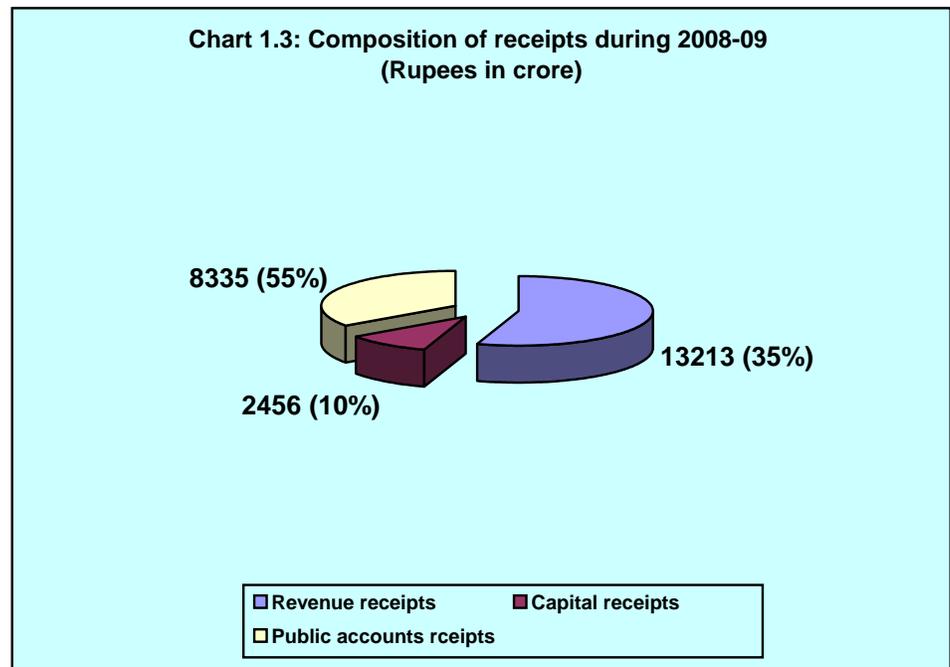
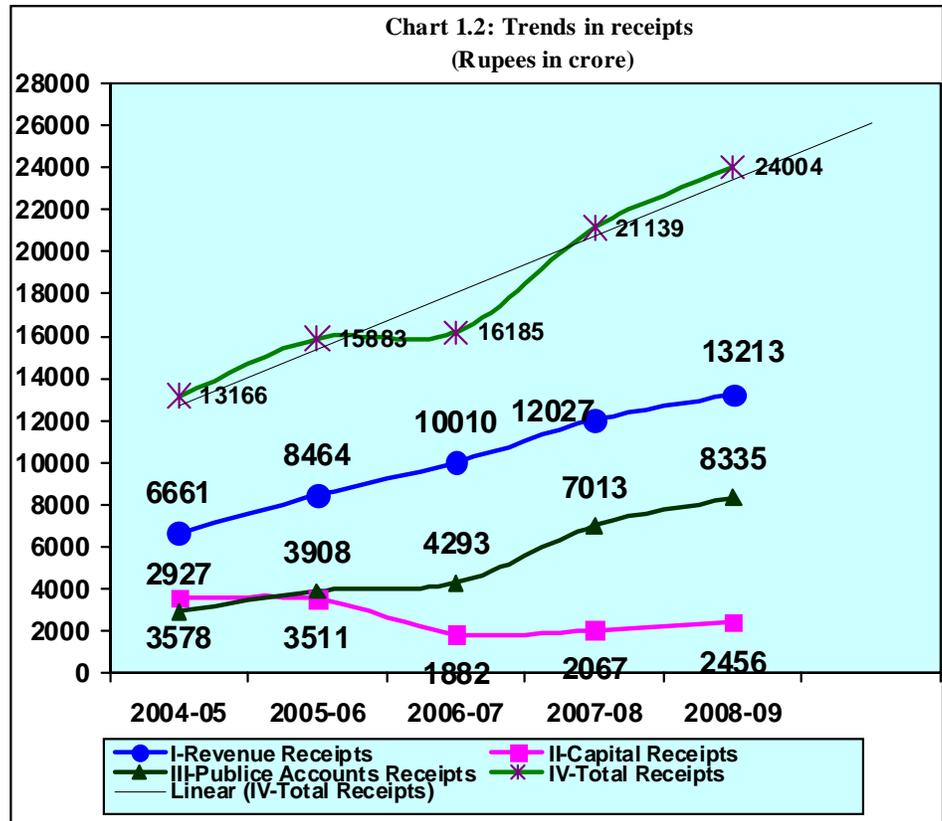


- Revenue receipts, revenue expenditure and capital expenditure were less than the budget estimates by Rs 2569 crore (16 per cent) Rs 705 crore (five per cent) and Rs 915 crore (23 per cent) respectively
- Against an estimated target of revenue surplus of Rs 2200 crore, set in Fiscal Correction Path (FCP), the financial year ended with a revenue surplus of Rs 336 crore
- The fiscal deficit and primary deficit increased by Rs 828 crore (36 per cent) and Rs 1078 crore (723 per cent) against the budget estimates.

1.2 Resources of the State

1.2.1 Resources of the State as per Annual Finance Accounts

Revenue and capital are the two streams of receipts that constitute the resources of the State Government. Revenue receipts consist of tax revenues, non-tax revenues, State's share of Union taxes and duties and grants-in-aid from the Government of India (GOI). Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/ commercial banks), loans and advances from GOI as well as accruals from the Public Account. **Table-1.1** presents the receipts and disbursements of the State during the current year as recorded in its Annual Finance Accounts while **Chart 1.2** depicts the trends in various components of the receipts of the State during 2004-09. **Chart 1.3** depicts the composition of resources of the State during the current year.



- The total receipts of the State increased steadily from Rs 13166 crore in 2004-05 to Rs 24004 crore in 2008-09, due to lower growth rate of Public Account receipts (19 per cent).

- The debt capital receipts (capital receipts minus recovery of loans and advances) increased to Rs 2023 crore and Rs 2437 crore (20 per cent each) in 2007-08 and 2008-09 respectively.
- Public Account receipts increased steadily from Rs 2927 crore (22 per cent of total receipts) in 2004-05 to Rs 8335 crore (35 per cent of total receipts) in 2008-09.

1.2.2 Funds transferred to State implementing agencies outside the State budget

The Central Government has been transferring a sizeable quantum of funds directly to the State implementing agencies¹ for the implementation of various schemes/programmes in social and economic sectors recognized as critical. As these funds are not routed through the State Budget/State Treasury System, the Annual Finance Accounts do not capture the flow of these funds and to that extent, the State's receipts and expenditure as well as other fiscal variables/ parameters derived from them are underestimated. To present a holistic picture on availability of aggregate resources, the funds directly transferred to State implementing agencies are presented in **Table 1.2**.

Table 1.2: Funds transferred directly to State Implementing Agencies

(Rupees in crore)

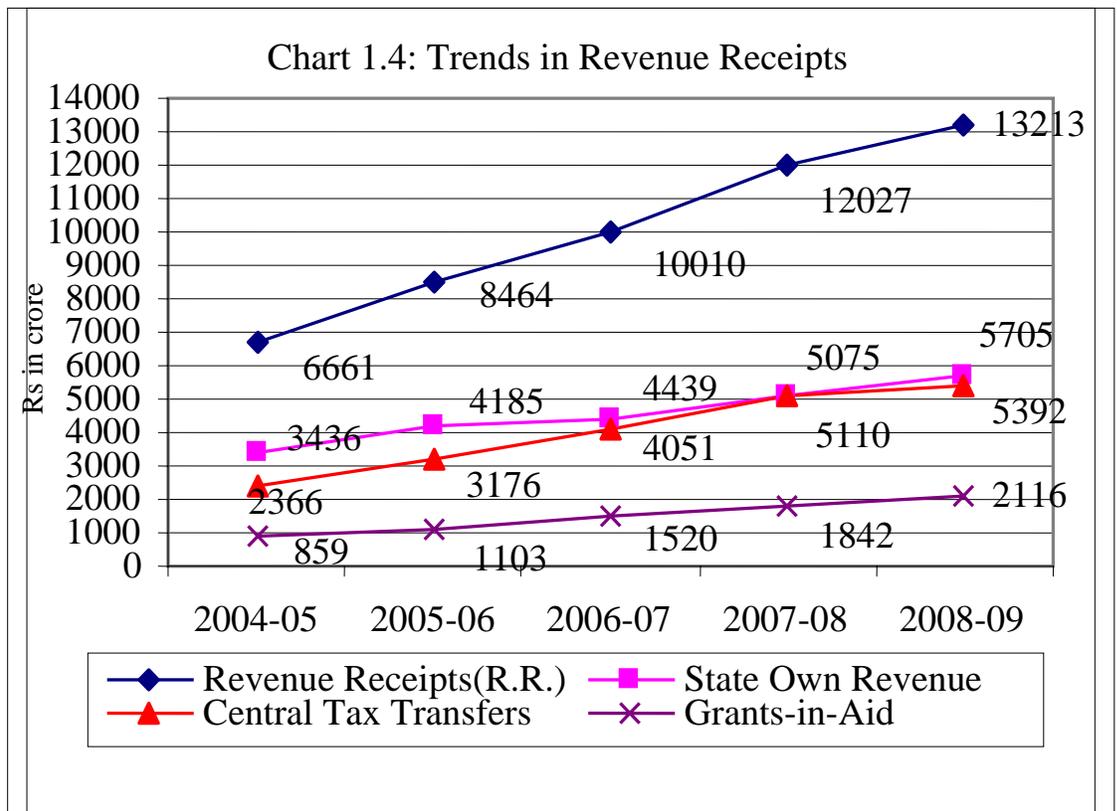
Programme/scheme (indicate Centre: State share)	Implementing agency in the State	2008-09
National Rural Employment Guarantee Act, Swarnjayanty Gram Swarojgar Yojana Indira Awas Yojana (New construction), Indira Awas Yojana (Upgradation), District Rural Development Agency (Administration)	District Rural Development Agency	256.92
Member of Parliament Local Area Development	District Magistrates	10.50
Sarva Shiksha Abhiyan	Jharkhand Education Project Council	541.55
National Rural Health Mission	(i) Jharkhand Rural Health Mission Society, Leprosy Control Society, TB Control Society and Blind Control Society; (ii) Jharkhand States, AIDS Control Society,	135.55
Schemes implanted by NGOs and other societies	NGOs and other Societies	234.99
Total		1179.51
<i>Source: Controller General of Accounts, Government of India. However, the data was not reconciled with the figures of implementing agencies.</i>		

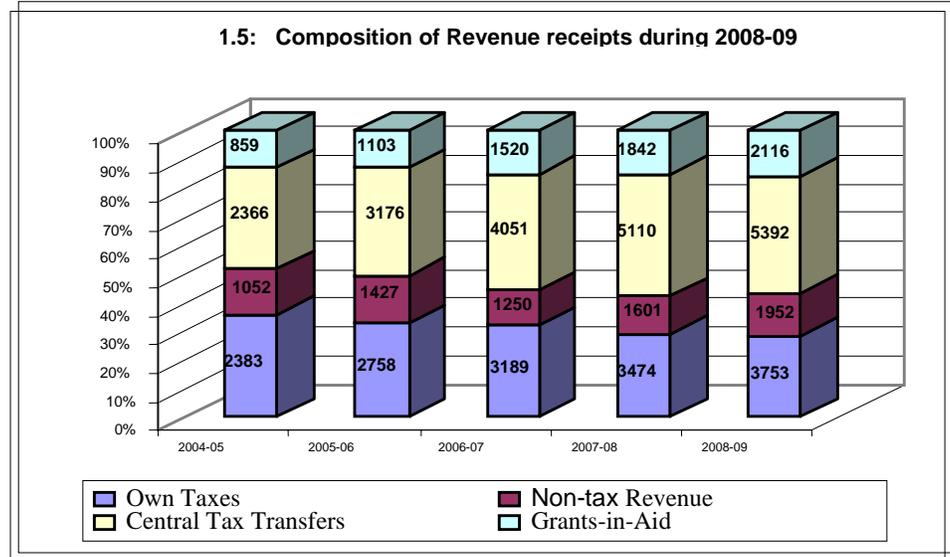
¹ State implementing agency includes any organization/Institution including non-Governmental organizations which is authorized by the State Government to receive funds from the Government of India for implementing specific programmes in the State, e.g. State Implementation Society for SSA, State Health Mission for NRHM etc.

Out of Rs 1179.51 crore transferred directly to State implementing agencies to execute specific Central programmes in the State, a major amount of Rs 541.55 was transferred to the Jharkhand Education Project Council. Direct transfer of funds from the Union to State implementing agencies run the risk of improper utilisation of funds by these agencies. Unless uniform accounting policies are followed by all these agencies with proper documentation and timely reporting of expenditure, it would be difficult to monitor the end use of these direct transfers.

1.3 Revenue Receipts

Statement-11 of the Finance Accounts details the revenue receipts of the Government. The revenue receipts consist of its own tax and non-tax revenues, Central tax transfers and grants-in-aid from GOI. The trends and composition of revenue receipts over the period 2004-09 are presented in **Appendix 1.3** and also depicted in **Charts 1.4** and **1.5** respectively.





- The revenue receipts of the State steadily increased by 98 per cent from Rs 6661 crore in 2004-05 to Rs 13213 crore in 2008-09. However, the share of the State's own resources to total revenue receipts steadily declined from 52 per cent in 2004-05 to 28 per cent in 2008-09. On the other hand, the share of both Central tax transfers and grants-in-aid showed an increasing trend during 2004-09. While on an average around 43 per cent of the revenue in 2008-09 came from the State's own resources, Central tax transfers and grants-in-aid together contributed about 57 per cent of the total revenues.
- During the year the total receipts comprised the States' own tax revenue: Rs 3753 crore (28 per cent), non-tax revenue: Rs 1952 crore (15 per cent), central tax transfer: Rs 5392 crore (41 per cent) and grants-in-aid: Rs 2116 crore (16 per cent) with a growth rate of eight per cent, 22 per cent, six per cent and 15 per cent respectively over the previous year.
- The growth rate of non-tax revenue, Central taxes and grants-in-aid declined by six per cent, 20 per cent and six per cent respectively over the previous year.
- The State also received debt relief of Rs 131.91 crore (Rs 81.01 crore as interest relief and Rs 50.90 crore as principal amount), during the year due to enactment of the FRBM Act. The State's own revenue-GSDP percentage was 7.53 per cent against Mid Term Fiscal Policy (MTFP) target of 11.58 per cent for the year 2008-09.

The trends of revenue receipts relative to GSDP are presented in **Table 1.3**.

Table 1.3: Trends in Revenue Receipts relative to GSDP

	2004-05	2005-06	2006-07	2007-08	2008-09
Revenue Receipts (RR) (Rupees in crore)	6661	8464	10010	12027	13213
Rate of growth of RR (<i>Per cent</i>)	18.1	27.1	18.3	20.1	9.9
R R/GSDP (<i>Per cent</i>)	13.0	15.4	15.8	17.4	17.5
Buoyancy Ratios²					
Revenue Buoyancy w.r.t GSDP	0.87	3.93	1.20	2.12	1.06
State's Own Tax Buoyancy w.r.t GSDP	0.96	2.26	1.03	0.94	0.86
Revenue Buoyancy with reference to State's own taxes	0.91	1.73	1.17	2.26	1.24

- The growth rate of revenue receipts decreased significantly from 27.1 *per cent* in 2005-06 to 9.9 *per cent* 2008-09. However, it improved slightly during 2007-08 (20.1 *per cent*) against 18.3 *per cent* in 2006-07.
- The revenue receipts increased from Rs 12027 crore in 2007-08 to Rs 13213 crore in 2008-09 but their growth rate decreased from 20 *per cent* to 10 *per cent* respectively.
- Revenue buoyancy with respect to GSDP showed wide fluctuations between 0.87 and 3.93 during 2004-09. In 2004-05, it was at its lowest point i.e. 0.87, due to less collection of non-tax revenue and high growth of GSDP (20.9 *per cent*). In 2005-06, it was exceptionally high (3.93 *per cent*) due to the high growth of non-tax revenue (36 *per cent*) and low growth rate of GSDP (6.9 *per cent*). In 2008-09, it decreased to 1.06 against 2.12 in 2007-08 due to low growth of revenue receipts.
- The State's own tax buoyancies showed wide variations between 0.86 to 2.26 during 2004-09 due to wide fluctuation in the growth rate of both GSDP and its own tax revenue.
- GSDP of the State recorded wide variation from 6.9 *per cent* to 20.9 *per cent* during 2004-09. Its growth rate decreased significantly from 15.2 *per cent* in 2006-07 to 9.5 *per cent* in 2007-08 and 9.3 *per cent* in 2008-09.

1.3.1 State's Own Resources

As the State's share in Central taxes and grants-in-aid are determined on the basis of recommendations of the Finance Commission, collection of central tax receipts and Central assistance for Plan schemes etc., the State's performance in mobilisation of additional resources should be

² Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy at 0.6 implies that revenue receipts tend to increase by 0.6 percentage points, if the GSDP increases by one *per cent*.

assessed in terms of its own resources comprising revenue from its own tax and non-tax sources.

Tax Revenue

The tax revenue of the State increased from Rs 2383 crore in 2004-05 to Rs 3753 crore in 2008-09. Of the total tax revenue in 2008-09, sales tax contributed 80 *per cent* followed by Sate excise (5.5 *per cent*), taxes on vehicles (5.4 *per cent*), stamp duty and registration (five *per cent*) and other taxes (2.8 *per cent*).

During 2008-09, the growth rate of all the tax revenue components was very low in comparison to the growth rate of collection charges against these services except the growth rate of collection of taxes on vehicles (48 *per cent*) which was slightly higher than the growth rate of its cost of collection (40 *per cent*). The tax revenue, though, recorded continuous increase during 2004-09. Its growth rate decreased from 20 *per cent* in 2004-05 to eight *per cent* in 2008-09 which was indicative of the fact that the implementation of VAT from April 2006 had no impact in the State on collection of own tax revenue.

Non-tax Revenue

The share of non-tax revenue constituted 12 to 17 *per cent* of total revenue receipts during 2004-09. It, however, increased in 2008-09 by Rs 351 crore (22 *per cent*) over the previous year, mainly due to increase in receipts from Non-Ferrous Mining and Metallurgical Industries (Rs 300 crore), Miscellaneous General Services (Rs 112.87 crore), Interest receipts (Rs 22.39 crore), and Crop Husbandry (Rs 60.12 crore).

1.3.2 Loss of Grants-in-aid due to non-fulfillment of NPRE levels

Specific grants amounting to Rs 70.78 crore and Rs 39.78 crore for the education and health sectors respectively were included in total grants-in-aid transferred to the State during the year, which were below the amounts of Rs 141.56 crore and Rs 79.55 crore respectively, recommended by TFC for the year respectively. The precondition for release of grants-in-aid to these sectors was that budget estimates under Non Plan Revenue Expenditure (NPRE) should not be less than the projected 'total NPRE' for 2008-09 and the actuals of 2006-07 for NPRE under the relevant heads should not be less than the total of normal expenditure as prescribed by TFC plus actual release of grants for 2006-07. As there was a shortfall in the actual NPRE of 2006-07 for the education and health sectors by Rs 71.27 crore and Rs 48.01 crore respectively, the State received grants during 2008-09 which were lesser than what was recommended by TFC for the State for the current year.

1.3.3 Loss of revenue due to evasion of taxes, write off/waivers and refunds

During 2008-09, the Government accepted 24829 cases amounting to Rs 603.73 crore of under-assessment/losses etc pointed out by Audit in respect of different departments. This amount accounted for 4.57 *per cent* of the total revenue receipts during the year. Out of Rs 603.73 crore,

Rs 338.08 crore related to the Land Reforms Department and Rs 131.51 crore to the Sales Tax Department. Further, there were 55 cases of tax evasion detected by the Commercial Tax Department and the State Excise Department, of which assessments/investigations in had been completed in any case and additional demands, including penalty had not been raised till the end of March 2009.

1.3.4 Revenue Arrears

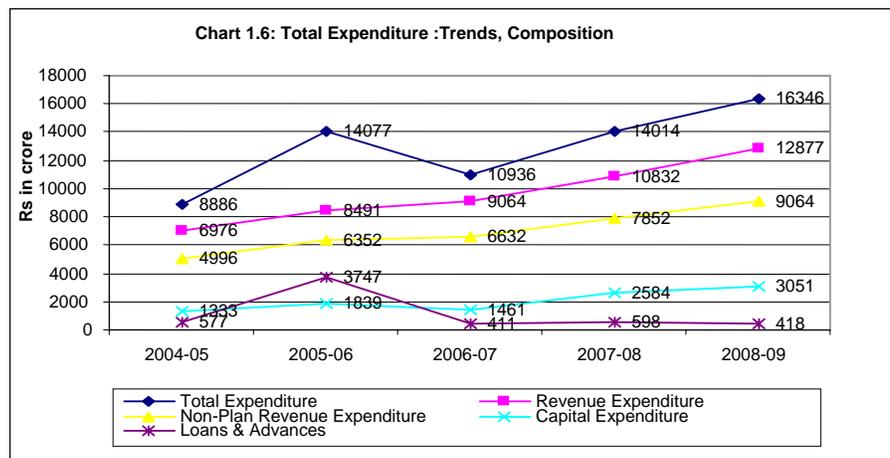
As on 31 March 2009, revenue arrears amounted to Rs 2069 crore. The percentage of these arrears as on 31 March 2009 to the State's own resources was 36 as against 35 at the end of 2007-08. The major portion of the revenue arrears related to the Finance (Commercial Taxes) Department (Rs 1737.21 crore), Mining and Geology Department (Rs 298.35 crore) and the Excise and Prohibition Department (Rs 29.39 crore). Out of the total arrears of these departments, recovery proceedings for Rs 1110.21 crore were stayed by judicial authorities whereas arrears of Rs.369.29 crore were certified for recovery.

1.4 Application of resources

Analysis of the allocation of expenditure at the State Government level assumes significance since major expenditure responsibilities are entrusted with them. Within the framework of fiscal responsibility legislations, there are budgetary constraints in raising public expenditure financed by deficit or borrowings. It is, therefore important to ensure that the ongoing fiscal correction and consolidation process at the State level is not at the cost of expenditure, especially expenditure directed towards development and social sectors.

1.4.1 Growth and composition of expenditure

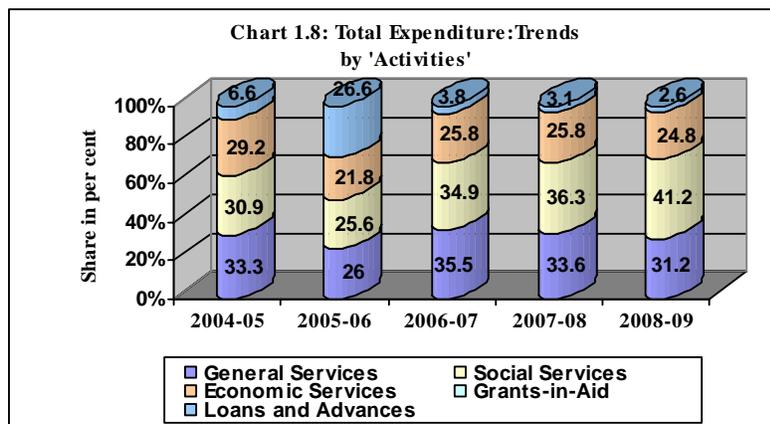
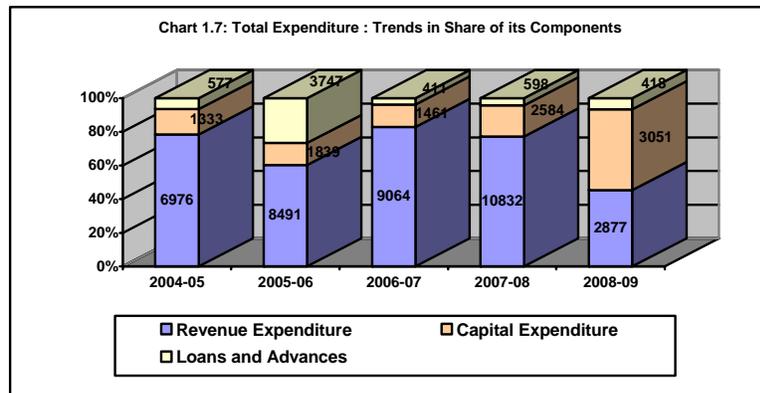
Chart 1.6 presents the trends in total expenditure during 2004-05 to 2008-09. Its composition both in terms of 'economic classification' and 'expenditure by activities' is depicted respectively in **Charts 1.7 and 1.8**, respectively.



- The total expenditure of the State increased from Rs 8886 crore in 2004-05 to Rs 16346 crore in 2008-09. During 2008-09 the revenue expenditure increased by Rs 2045 crore (19 per cent) and the

capital expenditure by Rs 467 crore (18 per cent) over previous year. However, this was partly offset by a decrease in loans and advances by Rs 180 crore (30 per cent). The decrease in loans and advances was due to decrease in loans to power projects by Rs 185.22 crore, mainly on account of non-payment of interest on power bonds in 2008-09.

- The trend in total expenditure in the form of Plan and Non-Plan expenditure during 2008-09 reveal that Non-Plan expenditure and Plan expenditure constituted 57 and 43 per cent respectively as against 58 per cent and 42 per cent respectively in 2007-08. Moreover, of the increase of Rs 2332 crore in total expenditure, Plan expenditure constituted 48 per cent (Rs 1110 crore) while Non-Plan expenditure contributed 52 per cent (Rs 1222 crore). The percentage of NPRE to the total expenditure oscillated between 45 and 60 during 2004-09. However, it remained constant (56 per cent) during 2007-08 and 2008-09.



- Revenue expenditure accounted for 79 per cent of the total expenditure during 2008-09.
- Revenue expenditure increased consistently from Rs 6976 crore in 2004-05 to Rs 12877 crore in 2008-09.
- Plan expenditure constituted 53 per cent of the total revenue expenditure while the rate of growth of NPRE increased from 4.4 per cent in 2006-07 to 18.4 per cent in 2007-08 over the previous year which again decreased to 15.4 per cent in 2008-09.

- Capital expenditure consumed 13 to 19 *per cent* of the total expenditure during 2004-09. Though the percentage of capital expenditure to the total expenditure remained equal during 2007-08 and 2008-09, it increased by Rs 467 crore over the previous year, mainly due to increase in expenditure on water supply and sanitation by Rs. 423 crore; on transport by Rs. 242 crore; on education, sports, art and culture by Rs 136 crore; on health and family welfare by Rs 82 crore. However, it was partly offset by a decrease in the expenditure on irrigation and flood control by Rs 461 crore.
- Loans and advances accounted for three to 27 *per cent* of the total expenditure during 2004-09. It decreased from Rs 597.66 crore in 2007-08 to Rs 418.19 crore in 2008-09, mainly due to decrease in loans to power projects by Rs 185.22 crore during the current year.
- During 2004-09 General Services accounted for between 26 and 36 *per cent*, Social Services accounted for between 26 and 41 *per cent* and Economic Services accounted for between 22 and 26 *per cent* of the total expenditure. Expenditure on General Services was almost at par with the expenditure on Social Services whereas it is much higher than the expenditure on economic services. This was indicative of more expenditure on non-developmental/less productive services.

1.4.2 Committed expenditure

The committed expenditure of the State Government on the revenue account mainly consists of interest payments, expenditure on salaries and wages, pensions and subsidies. **Table 1.4** and **Chart 1.9** present the trends in the expenditure on these components during 2004-09.

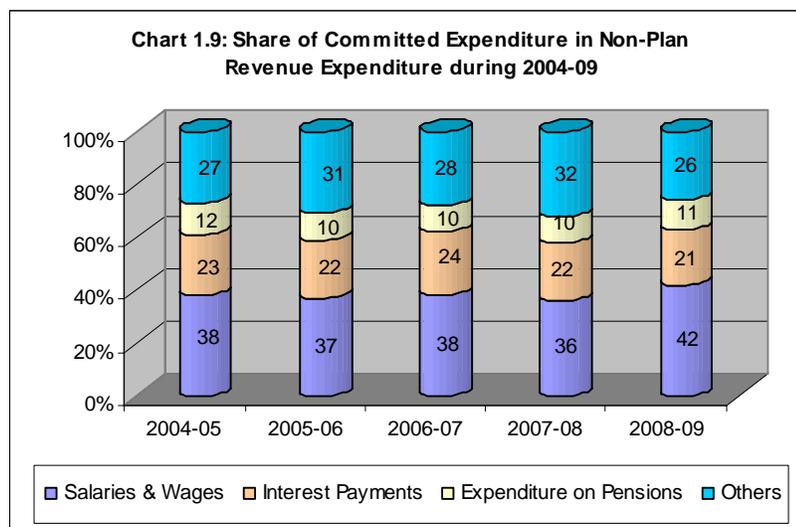
Table 1.4: Components of Committed Expenditure

(Rupees in crore)

Components of Committed Expenditure	2004-05	2005-06	2006-07	2007-08	2008-09	
					BE#	Actuals
Salaries* & Wages , Of which	2179 (33)	2547 (30)	2744 (27)	2985 (25)	4375	3948 (30)
Non-Plan Head	1910 (29)	2326 (27)	2518 (25)	2802 (23)	3222	3801 (29)
Plan Head**	269 (4)	221 (3)	226 (2)	183 (2)	1153	147 (1)
Interest Payments	1141 (17)	1420 (17)	1613 (16)	1758 (15)	2137	1887 (14)
Expenditure on Pensions	620 (9)	657 (8)	679 (7)	818 (7)	714	988 (7)
Subsidies	424 (6)	469 (6)	211 (2)	77 (1)	-	37 (0.3)
Other Components	-	-	-	-	-	-
Total	4364(66)	5093(60)	5247 (52)	5638 (47)	7226	6860(52)

Figures in parentheses indicate percentage of Revenue Receipts
 * It also includes salaries paid out of grants-in-aid.
 **Plan Head also includes the salaries and wages paid under Centrally Sponsored Schemes.
 # B.E. are gross figures while the actuals are net figures.

(Source: Finance Accounts of Government of Jharkhand)



- The expenditure on salaries and wages constituted 28 to 31 *per cent* of revenue expenditure and 25 to 30 *per cent* of revenue receipts during 2005-09. Salary expenditure (Rs 3948 crore) alone accounted for 30 *per cent* of revenue expenditure during 2008-09 which was within the limits of TFC norms (28 *per cent*).
- The salary expenditure under the Non-Plan head during 2008-09 was in excess by Rs 579 crore against the budget provisions, whereas, expenditure under the Plan head was only Rs 147 crore against the budget provision of Rs 1153 crore during the year.
- Expenditure on salaries under the Non-Plan heads during 2008-09 increased by Rs 998 crore (36 *per cent*) over the previous year, whereas the salary expenditure under Plan heads decreased by Rs 35 crore (19 *per cent*) over the previous year. Payment of arrears of pay after Sixth Pay Commission's Report was given as the main reason behind the significant increase.
- Expenditure on salaries under the Non-Plan heads as a percentage of Non-Plan Revenue Expenditure net of interest payment and pension amounts increased sharply from 53 *per cent* in 2007-08 to 61 *per cent* in 2008-09, which was nearly double the TFC norm of 35 *per cent* for the period.
- The expenditure on pensions increased by 59 *per cent* from Rs 620 crore in 2004-05 to Rs 988 crore in 2008-09.
- Pension payments increased by 21 *per cent* during 2008-09 over the previous year against TFC norms of 10 *per cent*. With the increase in the number of pensioners, the pension liabilities are likely to increase in future.
- Though interest payments increased by Rs 129 crore (seven *per cent*) during 2008-09 over the previous year, as a percentage of revenue receipts they decreased from 15 *per cent* in 2007-08 to 14 *per cent* in 2008-09.
- The State considerably curtailed unproductive expenditure on

subsidies from Rs 469.19 crore in 2005-06 to Rs 37 crore in 2008-09, as reflected in the FCP. Subsidy of Rs 469.19 crore, Rs 211.35 crore and Rs 77.27 crore was given only to the power sector during 2005-06, 2006-07 and 2007-08 respectively. In 2008-09, subsidy of Rs 36.58 crore and Rs 0.07 crore was given for agriculture and allied activities and industries and minerals respectively. No subsidy was given either to power sector or for food during 2008-09.

1.4.3 Financial Assistance by State Government to local bodies and other institutions

The quantum of assistance provided by way of grants and loans to local bodies and others during the current year relative to the previous years is presented in **Table 1.5**.

Table 1.5: Financial Assistance to Local Bodies etc.

Financial Assistance to Institutions	2004-05	2005-06	2006-07	2007-08	2008-09	
					BE*	Actual
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	222.41	363.95	419.59	402.16	704.50	616.38(87)
Municipal Corporations and Municipalities	48.83	77.28	109.58	146.07	54.19	50.90(94)
Zilla Parishads and Other Panchayati Raj Institutions	8.83	93.09	151.27	79.43	367.90	340.54(93)
Development Agencies	639.68	551.39	422.54	142.45	653.25	469.72(72)
Other Institutions (To be specified)	38.16	69.79	528.20	496.01	780.09	566.39(73)
Total	957.91	1155.50	1631.18	1266.12	2559.93	2043.93(80)
Assistance as percentage of RE	14	14	18	12	12	16

(Rupees in crore)

Figures in bracket are percentages of actuals with respect to budget estimates.
*** Budget estimates are gross figures while actual figures are net figures.**

(Source: Finance Accounts of Government of Jharkhand)

Financial assistance to local bodies increased steadily from Rs 957.91 crore in 2004-05 to Rs 2043.93 crore in 2008-09. Increase in financial assistance in 2008-09 was mainly due to increase in assistance to developmental agencies by Rs 327.27 crore, Zila Parishads and panchayati raj institutions by Rs 261.11 crore and educational institutions by Rs 214.22 crore. However, it was partly offset by decrease in assistance to municipal corporations by Rs 95.17 crore.

1.5 Quality of Expenditure

The availability of better social and physical infrastructure in the State generally reflects the quality of its expenditure. The improvement in the quality of expenditure basically involves three aspects, viz., adequacy of the expenditure (*i.e.* adequate provisions for providing public services); efficiency of expenditure use and its effectiveness (assessment of outlay-outcome relationship for select services).

1.5.1 Adequacy of Public Expenditure

The expenditure responsibilities relating to the social sector and the economic infrastructure assigned to the State Government are largely State

subjects. Thus, in order to enhance social development levels in the States, it is essential to increase expenditure on key social services like education, health etc. The low level of spending on any sector by a particular State may be either due to the low fiscal priority attached by the State Government or on account of the low fiscal capacity of the State Government or due to both working together. Low fiscal priority (ratio of expenditure category to aggregate expenditure) is attached to a particular sector if it is below the respective national average while low fiscal capacity would be reflected if the State's per capita expenditure is below the respective national average even after having a fiscal priority that is more than or equal to the national average. **Table 1.6** analyses the fiscal priority and fiscal capacity of the State Government with regard to development expenditure, social sector expenditure and capital expenditure during the current year.

Table 1.6: Fiscal Priority and Fiscal capacity of the State in 2005-06 and 2008-09

Fiscal Priority by the State	AE/GSDP	DE/AE	SSE/AE	CE/AE
All States/National Average* (Ratio) 2005-06	19.50	61.44	30.41	14.13
Jharkhand's Average (Ratio) 2005-06	29.88	74.04	25.62	13.06
All States/National Average* (Ratio) 2008-09	19.16	67.68	33.90	16.87
Jharkhand Average (Ratio)* 2008-09	21.59	68.54	41.23	18.67
Fiscal Capacity of the State	DE#	SSE	CE	
All States Average Per capita Expenditure 2005-06	3010	1490	692	
Jharkhand's per Capita expenditure (Amount in Rs) in 2005-06	3533	1223	623	
Adjusted per Capita** Expenditure (Amount in Rs) in 2005-06	NR	1451	674	
All States' Average per capita expenditure 2008-09	5030	2520	1254	
Jharkhand's Per Capita Expenditure (Amount in Rs) in 2008-09	3686	2217	1004	
Adjusted Per Capita** Expenditure (Amount in Rs) in 2008-09	NR	NR	NR	
* As per cent of GSDP ** Calculated as per the methodology explained in the Appendix 1.2 AE: Aggregate Expenditure DE: Development Expenditure SSE: Social Sector Expenditure CE: Capital Expenditure. Population of Jharkhand 2.95 crore in 2005-06 and 3.04 crore. in 2008-09. # Development expenditure includes Development Revenue Expenditure, Development Capital expenditure and Loans and Advances disbursed. Source : (1) For GSDP, the information was collected from the State's Directorate of Economics and Statistics (2) Population figures were taken from Projection 2001-2026 of the Registrar General & Census Commissioner, India (Website: http://www.censusindia.gov.in) Population = Average of Projected population for 2005 and 2006. NR = No adjustment required since the State is giving adequate fiscal priority. Data for Arunachal Pradesh has been included in the All States average .				

(Source: Finance Accounts of Government of Jharkhand)

In **Table 1.6**, we are comparing fiscal priority given to various categories of expenditure and the fiscal capacity of the State in 2005-06 (the first year of the award period of TFC) and in the current year i.e. 2008-09.

Fiscal Priority

In 2005-06, adequate fiscal priority to Aggregate Expenditure (AE) and Development Expenditure (DE) was given by the State since, AE/GSDP and DE/AE in the case of Jharkhand was higher than the national average while priority given to Social Sector Expenditure (SSE) and Capital Expenditure (CE) was not adequate, as the SSE/AE (25.62 per cent) and CE/AE (13.06 per cent) were lower than the national average of 30.41 per

cent and 14.13 per cent respectively. In 2008-09, adequate priority for all categories of expenditure was given by the State as the AE/GSDP, DE/AE, SSE/AE and CE/AE were more than the national average.

Fiscal Capacity

In 2005-06, per capita expenditure of DE (Rs 3533) was higher than the national average of Rs 3010. The per capita SSE and CE were Rs 1223 and Rs 623 against national average of Rs 1490 and Rs 692 respectively. Had the Government spent as much on SSE and CE as the national average, the adjusted per capita expenditure on SSE and CE would have been higher at Rs 1451 and Rs 674 respectively (calculated as per the methodology given in **Appendix 1.2**). However, even then, the adjusted per capita expenditure on SSE and CE was lower than the national averages, indicating a need for greater priority as well as more effective implementation of expenditure on the social sector and in the creation of capital assets.

In 2008-09, the per capita expenditure on DE, SSE and CE of Jharkhand were less than the national average. However, significant increases were recorded in per capita SSE and CE in comparison to the expenditure on these services in 2005-06. The per capita expenditure in these two categories was closer to the national average in 2008-09 than what it was in 2005-06. In the case of per capita DE, however, the improvement over the years was marginal. Since the State was giving adequate priority to all categories of expenditure in 2008-09, it is not the lack of financial priority but the low absorptive capacity³ in Jharkhand that seems to be a matter of concern.

1.5.2 Efficiency of expenditure use

In view of the importance of public expenditure on development heads from the point of view of social and economic development, it is important for the State Governments to take appropriate expenditure rationalization measures and lay emphasis on provision of core public and merit goods⁴. Apart from improving the allocation towards development expenditure⁵, particularly in view of the fiscal space being created on account of the decline in debt servicing in the recent years, the efficiency of expenditure use is also reflected by the ratio of capital expenditure to total expenditure (and/or GSDP) and the proportion of revenue expenditure being spent on operation and maintenance of the existing Social and Economic Services.

³ Absorptive capacity refers to the State's ability to implement a developmental scheme in such a way that with given resources, there is maximum benefit to the people. This is usually achieved when the designs of schemes are well planned with a careful risk mitigation strategy in place, administrative costs are low, operation, maintenance, monitoring and control mechanisms are in place etc., so that it is possible to effectively achieve targeted outcomes.

⁴ *Core public goods* are which all citizens enjoy in common in the sense that each individual's consumption of such a good leads to no subtractions from any other individual's consumption of that good, e.g. enforcement of law and order, security and protection of our rights; pollution free air and other environmental goods and road infrastructure etc. *Merit goods* are commodities that the public sector provides free or at subsidized rates because an individual or society should have them on the basis of some concept of need, rather than ability and willingness to pay the government and therefore wishes to encourage their consumption. Examples of such goods include the provision of free or subsidized food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation etc.

⁵ *The analysis of expenditure data is disaggregated into development and non development expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances is categorized into social services, economic services and general services. Broadly, the social and economic services constitute development expenditure, while expenditure on General Services is treated as non-development expenditure.*

The higher the ratio of these components to total expenditure (and/or GSDP), the better would be the quality of expenditure. While **Table 1.7** presents the trends in development expenditure relative to the aggregate expenditure of the State during the current year vis-à-vis budgeted amounts and expenditure during the previous years, **Table 1.8** provides the details of capital expenditure and the components of revenue expenditure incurred on the maintenance of selected Social and Economic services.

Table 1.7: Development expenditure

Components of Development Expenditure	2004-05	2005-06	2006-07	2007-08	(Rupees in crore)	
					2008-09	
					BE*	Actuals
Development Expenditure (a to c)						
a. Development Revenue Expenditure	4033 (42)	4913 (34)	5252 (46)	6224 (42)	8820	7918 (46)
b. Development Capital Expenditure	1313 (14)	1763 (12)	1389 (12)	2476 (17)	3714	2875 (17)
c. Development Loans and Advances	566 (6)	3731 (26)	397 (3)	586 (4)	515	411 (2)
Figures in parentheses indicate percentage to aggregate expenditure						
* Budget estimates are gross figures while actuals are net figures.						

(Source: Finance Accounts of Government of Jharkhand)

The DE of the State comprised revenue and capital expenditure including loans and advances on socio-economic services. Development revenue expenditure constituted the major share of this expenditure and ranged between 42 and 46 *per cent* of AE, except in 2005-06 (34 *per cent*). Capital expenditure had a lesser share and ranged from only 12 to 17 *per cent* of the AE of the State during 2004-09. The loans and advances by the State ranged from two to six *per cent* of AE except in 2005-06 (26 *per cent*). As a percentage of AE, the revenue expenditure during 2005-06 decreased from 42 *per cent* to 34 *per cent* over the previous year due to higher percentage of disbursement of loans and advances to the Jharkhand Electricity Board for making repayments of outstanding interest against bonds issued by the Board. The growth rate of developmental revenue expenditure increased from 18 *per cent* in 2007-08 to 27 *per cent* in 2008-09, whereas, the growth rate of developmental capital expenditure and developmental loans and advances decreased from 78 and 48 *per cent* to 16 *per cent* and 30 *per cent* respectively in 2008-09. Moreover, as depicted in the above table, all the above mentioned expenditure was much below the budgeted amounts.

Table 1.8 –Efficiency of Expenditure Use in Selected Social and Economic Services

Social/Economic Infrastructure	2007-08			2008-09		
	Ratio of CE to TE	In RE, the share of		Ratio of CE to TE	In RE, the share of	
		S & W	O&M*		S & W	O & M
Social Services (SS)						
General Education	1.18	44.80	-	1.28	46.98	00
Health and Family Welfare	25.43	58.67	-	27.56	49.38	0.06
WS, Sanitation, & HUD	57.55	21.40	-	69.68	28.86	7.53
Total (SS)	16.35	32.35	-	20.10	33.70	0.47
Economic Services (ES)						
Agri. & Allied Activities	1.17	47.51	-	1.93	47.46	0.14
Irrigation and Flood Control	81.17	93.72	-	52.12	93.73	2.18
Power & Energy	-	-	-	-	-	00
Transport	52.78	18.86	-	62.23	18.87	11.34

Total (ES)	45.52	31.03	-	37.51	31.02	1.72
Total (SS+ES)	28.45	32.21	-	26.63	32.84	0.87
TE: Total Expenditure of that sector; CE: Capital Expenditure; RE: Revenue Expenditure; S&W: Salaries and Wages; O&M: Operations & Maintenance *.						
* As per Finance Accounts it represents actual expenditure booked under detailed head -05- Maintenance and Repairs..						

(Source: Finance Accounts of Government of Jharkhand)

Expenditure on Social Services

- Expenditure on Social Services increased steadily by 145 *per cent* from Rs 2750 crore in 2004-05 to Rs 6740 crore in 2008-09, ranging between 26 and 41 *per cent* of the total expenditure during 2004-09.
- During 2008-09, the expenditure on Social Services increased by 32 *per cent* (Rs 1651 crore) over the previous year. Increase in expenditure of Rs 1651 crore on Social Services during 2008-09 was shared by an increase of Rs 983 crore under the education sector, Rs 258 crore under the health sector and Rs 311 crore under water supply and sanitation.
- Out of the total expenditure on Social Services during 2004-09, 50 to 52 *per cent* was incurred on education, sports, arts and culture, 10 to 16 *per cent* on health and family welfare and 10 to 15 *per cent* on water supply and sanitation, housing and urban development.

Expenditure on Economic Services

- The expenditure on Economic Services increased by 56 *per cent* from Rs 2597 crore in 2004-05 to Rs 4053 crore in 2008-09, ranging between 22 *per cent* and 29 *per cent* of the total expenditure in 2004-09. It constituted 38 *per cent* of the developmental expenditure during 2008-09.
- Out of the total expenditure on Economic Services the percentage of expenditure on agriculture and allied activities was the same at 16 *per cent* during 2007-08 and 2008-09, whereas, the expenditure on other Economic Services increased significantly from 40 *per cent* in 2007-08 to 46 *per cent* in 2008-09.
- Expenditure on irrigation and flood control, energy and power and transport decreased during 2008-09 to 11 *per cent*, five *per cent* and eight *per cent* respectively.
- The percentage of sector-wise capital expenditure to sector-wise total expenditure on Social Services increased during 2008-09 over the previous year, whereas, in different sectors of Economic Services, it decreased except on transport, which recorded an increase of 9.45 *per cent* in 2008-09 over the previous year.
- The salary component in Revenue Expenditure in different sectors of Social and Economic Services remained almost the same during 2007-08 and 2008-09.
- During 2008-09, the State Government spent only Rs 65.75 crore under the revenue account under the detailed head- "05-Maintenance and Repairs to maintain public assets". The corpus of assets, being maintained with Rs 65.75 crore is large and the limited allocation of funds may not suffice to keep the assets in good state of repair.

1.6 Financial analysis of Government expenditure and investments

In the post-FRBM framework, the State is expected to keep its fiscal deficit (and borrowings) not only at low levels but also meet its capital expenditure/investment (including loans and advances) requirements. In addition, in a transition to complete dependence on market-based resources, the State Government needs to initiate measures to earn adequate returns on its investments and recover its cost of borrowed funds rather than bearing the same on its budget in the form of implicit subsidies and take requisite steps to infuse transparency in financial operations. This section presents the broad financial analysis of investments and other capital expenditure undertaken by the Government during the current year *vis-à-vis* the previous years.

1.6.1 Incomplete projects

Department-wise information pertaining to incomplete projects as on 31 March 2009 is given in **Table 1.9**.

Table 1.9: Department-wise Profile of Incomplete Projects.

(Rupees in crore)

Department	No. of Incomplete Projects	Initial Budgeted Cost	Revised Total Cost of Projects*	Cost Over Runs	Cumulative actual expenditure as on 31.3.2009
Road Construction Department	42	16848	-	-	11354
Drinking Water and Sanitation Department	6	3280	-	-	2063
Irrigation	24	37177	43167	-	23765
Total	72	57305	4369	--	37182

* Indicates the Revised total cost of the projects as per the last revision by the State Government.

(Source: Finance Accounts of Government of Jharkhand)

- The 72 incomplete projects pertain to the Road Construction Department (42), Public Health and Engineering Department (6) and the Irrigation Department (24).
- Target dates of completion of the incomplete projects given in the **Table 1.9** were from December 2003 to December 2008, whereas the completion dates of most of the projects of Irrigation Department were extended up to 2008-09 and 2009-10.
- The total investment in 72 projects as on 31.03.2009 amounted to Rs 37182 crore against the estimated cost of Rs 57305 crore of which Rs 23765 crore was invested in 24 projects under the Irrigation Department.

1.6.2 Investment and returns

As of 31 March 2009, the Government had invested Rs 112.47 crore in nine Government companies (Rs 38.77 crore) and 14 co-operatives, banks and societies (Rs 73.70 crore) since the inception of the new State (**Table 1.10**). The average return on this investment was reported to be 'nil' in the last three years while the Government paid an average interest rate of 7.70 per cent on its borrowings during 2007-2009.

Table 1.10: Return on investment

Investment/Return/Cost of Borrowings	2004-05	2005-06	2006-07	2007-08	2008-09
Investment at the end of the year (Rs in crore)	18.05	25.05	28.70	98.96	112.47
Return (Rs in crore)	1.00	Nil	Nil	Nil	Nil
Return (per cent)	6.00	Nil	Nil	Nil	Nil
Average rate of interest on Govt. borrowing (per cent)	6.56	7.55	8.20	7.97	7.42
Difference between interest rate and return (per cent)	0.56	7.55	8.20	7.97	7.42

(Source: Finance Accounts of Government of Jharkhand)

An investment of Rs 13.51 crore (12 per cent) was made during 2008-09 mainly in the Lac Production and Marketing Union (Rs 2.00 crore), South Chotanagpur Tribal Co-operative Fruits and Vegetable Development Union (Rs 2.00 crore), the Forest Produce Marketing and Development Co-operative Union (Rs 2.00 crore) and the Integrated Child Development Programme, financed by National Co-operative Development Corporation (Rs 4.50 crore). In the absence of up to date accounts of major companies, it is difficult to make comments/observations on their financial position especially regarding their accumulated losses. Investments in these institutions as well as statutory corporations and joint stock companies up to 14 November 2000 by the composite Bihar State have not been apportioned between the successor States of Bihar and Jharkhand.

1.6.3 Departmental Commercial Undertakings

Activities of quasi-commercial nature are performed by departmental undertakings of certain Government departments. These undertakings are required to prepare annual proforma accounts showing the results of financial operations so that Government can assess the results of their working.

There were 29 such units under various departments viz. Agriculture (19), Forest (6), Animal Husbandry (1), Health (1) and Finance (1) in the State which were required to prepare proforma accounts annually. However, no information regarding preparation of proforma accounts by these units was made available as of September 2009. Audit of eight concerned units, conducted during 2000-07, also revealed that they had not prepared any proforma accounts since their inception.

1.6.4 Loans and advances by State Government

In addition to investments in co-operative societies, corporations and companies, the Government has also been providing loans and advances to many of these institutions/ organisations. **Table 1.11** presents the outstanding loans and advances as on 31 March 2009, and interest receipts vis-à-vis interest payments during the last three years.

Table 1.11: Average Interest Received on Loans Advanced by the State Government.

	(Rupees in crore)			
Quantum of Loans/Interest Receipts/ Cost of Borrowings	2005-06	2006-07	2007-08	2008-09

Opening Balance	1330	5067	5462	6016
Amount advanced during the year	3747	411	598	418
Amount repaid during the year	10	16	44	19
Closing Balance	5067	5462	6016	6415
<i>Of which</i> Outstanding balance for which terms and conditions have been settled				
Net addition	3737	395	553	399
Interest Receipts	71	38	87	110
Interest Receipts as a percentage of outstanding Loans and advances	2.24	0.72	1.52	1.77
Interest Payments as a percentage of outstanding fiscal liabilities of the State Government.	9.20	8.77	8.57	8.26
Difference between Interest Payments and Interest Receipts (<i>per cent</i>)	(-) 6.96	(-)8.05	(-)7.05	(-) 6.5

(Source: Finance Accounts of Government of Jharkhand)

- The quantum of loans advanced to co-operative societies, companies etc. by the State decreased from Rs 597.66 crore in 2007-08 to Rs 418.19 crore in 2008-09. The decrease was mainly due to decrease in loans and advances (Rs 185.22 crore) to the Jharkhand State Electricity Board during 2008-09 which was partly offset by increase in loans and advances to other institutions (Rs 10.05 crore) during the year.
- The total interest receipts during 2008-09 were contributed in the form of interest income which accrued to the Government on the cash balances held with Reserve Bank of India (Rs 109.05 crore). Interest receipts on loans advanced by the Government to institutions/ organizations, therefore turned out to be `nil` although the Government borrowed funds at the rate of 7.42 *per cent* during the current year. The TFC had recommended that interest receipts on loans of the Government should gradually increase to seven per cent by the end of the award period (2009-10), against which the interest receipts stood only 1.76 *per cent* of the outstanding loans during 2008-09, needing appropriate corrective action.
- The repayment of outstanding loans and advances was very poor ranging between 0.3 *per cent* and 0.8 *per cent* of the total outstanding loans and advances during 2004-09. The Jharkhand State Electricity Board was the major defaulter in re-payment of debt-service obligations. Out of the total outstanding loans of Rs 6414.83 crore at the end of March 2009, Rs 5897.30 crore (92 *per cent*) was outstanding against the Electricity Board and Rs 447.24 crore was outstanding with urban local bodies.

1.6.5 Cash balances and investment of cash balances

Details of cash balances and investments made by the State Government during the year are shown in **Table 1.12**.

Table-1.12: Cash Balances and Investment of Cash balances

(Rupees in crore)

Particulars	As on 1 st April 2008	As on 31 st March 2009	Increase/ Decrease
Cash Balances			
Investments from Cash Balances (a to d)	1471.05	978.99	(-)492.06
a. GOI Treasury Bills	1466.64	974.58	(-)492.06
b. GOI Securities	-	-	-

c. Other Securities, if any specify	-	-	-
d. Other Investments	4.41	4.41	0
Fund-wise Break-up of Investment from Earmarked balances (a to c)	-	-	-
Interest Realized	81.57	109.05	

(Source: Finance Accounts of Government of Jharkhand)

- During 2008-09, the major part of the cash balances (99.5 per cent) was invested in GOI Treasury Bills at an interest rate of five per cent, which was lesser than the interest paid (7.42 per cent) by the State, on its borrowings. Therefore, had the cash balance been invested at market rates the State could have benefited in the shape of interest receipts which could have been more than 50 per cent of the interest earned on investments in GOI treasury bills during the period. Moreover, it would have been prudent on the part of the State to repurchase the high cost market loans of the State on which the State Government has to bear interest up to 13 per cent per annum instead of investing the cash balances in GOI treasury bills.
- The efficiency of handling of cash balances by the State can also be assessed by monitoring the trends in the monthly daily averages of cash balances held by the State to meet its normal banking transactions. **Table 1.13** presents the trends in monthly average daily cash balances and the investments in Auction Treasury Bills for the last three years (2006-09).

Table 1.13: Trends in Monthly Average Daily Cash Balances and the Investments in Auction Treasury Bills

(Rupees in crore)

Month	Monthly Average Daily Cash Balances			Investment in 14 day Treasury Bills		
	2006-07	2007-08	2008-09	2006-07	2007-08	2008-09
April	N/A	N/A	1.93	NIL	2346.24	3153.08
May	N/A	N/A	1.07	1366.35	3205.58	3572.76
June	N/A	N/A	0.46	1172.95	3707.34	4428.28
July	N/A	N/A	0.45	1026.84	3697.37	4886.73
August	N/A	N/A	0.45	674.73	4171.05	4856.41
September	N/A	N/A	0.46	600.01	3396.37	4459.83
October	N/A	N/A	3.81	630.94	2387.88	3411.12
November	N/A	N/A	3.18	1620.76	2764.40	3104.91
December	N/A	N/A	0.46	2266.76	2709.92	4078.24
January	N/A	N/A	0.45	2735.89	3714.81	4178.74
February	N/A	N/A	0.46	2755.67	4433.06	4518.73
March	N/A	N/A	15.80	4047.57	4580.35	5842.17

- The Government of Jharkhand is required to maintain at any time, a minimum balance of Rs 0.45 crore in RBI. As given in **Table 1.13** the daily cash balances were handled properly and only the required balances were kept to meet normal banking transactions. However, in March, the balance was a bit higher and could have been invested to realise interest. Every month during 2008-09, the State Government had a huge amount invested in 14 day GOI treasury bills on five per cent interest. Although, the State had a cash balance of Rs 978.99 crore at the end of March 2009 invested in GOI treasury bills, it borrowed Rs 1486 crore at an average interest rate of 7.42 per cent during the year

- Keeping huge balances in 14 day treasury bills pointed to inadequacies in the Government’s fund flow management system.

1.7 Assets and Liabilities

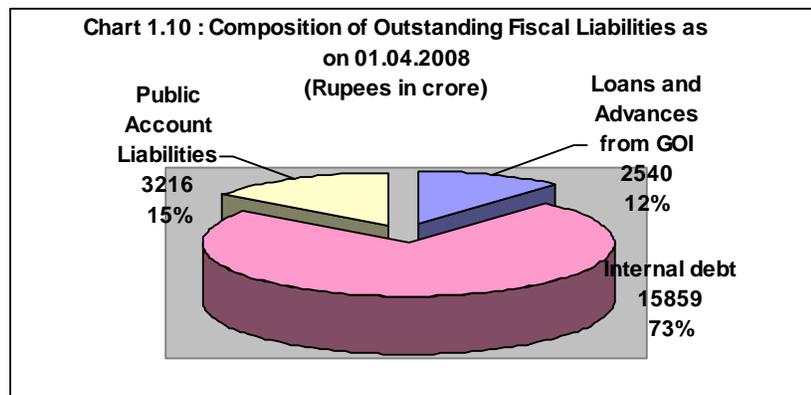
1.7.1 Growth and composition of assets and liabilities

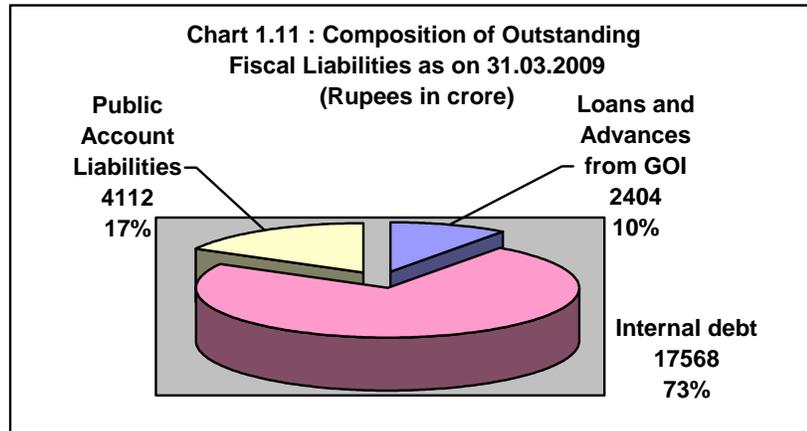
In the existing Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. **Appendix 1.4** gives an abstract of such liabilities and assets as on 31 March 2009, compared with the corresponding position on 31 March 2008. While the liabilities consist mainly of internal borrowings, loans and advances from the GOI, receipts from the Public Account and Reserve Funds, the assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances.

The Jharkhand FRBM Act 2007 defines the total liabilities of the State as the liabilities under the Consolidated Fund of the State and the Public Account of the State, which include loans and advances from the Central Government, open market borrowings, loans from financial institutions, public fund balances of Government employees, Reserve funds, Deposits etc.

1.7.2 Fiscal Liabilities

The trends of outstanding fiscal liabilities of the State are presented in **Appendix 1.3**. However the composition of fiscal liabilities during the current year *vis-à-vis* the previous year are presented in **Chart 1.10** and **1.11**.





- The overall fiscal liabilities of the State increased consistently by 78 per cent from Rs 13512 crore in 2004-05 to Rs 24084 crore in 2008-09. The growth rate of fiscal liability was 11.4 per cent during 2008-09 over the previous year.
- Increasing liabilities raises the issue of sustainability of State Government finances. The ratio of fiscal liabilities to GSDP increased steadily from 26.3 in 2004-05 to 31.8 per cent in 2008-09. These liabilities stood at 1.8 times the revenue receipts and 4.2 times the State's own resources at the end of 2008-09.
- Apportionment of fiscal liabilities of the Composite State of Bihar between the successor States of Bihar and Jharkhand had not been done so far (September 2009).

1.7.3 Status of Guarantees – Contingent liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in cases of default by the borrowers for whom the guarantees are extended.

The Constitution of India provides that a State may borrow, within the territory of India, upon the security of its Consolidated Fund, within such limits, as may from time to time, be fixed by the Act of its Legislature and give guarantees within such limits as may be fixed. However, no such law was passed by the State Legislature and no limit was fixed for guarantees given on the security of the Consolidated Fund of the State.

In Statement 6 of the Finance Accounts, no data has been given as no information in this regard was provided by the Government during 2008-09 and even earlier. However, the FCP of the State revealed that at the end of March 2009, Rs 530 crore was outstanding in the shape of guarantees given by the Government. No further details were made available.

The TFC had recommended the setting up of a Sinking Fund, to be maintained outside the Consolidated Fund of the State and the Public Account, for amortization of all loans including loans from banks, liabilities on account of NSSF etc. However, no such fund had been set up till date.

No off-budget borrowings under Article 293 of the Constitution of India were made by the State during the last three years.

1.8 Debt Sustainability

Apart from the magnitude of debt of the State Government, it is important to analyse the various indicators that determine the debt sustainability⁶ of the State. This section assesses the sustainability of debt of the State Government in terms of debt stabilisation⁷; sufficiency of non-debt receipts⁸; net availability of borrowed funds⁹; burden of interest payments (measured by interest payments to revenue receipts ratio) and the maturity profile of State Government securities. **Table 1.16** analyses the debt sustainability of the State according to these indicators for the period of three years beginning from 2006-07.

Table 1.16: Debt Sustainability: Indicators and Trends

Indicators of Debt Sustainability	2004-05	2005-06	2006-07	2007-08	2008-09
Debt Stabilization (Quantum Spread + Primary Deficit)	129	(-4494)	1814	(-10)	(-1011)
Sufficiency of Non-debt Receipts (Resource Gap)	(-1343)	(-3386)	4693	(-1033)	(-1171)
Net Availability of Borrowed Funds	1800	2429	444	439	583
Burden of Interest Payments (IP/RR Ratio)	17	17	16	15	14
Maturity Profile of State Debt (In Years)*					
0 - 1	*	*	*	5	775(4)
1 - 3	*	*	*	1850(10)	2508(13)
3 - 5	*	*	*	2689(15)	2829(14)
5 - 7	*	*	*	2771(15)	2635(13)
7 and above	*	*	*	11084(60)	11225(56)
Total	*	*	*	18399	19972

* *Figures not available.*
Percentage to total are shown in brackets.

- As may be seen from the above table, the quantum spread together with the primary deficit was positive during 2004-05 and 2006-07 but turned to negative during 2005-06, 2007-08 and 2008-09 showing an ascending trend in the debt-GSDP ratio, which indicated that the debt had become unsustainable.

⁶ Debt sustainability is defined as the ability of the State to maintain a constant debt-GDP ratio over a period of time. It also embodies the concern about the ability to service its debt. Sustainability of debt therefore also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep a balance between costs of additional borrowings and returns from such borrowings. It means that a rise in fiscal deficit should match the increase in capacity to service the debt.

⁷ A necessary condition for stability states that if the rate of growth of the economy exceeds the interest rate or the cost of public borrowings, the debt-GDP ratio is likely to be stable provided the primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate – interest rate) and quantum spread (Debt*rate spread), the debt sustainability condition states that if the quantum spread together with the primary deficit is zero, debt-GSDP ratio would be constant or the debt would stabilize eventually. On the other hand, if the primary deficit together with the quantum spread turns out to be negative, the debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling.

⁸ Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. Debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.

⁹ Defined as the ratio of debt redemption (Principal + Interest Payments) to total debt receipts and indicates the extent to which debt receipts are used in debt redemption indicating the net availability of borrowed funds.

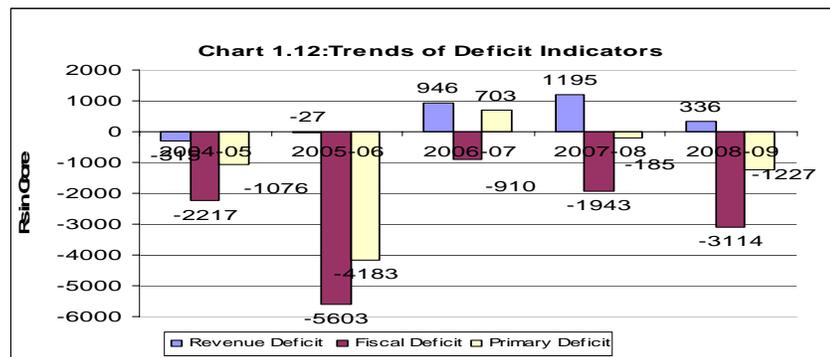
- The ratio of fiscal liabilities to GSDP increased consistently from 26.3 in 2004-05 to 31.8 in 2008-09. In 2005-06, the quantum spread was negative and the primary deficit was at its highest level. During 2008-09, the quantum spread was positive but the primary deficit increased from (-) Rs 185 crore in 2007-08 to (-) Rs 1227 crore, resulting in the highest ever debt-GSDP ratio of 31.8 *per cent* in 2008-09.
- Against a positive resource gap of Rs 4693 core in 2006-07, the resource gap of the State during 2007-08 was (-) Rs 1,033 crore, which further increased to (-) Rs 1,171 crore, which indicated instability in the States fiscal position.
- The ratio of interest payments to revenue receipts showed some improvement as it declined from 17 *per cent* in 2004-05 to 14 *per cent* in 2008-09.
- The maturity profile of the State shows that the debt liability was increasing for every block period which is indicative of increasing debt liabilities in future.
- The State needs to improve the position in the ensuing years by strictly adhering to the policies adopted in its FRBM Act and its Fiscal Correction Path.

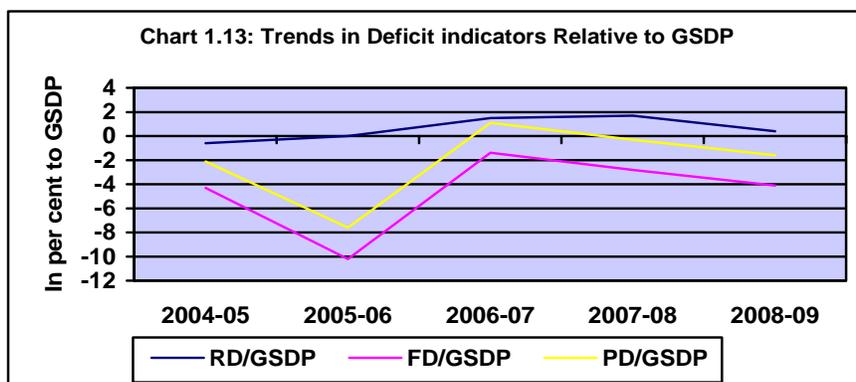
1.9 Fiscal Imbalances

Three key fiscal parameters - revenue, fiscal and primary deficits - indicate the extent of the overall fiscal imbalances in the finances of the State Government during a specified period. The deficit in the Government accounts represents the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources raised are applied are important pointers to its fiscal health. This section presents the trends, nature, magnitude and the manner of financing of these deficits and also the assessment of actual levels of revenue and fiscal deficits vis-à-vis the targets set under the FRBM Act/Rules for the financial year 2008-09.

1.9.1 Trends in Deficits

Chart 1.12 and 1.13 present the trends of deficit indicators over the period 2004-09.





- The State had a revenue surplus for the last three years. However, the quantum of revenue surplus decreased from Rs 1195 crore in 2007-08 to Rs 336 crore in 2008-09. Though the State achieved the target of reducing the revenue deficit to 'nil' much before the time line given in FRBM Act of the State and the TFC, it had not achieved the revenue surplus of Rs 2200 crore targeted by its FCP.
- The fiscal deficit of the State increased from Rs 910 crore in 2006-07 to Rs 1943 crore in 2007-08 and further increased to Rs 3114 crore in 2008-09. During 2008-09, the percentage of fiscal deficit to GSDP was four at the end of March 2009 against the FRBM target and TFC norm of three per cent on that date.
- Against the primary surplus of Rs 703 crore in 2006-07 there was a primary deficit of Rs 185 crore in 2007-08 which further increased to primary deficit of Rs 1227 crore at the end of 2008-09. It was 1.6 per cent of GSDP against the estimate of primary surplus of three per cent of GSDP by the end of March 2008 depicted in the FRBM Act, 2007.
- About 81 per cent of the total expenditure was met from revenue receipts during 2008-09 as against 86 per cent in 2007-08 indicating increase in the State's dependency on borrowings, especially for meeting its capital expenditure on expansion of its development activities.

1.9.2 Components of Fiscal Deficit and its financing pattern

The financing pattern of the fiscal deficit has undergone a compositional shift as reflected in **Table 1.17**.

Table 1.17: Components of Fiscal Deficit and its Financing Pattern

(Rupees in crore)

	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Decomposition of Fiscal Deficit						
1	Revenue Deficit	(-)315	(-)27	946	1195	336
2	Net Capital Expenditure	1333	1839	1461	2584	3051
3	Net Loans and Advances	569	3737	395	554	399
Financing Pattern of Fiscal Deficit*						
1	Market Borrowings	453	241	262	921	1238(1.64)
2	Loans from GOI	513	(-)145	(-)145	(-)161	(-)136
3	Special Securities Issued to NSSF	(-)157	1634	1214	125	54(0.1)
4	Loans from Financial Institutions	(-)1	47	143	602	1348(1.78)

5	Small Savings, PF etc	17	212	229	162	200(0.26)
6	Deposits and Advances	87	358	396	625	799(1.06)
7	Suspense and Misc	(-)805	1790	(-)722	(-)447	709(0.94)
8	Remittances	75	(-)89	(-)85	(-)146	(-)11
9	Others	(-)2399	(-)9651	(-)2201	(-)3624	(-)7315
10	Overall Surplus/Deficit	(-)2217	(-)5603	(-)910	(-)1943	(-)3114

Figures in brackets indicate the percentage with respect to GSDP.

*All these figures are net of disbursements/outflows during the year

(Source: Finance Accounts of Government of Jharkhand)

During 2008-09 the fiscal deficit of Rs 3114 crore was mainly met out from market borrowings (Rs 1238 crore) and loans from other financial institutions (Rs 1348 crore) thus increasing the interest burden for the future.

1.9.3 Quality of Deficit/Surplus

The ratio of revenue deficit to fiscal deficit and the decomposition of primary deficit into primary revenue deficit and capital expenditure (including loans and advances) would indicate the quality of deficit in the States' finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. Further, a persistently high ratio of revenue deficit to fiscal deficit also indicates that the asset base of the State was continuously shrinking and a part of the borrowings (fiscal liabilities) did not have any asset backup. Bifurcation of the primary deficit (**Table 1.18**) would indicate the extent to which the deficit has been on account of enhancement in capital expenditure which may be desirable for improving the productive capacity of the State's economy.

Table 1.18: Primary deficit/surplus – bifurcation of factors

(Rupees in crore)

Year	Non-debt Receipts	Primary Revenue Expenditure	Capital Expenditure	Loans and Advances	Primary Expenditure	Primary Revenue Deficit (-) / Surplus (+)	Primary Deficit (-)/ Surplus (+)
1	2	3	4	5	6 (3+4+5)	7 (3-6)	8 (2-6)
2004-05	6669	5835	1333	577	7745	(-) 1910	(-) 1076
2005-06	8474	7071	1839	3747	12657	(-) 5586	(-) 4183
2006-07	10026	7451	1461	411	9323	(-) 1872	(+) 703
2007-08	12071	9074	2584	598	12256	(-) 3182	(-) 185
2008-09	13232	10990	3051	418	14459	(-) 3469	(-)1227

(Source: Finance Accounts of Government of Jharkhand)

- During 2004-05 to 2008-09, the non-debt receipts of the State increased from Rs 6669 crore to Rs 13232 crore against a corresponding increase in primary revenue expenditure, capital expenditure and primary expenditure.
- However, the surplus receipts were not enough to meet the expenditure requirement under the capital account resulting in primary deficits during the period 2004-09 (except 2006-07).
- These trends indicate the extent to which the primary deficit has been on account of enhancement of capital expenditure which to some extent may be desirable for improving the productive capacity of the State's economy.

1.9.4 State's Own Revenue and Deficit Correction

It is worthwhile to observe the extent to which deficit correction is achieved by the State on account of improvement in its own resources, which is an indicator of the durability of the correction in deficit indicators. **Table 1.19** presents the changes in revenue receipts of the State and the correction of deficit during the last three years.

Table 1.19: Changes in Revenue Receipts and Correction of Deficit

Parameters	2006-07	2007-08	(Per cent of GSDP)	
			BE*	Actual
Revenue Receipts (a to d)	10010	12027	15782	13213(-16)
a. State's Own Tax Revenue	3189	3474	5536	3753(-32)
b. State's Own Non- tax Revenue	1250	1601	2913	1952(-33)
c. State's Share in Central Taxes and Duties	4051	5110	5276	5392(+2)
d. Grants-in-Aid	1520	1842	2058	2116(+3)
Revenue Expenditure	9064	10832	13582	12877(-5)
Revenue Deficit/Surplus	946	1195	2200	336(-85)
Fiscal Deficit/Surplus	(-) 910	(-) 1943	(-)2286	(-)3114(+36)

* Budget estimates are gross figures as no net budget was available after deduction of recoveries.

(Source: Finance Accounts of Government of Jharkhand)

Table 1.9 shows that the revenue receipts and the components of the same increased during 2006-09 but the target set in the FCP of the State under the FRBM Act, 2007 to improve the fiscal position was not achieved. During 2008-09, the revenue expenditure increased by 19 *per cent*, whereas, revenue receipts recorded only 10 *per cent* increase over the previous year during the period, which led to a decrease in revenue surplus. The revenue surplus which increased from Rs 946 crore in 2006-07 to Rs 1195 crore in 2007-08, decreased to Rs 336 crore in 2008-09. The revenue surplus was less by Rs 1864 from the estimated Rs 2200 crore, given in the FCP for the year 2008-09.

The fiscal deficit was increasing consistently from (-) Rs 910 crore in 2006-07 to (-) Rs 3114 crore in 2008-09. In 2008-09, it was in excess of Rs. 828 crore against the FCP estimate of Rs 2286 crore, due to an increase in interest payments and capital expenditure during the period.

1.10 Conclusion

The State has achieved the target of reducing its revenue deficit to zero, much before the time line given in FRBM Act. The State had a revenue surplus of Rs 336 crore in 2008-09 which was much lesser than the target of Rs 2200 crore set by the FCP. Primary deficit increased from Rs 185 crore in 2007-08 to Rs 1227 crore in 2008-09. The fiscal deficit of the state was four *per cent* at the end of March 2009 against the FRBM target and TFC norm of three *per cent*.

Non-Plan Revenue Expenditure constituted 70 *per cent* of revenue expenditure. It significantly exceeded both the normative projection of TFC and the FCP target.

The expenditure on salaries constituted 30 *per cent* of revenue receipts and 31 *per cent* of revenue expenditure during 2008-09, which was within the

limits of the TFC targets (32 *per cent*) and the FCP norms (28 *per cent*). The expenditure on pension increased to Rs 988 crore in 2008-09. The increase was 21 *per cent* over the previous year against the TFC norms of 10 *per cent*. In 2008-09 subsidy of Rs 36.58 crore and Rs 0.07 crore was given for agriculture and allied activities and industries and minerals respectively.

Capital expenditure consumed 13 to 19 *per cent* of the total expenditure. It increased by Rs 467 crore over the previous year.

As of 31 March 2009, the Government had invested Rs 112.47 crore in nine Government companies (Rs 38.77 crore) and 14 cooperative banks and societies (Rs 73.70 crore) since the inception of the new State. The average returns on these investment was 'nil' in the last three years while the Government paid an average interest rate of 7.70 *per cent* on its borrowings during 2007-09.

Investments in financial institutions as well as Statutory Corporations and joint stock companies up to 14 November 2000 by the composite Bihar State have not been apportioned between the successor States of Bihar and Jharkhand. Overall fiscal liabilities increased to Rs 24084 crore in 2008-09, with a growth rate of 11.4 *per cent* over the previous year. Increasing liabilities raised the issue of sustainability of State Government Finances. Apportionment of fiscal liabilities of the composite Bihar State between successor States of Bihar and Jharkhand has also not been done so far.

At the end of 31 March 2009, there were 72 incomplete projects involving Rs 37182 crore.

1.11 Recommendations

- Although the State has already achieved the target laid down in its FRBM Act to reduce the revenue deficit to zero and generate revenue surplus the State has to put in concerted efforts to maintain its fiscal deficit within the FRBM target.
- There is a need to initiate suitable measures to compress Non Plan Revenue Expenditure and to mobilize additional resources, both through tax and non-tax sources and to clear the backlog in assessments to avoid loss of revenue.
- The State has given adequate fiscal priority to capital expenditure which has to be maintained in future too.
- Regarding returns on Government investments, the Government should hasten to seek better value for money in investments. Otherwise increasing fiscal liabilities accompanied by negligible rate of returns in investments might lead to a situation of unsustainable debt.
- The State has to address to the issues of incomplete projects and make efforts to overcome inadequacies to avoid further cost and time overruns.

2.1 Introduction

2.1.1

Appropriation Accounts are accounts of the expenditure, voted and charged, of the Government for each financial year, compared with the amounts of the voted grants and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Acts. These Accounts list the original budget estimates, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services *vis-à-vis* those authorized by the Appropriation Act in respect of both charged and voted items of budget. The Appropriation Accounts thus facilitate the management of finances and monitoring of budgetary provisions and are therefore, complementary to the Finance Accounts.

2.1.2 Audit of appropriations by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is within the authorization given under the Appropriation Act and whenever the expenditure required to be charged under the provisions of the Constitution, is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules and regulations and instructions.

2.2 Summary of Appropriation Accounts

The summarized position of actual expenditure during 2008-2009 against 52 grants/appropriations was as given in **Table 2.1**:

Table 2.1: Summarized Position of Actual Expenditure vis-à-vis Original/Supplementary Provisions

(Rupees in crore)

	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure *	Saving (-) / Excess (+)
Voted	I Revenue	11546.24	2615.41	14161.65	11039.64	(-)3122.01
	II Capital	3966.47	274.61	4241.08	3312.38	(-)928.70
	III Loans and Advances	531.44	-	531.44	418.19	(-)113.25
Total Voted		16044.15	2890.02	18934.17	14770.21	(-)4163.96
Charged	IV Revenue	2173.93	5.60	2179.53	1922.80	(-)256.73
	V Capital	-	-	-	-	-
	VI Public Debt- Repayment	771.64	-	771.64	863.40	(+)91.76
Total Charged		2945.57	5.60	2951.17	2786.20	(-)164.97
Grand Total		18989.72	2895.62	21885.34	17556.41	(-)4328.93

* The expenditure figures are gross without taking into account the recoveries adjusted in the accounts as reduction of revenue voted expenditure (Rs 85.55 crore) and capital voted expenditure (Rs 115.23 crore).

The overall saving of Rs 4328.93 crore was the result of saving of Rs 3378.73 crore in 46 grants and four appropriations under the Revenue Section and Rs 1179.09 crore in 25 grants under the Capital Section offset by excess of Rs 228.89 crore in one grant and one appropriation under the Capital Section.

The head wise expenditure status was provided monthly to the State Government through Monthly Civil Accounts in spite of that no steps were taken to maintain a uniform flow of expenditure during the year.

2.3 Financial Accountability and Budget Management

2.3.1 Appropriations vis-à-vis Allocative Priorities

The outcome of the appropriation audit revealed that in 57 cases, savings exceeded Rs 10 crore in each case or by more than 20 *per cent* of the total provision (**Appendix 2.1**). Against the total savings of Rs 4557.82 crore, savings of Rs 3932.73 crore (87 *per cent*)² occurred in 26 cases relating to 21 grants and one appropriation as indicated in **Table 2.2**.

Table 2.2: List of Grants with Savings of Rs 50 crore and above.

(Rupees in crore)

Sl. No.	No. and Name of the Grant	Original	Supplementary	Total	Actual Expenditure	Savings
Revenue-Voted						
1	1- Agriculture Department	638.36	76.10	714.46	214.81	500.00
2	2- Animal Husbandry Department	156.21	44.42	200.63	142.02	58.61
3	8- Civil Aviation Department	115.22	63.04	178.27	100.18	78.09
4	10- Energy Department	444.20	0.94	445.15	210.69	234.46
5	15- Pension	705.52	412.08	1117.60	980.41	137.19
6	20- Health, Medical Education and Family Welfare Department	698.32	102.07	791.39	607.07	184.31
7	22- Home Department	1111.62	379.90	1491.53	1380.55	110.98
8	23- Industry Department	180.64	18.94	199.58	116.16	83.42
9	26- Labour Employment and Training Department	730.84	16.69	747.53	559.71	187.82
10	30- Minority Welfare Department	0.73	70.28	71.01	5.09	65.92
11	35- Planning and Welfare Department	138.02	11.41	149.43	19.94	129.49
12	39- Disaster Management Department	209.83	0.54	210.37	78.05	132.32
13	42- Rural Development Department	793.11	265.55	1058.67	940.71	117.96
14	43- Science and Technology Department	150.31	3.76	154.07	77.33	76.74

². Exceeding Rs 50 crore in each case.

15	44- Secondary, Primary and Mass Education Department	2444.25	311.47	2755.72	2476.44	279.28
16	47- Transport Department	168.14	1.07	179.21	34.25	134.96
17	51- Welfare Department	837.46	102.47	939.93	720.47	219.46
Capital-Voted						
18	3- Building Construction Department	201.40	-	201.40	56.05	145.35
19	10- Energy Department	398.00	-	398.00	329.08	68.92
20	20- Health, Medical Education and Family Welfare Department	300.74	-	300.74	215.77	84.97
21	36- Drinking Water and Sanitation Department	414.57	-	414.57	325.42	89.15
22	41- Road Construction Department	635.07	-	635.07	547.02	88.05
23	48- Urban Development and Housing Department	552.84	30.00	582.84	414.11	168.73
24	49- Water Resources Department	534.60	-	534.60	280.31	254.29
25	52- Art, Culture and Youth Welfare Department	199.50	112.00	311.50	259.61	51.89
Revenue-Charged						
26	13- Interest Payment	2136.94	-	2136.94	1886.88	250.07
						3932.73

(Source: Appropriation Accounts of Government of Jharkhand)

2.3.2 Persistent Savings

In 16 cases, during the last five years, there were persistent savings of more than Rs five crore in each case and also by 10 per cent or more of the total grants (Table 2.3).

Table 2.3: List of Grants indicating Persistent Savings during 2004-09

(Rupees in crore)

Sl. No.	No. and Name of the grant	Amount of savings				
		2004-05	2005-06	2006-07	2007-08	2008-09
Revenue-Voted						
1	1- Agriculture Department	49.26(33)	31.55(19)	47.02(24)	165.37(44)	499.65(70)
2	2- Animal Husbandry Department	19.94(27)	17.54(22)	67.42(49)	70.40(39)	58.61(29)
3	3- Building Construction Department	12.47(22)	16.93(18)	67.06(52)	12.97(14)	16.47(15)
4	8- Civil Aviation Department	41.31(92)	54.90(81)	31.32(32)	60.03(80)	78.09(44)
5	10- Energy Department	69.71(16)	87.69(16)	191.09(44)	576.18(82)	234.46(53)
6	19-Forest and Environment Department	23.33(12)	33.64(17)	34.73(16)	29.60(14)	40.34(16)
7	20-Health, Medical Education & Family Welfare Department	82.63(18)	359.07(43)	449.62(54)	301.92(44)	184.31(23)

8	23- Industry Department	96.47(58)	39.97(26)	48.89(29)	62.70(37)	83.42(42)
9	40- Revenue and Land Reforms Department	27.62(23)	19.69(16)	47.73(30)	24.74(15)	32.12(13)
10	41- Road Construction Department	20.57(20)	14.10(11)	20.10(16)	15.33(13)	29.26(15)
11	42- Rural Development Department	746.33(60)	564.20(53)	764.26(59)	343.70(33)	117.96(11)
12	43- Science and Technology Department	79.77(60)	32.57(25)	69.05(59)	50.00(34)	76.74(50)
13	51- Welfare Department	145.16(27)	100.87(17)	206.71(28)	112.62(15)	219.46(23)
Capital-Voted						
14	36- Drinking Water and Sanitation Department	89.84(43)	67.63(26)	159.56(52)	183.45(41)	89.15(22)
15	48- Urban Development and Housing Department	67.03(51)	25.00(19)	65.51(50)	150.89(46)	168.73(29)
16	50- Minor Irrigation Department	44.11(62)	25.84(38)	88.45(64)	65.20(39)	26.69(26)

(Source: Appropriation Accounts of Government of Jharkhand)

From the above table, it may be seen that the savings continued over the years indicating improper estimation.

2.3.3 Expenditure without Provision

As per the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that expenditure of Rs 526.65 crore was incurred in 10 cases as detailed in **Table 2.5** without any provision in the original estimates/supplementary demand and without any re-appropriation orders to this effect.

Table 2.5: Expenditure incurred without provision during 2008-09

(Rupees in crore)

Number and Name of		Head of accounts	Amount of Expenditure without provision	Reasons/Remarks
Grants	Appropriations			
10	-	6801-00-800-03	148.34	No reasons given by the department
	13	2049-01-200-12	0.02	No reasons given by the department
	14	6003-00-101-37	0.04	No reasons given by the department
	14	6003-00-101-38	62.47	No reasons given by the department
	14	6003-00-101-39	185.63	No reasons given by the department
	14	6003-00-101-41	0.09	No reasons given by the department
	14	6003-00-101-42	0.01	No reasons given by the department
	14	6003-00-110-00	8.86	No reasons given by the department
	14	6004-02-105-01	121.18	No reasons given by the department
23	-	2851-00-104-03	0.01	No reasons given by the department
		Total	526.65	

(Source: Appropriation Accounts of Government of Jharkhand)

2.3.4 Excess over provisions relating to previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. Although no time limit for regularisation of expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the

Public Accounts Committee. However, excess expenditure amounting to Rs 7456.63 crore for the years 2001-08 was yet to be regularized as detailed in **Appendix 2.2**. The year-wise amount of excess expenditure pending regularization for grants/appropriations is summarized in **Table 2.6**.

Non-regularisation of the excess over grants/appropriations over the years is a breach of legislative control over appropriations.

Table 2.6: Excess over provisions relating to previous years requiring regularization

(Rupees in crore)

Year	Number of		Amount of excess over provision	Status of Regularization
	Grants	Appropriations		
2001-02	3, 25, 32		.04	No action taken
2002-03	10, 32	13,14	1241.49	No action taken
2003-04	10, 39,46	13,14	937.25	No action taken
2004-05	23,39,40	13,14	576.07	No action taken
2005-06	10, 29	13	3121.47	No action taken
2006-07	38	13,14	1245.87	No action taken
2007-08	12	14	334.44	No action taken
Total			7456.63	

- Indicate the relevant years

(Source: Appropriation Accounts of Government of Jharkhand)

2.3.5 Excess over provisions during 2008-09 requiring regularisation

Table 2.7 contains the summary of total excess over authorisation amounting to Rs 228.89 crore in two grants during 2008-09, which requires regularisation under Article 205 of the Constitution.

Table 2.7: Excess over provisions requiring regularisation during 2008-09

(Rupees in crore)

Sl.	Number and title of		Total grant/	Expenditure	Excess
Voted Grants					
1	12	Finance Department	16.00	153.13	137.13
Charged Appropriation					
2	14	Repayment of Loans	771.64	863.40	91.76
Total	Voted		787.64	1016.53	228.89

(Source: Appropriation Accounts of Government of Jharkhand)

Excess expenditure in grant No. 12 occurred due to inter-State settlement of a total amount of Rs 145.87 crore booked as expenditure under the head 7801- Inter State Settlement. Similarly, in grant No. 14, excess expenditure amounting to Rs 257.11 crore was incurred without budget provision under some sub-heads of major head '6003- Internal Debt of Government' which was offset by savings under other sub heads.

2.3.6 Unnecessary/Excessive/Inadequate supplementary provision

Supplementary provisions aggregating Rs 617.47 crore obtained in 29 cases, which were Rs 50 lakh or more in each case, during the year proved

unnecessary as the expenditure did not come up to the level of the original provision as detailed in **Appendix 2.3**. In all these cases, it was noticed that the original allotment provided under some sub-heads were not exhausted and a huge savings occurred under those sub heads. Provisions were made on ad hoc basis without assessing the actual demand for completion of the scheme.

2.3.7 Excessive/unnecessary re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Injudicious re-appropriation proved excessive or insufficient and resulted in final savings of over Rs 716.36 lakh in 49 sub-heads as detailed in **Appendix 2.4**.

2.3.8 Substantial surrenders

Substantial surrenders (cases where more than 50 per cent of the total provisions were surrendered) were made in respect of 56 sub-heads on account of either non-implementation or slow implementation of schemes/programmes. Out of the total provision amounting to Rs 2547.15 crore in respect of these schemes, Rs 2108.03 crore (83 *per cent*) was surrendered, which included *per cent* surrender in 23 schemes (Rs 954.90 crore). The details of selected such cases audited/verified by the Audit are given in **Appendix 2.5**.

2.3.9 Surrender in excess of actual saving

In seven cases, the amount surrendered (Rs 50 lakh or more in each case) was in excess of actual savings, indicating lack of or inadequate budgetary control in these departments. As against savings of Rs 235.77 crore, the amount surrendered was Rs 370.07 crore, resulting in excess surrender of Rs 134.30 crore. Details are given in **Appendix 2.6**.

2.3.10 Anticipated savings not surrendered

As per Rule 112 of the Budget Manual, spending departments are required to surrender grants/appropriations or portions thereof to the Finance Department as and when savings are anticipated. At the close of the year 2008-09, there were, however, five grants/appropriations in which savings had occurred but no part of which had been surrendered by the concerned departments. The total amount involved in these cases was Rs 388.88 crore (8.53 *per cent* of the total savings) (**Appendix 2.7**).

Similarly, out of total savings of Rs 3756.71 crore under 44 other grants/appropriations (savings of Rs one crore and above were indicated in each grant/ appropriation) a total of Rs 1663.43 crore (44 *per cent* of the total savings) were not surrendered, details of which are given in **Appendix 2.8**. Besides, in 64 cases, where the surrender of funds was in excess of Rs 10 crore each, Rs 1818 crore was (**Appendix 2.9**) surrendered on the last two working days of March 2009 indicating inadequate financial control and the fact that these funds could not be utilised for other developmental purposes.

2.3.11 Rush of expenditure

According to Rule 113 of the Budget Manual, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, in respect of 21 heads listed in **Appendix 2.10**, expenditure exceeding Rs 10 crore each and also more than 50 per cent of the total expenditure for the year was incurred in March 2009. **Table 2.8** also presents the major heads where more than 50 per cent expenditure was incurred either during the last quarter or during the last month of the financial year.

Table 2.8: Cases of Rush of Expenditure towards the end of the Financial Year 2008-09

(Rupees in crore)

Sl. No.	Major Head	Total expenditure during the year	Expenditure during last quarter of the year		Expenditure during March 2009	
			Amount	Percentage of total expenditure	Amount	Percentage of total expenditure
1	2203	76.10	49.82	65.46	47.16	61.97
2	2217	17.00	17.09	82.93	13.09	77.04
3	2230	113.84	66.49	58.40	59.34	52.12
4	2401	151.45	130.97	86.47	111.86	73.85
5	2404	48.52	41.29	85.09	35.72	73.61
6	2425	68.09	55.05	80.84	42.71	62.72
7	2501	41.68	24.67	59.18	24.43	51.41
8	2505	202.47	161.90	79.96	153.05	75.59
9	2852	48.09	44.82	93.20	40.72	84.67
10	3456	152.97	102.52	67.01	78.88	51.56
11	3604	35.25	35.20	99.85	35.20	99.85
12	4202	360.23	259.74	72.10	247.76	68.77
13	4210	215.77	206.93	95.90	117.14	54.28
14	5452	88.92	86.70	97.50	75.71	85.14

(Source: Appropriation Accounts of Government of Jharkhand)

Appropriate action needs to be taken to regulate and systematize the procedure to avoid heavy expenditure in the closing month of the financial year.

2.4 Non-reconciliation of Departmental figures

2.4.1 Pendency in submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills

As per Rule 318 and Form-38 of Jharkhand Treasury Code Volume-I & II, every drawing officer has to certify in each abstract contingent (AC) bill that detailed bills for all contingent charges drawn by him prior to the first of the current month have been forwarded to the respective controlling officers for countersignature and transmission to the Accountant General. The total amount for which detailed countersigned contingent (DCC) bills were received during the period 2001-2009 was Rs 3536.63 crore against the total value of AC bills of Rs 10123.98 crore leading to an outstanding balance of

DCC bills worth Rs 6587.35 crore as on 31 March 2009. Year-wise details are given in **Table 2.9**.

Table 2.9: Pendency in submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills

(Rupees in crore)

Year	Amount of AC bills	Amount of DCC bills	DCC bills as percentage of AC bills	Outstanding AC bills
2001-02	147.07	53.54	36.40	93.53
2001-02	503.71	163.95	32.54	339.76
2002-03	408.53	64.98	15.90	343.55
2003-04	618.58	228.81	36.98	389.78
2004-05	1166.90	618.67	53.00	548.23
2005-06	1084.40	395.70	36.48	688.70
2006-07	1465.61	777.79	53.00	687.81
2007-08	1797.64	758.14	42.17	1039.50
2008-09	2931.54	475.05	16.20	2456.49
Total	10123.98	3536.63	34.93	6587.35

As given in **Table 2.9**, the average amount for which DCC bills were received against the total AC bills drawn during 2001-09 was only 34.93 *per cent*. In 2002-03 and 2008-09, only 16 *per cent* of DCC bills were received against the total amount drawn on AC bills during the year. Moreover, non-submission of DCC bills in comparison to year-wise AC bills as on March 2009 was more than 60 *per cent* in each of the years during the period. Due to this, the expenditure during the period was overstated to the extent of the advance received on abstract contingent bills and shown as expenditure for the year.

2.4.2 Unreconciled Expenditure

To enable Controlling Officers of Departments to exercise effective control over expenditure to keep it within the budget grants and to ensure accuracy of their accounts, Financial Rule 475 (viii) stipulate that expenditure recorded in their books should be reconciled by them every month during the financial year with that recorded in the books of the Accountant General. Even though non-reconciliation of departmental figures is pointed out regularly in Audit Reports, lapses on the part of Controlling Officers in this regard continued to persist during 2008-09 also. A total of 79 Controlling Officers did not reconcile expenditure amounting to Rs11496.80 crore during 2008-09. Of the 79 Controlling Officers, amounts exceeding Rs 10 crore in each case remained un-reconciled during 2008-2009 in respect of the following 46 Controlling Officers as given in **Table 2.10**.

Table 2.10: List of Controlling Officers where amounts exceeding Rs 10 crore in each case remained un-reconciled during 2008-2009

(Rupees in crore)

Sl. No.	Controlling Officers	Amount not reconciled
1	I.G. Police, Jharkhand, Ranchi	1287.59
2	Dy. Secretary, Primary and Adult Education Department, Jharkhand, Ranchi	2481.94
3	Dy. Secretary, Science and Technology Department, Jharkhand, Ranchi	70.31
4	Dy. Secretary, Primary, Adult Education and Higher Education, Jharkhand	359.36
5	Secretary, Board of Revenue Department, Jharkhand	23.54
6	Secretary, Water Supply Sanitation Department, Jharkhand	60.47
7	Secretary, Health, Medical Education and Family Welfare Department,	505.61

	Jharkhand	
8	Secretary, Health, Medical Education and Family Welfare Department, Jharkhand	215.77
9	Under Secretary, Health and Family Welfare Department, Jharkhand	54.28
10	Secretary, Administration, Finance Department, Jharkhand	11.12
11	Director of Industry, Department of Industries, Jharkhand	44.26
12	Director of Industry, Department of Industries, Jharkhand	14.40
13	Under Secretary, B.C. and Housing Department, Jharkhand	22.37
14	Secretary, Law Department, Jharkhand	76.08
15	Secretary, Housing Department, Jharkhand, Ranchi	96.77
16	Secretary, Minor Irrigation Department, Jharkhand, Ranchi	33.87
17	Secretary, Fisheries Department, Jharkhand, Ranchi	18.13
18	Secretary, Rural Development Department, Jharkhand, Ranchi	41.68
19	Registrar, Co-operative Society, Co-operative Department, Jharkhand	12.00
20	Dy. Director, Surveys Settlement, Jharkhand, Ranchi	101.03
21	Secretary, Finance Department, Revenue and Land Revenue, Jharkhand	1591.78
22	Chief Secretary to Government, Other Rural Development Department, Jharkhand	483.76
23	Principal Secretary, Other Rural Development Department, Jharkhand, Ranchi	186.75
24	Principal Secretary, Other Rural Development Department, Jharkhand, Ranchi	202.47
25	Joint Secretary, Labour Employment and Training Department, Jharkhand	104.27
26	Secretary, Welfare Department, Jharkhand, Ranchi	331.31
27	Secretary, Social Security and Welfare Department, Jharkhand	517.86
28	Under Secretary, Urban Development, Jharkhand, Ranchi	17.00
29	Secretary, Food and Supply Department	152.53
30	Secretary, Natural Calamities, Jharkhand, Ranchi	76.94
31	Director, General Information Publicity Department, Jharkhand	34.85
32	Under Secretary, Urban Development Department, Jharkhand	17.00
33	Secretary, Minority Welfare Department, Jharkhand	95.15
34	Secretary, Animal Husbandry and Fisheries Department, Jharkhand, Ranchi	43.55
35	Dy. Director, Transport Department, Jharkhand, Ranchi	29.67
36	Commissioner of Sales Tax, Jharkhand, Ranchi	17.17
37	Secretary, Jharkhand Legislative Assembly, Jharkhand	28.57
38	Election Commissioner, Election Commission, Jharkhand	17.25
39	I.G. Home Department, Jharkhand	48.23
40	Dy. Secretary, Social Welfare Women and Child Development Deptt., Jharkhand	188.94
41	Director, Dairy Development Deptt., Jharkhand, Ranchi	48.52
42	Secretary, Medium Irrigation Department, Jharkhand, Ranchi	97.68
43	Director, Mines and Geology Department, Jharkhand, Ranchi	10.95
44	Chief Engineer, Road and Building Construction, P.W.D. Deptt, Jharkhand, Ranchi	21.41
45	Secretary, Tourism Department, Jharkhand, Ranchi	33.22
46	Secretary, Panchayati Raj, Jharkhand, Ranchi	35.25
	Total	9962.66

Most of the Controlling Officers mentioned above consistently failed to reconcile the expenditure incurred by the units under their control with the accounts of the Accountant General (A&E) continuously for last five years. The unreconciled expenditure of the State was Rs 6258.97 crore and Rs 9017.10 crore against 85 and 75 controlling officers during 2006-07 and 2007-08 respectively.

2.5 Advances from Contingency Fund

The Contingency Fund of the State has been established under Section 4 of Jharkhand Contingency Fund Act 2001 in terms of the provisions of Article 267 (2) and 283 (2) of the Constitution of India. Advances from the Fund are

to be given only for meeting expenditure of unforeseen and emergent character, postponement of which, till authorisation by the Legislature, would be undesirable. The Fund is in the nature of an imprest and its corpus is Rs.150 crore. Review of relevant records revealed that the advances from Contingency Fund were made for meeting expenditure which were seemed to be unforeseen nor of emergent nature, such as, Rs 79 lakh for furnishing of Jharkhand Bhawan, New Delhi, Rs 35 lakh for the purchase of motor vehicles, Rs 3 lakh was drawn for foreign tours etc.

2.6 Personal Deposit Accounts

Personal Deposit (PD) Accounts are created for parking funds by debit to the Consolidated Fund of the State and should be closed at the end of the financial year by minus debit to the relevant service heads. There were three PD accounts in three District Treasuries which were not closed as of March 2009.

2.7 Outcome of Review of Selected Grants

Review of Grant no.20- Health, Medical Education and Welfare Department and Grant no. 44 - Secondary, Primary and Mass Education Department revealed the following discrepancies:

- (i) Out of the total provision of Rs 1092.12 crore and Rs 2806.72 crore in Grant nos. 20 and 44 the savings were Rs 269.28 crore (25 *per cent* of the total allotment) and Rs 293.73 crore (10 *per cent* of the total allotment) respectively. The reasons given were reduction in estimated cost, non-sanction of funds by GOI, no necessity of funds during the present financial year, non-availability of land, excess provision of funds etc.
- (ii) The departments had persistent savings during the last five years which was indicative of failure of budgetary control and preparation of the budget without receiving the actual requirements from district units. This also showed that the budgets were not prepared the basis of expenditure of the last three years as required under provisions of the budget manual.
- (iii) The departmental controlling officer of the Health and Family Welfare Department failed to reconcile the accounts of the expenditure of Rs 775.64 crore out of the total of Rs 822.84 crore with the accounts of AG (A&E) during the year.
- (iv) During 2008-09 out of a total allotment Rs 822.84 crore provided for machinery and equipment for various hospitals, for improvement of indigenous hospitals, nurses training centres, urban family welfare centres etc., Rs 373.69 crore (45 *per cent*) was spent in the month of March 2009. Similarly, in Grant no. 44, out of the total allotment of Rs 2513 crore provided under some sub heads for primary education and other schemes Rs 926.13 crore (37 *per cent*) was spent in the month of March 2009.

The above points indicated that there was lack of a proper internal control system in these departments resulted in financial mismanagement and failure of budgetary control.

2.8 Conclusion

During 2008-09 out of the total budget of Rs 21885.33 crore, savings of Rs 4557.82 crore (21 *per cent*) occurred. Persistent savings for the last five years were also recorded in departments performing Social Services and Economic Services. Excess expenditure of Rs 228.89 crore over provisions made under Grant no. 12 (Rs 137.13 crore) and Appropriation no. 14 (Rs 91.76 crore) required regularisation under Article 205 of the Constitution of India.

During 2008-09, injudicious re-appropriations were made which proved to be in excess of requirement, resulting in final savings of over Rs 716.36 crore in 49 sub-heads under different major heads.

2.9 Recommendations

- Budgetary controls should be strengthened in all the Government departments, specially in those departments where savings/excesses were observed for the last five years.
- Heads of Departments should reconcile their expenditure figures every month with those in the books of the Accountant General (Accounts and Entitlements)
- Government should initiate action to clear the pendency in adjustment of temporary advances drawn from the Contingency Fund.
- Heads of Departments should ensure settlement of pending detailed countersigned contingent bills.
- Rush of expenditure during the fag end of the financial year should be avoided.

A sound internal financial reporting system and the availability of relevant and reliable information significantly contributes to efficient and effective governance by the State Government. Compliance with financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliances is thus one of the attributes of good governance. The reports on compliance and controls, if effective and operational, assist the State Government in meeting its basic stewardship responsibilities, including strategic planning and decision making. This Chapter provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.

3.1 Delay in furnishing Utilization Certificates.

Jharkhand Financial Rules provide that for the grants provided during a year for specific purposes, Utilisation Certificates (UCs) should be obtained by the departmental officers from the grantees and after verification, these should be forwarded to the Accountant General within 12 months from the date of their sanction unless specified otherwise. However, of the 3391 utilisation certificates (UC) due in respect of grants and loans aggregating Rs 4975.13 crore paid up to 2008-09, 3116 UCs (92 *per cent*) for an aggregate amount of Rs 4327.71 crore were in arrears. The department-wise break-up of outstanding Ucs is given in **Appendix 3.1**. The age-wise delays in submission of Ucs is summarized in **Table 3.1**.

Table3.1: Age-wise arrears of Utilization Certificates

Sl. No.	Range of Delay in Number of Years	Utilization Certificates Outstanding	
		Number	Amount (Rs in crore)
	0 – 1	656	1036.39
	1 – 3	1239	1198.23
	3 – 5	804	1052.18
	5 – 7	191	612.64
	7 – 9	226	428.27
	Total	3116	4327.71

Against the grants, provided to various departments for specific purposes, UC amounting to Rs 1040.91 crore were outstanding at the end of March 2009 for more than five years, Rs 428.27 crore were outstanding against seven to nine years old grants. Despite such a huge outstanding UC bills of Rs 4327.71 crore, fresh grants were released by the departments regularly in each year

which was indicative of failure of internal control system and may be resulted in misutilisation of government money.

Non receipt of UCs for huge amounts indicates that the departmental officers failed to comply with rules and procedures to ensure accountability of the agencies that received the Government Funds.

3.2 Non-submission/delay in submission of accounts

In order to identify the institutions which attract audit under Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, the Government/heads of the department are required to furnish to Audit every year detailed information about the financial assistance given to various institutions, the purpose of assistance granted and the total expenditure of the institutions. The accounts of nine bodies/authorities received for the year 2007-08, attracted audit by the Comptroller and Auditor General of India. Audit of those bodies was not taken up in 2008-09, however, it will be started in the next financial year.

A total of annual accounts of 56 autonomous bodies/ authorities due up to 2007-08 had not been received as of 31 March 2009 by the Accountant General (Audit). The details of these accounts age-wise pendency of these accounts is presented in **Table 3.2**.

Table 3.2: Age-wise arrears of Annual Accounts due from Government Bodies

Delay in Number of Years	No. of the Bodies/ Authorities
0 - 1	Nil
1 - 3	11
3 - 5	21
5 - 7	24
7 - 9	Nil
Total	56

As given in **Table 3.2** It can be seen from the above table than that in respect of 24 autonomous bodies/ authorities submission of accounts were delayed between five to seven years, whereas, accounts of 21 autonomous bodies/authorities were delayed between three to five years.

3.3 Departmental Commercial Undertakings

The departmental undertakings of certain Government departments performing activities of quasi-commercial nature are required to prepare pro forma accounts in the prescribed format annually showing the working results of financial operations so that the Government can assess their working. The finalised accounts of departmentally managed commercial and quasi-commercial undertakings reflect their overall financial health and efficiency in conducting their business. In the absence of timely finalisation of accounts, the investment of the Government remains outside the scrutiny of the Audit/State Legislature. Consequently, corrective measures, if any required,

for ensuring accountability and improving efficiency cannot be taken in time. Besides, the delay in all likelihood may also opens the system to risk of fraud and leakage of public money.

The Heads of Department in the Government are to ensure that the undertakings prepare such accounts and submit the same to Accountant General for audit within a specified time frame. As of 2008-09, there were 29 such undertakings and non of them had prepared their accounts up to 2007-08. The Comptroller and Auditor General of India has repeatedly commented about the arrears in preparation of accounts in State Reports (Civil Audit) but there is no improvement so far in preparation of pro forma accounts by these undertakings.

3.4 Conclusion

Submission of utilisation certificates, annual accounts, proforma accounts etc. by the State institutions/bodies are the basic inputs of financial reporting and their timely submission and quality of reporting is necessary for effective and good governance. However, neither UCs nor any accounts were submitted by those institutions/bodies on time and in complete form which restricted the State Government to take appropriate steps required for ensuring accountability and improving efficiency.

3.5 Recommendations

Heads of department should initiate prompt action to submit Utilisation Certificates and ensure that all grantee institutions and the departmental commercial undertakings submit their annual accounts in time.

Ranchi,
The



(RAKESH KUMAR VERMA)
Principal Accountant General (Audit)
Jharkhand

Countersigned

New Delhi,
The



(VINOD RAI)
Comptroller and Auditor General of India

APPENDIX - 1.1*(Reference: Paragraph 1.1; Page 1)***Part A: Structure and Form of Government Accounts**

Structure of Government Accounts: The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account.

Part I: Consolidated Fund : All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund entitled 'The Consolidated Fund of State' established under Article 266 (1) of the Constitution of India.

Part II: Contingency Fund : Contingency Fund of the State established under Article 267(2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by the Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.

Part III: Public Account: Receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances etc which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State legislature.

PART B: Layout of Finance Accounts

Statement	Layout
Statement No.1	Presents the summary of transactions of the State Government – receipts and expenditure, revenue and capital, public debt receipts and disbursements etc in the Consolidated Fund, Contingency Fund and Public Account of the State.
Statement No.2	Contains the summarized statement of capital outlay showing progressive expenditure to the end of 2008-09
Statement No.3	Gives financial results of irrigation works, their revenue receipts, working expenses and maintenance charges, capital outlay, net profit or loss, etc.
Statement No.4	Indicates the summary of debt position of the State which includes borrowing from intern debt, Government of India, other obligations and servicing of debt.
Statement No. 5	Gives the summary of loans and advances given by the State Government during the year repayments made, recoveries in arrears etc
Statement No.6	Gives the summary of guarantees given by the Government for repayment of loans etc. raised by the statutory corporations, local bodies and other institutions.
Statement No.7	Gives the summary of cash balances and investments made out of such balances.
Statement No.8	Depicts the summary of balances under Consolidated Fund, Contingency Fund and Public Account as on 31 March 2009
Statement No.9	Shows the revenue and expenditure under different heads for the year 2008-09 as a percentage of total revenue/expenditure
Statement No.10	Indicates the distribution between the charged and voted expenditure incurred during the year
Statement No.11	Indicates the detailed account of revenue receipts by minor heads
Statement No.12	Provides accounts of revenue expenditure by minor heads under non–plan and plan separately and capital expenditure by major head wise
Statement No.13	depicts the detailed capital expenditure incurred during and to the end of 2008-09
Statement No.14	Shows the details of investment of the State Government in statutory corporations, Government companies, other joint stock companies, co-operative banks and societies etc up to the end of 2008-09
Statement No.15	Depicts the capital and other expenditure to the end of 2008-09 and the principal sources from which the funds were provided for that expenditure
Statement No.16	Gives the detailed account of receipts disbursements and balances under heads of account relating to Debt, Contingency Fund and Public Account
Statement No.17	Presents detailed account of debt and other interest bearing obligations of the Government of Jharkhand
Statement No.18	Provides the detailed account of loans and advances given by the Government of Jharkhand, the amount of loan repaid during the year, the balance as on 31 March 2009
Statement No.19	Gives the details of earmarked balances of reserve funds

APPENDIX - 1.2
(Reference: Paragraph 1.1 and 1.5.1; Page 1 and 16)
Methodology Adopted for the Assessment of Fiscal Position
Part A

The norms/Ceilings prescribed by the TFC for selected fiscal variable along with its projections for a set of fiscal aggregates and the commitments/projections made by the State Governments in their Fiscal Responsibility Acts and in other Statements required to be laid in the legislature under the Act **(Part B of Appendix 1.2)** are used to make qualitative assessment of the trends and pattern of major fiscal aggregates. Assuming that GSDP is the good indicator of the performance of the State's economy, major fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal debt and revenue and fiscal deficits have been presented as percentage to the Gross State Domestic Product (GSDP) at current market prices. The buoyancy coefficients for relevant fiscal variables with reference to the base represented by GSDP have also been worked out to assess as to whether the mobilization of resources, pattern of expenditure etc, are keeping pace with the change in the base or these fiscal aggregates are also affected by factors other than GSDP.

The trends in GSDP for the last five years are indicated below:

Trends in Gross State Domestic Product (GSDP)

	2004-05	2005-06	2006-07	2007-08	2008-09
Gross State Domestic Product (Rs in crore)	51323	54879	63229(P)	69253(Q)	75711(A)
Growth rate of GSDP	20.9	6.9	15.2	9.5	9.3

Source: Directorate of Statistics and Evaluation, Government of Jharkhand.

Methodology for Estimating the Fiscal Capacity

For working out the fiscal capacity of the State Governments, the following methodology given in Twelfth Finance Commission report has been adopted.

Step 1: Calculate the national average of AE-GSDP and CO/DE/ SSE–AE.

Step 2: Based on the national average of AE-GSDP ratio, derive the aggregate expenditure so that no State is having a ratio AEGSDP less than the national average, *i.e.*, if

$$AE/GSDP = x$$

$$AE = x * GSDP \dots\dots\dots(1)$$

where x is the national average of AE-GSDP ratio.

Wherever the States are having AE-GSDP ratio higher than national average, no adjustments were made. Wherever this ratio was less than average, it was made equal to the national average.

Step 3: Based on the national average of DE-AE, SSE-AE and COAE, derive the respective DE, SSE and CO, so that no State is having these ratios less than national average, *i.e.*, if

$$DE/AE = y$$

$$DE = y * AE \dots\dots\dots(2)$$

where y is the national average of DE-AE ratio

Substituting (1) in (2), we get

$$DE = y * x * GSDP \dots\dots\dots(3)$$

Wherever the States are having DE-AE, SSE-AE and CO-AE ratio higher than national average, no adjustments have been made. Wherever these ratios were less than average, it was made equal to the national average.

Step 4: Based on the derived DE, SSE and CO as per equation (3), respective per capita expenditure was calculated, *i.e.*,
 $PCDE = DE/P \dots\dots\dots(4)$

where PCDE is the per capita development expenditure and P is the population.
 Substituting (3) in (4), we get

$$PDE = (y * x * GSDP)/P \dots\dots\dots(5)$$

Equation (5) provides the adjusted per capita expenditure. If the adjusted per capita expenditure is less than the national average of per capita expenditure, then the States' low level of spending is due to the low fiscal capacity. This gives a picture of actual level of expenditure when all the State Governments are attaching fiscal priority to these sectors equivalent to the national average.

The definitions of some of the selected terms used in assessing the trends and pattern of fiscal aggregates are given below:

Terms	Basis of calculation
Buoyancy of a parameter	Rate of Growth of the parameter/GSDP Growth
Buoyancy of a parameter (X) With respect to another parameter (Y)	Rate of Growth of parameter (X)/ Rate of Growth of parameter (Y)
Rate of Growth (ROG)	$[(\text{Current year Amount} / \text{Previous year Amount}) - 1] * 100$
Development Expenditure	Social Services + Economic Services
Average interest paid by the State	$\text{Interest payment} / [(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities}) / 2] * 100$
Interest spread	GSDP growth – Average Interest Rate
Quantum spread	Debt stock * Interest spread
Interest received as <i>per cent</i> to Loans Outstanding	$\text{Interest Received} / [(\text{Opening balance} + \text{Closing balance of Loans and Advances}) / 2] * 100$
Revenue Deficit	Revenue Receipt – Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit – Interest payments
Balance from Current Revenue (BCR)	Revenue Receipts minus all Plan grants and Non-plan Revenue Expenditure excluding expenditure recorded under the major head 2048 – Appropriation for reduction of Avoidance of debt

APPENDIX - 1.2
Fiscal Responsibility and Budgetary Management (FRBM) Act, 2007
(Reference: Paragraph 1.1; Page 1)

Part B

Jharkhand State's Fiscal Correction Path

Sl. No.	Major Aggregates	2005-06	2006-07	2007-08	2008-09	2009-10
		Actual	Actual	Actual	Budget	
A. STATE REVENUE ACCOUNT		<i>(Rupees in crore)</i>				
1.	Own Tax Revenue	2758.04	3188.50	3473.55	5535.65	6310.64
	1a Growth rate	15.75	15.61	8.94	59.37	14.00
	1b TAX/GDP	5.85%	5.96%	5.72%	8.03%	8.07%
2.	Own Non Tax Revenue	1426.52	1250.40	1601.40	2912.73	3320.51
3.	Own Tax + Non Tax Revenue (1+2)	4184.56	4438.90	5074.95	8448.38	9631.15
4.	Share in Central Taxes	3175.89	4050.90	5109.83	5275.77	5803.35
5.	Plan Grants	991.71	1260.31	1285.27	1484.05	1662.14
6.	Non Plan Grants	111.72	259.71	556.50	573.94	642.81
7.	Total Central Transfer (4+5+6)	4279.32	5570.92	6951.60	7333.76	8108.30
8.	Total Revenue Receipts (3+7)	8463.88	10009.82	12026.55	15782.14	17739.45
9.	Plan Expenditure	2138.43	2431.69	2979.88	5214.45	5735.90
	9a Growth rate	7.99	13.71	22.54	74.99	10.00
10.	Non-Plan Expenditure	6352.39	6632.25	7852.09	8367.41	9204.15
	10a Growth rate	27.16	4.41	18.39	6.56	10.00
11.	Salaries Expenditure	2547.37	3075.66	2951.47	4374.76	5526.79
	11a Growth rate	3.35	20.74	-4.04	48.22	26.33
12.	Pension	657.18	678.97	818.32	713.52	824.06
	12 a Growth rate	5.98	3.32	20.52	-12.81	15.49
13.	Interest Payments	1419.55	1613.38	1758.03	2136.94	1698.40
	13a Growth rate	24.38	13.65	8.97	21.55	-20.52
14.	Subsidies-General					
15.	Subsidies-Power	469.19	211.35	77.27		365.55
16.	Total Revenue Expenditure	8490.82	9063.94	10831.97	13581.86	14940.05
17.	Salaries + Interest + Pension (11+12+13)	4624.10	5368.01	5527.82	7225.22	8049.24
18.	As % of Revenue Receipts (17/8)	54.63%	53.63%	45.96%	45.78%	45.37%
	Salaries as % of Total Revenue Exp.	30.00%	33.93%	27.25%	32.21%	36.99%
	Interest as % of Total Revenue Receipt (13/8)	16.77%	16.12%	14.62%	13.54%	9.57%
19.	Revenue Surplus/Deficit (8-16)	-26.94	945.88	1194.58	2200.28	2799.40
B. CONSOLIDATED REVENUE ACCOUNT						
1.	Power Sector Loss/Profit net of actual subsidy transfer (Loss (+))	469.19	211.35	77.27		365.55
2.	Increase in debtors during the year in power utility accounts (Increase(-))					
3.	Interest payment on off budget borrowings and SPV borrowing made by PSU/SPU outside budget					
4.	Total (1 to 3)	469.19	211.35	77.27	0.00	365.55
5.	Consolidated Revenue Deficit (A.19-B.4)	-496.13	734.53	1117.31	2200.28	2433.85

Sl. No.	Major Aggregates	2005-06	2006-07	2007-08	2008-09	2009-10
		Actual	Actual	Actual	Budget	
	C. CONSOLIDATED DEBT					
1.	Outstanding debt and liabilities	16354.69	17843.34	19280.51	20823.27	22645.30
2.	Total Outstanding Guarantee	530.00	530.00	530.00	500.00	500.00
	of which (a) guarantee on account of off budgeted borrowings and SPV borrowings	-	-	-	-	-
	D. CAPITAL ACCOUNT					
1.	Capital Outlay	1839.03	1461.34	2583.54	3966.47	4363.12
	1a Growth rate					
2.	Disbursement of Loans and Advances	3746.84	410.81	597.66	531.09	557.64
	2a Growth rate					
3.	Recovery of Loans and Advances	9.81	15.75	44.22	11.30	12.43
	3a Growth rate					
4.	Other Capital Receipts	3500.62	2095.74	2022.65	2150.00	1720.00
	E. GROSS FISCAL DEFICIT (GFD)	5603.00	910.52	1942.40	2285.98	2108.93
	GSDP (Rs in crore) at current prices (TFC)	46037.00	51101.00	56722.00	62961.00	69887.00
	% increase					
	GSDP (Rs in crore) at current prices (GOJ)	47117.41	53480.10	60699.91	68894.40	78195.15
	% increase					
	GSDP (Rs in crore) at current prices 1999-2000 series	62239.09	67451.07	73099.51	82236.95	92516.57
	GFD/GSDP (GOJ)	11.89%	1.70%	3.20%	3.32%	2.70%
	GFD/GSDP (TFC)	12.17%	1.78%	3.42%	3.63%	3.02%
	GFD/GSDP (1999-200 New Series)	9.00%	1.35%	2.66%	2.78%	2.28%
	Capital Outlay/GSDP (GOJ)	3.90%	2.73%	4.26%	5.76%	5.58%
	Plan Expenditure (incl. CSP & CSS)	5062.69	5223.60	7539.86	9051.05	9956.16
	Plan Expenditure /GSDP (GOJ)	10.74%	9.77%	12.42%	13.14%	12.73%
		4799070.00	5446944.45	6182281.95	0.00	

Note: From the year 2006-07 onwards, Resource Gap to Jharkhand State Electricity Board will be given as subsidy instead of loan.

Source: Finance Department, Government of Jharkhand

APPENDIX - 1.2

Fiscal Responsibility and Budgetary Management (FRBM) Act, 2007
(Reference: Paragraph 1.1; Page 1)

Jharkhand FRBM Act, 2007 aims to provide the responsibility to the State Government to ensure prudence in fiscal management and fiscal stability by progressive elimination of revenue deficit and sustainable debt management consistent with fiscal stability, greater transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term frame work and for matters connected therewith or incidental thereto. Accordingly, in order to give effect to the fiscal management principles as laid down in the Act, and/or the rules framed there under it prescribed the following monitorable fiscal targets for the State Government:

- reduce revenue deficit to 'nil' at the end of the 31 day of March, 2009;
- reduce fiscal deficit by such percentage of GSDP in each of the financial years to bring it at a level of not more than three *per cent* of the estimated GSDP at the end of the 31 day of March, 2009;
- generate a primary surplus of over three *per cent* of GSDP by the year ending 31 March, 2008;
- In order to bring the debt stock to a sustainable level, interest payment as a percentage of revenue receipt is to be limited to 18 to 25 *per cent*;
- The total debt stock should be limited to 300 *per cent* of the total revenue receipt of the State (by the year ending 2007-08);
- Other important monitorable fiscal targets would be
 - The ratio of salary to State's Own revenue is to be reduced to 80 *per cent*;
 - the ratio of non interest committed revenue expenditure to State's Own and Mandated Revenue is to be reduced to 55 *per cent* by the year ending 31 March, 2008;
 - The ratio of revenue deficit to revenue receipt is to be reduced to 'Zero' by the year ending 31 March, 2009.

It was also stated that revenue deficit and fiscal deficit may exceed the limits specified in the Act due to unforeseen demands on the finances of the State Government arising out of natural calamities. It was also stated that such excess shall not exceed the actual fiscal cost that can be attributed to the natural calamities.

Appendix 1.3

Time series data on the State Government finances
(Reference: Paragraph 1.1, 1.3 & 1.7.2; Page 1, 6 & 23)

(Rupees in crore)

	2004-2005	2005-2006	2006-2007	2007-2008	2008-09
Part A. Receipts					
1. Revenue Receipts	6661 (65)	8464(71)	10010(83)	12027(85)	13213(84)
(i) Tax Revenue	2383(36)	2758(32)	3189(32)	3474(29)	3753(28)
Taxes on Agricultural Income	-	-	-	-	-
Taxes on Sales, Trade, etc	1882(79)	2212(80)	2557(80)	2846(82)	2996(80)
State Excise	146(6)	162(6)	130(4)	157(5)	205(6)
Taxes on Vehicles	130(5)	138(5)	218(7)	136(4)	202(6)
Stamps and Registration fees	87(4)	92(3)	122(4)	156(4)	192(5)
Land Revenue	17(1)	18(1)	36(1)	26(1)	53(1)
Taxes on Goods and Passengers	78(3)	97(4)	74(2)	71(2)	54(1)
Other Taxes	43(2)	39(1)	52(2)	82(2)	51(1)
(ii) Non Tax Revenue	1053(16)	1427(17)	1250(12)	1601(13)	1952(15)
(iii) State's share of Union taxes and duties	2366(35)	3176 (38)	4051(41)	5110(42)	5392(41)
(iv) Grants in aid from Government of India	859(13)	1103(13)	1520(15)	1842(15)	2116(16)
2. Miscellaneous Capital Receipts	-	-	-	-	-
3. Recoveries of Loans and Advances	8	10	16	44	19
4. Total Revenue and Non debt capital receipts (1+2+3)	6669	8474	10026	12071	13232
5. Public Debt Receipts	3570(35)	3501(29)	1866(16)	2023(14)	2437(16)
Internal Debt (excluding Ways and Means Advances and Overdrafts)	3057	3495	1849	2009	2434
Net transactions under Ways and Means Advances and Overdrafts	--
Loans and Advances from Government of India	513	6	17	14	3
6. Total Receipts in the Consolidated Fund (4+5)	10239	11975	11892	14094	15669
7. Contingency Fund Receipts	-	-	-	32	-
8. Public Account Receipts	2927	3908	4293	7013	8335
9. Total Receipts of the State (6+7+8)	13166	15883	16185	21139	24004
Part B. Expenditure/Disbursement					
10. Revenue Expenditure	6976(79)	8491(60)	9064(83)	10832(77)	12877(79)
Plan	1980(28)	2139 (25)	2432(27)	2980(28)	3813(30)
Non Plan	4996(72)	6352(75)	6632(73)	7852(72)	9064(70)
General Services (including interest payments)	2943(42)	3578(42)	3810(42)	4607(43)	4924(38)
Social Services	2524(36)	3060(36)	3327(37)	4257(39)	5385(42)
Economic Services	1509(22)	1853(22)	1925(21)	1967(18)	2532(20)
Grants-in-aid and contributions	0.07(..)	-	2	-	35
11. Capital Expenditure	1333(15)	1839(13)	1461(13)	2584(19)	3051(19)
Plan	1333(100)	1837(100)	1461(100)	2558(99)	3015(99)
Non Plan	-	2	-	26(1)	36(1)
General Services	20(2)	76(4)	72(5)	108(4)	176(6)
Social Services	226(17)	547(30)	495(34)	832(32)	1355(44)
Economic Services	1087(81)	1216(66)	894(61)	1644(64)	1520(50)
12. Disbursement of Loans and Advances	577(6)	3747(27)	411(4)	598(4)	418(3)
13. Total (10+11+12)	8886	14077	10936	14014	16346
14. Repayments of Public Debt	802	281	606	747	863
Internal Debt (excluding Ways and Means Advances and Overdrafts)	132(16)	130(46)	444(73)	572(77)	716(83)

Net transactions under Ways and Means Advances and Overdraft	-	-	-	-	9(1)
Loans and Advances from Government of India	670(84)	151(54)	162(19)	175(23)	138(16)
15. Appropriation to Contingency Fund	-	-	-	-	-
16. Total disbursement out of Consolidated Fund (13+14+15)	9688	14358	11542	14761	17209
17. Contingency Fund disbursements	-	-	32	-	-
18. Public Account disbursements	3603	2464	3552	6206	7185
19. Total disbursement by the State (16+17+18)	13291	16822	15126	20967	24394
Part C. Deficits					
20. Revenue Deficit(-)/Revenue Surplus (+) (1-10)	(-)315	(-)27	946	1195	336
21. Fiscal Deficit (-)/Fiscal Surplus (+) (4-13)	(-)2217	(-)5603	(-)910	(-)1943	(-)3114
22. Primary Deficit (21+23)	(-)1076	(-)4183	703	(-)185	(-)1227
Part D. Other data					
23. Interest Payments (included in revenue expenditure)	1141	1420	1613	1758	1887
24. Financial Assistance to local bodies etc.	958	1156	1631	1266	2044
25. Ways and Means Advances/ Overdraft availed (days)	-	-	29	-	-
Ways and Means Advances availed (days)	-	-	29	-	-
Overdraft availed (days)	-	-	-	-	-
26. Interest on Ways and Means Advances/ Overdraft	-	-	-	-	-
27 Gross State Domestic Product (GSDP)[@]	51323	54879	63229(P)	69253(Q)	75711(A)
28 Outstanding Fiscal liabilities (year end)	13512	17360	19417	21615	24084
29. Outstanding guarantees (year end) (including interest)	530	530	530	530	500
30. Maximum amount guaranteed (year end)	500	-	-	-	-
31. Number of incomplete projects	1	11	27	25	72
32. Capital blocked in incomplete projects	1103	1310	1489	1616	37182
Part E: Fiscal Health Indicators					
I Resource Mobilization					
Own Tax revenue/GSDP	4.6	5.0	5.0	5.0	5.0
Own Non-Tax Revenue/GSDP	2.1	2.6	2.0	2.3	2.6
Central Transfers/GSDP	4.6	5.8	6.4	7.4	7.1
II Expenditure Management					
Total Expenditure/GSDP	17.3	25.7	17.3	20.2	21.6
Total Expenditure/Revenue Receipts	133.4	166.3	109.3	116.5	123.7
Revenue Expenditure/Total Expenditure	78.5	60.3	82.9	77.3	78.8
Expenditure on Social Services/Total Expenditure	30.9	25.6	34.9	36.3	41.2
Expenditure on Economic Services/Total Expenditure	29.2	21.8	25.8	25.8	23.8
Capital Expenditure/Total Expenditure	15.0	13.1	13.4	18.4	18.7
Capital Expenditure on Social and Economic Services/Total Expenditure.	14.8	12.5	12.7	17.7	17.6

III Management of Fiscal Imbalances					
Revenue deficit (surplus)/GSDP	-0.6	0.0	1.5	1.7	0.4
Fiscal deficit/GSDP	-4.3	-10.2	-1.4	-2.8	-4.1
Primary Deficit (surplus) /GSDP	-2.1	-7.6	1.1	-0.3	-1.6
Revenue Deficit/Fiscal Deficit	14.2	0.5	-104.1	-61.5	-10.8
Primary Revenue Balance/GSDP	1.6	2.6	4.1	1.6	3.0
IV Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	26.3	31.6	30.7	31.2	31.8
Fiscal Liabilities/RR	202.9	205.1	194.0	179.7	182.3
Primary deficit vis-à-vis quantum spread	128.87	(-)4493.78	1815.04	(-)10.25	(-)1010.85
Debt Redemption (Principal +Interest)/ Total Debt Receipts	29.3	18.0	20.3	29.6	33.2
V Other Fiscal Health Indicators					
Return on Investment	1	Nil	Nil	Nil	Nil
Balance from Current Revenue (Rs in crore)	892	1120	2117	2890	2625
Financial Assets/Liabilities	54	64	73	81	84

Figures in brackets represent percentages (rounded) to total of each sub-heading
@ GSDP figures communicated by the Government adopted.

Appendix 1.4

(Reference: paragraph 1.1.1 & 1.7.1; page 1, 23)

(Rupees in crore)

Part A: Abstract of Receipts and Disbursements for the year 2008-09

Receipts				Disbursements					
2007-08		2008-09	2007-08		Non-plan	Plan	Total	2008-09	
	Section-A: Revenue								
12026.55	I. Revenue Receipts	13212.84	13212.84	10831.97	I. Revenue Expenditure	9063.71	3813.19	12876.90	12876.90
3473.55	Tax Revenue	3753.21		4607.49	General Services	4729.19	194.80	4923.99	
				4257.02	Social Services	3270.22	2114.96	5385.18	
1601.40	Non-tax Revenue	1951.74		2291.50	Education, Sports, Art and Culture	2139.26	1006.68	3145.94	
				391.60	Health and Family Welfare	406.51	160.77	567.28	
5109.83	State's share of Union Taxes	5392.11		284.99	Water supply, Sanitation, Housing and Urban Development	265.40	32.24	297.64	
				25.69	Information and Broadcasting	27.69	7.16	34.85	
556.49	Non-plan Grants	591.91		300.71	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	186.50	164.15	350.65	
752.18	Grants for State Plan Schemes	1054.18		38.91	Labour and Labour Welfare	30.13	83.71	113.84	
				905.53	Social Welfare and Nutrition	202.86	660.25	863.11	
533.10	Grants for Central and Centrally Sponsored Plan Schemes	469.79		10.09	Others	11.87		11.87	
				1967.37	Economic Services	1029.05	1503.43	2532.48	
				584.75	Agriculture and Allied Activities	245.52	377.94	623.46	
				605.97	Rural Development	183.86	620.96	804.82	
				-	Special Areas Programmes	-	-	-	
				163.43	Irrigation and Flood Control	222.84	0.12	222.96	
				118.62	Energy	81.30	118.63	199.93	
				118.20	Industry and Minerals	29.92	98.62	128.54	
				275.24	Transport	200.56	133.28	333.84	
				-	Science, Technology and Environment	-	-	-	
				101.16	General Economic Services	65.05	153.88	218.93	
				0.09	Grants-in-aid and Contributions	35.25	-	35.25	
				10831.97	Total				12876.90
	II Revenue Deficit carried over to Section B			1194.58	II Revenue Surplus carried over to Section B				335.94
12026.55	Total		13212.84	12026.55	Total				13212.84
	Section B								
1003.64	III Opening Cash		1174.88		III Opening Over Draft				

	Balance including Permanent Advances and Cash Balance Investment				from Reserve Bank of India				
	IV Miscellaneous Capital Receipts			2583.54	IV Capital Outlay	35.82	3015.45	3051.27	3051.27
				108.27	General Services	35.81	140.26	176.07	
				831.55	Social Services	-	1355.13	1355.13	
				223.52	Education, Sports, Art and Culture	-	360.23	360.23	
				133.55	Health and Family Welfare	-	215.77	215.77	
				386.32	Water supply, Sanitation, Housing and Urban Development	-	683.98	683.98	
				-	Information and Broadcasting	-	-	-	
				88.16	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	-	95.15	95.15	
	Section B Others (concl.)								
				-	Social Welfare and Nutrition	-	-	-	
				-	Others	-	-	-	
				1643.72	Economic Services	-	1520.07	1520.07	
				6.95	Agriculture and Allied Activities	-	12.03	12.03	
				591.10	Rural Development	-	625.07	625.07	
				-	Special Areas Programmes	-	-	-	
				704.44	Irrigation and Flood Control	-	242.69	242.69	
				-	Energy	-	-	-	
				2.00	Industry and Minerals	-	1.48	1.48	
				307.72	Transport	-	549.87	549.87	
				31.51	General Economic Services	-	88.93	88.93	
				2583.54	Total	35.82	3015.45	3051.27	3051.27
44.22	V Recoveries of Loans and Advances	18.90	18.90	597.66	V Loans and Advances Disbursed	163.83	254.36	418.19	418.19
	From Power Projects			514.30	For Power Projects	148.34	180.74	329.08	
16.57	From Govt. Servants	18.35		11.56	To Government Servants	7.26	-	7.26	
27.65	From Others	0.55		71.80	To Others	8.32	73.62	81.85	
1194.58	VI Revenue Surplus brought down	335.94	335.94	-	VI Revenue Deficit brought down	-	-	-	
2022.65	VII Public Debt Receipts	2436.56	2436.56	747.37	VII Repayment of Public Debt				863.40
	External Debt			-	External Debt	-			
2008.66	Internal Debt	2433.98		572.43	Internal Debt other than			715.83	

	other than Ways and Means Advances and Over Draft				Ways and Means Advances and Over Draft				
	Net Transaction under Ways and Means Advances			-	Net transactions under Ways and Means Advances			8.86	
	Net Transaction under Over Draft								
13.99	Loans and Advances from Central Government	2.58		174.94	Repayments of Loans and Advances to Central Government			138.71	
	VIII Appropriation to Contingency Fund			-	VIII Appropriation to Contingency Fund			-	
31.75	IX Amount transferred to Contingency Fund	-		-	IX Expenditure from Contingency Fund			-	
7013.07	X Public Accounts Receipts	8335.16	8335.16	6206.46	X Public Accounts Disbursements				7185.19
478.77	Small Savings and Provident Funds	584.45		3161.88	Small Savings and Provident Funds			384.83	
198.38	Reserve Funds	85.99		64.86	Reserve Funds			133.53	
49.34	Suspense and Miscellaneous	96.23		16.91	Suspense and Miscellaneous			-113.16	
2990.01	Remittances	3318.62		3136.07	Remittances			3329.06	
3296.57	Deposits and Advances	4249.87		2671.74	Deposits and Advances			3450.93	
	XI Closing Over Draft from Reserve Bank of India				Inter-state Settlement				145.87
				1174.88	XI Cash Balance at the end of the Year				637.52
				-	Cash in Treasuries and Local Remittances		-		
				-444.47	Deposits with Reserve Bank			-482.49	
				32.08	Departmental Cash Balance including Permanent Advances			24.80	
				116.22	Investment of Earmarked Fund			116.22	
				1471.05	Cash Balance Investment			978.99	
11309.91	Total		12301.44	11309.91	Total				12301.44

Appendix 1.4 (Continued)
Part B

Summarized financial position of the Government of Jharkhand as on 31 March 2009
(Reference: Paragraphs 1.1.1 & 1.7.1; Pages 1 & 23)

(Rupees in crore)

As on 31.03.2008	Liabilities		As on 31.03.2009
15858.86	Internal Debt -		17568.15
4733.96	Market Loans bearing interest	5971.74	
1.79	Market Loans not bearing interest	1.76	
6.30	Loans from Life Insurance Corporation of India	6.30	
2732.07	Loans from other Institutions	3158.56	
8.86	Ways and Means Advances	-	
8375.88	Special securities issued to NSS Fund of Central Government	8429.79	
-	Overdrafts from Reserve Bank of India		
2540.26	Loans and Advances from Central Government -		2404.14
80.34	Pre 1984-85 Loans	1.32	
108.73	Non-Plan Loans	36.01	
2312.88	Loans for State Plan Schemes	2329.50	
1.80	Loans for Central Plan Schemes	1.63	
21.97	Loans for Centrally Sponsored Plan Schemes	21.14	
14.54	Other ways and means advances	14.54	
150.00	Contingency Fund		150.00
881.40	Small Savings, Provident Funds, etc.		1081.02
1828.48	Deposits		2572.62
621.79	Reserve Funds		574.25
-	Remittance Balances		-
21880.79			24350.17
	Assets		
9952.94	Gross Capital Outlay on Fixed Assets -		13004.21
27.01	Investments in shares of Companies, Corporations, etc.	29.02#	
9925.93	Other Capital Outlay	12975.19	
6051.54	Loans and Advances -		6414.83
5568.23	Loans for Power Projects	5897.30	
420.14	Other Development Loans	501.45	
27.17	Loans to Government servants and Miscellaneous loans	16.08	
116.22	Reserve Fund Investments		116.22
22.97	Advances		-31.82
306.75	Suspense and Miscellaneous Balances		97.36
	Interstate Settlement		145.87
1174.88	Cash -		637.52
-	Cash in Treasuries and Local Remittances	-	

-444.47	Deposits with Reserve Bank	-482.49	
24.69	Departmental Cash Balance including	24.69	
0.11	Permanent Advances	0.11	
1471.05	Cash Balance Investments	987.99	
4163.16	Deficit on Government Account -		3827.22
1194.58	(i) Less Revenue Surplus of the current year	335.94	
-	(ii) Miscellaneous Deficit	-	
5357.74	Accumulated deficit at the beginning of the year	4163.16	
21880.79			24350.17

Excludes Rs 5.75 crore shown in the Accounts of Corporations but the same is not included in the accounts due to non-availability of its source.

Explanatory Notes for Appendices 1.3 and 1.4

The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts. Government accounts being mainly on cash basis, the deficit on Government account, as shown in Appendix 1.4, indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures, etc., do not figure in the accounts. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of the State and other pending settlements, etc. There was a difference of Rs 74.19 crore (Net debit) between the figures reflected in the Accounts and that intimated by the Reserve Bank of India under "Deposits with Reserve Bank" which was under reconciliation.

APPENDIX 2.1 Statement of various grants/appropriations where savings exceeded Rs 10 crore each and also by 20 per cent or more of the total provision (Reference: Paragraph 2.3.1; Page 32)					
(Rupees in crore)					
Sl. No.	Grant No	Name of the Grant/Appropriation	Total Grant/ Appropriation	Savings	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
1	1	Agriculture Department	714.46	500.00	70
2	2	Animal Husbandry Department	200.63	58.61	29
3	3	Building Construction Department	108.76	16.47	15
4	4	Cabinet co-ordination Secretariat Department	25.28	8.17	32
5	5	Governor Secretariat	5.11	1.08	21
6	6	Election	22.26	5.81	26
7	8	Civil Aviation Department	178.27	78.09	44
8	9	Co-operative Department	111.52	42.59	38
9	10	Energy Department	445.15	234.46	53
10	13	Interest Payment	2136.94	250.07	12
11	15	Pension	1117.60	137.19	12
12	18	Food Supply and Commercial Department	188.15	34.17	18
13	19	Forest and Environment Department	248.01	40.34	16
14	20	Health, Medical Education and Family Welfare Department	791.39	184.31	23
15	22	Home Department	1491.53	110.98	7
16	23	Industry Department	199.58	83.42	42
17	25	Institutional Finance and Programme Implementation Department	2.00	0.85	43
18	26	Labour Employment and Training Department	747.53	187.82	25
19	27	Law Department	114.97	36.51	32
20	29	Mines and Geology Department	53.39	35.09	66
21	30	Minority Welfare Department	71.01	65.92	93
22	34	Jharkhand Public Service Commission	7.56	2.92	39
23	35	Planning and Development Department	149.43	129.49	87
24	39	Disaster Management Department	210.37	132.32	63
25	40	Revenue and Land Reform Department	254.58	32.12	13
26	41	Road Construction Department	189.92	29.26	15
27	42	Rural Development Department	1058.67	117.96	11
28	43	Science and Technology Department	154.07	76.74	50
29	44	Secondary Primary and Mass Education Department	2755.72	279.28	10
30	46	Tourism Department	54.58	18.96	35
31	47	Transport Department	169.21	134.96	80
32	48	Urban Development and Housing Department	164.40	20.98	13
33	49	Water Resources Department	198.21	17.52	9

34	51	Welfare Department	939.93	219.46	23
35	52	Art ,Culture & Youth Welfare Department	275.14	16.49	6
		Capital	0	0	
36	1	Agriculture Department	5.00	2.00	40
37	3	Building Construction Department	201.40	145.35	72
38	9	Co-operative Department	41.00	27.54	67
39	10	Energy Department	398.00	68.92	17
40	19	-Forest and Environment Department	10.00	10.00	100
41	20	Health, Medical Education and Family Welfare Department	300.74	84.97	28
42	22	Home Department	175.04	38.72	22
43	23	Industry Department	8.00	7.00	87
44	25	Institutional Finance and Programme Implementation Department	0.50	0.49	98
45	29	Mines and Geology Department	12.00	11.52	96
46	30	Minority Welfare Department	19.01	4.67	25
47	36	Drinking Water and Sanitation Department	414.57	89.15	22
48	41	Road Construction Department	635.07	88.05	14
49	42	Rural Development Department	637.57	11.45	2
50	44	Secondary Primary and Mass Education Department	51.00	14.45	28
51	46	Tourism Department	126.50	37.58	30
52	47	Transport Department	6.90	4.06	59
53	48	Urban Development and Housing Department	582.84	168.73	29
54	49	Water Resources Department	534.60	254.29	48
55	50	Minor Irrigation Department	104.30	26.69	26
56	51	Welfare Department	105.78	24.97	24
57	52	Art ,Culture & Youth Welfare Department	311.50	51.89	17
			20236.65	4512.90	

Appendix 2.2

Excess over provision of previous years requiring regularisation
(Reference: Paragraph 2.3.4; Page 35)

(Rupees in crore)

Year	Number of grants/ appropriations	Grant/ appropriation Name	Amount of excess	Stage of consideration by Public Accounts Committee (PAC)
2001-02	32	Legislature	0.04	No action taken
2002-03	10	Energy Department	7.00	No action taken
2002-03	13	Interest Payment	472.46	No action taken
2002-03	14	Repayment of Loans	761.96	No action taken
2002-03	32	Legislature	0.08	No action taken
2003-04	10	Energy Department	9.63	No action taken
2003-04	13	Interest Payment	191.28	No action taken
2003-04	14	Repayment of Loans	674.72	No action taken
2003-04	39	Relief and Rehabilitation Department	61.33	No action taken
2003-04	46	Tourism Department	0.29	No action taken
2004-05	13	Interest Payment	365.80	No action taken
2004-05	14	Repayment of Loans	133.44	No action taken
2004-05	23	Industry Department	7.49	No action taken
2004-05	39	Relief and Rehabilitation Department	69.34	No action taken
2005-06	10	Energy Department	2628.94	No action taken
2005-06	13	Interest Payments	492.53	No action taken
2006-07	13	Interest Payments	833.58	No action taken
2006-07	14	Repayment of Loans	412.28	No action taken
2007-08	14	Repayment of Loans	229.64	No action taken
2007-08	15	Pension	104.80	No action taken
Total			7456.63	

Appendix 2.3
Cases where supplementary provision (Rs 10 lakh or more in each case)
proved unnecessary
 (Reference: Paragraph 2.3.6; Page 36)

<i>(Rupees in thousands)</i>					
	Number and Name of the Grant	Original Provision	Actual expenditure	Savings out of original provision	Supplementary provision
A - Revenue (Charged)					
1	5-Governor Secretariat	42706	40289	2417	8372
2	34-Jharkhand Public Service Commission	70412	46444	23968	5187
Total for Charged		113118	86733	26385	13559
A- Revenue (Voted)					
3	1-Agriculture Department	6383610	2148071	4235539	760989
4	2-Animal Husbandry Department	1562116	1420180	141936	444171
5	3-Building Construction Department	961472	922906	38566	126090
6	4-Cabinet Co-ordination Secretariat Department	202936	171078	31858	49823
7	8-Civil Aviation Department	1152248	1001827	150421	630429
8	9- Co-operative Department	1073443	689345	384098	41792
9	10- Energy Department	4442032	2106880	2335152	9419
10	20- Health, Medical Education and Family Welfare Department	6893216	6070741	822475	1020654
11	23- Industry Department	1806408	1161638	644770	189433
12	25- Institutional Finance and Programme Implementation Department	18400	11420	6980	1560
13	26- Labour Employment and Training Department	7308430	5597133	1711297	166857
14	27- Law Department	935333	784642	150691	214395
15	29- Mines and Geology Department	505215	182950	322265	28670
16	33- Personal and Administrative Reforms Department	177710	169534	8176	25194
17	35- Planning and Development Department	1380227	199430	1180797	114104
18	39- Disaster Management Department	2098269	780465	1317804	5435
19	41- Road Construction Department	1634565	1606581	27984	264652
20	43- Science and Technology Department	1503073	773297	729776	37639
21	46- Tourism Department	452078	356219	95859	93757
22	47- Transport Department	1681368	342481	1338887	10732
23	48- Urban Development and Housing Department	1459272	1434186	25086	184760
24	51- Welfare Department	8374617	7204746	1169871	1024713
Total for Voted		52006038	35135750	16870288	5445268
Total for Revenue				16896673	5458827
	Grant Number	Original Provision	Actual expenditure	Savings out of Original provision	Supplementary provision
B Capital					
25	22- Home Department	1474500	1363253	111247	275907
26	23- Industry Department	70000	10000	60000	10000
27	44- Secondary, Primary and Mass Education Department	480000	365506	114494	30000
28	46- Tourism Department	1165000	889225	275775	100000
29	48- Urban Development and Housing Department	5528410	4141063	1387347	300000
Total - Capital				1948863	715907
Grant Total				18845536	6174734

Appendix 2.4
Excess/Unnecessary/Insufficient re-appropriation of funds
(Reference: Paragraph 2.3.7; Page 36)

(Rupees in lakh)

Sl. No.	Grant No.	Description	Head of Account	Re-appropriation	Final Excess (+)/ Saving (-)
1	1	Head Quarters' establishment	2402-001-01	8.95	(-)1.22
		Soil Survey and Investigation Testing	2402-101-02	8.95	(+)115.90
2	2	Control and Prevention of veterinary Diseases	2403-101-04	3.90	(-)5.35
		Pig Breeding Farm	2403-796-13	0.05	(-)9.06
		Cattle and Fisheries Department	3451-090-08	10.46	(-)2.76
3	3	Building Construction & Housing Department	2052-090-20	15.00	(-)0.64
		Direction	2059-80-001-01	1.00	(-)1.57
		Architecture	2059-80-001-02	5.00	(-)0.84
		Construction of Extra Circuit House	4059-01-796-37	20.00	(-)52.41
		Building Chaibasa/Construction of 30 Rooms Rest House Building, Ranchi Housing in Ranchi	4216-01-796-04	64.00	(-)60.51
4	5	Modernisation of furnishing of Governor's Residential Office	2012-103-03	1.6 1	(-)4.82
		Other Charges (Reimbursement of Medical Expenses)	2012-03-105-01	1.21	(-)0.84
		Miscellaneous Tour Expenses	2012-03-108-02	7.10	(-)3.81
5		Direction			
		Superintendence & Development & Formation of Co-operative Societies in Tribal Areas	2425-001-01	0.87	(-)6.69
			2425-001-02	0.11	(-)67.50
	9	Statistical Branch	2425-004-01	0.02	(-)18.89
6	18	Food, Public Distribution and Consumer Cases Department	3451-09-11	8.40	(-)2.23
		Headquarter Charges	3456-001-01	8.40	(+)29.99
7	22	Home Department			
		Superintendence			
		Training College, Hazaribagh	2052-090-03	3.50	(-)5.98
		Headquarters' Establishment	2055-001-01	17.00	(-)107.04
		District Charges	2055-003-01	5.00	(-)18.17
		Probationers' Service	2070-106-01	7.15	(-)1.82
		Arrangement of Ambulance	2070-106-02	2.60	(-)3.88
		Extension and Strengthening of Jail Building	2235-02-106-10	20.04	(-)107.09
			4055-800-19	25.00	(+)5.60
		Arrangement of Probation Services/Hostels/Borstal School	4055-800-34	74.91	(-)85.74
			4055-800-36	6.19	(+)7.97
	4055-800-40	10.00	(+)1.49		
	4055-800-41	46.74	(+)450.50		
	4055-800-42	12.41	(+)2.38		
8	23	Development of Sericulture	2851-796-06	1.00	(+)55.55
		Design Development and Training Centre	2851-796-14	1.00	(-)0.18

9	25	Institutional Finance Department	2052-092-19	4.50	(-)5.58
10	35	Evaluation of Plan Work	3454-800-05	3.78	(-)0.37
11	36	Hand Pump, Tanks and Wells, High Pressure Tube wells	2215-01-101-02	30.37	(-)305.44
		Rural Piped Water Supply Scheme	4215-01-796-01	29.86	(-)14.12
12	40	Revenue and Land Reforms Department	2052-090-17	1.50	(-)0.22
13		Expenditure on Work- Charged Establishment	3054-03-337-02	46.92	(-)7.03
	41	Exclusion	3054-80-001-03	12.50	(+)0.46
14	43	Technical Education Directorate Strengthening of Government Polytechnic/Mining Institute(Diploma Course)	2203-001-01	0.12	(-)4.06
		Strengthening of Government Polytechnic/Mining Institute(Diploma Course)	2203-105-02	21.40	(-)221.39
		Strengthening of Government Polytechnic/Mining Institute(Diploma Course)	2203-789-36	6.00	(-)29.77
		Strengthening of Government Polytechnic/Mining Institute(Diploma Course)	2203-796-44	0.60	(-)159.67
15	44	Intermediate Education (+2 including Commercial Education)	2202-03-103-01	76.32	(-)37.52
16	46	Tourism Infrastructure Directorate	3452-01-101-01	12.43	(+)10.88
		Office of the Regional Tourist Asstt. Director	3452-80-001-01	4.49	(+)0.58
			3452-80-001-02	3.72	(-)0.62
17	51	Welfare Department	2251-090-06	23.50	(-)0.29
18	52	Organisation of National Games(2007)	4202-03-796-08	418.86	(-)51.90
Total				1094.44	716.36

Appendix 2.5

Results of review of substantial surrenders made during the year
(Reference: Paragraph : 2.3.8; Page 36)

Sl. No.	Number and title of Grant	Name of the scheme (Head of Account)	Amount of Surrender (Rs in lakh)	Percentage of Surrender
1	1- Agriculture Department	2401-00-102-07 Establishment of Agriculture Science and Industrial Centre	1500.00	100
2		2401-00-109-12 Scheme of Micro Management	1166.00	93
3		2401-00-109-13 National Horticulture Mission Programme	1003.93	89
4		2401-00-789-10 National Horticulture Mission Programme	1249.54	88
5		2401-00-796-20 Scheme of Micro Management	1396.16	80
6		2401-00-796-28 National Horticulture Mission Programme	3116.67	100
7		2401-00-800-44 National Agriculture Development Scheme	25000.00	100
8	3- Building Construction Department	4059-01-796-33 New Secretariat Building /Residential Building etc. in Ranchi	1955.76	63
9		4216-01-700-05 Other Housing(New Scheme)	2037.31	85
10		4216-01-796-05 Honourable Ministers' Housing	6008.08	94
11	9- Co-operative Department	2425-107-21 Central Financial assistance to Co-operative Society	1200.00	100
12		2425-796-22 Central Financial assistance to Co-operative Society	1200.00	100
13		6425-796-03 Loans to VEGFED for construction of Cold Stores	1170.00	100
14	10- Energy Department	2801-05-796-01 Grants to JSEB for accelerated power Development Programme	1375.00	100
15		2801-05-796-01 Grants to Jharkhand State Electricity Board for accelerated power Development Programme	1375.00	100
16		2801-05-800-07 Advisory and other works Grants for support to successor company JSEB	10500.00	100
17		2801-05-800-09 Advisory and other works Grants for load dispatch centre	1987.45	67
18		6801-00-789-03 Loans to JSEB for communication	2793.02	79
19		6801-00-796-04 Loans to JSEB for communication	5555.31	79
20		6801-00-800-04 Loans to JSEB for communication	3577.86	80
21	13- Interest Payment	2049-01-200-08 Interest on Loan taken from Housing and Urban Development	3877.68	53
22		2049-01-200-10 Power Bond-Interest payment	14900.00	100
23	14- Repayment of Loan	6004-01-102-02 Loans received for 1984-85	1449.41	100
24		6004-02-101-01 Block Loan received for 1989-90	13974.52	91
25	15- Pension	2071-01-101-04 Payment of Arrear Pension due to revision	9861.21	52
26	19- Forest and Environmental Department	4406-02-800-01 Grants to Jharkhand State Pollution Control Board	1000.00	100
27	20- Health, Medical Education and Family Welfare Department	2211-00-101-02 Health Sub Centres	8290.74	71
28		4210-02-796-36 Building Sadar Hospital	1240.06	51

29	22- Home department	2055-00-115-02 Modernisation of Police Force and Building Construction	3528.66	64
30		4055-00-800-02 Jail Modernisation	1900.50	100
31	23- Industry Department	2852-80-796-03 Development of Land Acquisition and Acquired Land	1144.41	82
32		2852-80-796-20 Grant-in-Aid to Central Tool Room	900.00	100
33	26- Labour Employment and Training Department	2230-01-103-09 National Health Insurance Scheme	2028.00	100
34		2230-01-796-10 National Health Insurance Scheme	1950.00	100
35	29- Mines and Geology Department	2853-02-796-05 Geological Investigation	2633.03	93
36		4853-02-800-01 Mining Establishment Major Work	995.98	96
37	30- Minority Welfare Department	2225-80-796-03 Multi Sectoral Development	6000.00	100
38	35- Planning and Development Department	2053-00-796-11 Floated amount for District Plan	5000.00	100
39		2053-00-800-06 Floated amount for District Plan	6400.00	100
40	39- Disaster Management Department	2245-02-113-02 Repair/ Restoration of Houses damaged by flood, cyclone etc.	1205.75	80
41		2245-05-101-01 Natural Calamity Relief Fund (State Share)	1719.5	50
42		2245-05-101-02 Natural Calamities Relief Fund (Central Share)	5158.00	50
43		2245—80-800-02 Supply of equipment related to essential investigation, safety and evacuation with communication equipment	1375.00	100
44	41- Road Construction Department	5054-03-101-01 Bridges	1890.14	57
45		5054-03-796-03 Bridges	2347.79	66
46	42- Rural Development Department	2515-00-001-05 Panchayat Election	3000.00	100
47		2515-00-796-15 Construction of Panchayat Building	1497.77	75
48	47- Transport Department	3075-60-101-01 Assistance grants to Railway for construction of various railway projects	8243.45	82
49		3075-60-796-01 Assistance grants to Railway for construction of various railway projects	5100.00	81
50	48- Urban Development and Housing Department	2215-02-103-03 Grants for Sidhu Kanu Housing Scheme	1750.00	100
51		4217-60-190-26 Assistance grants for Centrally Sponsored JNNURM	3907.52	79
52		4217-60-190-28 Assistance grants for Centrally Sponsored BSUP	2223.30	99
53	49- Water Resources Department	4700-80-789-01 Swarnrekha Project	2398.40	80
54		4701-80-796-45 Construction of Kanchi Reservoir Scheme	1400.00	100
55		4711-01-796-01 Flood Protection and Anti Erosion Civil Works	3298.94	90
56	52- Welfare Department	4202-102-01 Construction and Development of Sports Stadium	2045.72	55
			210802.57	

Appendix - 2.6
Surrenders in excess of actual savings (Rs 50 lakh or more)
(Reference: Paragraph: 2.3.9; Page 36)

(Rupees in crore)

Sl. No.	Number and name of the grant/ appropriation	Total grant/ appropriation	Saving	Amount surrendered	Amount surrendered in excess
Revenue – Charged					
1	28- High Court of Jharkhand	21.67	2.66	2.97	0.31
Revenue – Voted					
2	7- Vigilance	7.21	0.49	0.68	0.19
3	18- Food Supply and Commercial Department	188.15	34.17	34.63	0.46
4	36- Drinking Water and Sanitation Department	149.42	3.90	4.67	0.77
Capital – Voted					
5	10- Energy Department	398.00	68.92	192.26	123.34
6.	41- Road Construction Department	635.07	88.05	95.84	7.79
7	46- Tourism Department	126.50	37.58	39.02	1.44
	Total	1526.02	235.77	370.07	134.30

Appendix - 2.7
Statement of various grants/appropriations in which savings occurred
but no part of which had been surrendered
(Reference Paragraph 2.3.10; Page 36)

(Rupees in crore)

I - Grant				
Sl. No.	Grant No.	Number and Name of grant/appropriation	Provision	Saving
1	2	Animal Husbandry Department	5.20	0.67
2	15	Pension	1125.60	137.19
3	31	Parliamentary Affairs Department	0.17	0.01
4	38	Registration Department	10.85	0.94
II - Appropriation				
1	13	Interest Payment	2136.94	250.07
			3278.76	388.88

APPENDIX 2.8				
Details of saving of Rs 1 crore and above not surrendered (Reference Paragraph 2.3.10; Page 36)				
<i>(Rupees in crore)</i>				
Sl. No.	Number and Name of Grants/Appropriation	Saving	Surrender	Saving which remained to be surrendered
1	2	3	4	5
Revenue				
1	1- Agriculture Department	499.65	104.54	395.11
2	2- Animal Husbandry Department	58.61	42.63	15.98
3	4- Cabinet Co- ordination Secretariat Department	8.17	6.84	1.33
4	8- Civil Aviation Department	78.09	15.08	63.01
5	9- Co- operative Department	42.59	1.55	41.04
6	10- Energy Department	234.46	209.05	25.41
7	11- Excise and Prohibition Department	1.58	0.19	1.39
8	13- Interest Payment	250.07	0	250.07
9	15- Pension	137.19	0	137.19
10	17- Finance (Commercial Tax)	6.12	1.84	4.28
11	19- Forest and Environment Department	40.34	29.86	10.48
12	20- Health, Medical Education and Family Welfare Department	184.31	129.63	54.68
13	21- Higher Education Department	3.33	0.16	3.17
14	22- Home Department	110.98	92.41	18.57
15	26- Labour Employment and Training Department	187.82	180.07	7.75
16	29- Mines and Geology Department	35.09	5.93	29.16
17	40- Revenue and Land Reform Department	32.12	25.32	6.80
18	41- Road Construction Department	29.26	25.23	4.03
19	42- Rural Development Department	117.96	78.43	39.53
20	43- Science and Technology Department	76.74	28.12	48.62
21	44- Secondary, primary and Mass Education Department	279.28	46.46	232.82
22	46- Tourism Department	18.96	14.36	4.60
23	47- Transport Department	134.96	133.43	1.53
24	48- Urban Development and Housing Department	20.98	8.59	12.39
25	49- Water Resources Department	17.52	13.06	4.46
26	50- Minor Irrigation Department	4.50	3.40	1.10
27	51- Welfare Department	219.46	155.41	64.05
28	52- Art, Culture and Youth Welfare Department	16.49	14.99	1.50
Capital				
1	3- Building Construction Department	145.35	142.05	3.30
2	9- Co- operative Department	27.54	0.24	27.30
3	20- Health, Medical Education and Family Welfare Department	84.97	68.96	16.01

4	29- Mines and Geology Department	11.52	0.82	10.70
5	30- Minority Welfare Department	4.67	3.02	1.65
6	36- Drinking Water and Sanitation Department	89.15	81.43	7.72
7	42- Rural Development Department	11.45	5.19	6.26
8	43- Science and Technology Department	5.93	3.93	2.00
9	44- Secondary, primary and Mass Education Department	14.45	11.25	3.20
10	48- Urban Development and Housing Department	168.73	155.22	13.51
11	49- Water Resources Department	254.29	171.33	82.96
12	50- Minor Irrigation Department	26.69	16.05	10.64
13	51- Welfare Department	24.97	19.85	5.12
14	52- Art, Culture and Youth Welfare Department	51.89	48.18	3.71
	Total	3756.71	2093.28	1663.43

Appendix - 2.9

Cases of surrender of funds in excess of Rs 10 crore on 30 and 31 March 2009
(Reference: Paragraph 2.3.10; Page 36)

				(Rupees in crore)
Sl. No.	Grant No.	Major Head	Amount of Surrender	Percentage of total Provision
1	2	3	4	
1	1	2401-102-07	15.00	100
		2401-109-12	11.66	93
		2401-109-13	10.04	89
		2401-789-10	12.50	88
		2401-796-20	13.96	80
		2401-796-28	31.16	100
		2401-796-40	20.00	100
		2401-800-44	250.00	100
2	2	4216-796-05	57.53	89
3	8	3053-102-01	25.00	100
4	9	2425-107-21	12.00	100
		2425-796-22	12.00	100
		6425-796-03	11.70	100
5	10	2801-796-01	13.75	100
		2801-796-01	13.75	100
		2801-800-07	105.00	100
		2801-800-09	19.87	66
		2810-600-01	13.40	95
		2810-796-01	14.36	95
		6801-201-01	11.00	100
		6801-789-03	27.93	79
		6801-796-01	13.75	100
		6801-796-01	13.75	100
		6801-796-04	55.55	79
		6801-796-08	11.70	42
6	26	2235-796-01	21.67	12
		2235-101-01	15.52	12
		2235-796-01	32.61	19
		2235-102-01	30.54	26
	27	2014-105-01	30.66	32
7	29	2853-796-05	26.33	92
8	36	4215-102-05	34.10	45
		4215-102-06	18.72	33
		4215-796-05	11.78	20
9	39	2245-113-02	11.81	78
		2245-101-01	17.19	50
		2245-101-02	51.58	50
		2245-800-02	13.75	100
10	40	2029-104-01	12.46	12
11	41	3054-337-01	12.14	24

		5054-101-01	18.90	57
		5054-337-01	24.28	13
		5054-796-01	20.15	6
		5054-796-03	23.47	66
12	42	2515-102-01	13.93	19
		2515-796-15	14.98	64
13	44	2202-101-10	30.14	4
		2202-789-14	21.34	74
		2202-789-15	23.67	81
		2202-796-03	14.65	21
		2202-800-02	32.27	77
		2202-109-01	39.94	17
14	47	3075-101-01	82.43	82
		3075-796-01	51.00	80
15	48	2215-103-03	17.50	100
		4217-190-28	22.23	99
		4217-796-15	11.00	100
		4217-796-16	22.75	81
16	49	2711-789-01	23.91	79
		2711-796-08	23.71	26
		4711-796-01	32.99	90
17	51	2225-794-01	66.37	43
		2225-796-22	20.00	100
		2235-102-01	29.20	23
		Total	1818.03	

Appendix - 2.10

Rush of Expenditure at the end of the year
(Reference: Paragraph 2.3.11; Page 37)

(Rupees in crore)

Sl. No	Grant Number and Name	Head of account Scheme/Service	Expenditure incurred during Jan-March 2009	Expenditure incurred in March 2009	Total expenditure	% of total expenditure incurred during	
						Jan-March 2009	March 2009
1	1- Agriculture Deptt.	2401- Crop Husbandry	130.97	111.86	151.45	86.47	73.85
2	2- Animal Husbandry Deptt.	2404- Dairy Development Department	41.29	35.72	48.52	85.09	73.61
		2405- Fisheries	13.49	11.26	19.71	68.44	57.12
		2415- Agriculture Research Education	29.34	21.89	43.69	67.15	50.10
3	4- Cabinet Secretariat & Co-ordination Deptt.	2205- Art & Culture	3.33	2.47	4.95	67.27	49.89
4	9- Co-operative Deptt.	2425- Co-operation Department	55.05	42.71	68.09	80.84	62.72
5	10- Energy Deptt.	2810- Non Conventional Sources of Energy Department	1.50	1.50	1.50	100.00	100.00
6	18- Food Supply and Commercial Deptt.	3456- Civil Supply	102.52	78.88	152.97	67.01	51.56
7	20- Health, Medical Education and Family Welfare Deptt.	4210- Capital Outlay on Medical and Public Health	206.93	117.14	215.77	95.90	54.28
8	23- Industry Deptt.	2852- Industry	44.82	40.72	48.09	93.20	84.67
		4885- Capital Outlay on Industries & Minerals	1.00	1.00	1.00	100.00	100.00
9	26- Labour Employment and Training Deptt.	2230- Labour and Employment	66.49	59.34	113.84	58.40	52.12
10	39- Disaster Management Deptt.	2245- Social Security & Welfare	74.09	73.96	76.94	96.29	96.12
11	40- Revenue & Land Reform Deptt.	3604- Compensation & Assignment to Local Bodies and Panchayati Raj Institution	35.20	35.20	35.25	99.85	99.85
12	42- Rural Development Deptt.	2501- Special Programme for Rural Development	24.67	21.43	41.68	59.18	51.41
		2505- Rural Employment	161.90	153.05	202.47	79.96	75.59
13	43- Science and Technology Deptt.	2203- Technical Education	49.82	47.16	76.10	65.46	61.97
14	44- Middle Primary and Public Education Deptt.	4202- Capital Outlay on Education, Sports, Arts and Culture	259.74	247.76	360.23	72.10	68.77
15	46- Tourism Deptt.	3452- Tourism	33.48	30.47	33.22	100.78	91.72
		5452- Capital Outlay on Tourism	86.70	75.71	88.92	97.50	85.14
16	48- Urban Development and Housing Deptt.	2217- Urban Development	14.09	13.09	17.00	82.93	77.04

Appendix 3.1

Utilisation certificates outstanding as on 31 March, 2009
(Reference: Paragraph 3.1; Page 43)

(Amount: Rupees in lakh)

(1)	(2)	Year of Payment of grant (3)	Total grants paid		Utilization Certificates			
			Number (4)	Amount (5)	Received		Outstanding	
					Number (6)	Amount (7)	Number (8)	Amount (9)
1	Industry	Upto 2007-08	212	101303.33	27	10250.28	185	91053.05
		08-09	172	16151.18	30	530.55	142	15620.63
	Total		384	117454.51	57	10780.83	327	106673.68
2	Animal Husbandry	Upto 2007-08	65	1251.02	9	144.29	56	1106.72
		08-09	5	690.10	-	-	5	690.10
	Total		70	1941.12	9	144.29	61	1796.82
3	Co-operative	Upto 2007-08	49	13799.16	15	1554.74	34	12244.42
		08-09	40	2823.81	7	142.31	33	2681.50
	Total		89	16622.97	22	1697.05	67	14925.92
4	Medical	Upto 2007-08	6	6211.05	6	6211.05	-	-
		08-09	6	6817.00	3	2377.20	3	4439.80
	Total		12	13028.05	9	8588.25	3	4439.80
5	Welfare	Upto 2007-08	123	8035.64	1	200.00	122	7835.64
		08-09	53	6046.95	-	-	53	6046.95
	Total		176	14082.59	1	200.00	175	13882.59
6	Agriculture	Upto 2007-08	7	1010.00	2	250.00	5	760.00
		08-09	4	4550.00	2	4200.00	2	350.00
	Total		11	5560.00	4	4450.00	7	1110.00
7	Land Revenue	Upto 2007-08	2	63.12	-	-	2	63.12
		08-09	1	21.38	-	-	1	21.38
	Total		3	84.50	-	-	3	84.50
8	Education	Upto 2007-08	135	87676.84	15	33050.18	120	54626.66
		08-09	44	49129.60	-	-	44	49129.60
	Total		179	136806.44	15	33050.18	164	103756.26
9	Urban Development	Upto 2007-08	1645	39387.25	127	738.15	1518	38649.11
		08-09	519	33337.24	4	80.00	515	33257.24
	Total		2164	72724.49	131	818.15	2033	71906.35
10	Others	Upto 2007-08	205*	70395.50	24	4909.71	181	65485.79
		08-09	98	48812.58	3	103.22	95	48709.36
	Total		303	119208.08	27	5012.93	276	114195.15
	Grand Total		3391	497512.75	275	64741.68	3116	432771.07

- The correct item in the OB column is 205 under M/H "Others"

Appendix - 4.1

Glossary of terms (and basis of calculations) and Acronyms used in the Report

Terms	Basis of calculation
Buoyancy of a parameter	Rate of Growth of the parameter/GSDP Growth Rate
Buoyancy of a parameter (X) With respect to another parameter (Y)	Rate of Growth of parameter (X)/ Rate of Growth of parameter (Y)
Rate of Growth (ROG)	$[(\text{Current year Amount} / \text{Previous year Amount}) - 1] * 100$
Development Expenditure	Social Services + Economic Services
Average interest paid by the State	Interest payment / $[(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities}) / 2] * 100$
Interest spread	GSDP growth – Average Interest Rate
Quantum spread	Debt stock * Interest spread
Interest received as <i>per cent</i> to Loans Outstanding	Interest Received $[(\text{Opening balance} + \text{Closing balance of Loans and Advances}) / 2] * 100$
Revenue Deficit	Revenue Receipt – Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit – Interest payments
Balance from Current Revenue (BCR)	Revenue Receipts minus all Plan Grants and Non-Plan Revenue Expenditure excluding expenditure recorded under the major head 2048–Appropriation for reduction of Avoidance of debt.
Debt sustainability	The Debt sustainability is defined as the ability of the State to maintain a constant debt-GSDP ratio over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt therefore also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep balance between costs of additional borrowings with returns from such borrowings. It means that rise in fiscal deficit should match with the increase in capacity to service the debt.
Debt stabilization	A necessary condition for stability states that if the rate of growth of economy exceeds the interest rate or cost of public borrowings, the debt-GSDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate – interest rate) and quantum spread (Debt*rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would be constant or debt would stabilize eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling.
Sufficiency of non-debt receipts	Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. Debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.

Terms	Basis of calculation
Net availability of borrowed funds	Defined as the ratio of the debt redemption (Principal + Interest Payments) to total debt receipts and indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds.
Appropriation Accounts	Appropriation Accounts present the total amount of funds (Original and Supplementary) authorised by the Legislative Assembly in the budget grants under each voted grants and charged appropriation vis-à-vis the actual expenditure incurred against each and the unspent provisions or excess under each grant or appropriation. Any expenditure in excess of the grants requires regularisation by the Legislature.
Autonomous bodies	Autonomous Bodies (usually registered Societies or Statutory Corporations) are set up whenever it is felt that certain functions need to be discharged outside the governmental set up with some amount of independence and flexibility without day-to-day interference of the Governmental machinery.
Committed expenditure	The committed expenditure of the State Government on revenue account mainly consists of interest payments, expenditure on salaries and wages, pensions and subsidies on which the present executive has limited control.
State implementing schemes	State Implementing Agency includes any Organisation/ Institution including Non-Governmental Organisation which is authorised by the State Government to receive the funds from the Government of India for implementing specific programmes in the State, e.g. State Implementation Society for Sarva Siksha Aviyan and State Health Mission for National Rural Health Mission, etc.
Contingency Fund	Legislature Assembly has by law established a Contingency Fund in the nature of an imprest into which is paid from time to time such sums as may be determined by such law, and the said fund is placed at the disposal of the Governor to enable advances to be made by him out of it for the purpose of meeting unforeseen expenditure pending authorisation of such expenditure by Legislature Assembly by law under Article 115 or Article 116 of the Constitution.
Consolidated fund of the State	The fund constituted under Article 266 (1) of the Constitution of India into which all receipts, revenues and loans flow. All expenditure from the CFI is by appropriation: voted or charged. It consists of two main divisions namely Revenue Account (Revenue Receipts and Revenue Expenditure) and Capital Account (Public Debt and Loans, etc.).
Contingent liability	Contingent liabilities may or may not be incurred by an entity depending on the outcome of a future event such as a court case.
Sinking Fund	A Fund into which the government sets aside money over time, in order to retire its debt.
Gauranttee Redemption Fund	Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended. As per the terms of the Guarantee Redemption Fund, the State Government was required to contribute an amount equal to atleast 1/5 th of the outstanding invoked guarantees plus an amount likely to be invoked as a result of the incremental guarantees during the year.

Terms	Basis of calculation
Internal Debt	Internal Debt comprises regular loans from the public in India, also termed 'Debt raised in India'. It is confined to loans credited to the Consolidated Fund.
Primary revenue expenditure	Primary revenue expenditure means revenue expenditure excluding interest payments.
Re-appropriation	Means the transfer of funds from one Primary unit of appropriation to another such unit.
Surrenders of unspent provision	Departments of the State Government are to surrender to the Finance Ministry, before the close of the financial year, all the anticipated unspent provisions noticed in the grants or appropriations controlled by them. The Finance Ministry is to communicate the acceptance of such surrenders, as are accepted by them to the Audit Officer and/or the Accounts Officer, as the case may be, before the close of the financial year.
Supplementary grants	If the amount authorised by any law made in accordance with the provisions of Article 114 of the Constitution to be expended for a particular service for the current financial year is found to be insufficient for the purpose of that year or when a need has arisen during the current financial year for the supplementary or additional expenditure upon some 'new service' not contemplated in the original budget for that year, Government is to obtain supplementary grants or appropriations in accordance with the provision of Article 115 (1) of the Constitution.
Suspense and Miscellaneous	Items of receipts and payments which cannot at once be taken to a final head of receipt or charge owing to lack of information as to their nature or for any other reasons, may be held temporarily under the major head "8658-Suspense Account" in the sector "L. Suspense and Miscellaneous" of the Accounts, (Footnotes under the major head in the list of major/minor heads of account may be referred to for further guidance). A service receipt of which full particulars are not given must not be taken to the head "Suspense Account" but should be credited to the minor head "Other Receipt" under the revenue major head to which it appears to belong pending eventual transfer to the credit of the correct head on receipt of detailed particulars.
Public Accounts committee	A Committee constituted by the Legislative Assembly for the examination of the reports of the Comptroller and Auditor General of India relating to the appropriation accounts of the State, the annual financial accounts of the State or such other accounts or financial matters as are laid before it or which the Committee deems necessary to scrutinize.

Acronyms	Full Form
AC Bill	Abstract Contingency Bill
AE	Aggregate Expenditure
BE	Budget Estimates
CAG	Comptroller and Auditor General of India
CE	Capital Expenditure
DCC Bill	Detailed Countersigned Contingency Bill
DCRF	Debt Consolidation and Relief Facility
DE	Development Expenditure
FCP	Fiscal Correction Path
GOI	Government of India
GSDP	Gross State Domestic Product
FRBM	Fiscal Responsibility and Budget Management Act, 2005
IP	Interest Payment
MTFPS	Medium Term Fiscal Policy Statement
O&M	Operation and Maintenance
PAC	Public Accounts Committee
RE	Revenue Expenditure
RR	Revenue Receipts
S&W	Salaries and Wages
SAR	Separate Audit Report
SSE	Social Sector Expenditure
TE	Total Expenditure
TFC	Twelfth Finance Commission
UC	Utilisation Certificate
VAT	Value Added Tax