



**REPORT
OF
THE COMPTROLLER
AND
AUDITOR GENERAL OF INDIA**

For the year ended 31 March 2003

(CIVIL)

GOVERNMENT OF JHARKHAND

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PREFACE

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.
2. Chapter 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 2003.
3. The remaining chapters deal with the findings of performance audit and audit of transactions in the various departments including the Public Works and Irrigation Department, audit of Stores and Stock and departmentally run commercial undertaking and observations arising out of Audit of Government companies and statutory corporations. Audit of accounts of Government companies is conducted by Comptroller and Auditor General of India under the provisions of Section 619 of the Companies Act, 1956.
4. The Report containing the observations on Revenue Receipts is presented separately.
5. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2002-03 as well as those which had come to notice in the earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 2002-03 have also been included wherever considered necessary.

OVERVIEW

This Report includes two chapters on the finances and accounts of the Government of Jharkhand and four chapters containing five Reviews and 22 paragraphs arising from the audit of selected schemes and programmes and of financial transactions of Government. A summary of main audit findings contained in the Audit Reviews and the important paragraphs is presented in this overview.

1. An overview of the finances of the State Government

- * Revenue receipts constituted the most significant source of funds for the State Government. During the year, out of the total revenue receipts of Rs 4937 crore, State's tax revenue contributed Rs 1750 crore (*35 per cent*) while non-tax revenue mainly royalties from non-ferrous mining and metallurgical industries yielded Rs 987 crore (*20 per cent*), State's share of Union taxes and duties was Rs 1703 crore (*35 per cent*) and Grant-in-aid from Government of India amounted to Rs 497 crore (*10 per cent*).
- * Sales tax was the major source of State's own tax revenue having contributed 78 per cent of the tax revenue followed by State Excise (*six per cent*), taxes on vehicles (*six per cent*) etc. Of non-tax revenue sources, non-ferrous mining and metallurgical industries (*81 per cent*) and interest receipts (*10 per cent*) were principal contributors.
- * Revenue expenditure accounted for 83 per cent of Governments total expenditure during 2002-03, which was higher than the revenue receipts, leading to a revenue deficit of Rs 572 crore. The share of capital expenditure was a meager 13 per cent and that of loans and advances four per cent.
- * Salaries (Rs 1243 crore), Interest payments (Rs 1419 crore) and Pensions (Rs 520 crore) alone consumed 64 per cent of total revenue receipts of the State during the year.
- * Blockage of funds in incomplete projects etc. impinged negatively on the quality of expenditure.
- * The liability of the State Government grew by 8.17 per cent while the assets grew by 4.21 per cent during 2002-03. The assets include investment (Rs seven crore) in the Government companies. Fiscal liabilities of the State increased from Rs 6238 crore in 2000-01 to Rs 8923 crore in 2002-03.

2. Allocative priorities and Appropriation

- ▶ State Government incurred an expenditure of Rs 7672 crore (including reduction of recoveries of Rs 26.23 crore) during 2002-03 against the total budget provision of Rs 9926 crore leading to a substantial saving of 23 per cent.
- ▶ The overall savings of Rs 2253.65 crore were the net result of savings of Rs 3495.15 crore in 49 cases of grants and appropriations and excess of Rs 1241.49 crore in four cases of grants and appropriations.
- ▶ The supplementary provision of Rs 256.17 crore obtained by Government in 32 cases proved unnecessary in view of aggregate savings of Rs 2899.04 crore.
- ▶ There were persistent savings exceeding Rs two crore in 36 cases of grants.
- ▶ Anticipated savings exceeding Rs one crore in each case in 25 cases amounting to Rs 1513 crore were not surrendered. Out of total surrender of Rs 1766 crore during 2002-03, Rs 1736 crore were surrendered on the last day of the financial year.
- ▶ Non-reconciliation of Departmental figures with those appearing in the books of the Accountant General was pointed out in the Reports of the Comptroller and Auditor General of India over the years. During 2002-03 expenditure under 2452 units of Appropriation involving a sum of Rs 8168 crore remained unreconciled.
- ▶ Expenditure of Rs 1241.49 crore in excess of provision under four grants and appropriations during the year requires regularisation by the legislature under article 205 of the Constitution.

3. National AIDS Control Programme in Jharkhand

The Centrally sponsored “National AIDS Control Programme” was implemented with the aim to slow down the spread of HIV infection, reduce the future mortality and strengthen the capacity to respond to HIV¹ /AIDS² on a long term basis. Implementation of the programme in the State suffered mainly due to absence of specific direction by JSACS³, coupled

¹ Human Immunodeficiency Retro Virus

² Acquired Immuno Deficiency Syndrome

³ Jharkhand State AIDS Control Society

with short utilisation of funds at its disposal. Physical targets for most of the components/ sub-components were not achieved. JSACS did not open a single STD⁴ clinic in the State since its creation i.e. 15 November 2000. The Society paid little attention to the strengthening of STD clinics, establishment of modern blood banks and up gradation of existing blood banks. Monitoring of the programme was ineffective.

- * JSACS did not organise any Family Health Awareness Campaign camps (FHAC) during 2002-03 though the funds were available.
- * Equipments for blood component separation facility made available by National AIDS Control Organisation (NACO) to Rajendra Institute of Medical Sciences (RIMS), Ranchi during 1995-2000 remained uninstalled as of June 2003.
- * JSACS failed to establish any Zonal Blood Testing Centre up to March 2003.
- * State Blood Transfusion Council was not formed in the State to create awareness for voluntary blood donation and safe blood practices.
- * Though 127 HIV positive cases were confirmed by School of Tropical Medicines, Kolkata, JSACS in its report to NACO reported only 44 HIV positive cases in Jharkhand as of April 2003.

[Paragraph 3.1]

4. Implementation of Drugs and Cosmetics Act, 1940

The Drugs and Cosmetics Act, 1940 is a Central Act and is applicable to the whole of India. This Act, alongwith other associated Acts and the rules made thereunder, regulate the manufacture, sale, import, export and clinical research of drugs and cosmetics in India. While the parameters of control are devised by the Central Government, these are required to be actually implemented by the State Government. In Jharkhand, the Act has not been implemented effectively. There were deficiencies in the implementation of regulatory parameters especially in the areas of licensing, approval, monitoring, prosecution, inspection and recall of sub-standard / spurious drugs. The provisions of the Act regarding inspection of units, drawing / testing/ reporting of samples, speedy and effective action against those manufacturing and marketing sub-standard/ spurious drugs were not implemented strictly and meticulously. There was shortfall in conducting inspection of manufacturing units and action against drug offenders was inadequate.

- * Market survey was not conducted to ascertain whether the manufacturing/ selling units were working under valid licenses.

⁴ Sexually Transmitted Disease

- * There was shortfall (ranging between 35 per cent to 66 per cent) in the target of collection of samples by the Drug Inspectors (DIs) during the period from the formation of the State in mid November 2000 upto December 2003. Samples of drugs (Ayurvedic/ Unani/ Blood) were not drawn for testing during 2001-03.
- * There was shortfall in conducting inspection with respect to prescribed norms under the Act as well as targets fixed by the Government.
- * The Government had not established a drug testing laboratory of its own as of March 2003.
- * Delay ranging from 2 months to 20 months in testing the drug samples contributed to consumption of sub-standard drugs.
- * There was inordinate delay (131 days to 323 days) in launching prosecution by the DIs against offenders on the pretext of obtaining sanction from the Drug Controller (DC).
- * There was no sanctioned post of DC in the State. Against an allocation of 70 DIs in the cadre only 10 Inspectors were working.

[Paragraph 3.2]

5. Fire Prevention and Control in Jharkhand

The main functions of the Fire Services Department are fire fighting, rescue, prevention and creating awareness among public to avoid fire accidents. The objective of the department suffered due to heavy shortfall in the establishment of fire stations, vehicles, equipment and operational staff. The grants provided by the Eleventh Finance Commission (EFC) were not fully utilised. The fire stations were mostly running in rental buildings and three were in dilapidated buildings. The response time in attending to fire calls was abnormally high mainly attributed to old and outlived vehicles, bad roads, inadequate arrangements for water, petrol and lubricants etc. No training institute and departmental workshop existed in the State. Several public places like hospitals, cinema halls, library and shopping complexes etc. were found without adequate fire safety norms. Thus, Jharkhand Fire Services which was to perform as first responder to save valuable life and property of the people was inadequately equipped and poorly managed.

- * Out of 30 fire stations, seven fire stations, though operational, had not yet been sanctioned by the Government. Five fire stations were sanctioned but were not commissioned till May 2003. The fire

fighting equipments purchased for sanctioned fire stations were utilized in unsanctioned fire stations.

- * The existing fire fighting equipments, too were short of SFAC's norms. Fire tenders/equipments purchased by erstwhile Bihar Government for Jharkhand region were yet to be transferred to Jharkhand.
- * Out of 30 fire stations existing in the State, only one fire station had its own premises and staff quarters and the rest were functioning either from rented buildings or in temporary arrangements.
- * The response time to attend fire calls in rural and urban areas was much more than SFAC's norms.
- * Shortage of staff as compared to sanctioned staff was 127 (34 per cent).
- * No training institute was sanctioned by the Government. There was no mechanism for imparting training in fire drill to the school children, employees and workers of industrial establishment and residents of high rise buildings.
- * No survey was conducted by the department to identify the fire risk areas in the State. Joint inspection by Audit revealed that most of the public places such as cinema halls, libraries and shopping complexes etc. were found to be without fire safety norms.

[Paragraph 3.3]

6. Welfare of Handicapped in Jharkhand

Welfare of the Handicapped is a complex social issue involving coordination of curative, promotional and rehabilitation activities, directed at different forms of handicap and involves a multitude of measures. In Jharkhand, Social Welfare Department has been identified as the nodal department for the welfare of handicapped and to provide comprehensive rehabilitation services which include early detection of disability, education, vocational training, job placement, free supply of aids and appliances, with the objective of making the handicapped self-reliant and economically independent. The People With Disability (Equal opportunities, Protection of Rights and Full Participation) Act, 1995, (PWD Act, 1995) is the principal legislative instrument through which the State seeks to provide the necessary services to the persons with disability and to fulfill specific obligations arising out of the Act.

A review of the implementation of these measures revealed that due to inadequate monitoring and lack of co-ordination between the apex level and

subordinate offices, there were huge shortfalls in providing these services. GOI funds were not fully utilized. The delivery mechanism was also not proper leading to huge savings and diversion of funds.

- ✱ Out of Rs 14.76 crore released, Rs 2.86 crore only could be utilized. No separate budgetary allocation for welfare of the handicapped was made out of Central schemes funds viz. National Programme for Rehabilitation of Persons with Disabilities, National Eradication of Leprosy, District Primary Education Project and Subsidy schemes.
- ✱ Selection of District Disabled Rehabilitation Centres (DDRCs) under NPRPD scheme was made in violation of the GOI norms. Meagre expenditure of Rs 1.07 lakh only was made in one (Hazaribagh) district though Rs 50 lakh only were provided to three districts.
- ✱ Under the Assistance to Disabled Persons (ADIP) scheme, aids and appliances valued at Rs 46.34 lakh were purchased before establishment of the DDRCs. Out of this, 208 tricycles valued at Rs 8.23 lakh were lying idle in the office of the DDRC
- ✱ The State did not act upon the provision made in the PWD Act, 1995 for delivery of benefits to the handicapped viz. creation of State Coordination Committee, survey of handicapped in the State, provision of training to medical officers, supply of free text books, aids and appliances to disabled children and identification of employment opportunities for the disabled young.
- ✱ There was complete lack of monitoring in the implementation of the programme.

[Paragraph 3.4]

7. Misappropriation / Losses/ Infructuous expenditure / idle establishment

- ✱ Payment of Rs 23.45 lakh on the basis of patently false/fake muster rolls raised the doubt over actual payment made to genuine labourers.
- ✱ Welfare funds given by DC was misutilised by EE/AEs leading to unsatisfactory execution of works and unfruitful expenditure.

[Paragraph 4.1.3]

- * Due to non-utilisation of the services of Urdu typist, translators and Assistant Translators, Rs 2.53 crore spent on their Pay and Allowances proved Infructuous.
[Paragraph 4.2.1]
- * Delay in finalisation of tender for widening and strengthening work for one year caused avoidable expenditure of Rs 34.93 lakh.
[Paragraph 4.3.3]
- * Non-removal of poles and pipes due to ineffective handling of the work by the division resulted in unproductive expenditure of Rs 52.71 lakh.
[Paragraph 4.3.5]
- * Improper Planning and commencement of work without acquisition of land and non-removal of transmission lines resulted in unfruitful expenditure of Rs 6.40 crore.
[Paragraph 4.3.7]
- * Contributory Provident Fund (CPF) balance of Rs 49.23 lakh was not deposited into Government accounts though the teachers were made Government employees nearly a decade ago.
[Paragraph 4.5.3]

8. Internal control mechanism in Welfare Department (Meso Projects)

During Fifth Five Year Plan, the concept of Tribal sub-plan strategy was evolved for socio economic development of scheduled tribes and protection of tribals against exploitation. In Jharkhand, the tribal sub plan was grouped into 14 Integrated Tribal Development Programmes (ITDPs) locally known as Meso Area.

- * The budget estimates were framed on adhoc basis. The controlling officer neither called for nor received the budget estimates from field offices.
- * The controlling officer did not exercise effective internal control over the expenditure incurred by the Drawing and Disbursing Officers (DDOs).
- * During 2001-02, savings of Special Central Assistance (SCA) fund amounting to Rs 30.41 crore were not surrendered to GOI as required. Utilisation certificates for expenditure of only Rs 26.05 crore of SCA funds were submitted to GOI against the total expenditure of Rs 45.92 crore during the years 2001-03.

- ✱ Project Officer, Meso Area, Dhalbhum (Jamshedpur) did not reconcile the excess balance of Rs 1.08 crore in the bank account as compared with the cash book balance on 31 March 2003.
- ✱ SCA fund to the tune of Rs 1.27 crore was misutilised during 2001-03 by incurring expenditure on schemes not associated with activities for tribal populace below poverty line and beyond the SCA guidelines.
- ✱ Some 589 buses were purchased at a cost of Rs. 39.93 crore for distribution among groups of beneficiaries from BPL. The purchase procedure was violated and the buses were distributed to non-entitled beneficiaries.
- ✱ During 2001-02, six schemes were selected at a cost of Rs 11.62 lakh under the repair and construction of school buildings and hostels programme although these had already been completed from MLA and MPLADS funds. The overlapping factor was not taken into account while selecting the schemes.
- ✱ During 2001-02, funds to implementing agencies under Birsa Awaas Scheme for primitive tribe were released at the fag end of the year (14 February 2002).
- ✱ Monitoring of implementation of the schemes was inadequate and ineffective in the State. There was complete absence of management information system leading to ineffective control on the allocation and utilisation of funds under Tribal Area Sub-Plan.

[Paragraph 5.1]

9. Government Companies and Statutory Corporations

- ✱ Only one company could submit its account for the year 2002-03 within the stipulated period.
- ✱ The accounts of four Government companies were in arrear for one year and that of Statutory Corporation were in arrear for two years as on 30 September 2003.

[Paragraph 6.7]



CHAPTER I

Finances of the State Government

CHAPTER -I

Finances of the State Government

1.1 Introduction

The Finance Accounts of the Government of Jharkhand are laid out in nineteen statements, presenting receipts and expenditure, revenue as well as capital, in the Consolidated Fund, Contingency Fund and the Public Account of the State Government. The lay out of the Finance Accounts is depicted in the Box 1.1.

Box 1.1

Lay out of Finance Accounts

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 summarised statement of capital outlay showing progressive expenditure to the end of 2002-03.

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 internal debt of the State Government, Loans and Advances from 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 corporation, 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 2003.

Statement No.9 shows the revenue and expenditure under different heads for the year 2002-2003 as a percentage of total revenue/expenditure.

Statement No.10 indicates the distribution between the charge 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, State plan and centrally sponsored schemes separately and capital expenditure major head wise.

Statement No.13 depicts the detailed capital expenditure incurred during and to the end of 2002-2003.

Statement No.14 shows the details of investment of the State Government in statutory corporations, government companies, other joint stock companies, cooperative banks and societies etc. up to the end of 2002-03.

Statement No.15 depicts the capital and other expenditure to the end of 2002-03 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.

* Not prepared due to non-bifurcation of Assets and Liabilities between Bihar and 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 2003, and the amount of interest received during the year.
Statement No.19 gives the details of earmarked balances of reserved funds.

1.2 Trend of Finances with reference to previous year

Finances of the State Government during the current year as compared to the previous year, were as under:

(Rupees in crore)

2001-02	Sl. No	Major Aggregates	2002-03
4495	1.	Revenue Receipts (2+3+4)	4937
1586	2.	Tax Revenue	1750
852	3.	Non-Tax Revenue	987
2057	4.	Other Receipts	2200
2	5.	Non-Debt Capital Receipts	3
2	6.	Of which Recovery of Loans	3
4497	7.	Total Receipts (1+5)	4940
3547	8.	Non-Plan Expenditure (9+11)	4584
3538	9.	On Revenue Account	4484
568	10.	Of which, Interest Payments	1419
9	11.	On Capital Account	100
9	12.	Of which Loans disbursed	100
2315	13.	Plan Expenditure (14+15)	2076
1262	14.	On Revenue Account	1025
1053	15.	On Capital Account	1051
320	16.	Of which Loans disbursed	185
5862	17.	Total Expenditure (8+13)	6660
1365	18.	Fiscal Deficit (17-7)q	1720
305	19.	Revenue Deficit (9+14-1)	572
797	20.	Primary Deficit (+)/Surplus (-) (18-10)	301

1.3 Summary of Receipts and Disbursements for the year

Table 1 Summarises the finances of the State Government of Jharkhand for the year 2002-03 covering revenue receipts and expenditure, capital receipts and expenditure, public debt receipts and disbursements and public accounts receipts and disbursements made during the year as emerging from Statement-1 of Finance Accounts and other detailed statements.

Table 1 SUMMARY OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2002-03

(Rupees in crore)

2001-02	Receipts	2002-03	2001-02	Disbursements	2002-03		
Section-A: Revenue							
					Non-Plan	Plan	Total
4495.02	I. Revenue receipts	4936.78	4800.12	I. Revenue expenditure	4483.58	1025.90	5509.48
1585.48	Tax revenue	1750.30	1839.57	General services	2606.88	145.65	2752.53
851.88	Non-tax revenue	987.14	1897.42	Social services	1453.75	481.61	1935.36
1603.19	Share of Union Taxes/ Duties	1702.52	1062.44	Economic services	422.23	398.64	820.87
454.47	Grants from Govt. of India	496.82	0.69	Grants-in-aid/ Contributions	0.72	-	0.72
Section-B: Capital							
-	II. Misc. Capital Receipts	-	732.50	II. Capital outlay	-	865.91	865.91
2.49	III. Recoveries of Loans and Advances	3.23	329.18	III. Loans and Advances disbursed	99.90	185.02	284.92
1585.38	IV. Public debt receipts	1889.24	193.24	IV. Repayment of Public Debt	985.50*	-	985.50
1940.12	V. Public account receipts	3049.26	2463.47	V. Public account disbursements	2433.95*	-	2433.95
944.36	Opening Balance	448.86	448.86	Closing Balance	247.61*	-	247.61
8967.37	Total	10327.37	8967.37	Total	8250.54	2076.83	10327.37

* Includes net ways and means advances and over draft also.

1.4 Audit Methodology

Audit observations on the Finance Accounts bring out the trends in the major fiscal aggregates of receipts and expenditure and, from the statements of the Finance Accounts for the year 2002-03 and wherever necessary, show these in the light of time series data and periodic comparisons. The reporting parameters are depicted in the Box 1.2.

Box 1.2 Reporting Parameters

Fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal and external debt and revenue and fiscal deficits have been presented as percentage to the GSDP at current market prices. The New GSDP series with 1993-94 as base as published by the Bureau of Economics and Statistics Department of the State Government has been used. The GSDP figures for financial year 2001-02 have been revised by the State Government. As such, percentages/ratios in relevant tables^ψ for the year 2001-02 have been revised.

For tax revenues, non-tax revenues, revenue expenditure etc, buoyancy projections have also been provided for a further estimation of the range of fluctuations with reference to the base represented by GSDP. The ratios with respect to GSDP have also been depicted. Some of the terms used here are explained in *Appendix- I*.

* Bifurcation of Plan and Non-Plan not available

^ψ Table- 3, 4, 5, 7, 11, 16, 18 and 19

The key indicators adopted for the purpose are (i) Resources by volumes and sources, (ii) Application of resources, (iii) Assets and Liabilities and (iv) Management of deficits. Audit observations have also taken into account the cumulative impact of resource mobilization efforts, debt servicing and corrective fiscal measures. Overall financial performance of the State government as a body corporate has been presented by the application of a set of ratios commonly adopted for the relational interpretation of fiscal aggregates.

The accounts of the state Government are kept in three parts (i) Consolidated Fund (ii) Contingency Fund and (iii) Public Account. They are defined in Box 1.3.

Box 1.3 State Government Funds and the Public Account	
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.	Contingency Fund Contingency Fund of 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 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.
Public Account Besides the normal receipts and expenditure of Government which relate to the Consolidated Fund, certain other transactions enter Government Accounts, in respect of which Government acts more as a banker. Transactions relating to provident funds, small savings, other deposits, etc. are a few examples. The public moneys thus received are kept in the Public Account set up under Article 266 (2) of the Constitution and the related disbursement are made from it.	

State Finances by key Indicators

1.5 Resources by volumes and sources

Resources of the State Government consist of revenue receipts and capital receipts. Revenue receipts consists of tax revenues, non-tax revenues, state's share of union taxes and duties and grants-in-aid from the Central Government. Capital receipts comprise of miscellaneous capital receipts like proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources viz. Market loans, borrowings from financial institutions/

commercial banks etc and loans and advances from Government of India as well as accruals from Public accounts.

Table 2 shows that the total receipts of the State Government for the year 2002-03 were Rs 9878 crore. Of these, revenue receipts of the State Government were Rs 4937 crore only, constituting 50 *per cent* of the total receipts. The balance of receipts came from borrowings and public account receipts.

Table 2 – Resources of Jharkhand

(Rupees in crore)

I Revenue Receipts	4937
II Capital Receipts	1892
a Miscellaneous Receipts	
b Recovery of Loans and Advances	3
c Public Debt Receipts	1889
III Public Account Receipts	3049
a Small Savings, Provident Fund, etc.	411
b Reserve Fund	62
c Deposits and Advances	1215
d Suspense and Miscellaneous	106
e Remittances	1255
Total Receipts	9878

1.5.1 Revenue receipts

Statement-11 of the Finance Accounts details the Revenue Receipts of the Government. Overall revenue receipts, their annual rate of growth, ratio of these receipts to the State's Gross Domestic Product (GSDP) and their buoyancy are indicated in Table 3.

Table 3: Revenue Receipts – Basic Parameters

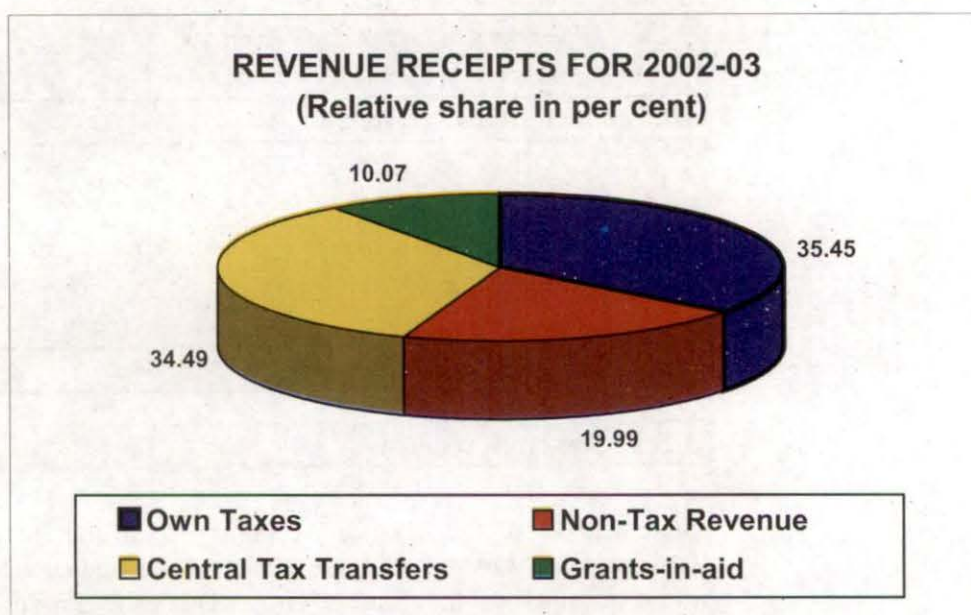
(Values: Rupees in crore and others in *per cent*)

	2000-01*	2001-02	2002-03
Revenue Receipts	1964	4495	4937
Own taxes	35.64	35.28	35.45
Non-Tax Revenue	17.78	18.95	19.99
Central Tax Transfers	29.48	35.66	34.49
Grants-in-aid	17.11	10.10	10.06
Rate of Growth	New State	Not Determined	9.83
Revenue Receipts/ GSDP	18.10	11.71	11.43

* Jharkhand was created on 15th November 2000. The figures are therefore for only four and half months. Hence rate of growth was not determined for 2000-01 and 2001-02.

Revenue receipts of the State increased from Rs 4495 crore in 2001-2002 to Rs 4937 crore in 2002-2003 at an average trend rate of 9.83 *per cent* per annum. The increase in the tax revenue during the year over 2001-02 was mainly on sales tax (Rs 127 crore), stamps and registration fees (Rs 19 crore), taxes on vehicles (Rs 19 crore) and on goods and passengers (Rs 16 crore) etc.

While on an average around 55 *per cent* of the revenue had come from the State's own resources, central tax transfers and grants-in-aid together continued to contribute nearly 45 *per cent* of the total revenue. Sales tax was the major source of State's own tax revenue having contributed 78 *per cent* of the tax revenue followed by state excise (6 *per cent*), taxes on vehicles (6 *per cent*) etc. Of non-tax revenue sources, non-ferrous mining and metallurgical industries (81 *per cent*) and interest receipts (10 *per cent*) were the principal contributors.



The source of revenue receipts under different heads and GSDP during 2000-2003 is indicated in Table 4.

Table 4 – Sources of Receipts: Trends

(Rupees in crore)

Year	Revenue Receipts	Capital Receipts			Total Receipts	Gross State Domestic product
		Non-Debt Receipts	Debt Receipts	Accruals in Public Account		
2000-01	1964	1	266	840	3071	10853
2001-02	4495	2	1585	1940	8022	38390
2002-03	4937	3	1889	3049	9878	43194

1.6 Application of resources

1.6.1 Trend of Growth

Statement 12 of the Finance Accounts depicts the detailed revenue expenditure by minor heads and capital expenditure major head wise. The total expenditure of the State increased from Rs 5862 crore in 2001-02 to Rs 6660 crore in 2002-2003 at an average trend rate of 13.61 *per cent* per annum. The rate of growth of total expenditure was higher than the rate of growth of revenue receipts during this period.

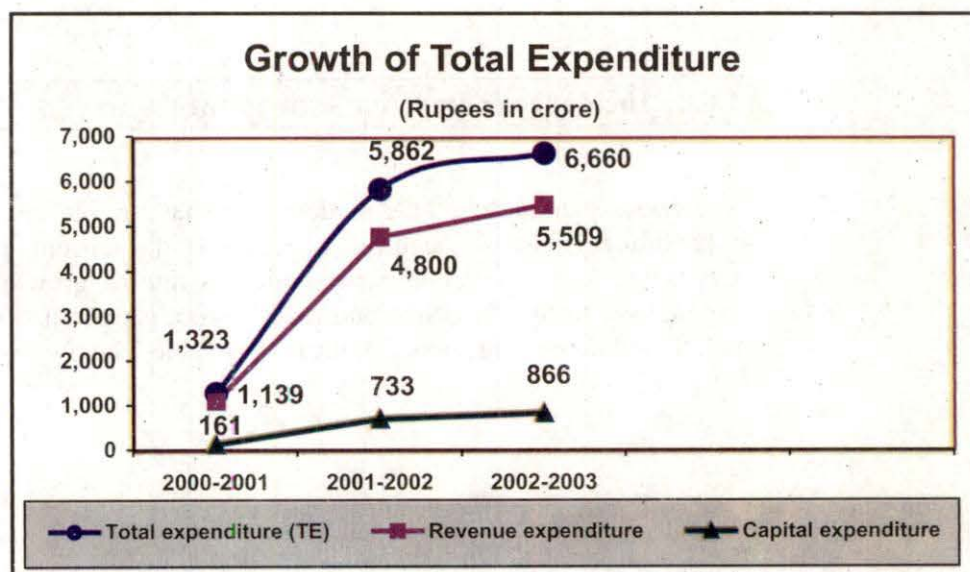
Total expenditure of the State, its trend and annual growth, ratio of expenditure to the State's GSDP and revenue receipts and its buoyancy with regard to GSDP and revenue receipts is indicated in Table 5 as follows:

Table 5: Total Expenditure – Basic Parameters (Value: Rupees in crore and others in *per cent*)

	2000-01*	2001-02	2002-03
Total Expenditure	1323	5862	6660
Rate of Growth	--	--	13.61
TE/GSDP	12.19	15.27	15.42
Revenue Receipts/TE	New State	76.68	74.12
Buoyancy of Total Expenditure with			
GSDP	--	--	1.09
Revenue Receipts	--	--	1.38

* Jharkhand was created on 15th November 2000. The figures are therefore for only four and half months. Hence rate of growth was not determined for 2000-01 & 2001-02.

The ratio of revenue receipts to total expenditure was 74.12 *per cent* in 2002-2003, indicating that approximately 74 *per cent* of the State's total expenditure was met from its current revenue, leaving the balance to be financed from borrowing.

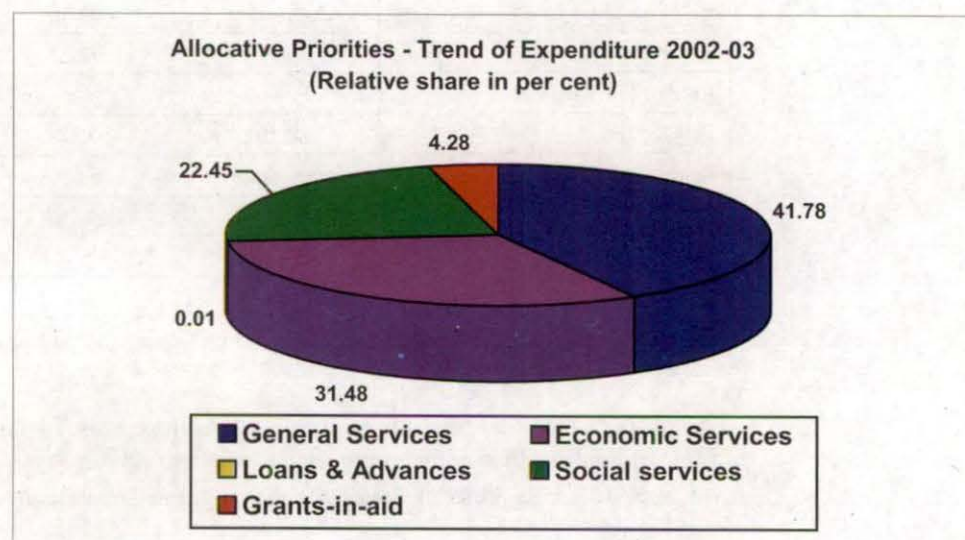


In terms of the activities, total expenditure could be considered as being composed of expenditure on general services including interest payments, social and economic services and loans and advances. The relative share of these components in total expenditure is indicated in Table 6.

Table 6: Components of expenditure – Relative Share (in per cent)

	2000-01	2001-02	2002-03
General Services	36.89	31.51	41.78
Social Services	33.33	34.46	31.48
Economic Services	28.04	28.41	22.45
Grants-in-aid	--	0.01	0.01
Loans and advances	1.74	5.61	4.28

The movement of relative share of these components of expenditure indicated that while the share of economic services and social services in total expenditure declined from 28.41 per cent and 34.46 per cent in 2001-2002 to 22.45 per cent and 31.48 per cent respectively in 2002-2003, the relative share of general services increased from 31.51 in 2001-2002 to 41.78 in 2002-2003.



1.6.2 Incidence of Revenue expenditure

Revenue expenditure had the predominant share in total expenditure. Revenue expenditure is usually incurred to maintain the current level of assets and services. Overall revenue expenditure, its rate of growth, ratio of revenue expenditure to State's GSDP and revenue receipts and its buoyancy with both GSDP and revenue receipts is indicated in Table 7 below:

Table 7: Revenue Expenditure–Basic Parameters (Value: Rupees in crore and others in per cent)

	2000-01*	2001-02	2002-03
Revenue Expenditure	1139	4800	5509
Rate of Growth	New State	New State	14.77
RE/ GSDP	10.49	12.50	12.75
RE as per cent of TE	86.09	81.88	82.72
RE as per cent to Revenue Receipts	57.99	106.78	111.58
Buoyancy of Revenue Expenditure with			
GSDP	New State	-	1.18
Revenue Receipts	New State	-	1.50

* Jharkhand was created on 15th November 2000. The figures are therefore for only four and half months. Hence rate of growth was not determined for 2000-01 & 2001-02.

Revenue expenditure of the State increased from Rs 4800 crore in 2001-02 to Rs 5509 crore in 2002-2003 at an average trend rate of 14.77 per cent per annum. The increase in the revenue expenditure during the year was mainly due to more expenditure on interest payment (Rs 851 crore).

Revenue expenditure accounted for 83 per cent of total funds available during 2002-2003. This was higher than the share of revenue receipts (74 per cent in total receipts) of the State Government, which has led to revenue deficit. The ratio of revenue expenditure to revenue receipts has increased from 106.78 per cent in 2001-02 to 111.58 per cent in 2002-03 primarily due to the fact that Salaries (Rs 1243 crore), Interest payments (Rs 1419 crore) and Pensions (Rs 520 crore) alone consumed 64 per cent of total revenue receipts of the State during the year.

High salary and Pension expenditure

Salaries and pension alone accounted for nearly 36 per cent of the revenue receipts of the State. The expenditure on salaries and pension has decreased from Rs 1834 crore in 2001-02 to Rs 1763 crore in 2002-03 primarily due to non segregation of pension liabilities between Bihar and Jharkhand as a result of the division of the erstwhile composite state with effect from 15th November 2000. Consequently, there was a saving of Rs 231 crore under Pension during 2002-03 due to non-finalisation of the pension liabilities

Table 8

(Rupees in crore)

Heads	2000-01	2001-02	2002-03
Salary and pension expenditure	N.A*	1834	1763
As percentage of revenue expenditure	N.A	38.20	32.00
As percentage of Revenue Receipts	N.A	40.80	35.71

* Jharkhand was created on 15th November 2000. The salary figures are not available for four and half months.

between the two states. With the increase in the number of retirees, the pension liabilities are likely to increase further in future. The State Government has not constituted any fund to meet the fast rising pension liabilities of the retired State employees. Considering the rate at which pension liabilities are increasing, reforms in the existing pension schemes assume critical importance.

Interest payments

The Eleventh Finance Commission (August 2000) has recommended that as a medium term objective, states should endeavour to keep interest payment as a ratio to revenue receipts to 18 *per cent*. It was however observed that interest payments as a percentage of revenue receipts has risen sharply to 29 *per cent* during 2002-03.

In absolute terms, as indicated in Table 9 interest payments increased by 149.82 *per cent* from Rs 568 crore in 2001-02 to Rs 1419 crore in 2002-03 primarily due to continued reliance on borrowings for financing the fiscal deficit. Large interest payments, increasing year after year due to continued reliance on borrowings for meeting the deficits, crowd out the expenditure on primary education, health and social welfare schemes.

Table 9

Year	Interest Payment	Percentage of interest payment with reference to	
	(Rupees in crore)	Revenue Receipts	Revenue Expenditure
2000-2001	81 [♥]	4.12	7.11
2001-2002	568	12.64	11.83
2002-2003	1419	28.74	25.76

1.6.3 Expenditure by Allocative Priorities

The actual expenditure of the State in the nature of plan expenditure, capital expenditure and developmental expenditure emerging from Statement 12 of Finance Accounts reflects the allocative priorities of the State. Higher the ratio of these components to total expenditure, better is deemed to be the quality of expenditure. Table 10 below gives the percentage share of these components of expenditure in State's total expenditure.

Table 10: Quality of expenditure

(as percentage of total expenditure)

	2000-01	2001-02	2002-03
Plan Expenditure	27.15	36.06	29.66
Capital Expenditure	12.38	13.25	13.58
Developmental Expenditure	62.46	66.60	56.34

Plan and Development expenditure show a relative decline during 2002-03. Plan expenditure declined from 36.06 *per cent* of total expenditure in 2001-02 to 29.66 *per cent* in 2002-03. The increase in capital expenditure from 13.25 *per cent* in 2001-02 to 13.58 *per cent* in 2002-2003 was due to

[♥] Jharkhand was created on 15th November 2000. The figures are therefore for four and half months.

increased capital outlay on water supply and sanitation, housing, major and medium irrigation and roads and bridges.

Out of the developmental expenditure (Rs 3592 crore), social services (Rs 2097 crore) accounted for 58 *per cent* of the developmental expenditure during 2002-03. General Education, Health and Family Welfare and Water Supply and Sanitation consumed nearly three-fourths (76 *per cent*) of the expenditure on social sector.

Table 11
Social Sector Expenditure

	2000-01	2001-02	2002-03
			(Rupees in crore)
Education, Sports, Art and Culture	286.14 (2.63*)	1035.03 (2.70)	1087.53 (2.51)
Health and Family Welfare	62.20 (0.57)	272.00 (0.71)	245.48 (0.56)
Water Supply Sanitation, Housing and Urban Development	21.09 (0.19)	215.56 (0.56)	266.73 (0.61)
Total	369.43	1522.59	1599.74

* Percentage of GSDP in brackets

Similarly, the expenditure on Economic Services (Rs 1495 crore) accounted for 42 *per cent* of the developmental expenditure during the year. Of this, Power (Rs 141 crore), Irrigation and Flood Control (Rs 260 crore) and Transport (Rs 232 crore) accounted for 42 *per cent* of the expenditure on Economic sector.

Table 12
Economic Sector Expenditure

	2000-01	2001-02	2002-03
			(Rupees in crore)
Energy	-	33.00	141.08
Irrigation and flood control	71.01	236.20	260.33
Transport	37.94	451.21	232.25
Total	108.95	720.41	633.66

1.6.4 Financial assistance to local bodies and other institutions

Autonomous bodies and authorities perform non-commercial functions of public utility services. These bodies/authorities receive substantial financial assistance from Government. Government also provides substantial financial assistance to other institutions such as those registered under the respective State Co-operative Societies Act, Companies Act, 1956, etc. to implement various programmes of Government. The grants are given by Government mainly for maintenance of educational institutions, hospitals, charitable institutions, construction and maintenance of schools and hospital buildings, improvement of roads and other communication facilities under municipalities and local bodies.

The quantum of assistance provided to different Bodies etc., during the period 2000-2003 was as follows:

Table 13

(Rupees in crore)

I. No.	Bodies/authorities, etc.	2000-2001	2001-2002	2002-03
1.	Universities and Educational Institutions	60.41	200.94	234.82
2.	Municipal Corporations and Municipalities	1.99	39.58	44.20
3.	Zila Parishads and Panchayati Raj Institutions	0.46	Nil	7.75
4.	Development Agencies	0.19	10.46	97.01
5.	Other Institutions (including statutory bodies)	6.54	115.93	75.32
	Total	69.59	366.91	459.10
	Assistance as a percentage of revenue receipts	3.54	8.16	9.29
	Percentage of assistance to revenue expenditure	6.15	7.64	8.33

1.7 Assets & Liabilities

The Government accounting system does not attempt a comprehensive accounting of fixed assets, i.e. land, buildings etc., owned by the Government. However, the Government accounts do capture the financial liabilities of the Government and the assets created out the expenditure. Statement 16 read with details in Statement 17 of Finance Accounts show the year-end balances under the Debt, Deposit and Remittance heads from which the liabilities and assets are worked out. **Appendix-II** presents an abstract of such liabilities and the assets as on 31 March 2003, compared with the corresponding position on 31 March 2002. While the liabilities in this statement consist mainly of money owed by the State Government such as internal borrowings, loans and advances from the Government of India, receipts from the Public Account and Reserve Fund, the assets comprise mainly the capital expenditure and loans and advances given by the State Government.

The liabilities of Government of Jharkhand depicted in the Finance Accounts, however, do not include the pension, other retirement benefits payable to serving/retired State employees, guarantees/ letters of comforts issued by the State Government. **Appendix-III - V** depicts the Time Series Data on State Government Finances for the period 2000-2003.

1.7.1 Incomplete projects

As per information received from the State Government, as of 31 March 2003, there was one incomplete project in which Rs 955 crore were blocked.

1.7.2 Investments and returns

As on 31 March 2003, Government had invested Rs 15.55 crore in Government Companies and Co-operatives since inception of the new state. Government's return on this investment was nil. Investments in these institutions as well as Statutory Corporations and Joint Stock Companies upto 14 November 2000 by the composite Bihar State have not been apportioned between the successor States Bihar and Jharkhand.

Table 14 : Return on Investment (Rupees in crore)

Year	Investment at the end of the year	Return	Percentage of return	Rate of interest on Government borrowing (per cent)
2000-2001	-	-	-	-
2001-2002	13.99	Nil	Nil-	8 to 10.82
2002-2003	15.55	Nil	Nil	6.75 to 7.80

1.7.3 Loans and advances by State Government

In addition to its investment, Government has also been providing loans and advances to many of these bodies. Total outstanding balance of the loans advanced was Rs 631.20 crore (excluding the amount to be allocated from erstwhile composite Bihar) as on 31 March 2003 (Table 15). Overall, interest received against these advances declined to 0.14 *per cent* during 2002-2003. Further, in most cases, Government orders sanctioning the loans did not specify the terms and conditions for these loans.

Table 15: Average Interest Received on Loans Advanced by the State Government

(Rupees in crore)

	2000-01	2001-02	2002-03
Opening Balance	Nil	22.82	349.51
Amount advanced during the year	23.46	329.18	284.92
Amount repaid during the year	0.64	2.49	3.23
Closing Balance	22.82	349.51	631.20
Net Addition (+) / Reduction (-)	Nil	326.69	281.69
Interest Received (Rupees in crore)	00.01	37.77	0.87
Interest received as <i>per cent</i> to outstanding Loans and advances	Nil	10.81	0.14
Weighted rate of interest paid by the State on market borrowings	NA*	8.88	7.24
Difference between interest paid and received	NA*	+1.93	-7.10

* NA - Not Available.

1.7.4 Management of cash balances

It is generally desirable that State's flow of resources should match its expenditure obligations. However, to take care of any temporary mis-matches in the flow of resources and the expenditure obligations, a mechanism of Ways and Means Advances (WMA) @ the bank rate from Reserve Bank of India has been put in place. Jharkhand had the WMA limit of Rs 51 crore. During the year, though the state Government did not avail the cheaper source of finance (@ 6.25 *per cent*) from special WMA/WMA, it raised market loans of Rs 454.98 crore during the year at the weighted average rate of interest of 7.24 *per cent*. Further, the State Government borrowed Rs 1025.31 crore from National small Saving Fund at the rate of 10.5 *per cent* per annum and Rs 407.71 crore at the rate of 11.5 *per cent* per annum from Government of India.

Undischarged Liabilities

1.7.5 Fiscal liabilities – public debt and guarantees

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 an act of Legislature. However, no such law was passed from the State to lay down any such limit. Statement 4 read with Statements 16 and 17 of Finance Accounts show the year-end balances under Debt, Deposit and Remittances heads from which the liabilities are worked out.

It would be observed that the over all fiscal liabilities of the State increased from Rs 6238 crore in 2000-01 to Rs 8923 crore in 2002-2003 at an average growth rate of 19.60 *per cent*. These liabilities as ratio to GSDP increased marginally from 20.33 *per cent* in 2001-02 to 20.66 *per cent* in 2002-2003 and stood at 1.81 times of its revenue receipts and 3.26 times of its own resources comprising its own tax and non-tax revenue. Table 16 below gives the fiscal Liabilities of the State, its rate of growth, ratio of these liabilities to GSDP revenue receipts and own resources and buoyancy of these liabilities with respect to these parameters.

Table 16: Fiscal Imbalances—Basic Parameters (Rupees in crore and Ratios in per cent)

	2000-01	2001-02	2002-03
Fiscal Liabilities *	6238	7804	8923
Rate of growth	New State	--	14.34
Ratio of Fiscal Liabilities to			
GSDP	*	20.33	20.66
Revenue Receipts	*	173.62	180.74
Own Resources	*	320.10	326.01
Buoyancy of Fiscal Liabilities to			
GSDP	New State	--**	1.15
Revenue Receipts	New State	--**	1.46
Own Resources	New State	--**	1.16

Apportionment of such liabilities of the Composite State of Bihar between successor States Bihar and Jharkhand has not been done so far (January 2004). Information about the guarantee, if any, given by the Government of Jharkhand has not been furnished by the Government.

Increasing liabilities had raised the issue of sustainability of State Government finances. Another important indication of debt sustainability is net availability of the funds after payment of the principal on account of the earlier contracted liabilities and interest.

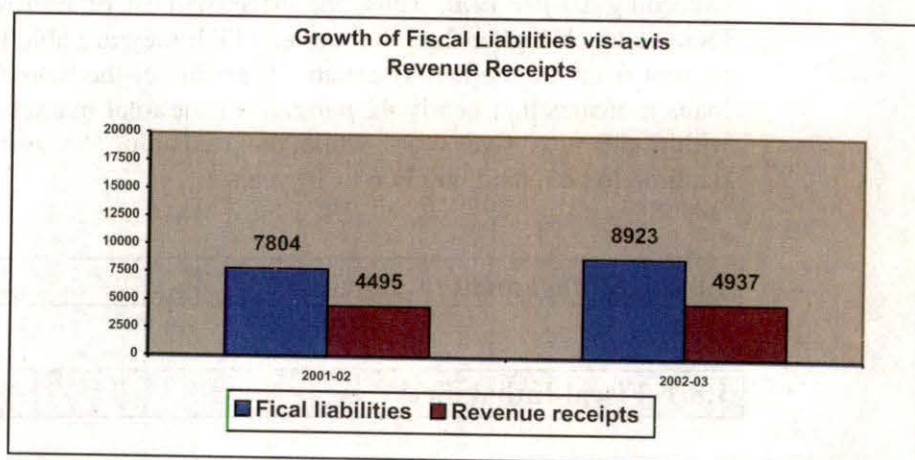


Table 17 below gives the position of the receipts and repayment of internal debt over the last three years. The net funds available on account of the internal debt and loans and advances from Government of India after providing for the interest and repayments declined from 57 per cent to minus 11 per cent during 2000-2003 primarily due to debt swap of high cost Government of India loans of Rs 320.73 crore exceeding 13 per cent rate of interest with the low cost market borrowings at the market rate of interest.

* The figures shown here exclude the liabilities in respect of balances of Provident Funds etc, Reserve Funds and Deposits of Composite Bihar as on 14 November 2000 pending their apportionment between the successor States Bihar and Jharkhand.

* Jharkhand was created on 15 November 2000, hence ratios not worked out.

** Not comparable.

Table 17: Net availability of Borrowed Funds

	<i>(Rupees in crore)</i>		
	2000-01	2001-02	2002-03
Internal Debt*			
Receipts	175	1208	1482
Repayments (Principal +Interest)	54	107	748
Net Funds Available	121	1101	734
Net Funds available (<i>per cent</i>)	69	91	50
Loans and Advances from Government of India			
Receipts	143	389	408
Repayments (Principal +Interest)	82	663	1354
Net Funds Available	61	(-) 274	(-) 946
Net Funds available (<i>per cent</i>)	43	(-) 70	(-) 232
Total Public Debt			
Receipts	318	1597	1890
Repayments (Principal +Interest)	136	770	2102
Net Funds Available	182	827	(-) 212
Net Funds available (<i>per cent</i>)	57	52	(-) 11

The State Government did not use the option of raising the market borrowing at competitive rates through auctions. As on 31 March 2003, 71 *per cent* of the existing market loans of the State Government carried the interest rate exceeding 10 *per cent*. Thus, the effective cost of borrowings on their past loans is much higher than the rate at which they are able to raise resources at present from the market. The maturity profile of the State Government market loans indicates that nearly 42 *per cent* of the total market loans are repayable within the next five years while the remaining 58 *per cent* of loans are required to be repaid within 6 to 10 years.

1.8 Management of deficits

1.8.1 Fiscal Imbalances

The deficits in Government accounts represent 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 so raised are applied are important pointers to the fiscal health.

The revenue deficit (Statement 1 of Finance Account) of the State, which is the excess of its revenue expenditure over revenue receipts, increased from Rs 305 crore in 2001-02 to Rs 572 crore in 2002-03. The fiscal deficit, which represents the total borrowing of the Government and its total resource gap, also increased from Rs 1365 crore in 2001-02 to Rs 1720 in 2002-03. State also had a primary deficit decreasing from Rs 797 crore in 2001-02 to Rs 301 crore in 2002-03 as indicated in Table 18.

* Internal debt excluding ways and means advances.

Table 18: fiscal imbalance-Basic Parameters (Value: Rupees in crore and ratios in per cent)

	2000-01	2001-02	2002-03
Revenue deficit (-)/Surplus (+)	825	(-) 305	(-) 573
Fiscal deficit (-)/Surplus (+)	642	(-) 1365	(-) 1720
Primary Deficit(-)/Surplus(+)	561	(-) 797	(-) 301
RD/GSDP	7.60	(-) 0.79	(-) 1.33
FD/GSDP	5.92	(-) 3.55	(-) 3.98
PD/GSDP	5.16	(-) 2.07	(-) 0.70
RD/FD	(-) 128.50	22.34	33.31

1.8.2 Fiscal ratios

The finances of the State should be sustainable, flexible and non-vulnerable. Table 19 below presents a summarized position of Government Finances over 2002-03 with reference to certain key indicators. These help assess the adequacy and effectiveness of available resources and their applications, highlight areas of concern and capture its important facets.

The ratios of revenue receipts and State's own taxes to GSDP indicate the adequacy of the resources. The buoyancy of the revenue receipts indicates the nature of the tax regime and the State's increasing access to resources with increase in GSDP. Revenue receipts are comprised not only of the tax and non-tax resources of the State but also the transfers from Union Government. These ratios show a continuous deterioration during 2000-2003 indicating inadequate mobilization of resources and its unsustainability.

Various ratios concerning the expenditure management of the State indicate quality of its expenditure and sustainability of these in relation to its resources mobilization. The revenue expenditure as a percentage to total expenditure has increased to 82.72 per cent in 2002-03 while the development expenditure as percentage to total expenditure has declined to 56.35 per cent in 2002-03. Both its revenue and total expenditure when compared to its revenue receipts have shown comparatively higher buoyancy. All these indicate State's continuing dependence on borrowings for meeting its revenue expenditure and inadequate expansion of its developmental activities.

Table 19: Ratios of Fiscal Efficiency (in per cent)

Fiscal Ratios			
Resources Mobilization			
	2000-01	2001-02	2002-03
Revenue Receipts/GSDP	18.10	11.71	11.43
Revenue Buoyancy	--	--	0.20
Own Tax/GSDP	6.45	4.13	4.05
Expenditure Management			
Total expenditure /GSDP	12.19	15.27	15.42
Revenue Receipts/ Total Expenditure/	148.45	76.68	74.13
Revenue expenditure /Total Expenditure	86.09	81.80	82.72
Capital expenditure /Total expenditure (RE + CE)	12.38	13.25	13.58
Developmental Expenditure/ Total Expenditure (RE +CE)	62.46	66.60	56.35
Buoyancy of TE with RR	--	2.66	1.38
Buoyacy of RE with RR	--	2.49	1.50

Audit Report (Civil) for the year ended March 2003

Management of Fiscal Imbalances			
Revenue deficit (Rs in crore)	Surplus 825	305	572
Fiscal Deficit (Rs in crore)	Surplus 642	1365	1720
Primary Deficit (Rs in crore)	Surplus 561	797	301
Revenue Deficit/Fiscal Deficit			
Management of Fiscal Liabilities			
Fiscal Liabilities / GSDP	57.48	20.33	20.66
Fiscal Liabilities/RR	317.62	173.62	180.74
Buoyancy of FL with RR	--	19.47	1.46
Buoyancy of FL with OR	New state	19.83	1.16
Interest Spread	--	--	5.27
Net Fund Available	57	52	(-) 11
Other Fiscal Health Indicators			
BCR (Rs in crore)	--	599	(-) 2
Financial Assets/Liabilities	--	34	33

It is not uncommon for a State to borrow for increasing its social and economic infrastructure support and creating additional income generating assets. However, large revenue and fiscal deficit year after year, together with low or no return on investments indicate that the State is gradually getting into a debt trap. Similarly, the higher buoyancy of the debt with regard to its revenue receipts indicates its increasing unsustainability. The State's continuous declining low return/nil return on investment indicates an implicit subsidy and use of high cost borrowing for investments, which yields very little to it. Investments in loss making companies are not sustainable. The low ratio of assets to liabilities is partly due to the fact that while the state inherited Public Debt liability amounting to Rs 5991 crore from the Composite Bihar, apportionment of assets has not been done so far (January 2004). The debt swap of high cost loans by market borrowings at lower rate of interest is a step in right direction. The State has to either generate more revenue out of its existing assets or provide from its current revenues for servicing its debts obligations. The state should also endeavor to pass a fiscal responsibility bill on the pattern of Central Government and many other progressive states to ensure greater transparency in fiscal operations and macro-economic fiscal stability in a medium term framework.



CHAPTER-II

Allocative Priorities and Appropriation

CHAPTER-II

ALLOCATIVE PRIORITIES AND APPROPRIATION

2.1 Introduction

The Appropriation Accounts prepared annually indicate capital and revenue expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act in respect of both charged and voted items of budget.

Audit of appropriation by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act and that 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, regulations and instructions.

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2002-2003 against grants/ appropriation was as follows:

(Rupees in crore)						
	Nature of expenditure	Original grants/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
Voted	I. Revenue	6439.05	403.08	6842.13	4106.83	(-) 2735.30
	II. Capital	1528.41	51.88	1580.29	865.92	(-) 714.37
	III. Loans & Advances	277.10	43.00	320.10	284.92	(-) 35.18
Total Voted		8244.56	497.96	8742.52	5257.67	(-) 3484.85
Charged	IV. Revenue	944.02	15.62	959.64	1428.88	(+) 469.24
	V. Capital					
	VI. Public Debt	222.71	0.83	223.54	985.50	(+) 761.96
Total Charged		1166.73	16.45	1183.18	2414.38	(+) 1231.20
Grand Total		9411.29	514.41	9925.70	7672.05	2253.65

The expenditure includes the recoveries adjusted as reduction of expenditure under revenue expenditure Rs 26.23 crore.

The overall savings of Rs 2253.65 crore as mentioned above was the net result of savings of Rs 3495.15 crore in 49 grants and appropriations offset by excess of Rs 1241.49 crore in four cases of grant and appropriations.

2.3 Fulfillment of Allocative Priorities

2.3.1 Appropriation by Allocative Priorities

Analysis of savings with reference to allocative priorities revealed that out of savings of Rs 3495.15 crore in 49 grants and appropriations, nearly 50 percent savings occurred in two departments namely Education department-grant no.44 (Rs 712.92 crore under revenue) and Rural development department-Grant no.42 (Rs 655.11 crore under revenue + Rs 305.24 crore under capital). Huge savings under Grant No. 42- Rural Development Department and Grant No. 44- Secondary, Primary and Adult Education Department were analyzed to ascertain the budget efficiency in concerned departments.

2.3.2 Lack of Budget Efficiency

Rules 52-65 of Bihar Budget Manual, that deals with the process of budget preparation, *inter-alia* provide that the estimates of disbursement should be shown as amounts expected to be paid within the financial year. Audit noted, however, that there were substantial savings from out of the amounts budgeted, especially in some social and development oriented departments such as Education, Health, Rural Development, Welfare, etc. Details are indicated in the following paragraphs.

Primary, Secondary and Adult Education Department – saving of Rs 712.92 crore

The audit of Appropriation Accounts for the year 2002-03 revealed that there was a saving of 44 *per cent* in Grant No. 44-Secondary, Primary and Adult Education Department against total outlay of Rs 1606.02 crore under Revenue (Voted) Accounts.

Test check of records of preparation of budget estimates for the year 2002-03 (February 2004) revealed that though the level of literacy in the state was 54.13 *per cent* only as per national census 2001, which happens to be amongst the lowest in the country, provisions made in the budget estimates were not utilised and savings occurred mainly under Government Primary and Middle Schools (Rs 73.50 crore). Tribal area Sub-plan Government Primary and Middle School (Rs 10.42 crore) Jharkhand Education Project C.S.S (Rs 28.31 crore) Sarva Siksha Abhiyan (Rs 25.54 crore) Jharkhand Education project CSS (Rs 11.99 crore) Government Secondary Schools (Rs 11.12 crore), Government Primary and Middle School for Jharkhand Area C.S.S (Rs 4.45 crore).

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	1584.80			
Supplementary:	21.22	1606.02	893.10	712.92

Reasons for other final savings have not been stated.

It was further observed that in place of realistic budgetary demand based on detailed estimates furnished by district units, an ad-hoc estimates for the department for the year 2002-03 was prepared as many district units did not submit the detailed estimates to the Controlling Officer. The controlling officer also did not insist on submission of the detailed estimates from units promptly.

The budgetary demand for establishment was calculated by taking the working strength of previous year. The numbers of personnel retired, died or deputed were not taken into consideration resulting in heavy savings under non-plan head. The department did not have the information of actual expenditure of last three financial years required for preparation of budget estimates.

The allotment released in previous year was taken as final expenditure for calculation of budget estimates for the year 2002-03. Generally, the expenditure incurred in the previous year was enhanced roughly by 10 per cent to arrive at the estimates of current year.

Department replied (February 2004) that in absence of receipts of budget estimates from the district units, the department was forced to enhance the current year budget estimates roughly by 10 per cent. Under plan heads, lump provisions were made for the demand, which led to huge savings.

Thus, the failure of Controlling Officer to exercise the proper checks as prescribed in Bihar Budget Manual resulted in heavy saving of Rs 712.92 crore and defeated the purpose of budgetary efficiency.

The above findings were communicated to the Secretary, Primary, Secondary and Adult Education Department (March 2004); the reply is awaited.

Rural Development Department – Savings of Rs 960.35 crore

The audit of Appropriation Accounts for the year 2002-03 revealed that there were 61 percent savings (Rs 960.35 crore) in Revenue and Capital (Voted) accounts under Grant No. 42-Rural Development Department against the total outlay of Rs 1571.74 crore under Revenue and Capital (Voted) accounts.

Test check of records for preparation of Budget Estimates for the year 2002-03 (February 2004) revealed that under the revenue voted grants of the department.

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	989.91			
Supplementary:	38.82	1028.73	373.62	655.11

Substantial savings occurred mainly under Overall Rural Employment Programmes (Rs 133.15 crore), Social integrated scheme for Scheduled Castes CSS (Rs 57.23 crore), Indira Awaas Yojna Scheme for General CSS (Rs 45.42 crore), 2505 Rural Employment Jawahar Gram Samridhi Yojna CSS (Rs 33.20

crore), Complete Rural Employment Scheme General (Rs 26.74 crore), 2501 Rural Development- Jal Chhajan Development Programme CSS (Rs 13.39 crore), Tribal area- Jal Chhajan Development Programme CSS (Rs 18.20 crore) Jawahar Special Integrated Scheme for Scheduled Castes CSS (Rs 25.65 crore), Swarnajayanti Gram Swarojgar Yojna General (Rs 18.00 crore) for Scheduled Castes (Rs 18.00 crore), Overall Rural Employment for Scheduled Castes (Rs 10.90 crore). Reasons for other final savings have not been stated.

Even under capital head, huge savings were observed in the many important

(Rupees in crore)

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original:	514.68			
Supplementary:	28.33	543.01	237.77	305.24

Schemes. Savings occurred mainly under Minimum Needs programme- C.M's Gram Setu Yojna Machinery and R.E.O- (Rs 151.91 crore), Pradhan Mantri Gram Sadak Yojna--construction of Rural Link Road C.S.S (Rs 26.24 crore) Implementation of Schemes on the recommendation of the members of Legislative Assembly (Rs 13.00 crore). Reasons for other final savings have not been stated.

It was observed that there were similar shortcomings in making assumptions in this department also. Viz. preparation of ad-hoc estimates for the department based on sanctioned/revised estimate of previous financial year under both the Revenue and Capital head for the year 2002-03 due to non-submission of the detailed estimates to the Controlling Officer by many district units, non availability of the working strength of the units for 2002-03, as most of the offices did not submit the required information regarding their demand of establishment etc. The columns shown in budget table regarding working strength of previous year was also not found filled in. The department did not have the information of detailed expenditure of last three financial years which was required for the preparation of budget estimates.

Thus, the budget prepared on incomplete and insufficient information resulted in heavy savings under these heads. Further, it was revealed that the budget demand under plan head was revised as per plan outlay of Rs 727.91 crore for the year 2002-03 as intimated by planning department. Since the department has neither received the detailed estimate from the field offices based on actual requirements nor taken proper steps to obtain the same from them, budgetary demand prepared as per plan-outlay became excessive and resulted in heavy savings.

Thus, the failure of Controlling Officer to exercise proper checks as prescribed in the Bihar Budget Manual resulted in heavy savings of Rs 960.35 crore and defeated the very purpose of budgetary efficiency.

The above findings were communicated to the Secretary, Rural Development Department (March 2004). The Government has accepted (April 2004) the audit findings and agreed to take corrective steps in future.

Other grants, under which large savings were observed, were also examined and following points were observed:-

Grant No. 15- Pension

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	750.34			
Supplementary:		750.34	519.51	230.83

Savings occurred mainly under 2071 Pension and other Retirement benefits Superannuation and Retirement allowances (Rs 66.40 crore) commuted value- Rs 11.69 crore, Medical allowance to Pensioners Rs 8.03 crore Unearned - Earned Leave payable to Retired/Death Employee (Rs 51.34 crore), Payment of arrear Pension (Rs 90.00 crore) Gratuities to Employees of Non-Government- Secondary Schools (Rs 2.67 crore). Reasons for other savings have not been intimated.

Grant No. 19 – Forest and Environment Department

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	277.57			
Supplementary:	6.40	283.97	151.70	132.27

Savings occurred mainly under Tribal Area Sub-Plan, Seed Development Project C.P.S (Rs 31.74 crore), Forest Conservation Development and Regeneration, seed development scheme C.P.S (Rs 21.16 crore), Minor Development of Tiger Project (Rs 12.44 crore) Forest Produce medicinal Plants C.P.S (Rs 10.67 crore) Fire protection of forests by modern technique (Rs 10.92 crore) etc. Reasons for other savings have not been stated.

Grant No. 20 – Health, Medical Education and Family Welfare Department

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	335.42			
Supplementary:	36.35	371.77	238.25	133.53

Savings occurred mainly under 2210- Rural Family Welfare Centers- C.P.S. (Rs 12.95 crore), Health Sub-centre C.P.S. (Rs 9.46 crore), Medical and public health Sub-centres (Rs 3.51 crore). Referral hospital (Rs 1.90 crore), MGM Medical College, Jamshedpur (Rs 2.05 crore) State Health Education Bureau (Rs 1.09 crore) District Family Welfare Bureau C.P.S. (Rs 1.20 crore) etc. Reasons for other final savings have not been stated.

Grant No. 22 – Home Department

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	621.43			
Supplementary:	14.44	635.87	429.77	206.09

Savings occurred mainly under; 2055 Police Direction and Administration Force and Building Construction (Rs 42.80 crore), Unmounted Military Police (Rs 37.28 crore), Establishment of Chowkidar, Dafadar (Rs 30.47 crore), Modernisation of Police Force- (Rs 10.98 crore and Rs 21.95 crore) etc. Reasons for other final savings have not been stated.

Grant No. 48 – Urban Development and Housing Department

(Rupees in crore)

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original:	180.74			
Supplementary:	--	180.74	64.36	116.38

Savings occurred mainly under Grants to urban local bodies for Balmiki Ambedkar Slum Area Improvement Scheme CSS (Rs 15.00 crore), Swarnajayanti Urban Employment Scheme CSS (Rs 8.88 crore), Loans to Municipal Corporation and Municipalities for Urban Water Supply (Rs 4.46 crore) Construction of Community lavatory (Rs 4.24 crore), Grants-in-aid to National River Works plan- Ganga Pollution Control Phase 2- Grants-in-aid CSS (Rs 4.80 crore). Reasons for the final savings have not been stated.

Grant No. 51 – Welfare Department

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	383.62			
Supplementary:	33.45	417.07	285.06	132.01

Savings occurred mainly under High Schools scholarships (Rs 2.95 crore) Pre education Scholarships (Rs 1.04 crore), Special integrated programme for scheduled castes- Special central assistance (Rs 1.34 crore), Tribal Area Sub-plan Primary and Middle School Scholarship (Rs 1.56 crore), Welfare of Schedule Tribes Primary and Middle School scholarship (Rs 1.39 crore), Pre-education scholarships (Rs 2.81 crore), hostel for students- Major Construction works- (Rs 2.36 crore), Hostel for girl students (Rs 2.17 crore), other welfare programmes (Rs 2.08 crore), Special central assistance for welfare of tribes outside I.T.D.P and MADA (Rs 2.14 crore), Housing Construction Scheme for scheduled Tribes (Rs 3.12 crore), Hostel for girl students (Rs 1.48 crore). Reasons for other final savings have not been stated.

(ii) In 56 cases, savings exceeding Rs one crore in each case and also by more than 10 per cent of total provision amounted to Rs 3476.78 crore as indicated in *Appendix VI*.

(iii) Of the excess of Rs 1241.49 crore under four grants and appropriations requiring regularisation by the Legislature, the excess under Appropriation No. 13 amounted to Rs 472.45 crore and under Appropriation No. 14 amounted to Rs 761.96 crore.

In 35 cases, there were persistent savings in last three years of more than Rupees two crore in each case and 10 per cent or more of provision. Details are given in *Appendix VII*. There were 10 grants under the revenue heads where there were persistent savings of Rs 10 crore or more in each of the years since the creation of the new state.

Cases of persistent saving exceeding Rs 10 crore in each case

Number and name of Grant/ Appropriation	Saving (Amount in crore of rupees and its percentage to provision in bracket)		
	2000-01	2001-02	2002-03
REVENUE VOTED			
1- Agriculture Department	13.59 (45)	23.99 (25)	44.89 (33)
19-Forest and Environment Department	60.68 (59)	98.06 (39)	132.27 (47)
20-Health, Medical Education and Family Welfare Department	51.17 (46)	123.24 (34)	133.53 (36)
22-Home Department	35.53 (18)	206.72 (31)	206.09 (32)
23-Industries Department	14.43 (85)	52.23 (47)	116.60 (86)
36-Public Health and Engineering Department	17.39 (48)	19.34 (19)	13.47 (13)
40-Revenue and Land Reforms Department	12.27 (34)	32.32 (26)	43.29 (32)
42-Rural Development Department	181.31 (64)	149.43 (35)	655.11 (64)
44-Secondary, Primary and Public Education Department	98.75 (28)	223.64 (20)	712.92 (44)
51-Welfare Department	50.96 (55)	126.83 (25)	132.01 (32)

Further, under the capital section, there were 100 per cent savings in all the three years since inception of the state in the Industries department (Grant no-23). In four other grants, there were savings of Rs 10 crore or more in each of the three years.

CAPITAL VOTED			
Grant-Department	2000-01	2001-02	2002-03
36- Public Health and Engineering Department	23.70 (100)	80.44 (57)	63.97 (36)
42- Rural Development Department	10.41 (12)	247.81 (48)	305.24 (56)
48- Urban Development Department	15.69 (82)	59.85 (41)	116.38 (64)
49- Water Resources Department	61.90 (52)	158.97 (50)	88.21 (30)

2.3.3 Excess requiring regularisation

Excess over provision 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. However, the excess expenditure amounting to Rs 3,60,369 for the years 2001-02 had not been regularised so far (January 2004). This was breach of Legislative control over appropriations.

Year	No. of grants/ Appropriation	Grants/ Appropriation Nos.	Amount excess for regularisation (in Rupees)	Reasons for excess
2000-01	Nil	Nil	Nil	Nil
2001-02	3	3, 25, 32	3,60,369	Not received

The excess under grant no. 3 Building Construction Housing Department of Rs 7,40,80,086 over the voted grant in Capital Section does not require regularisation as the excess is covered by the provision of Rs 35.54 crore relating to the Capital Head 4059 wrongly included in Revenue Section of the schedule of Demands and consequently in the schedule of Grants and Appropriations appended to the Appropriation Act passed under Article 204 of the Constitution.

Excess over provisions during 2002-03 requiring regularisation

The excess of Rs 1241.49 crore under four grants and appropriations during the year requires regularisation under Article 205 of the Constitution. Details are given below:

(Amount in Rupees)				
Sl. No.	No. and name of Grant/appropriation	Total Grant/ appropriation	Actual expenditure	Excess
Revenue (Charged)				
1.	13- Interest Payment	9,46,49,68,362	14,18,94,77,448	472,45,09,086
2.	32- Legislature	9,38,000	17,52,251	8,14,251
Capital (Charged)				
3.	14- Repayment of Loans	2,23,54,22,000	9,85,50,14,037	761,95,92,037
Capital (Voted)				
4.	10- Energy Department	2,60,82,00,000	2,67,82,00,000	7,00,00,000
	Total	1430,95,28,362	2672,44,43,736	1241,49,15,374

Reasons for the excesses had not been furnished by the Government as of January 2004.

2.3.4 Original budget and supplementary provisions

Supplementary provisions (Rs 514.41 crore) made during this year constituted 5.47 per cent of the original provision (Rs 9411.29 crore) as against 17.62 per cent in the previous year.

2.3.5 Unnecessary/excessive/inadequate supplementary provisions

- Supplementary provisions of Rs 256.17 crore made in 32 cases during the year proved unnecessary in view of aggregate saving of Rs 2899.04 crore as detailed in *Appendix VIII*.
- In 40 cases there has been excessive supplementary grants as per *Appendix IX*.

- In 11 cases, against additional requirement of only Rs 143.27 crore, supplementary grants and appropriations of Rs 202.00 crore were obtained, resulting in savings in each case exceeding Rs 10 lakh, aggregating Rs 58.73 crore. Details of these cases are given in *Appendix X*.

2.3.6 Anticipated savings not surrendered

- * According to rules, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. However, at the close of the year 2002-03, there were 25 cases in which savings above Rupees one crore in each case amounting to Rs 1512.71 crore had not been surrendered *Appendix XI*.
- Besides, in 51 cases, out of total surrender of Rs 1765.66 crore during the year 2002-2003 an amount of Rs 1735.82 crore were surrendered on 31.3.2003 indicating inadequate financial control over expenditure. Details are given in *Appendix XII*.

2.4 Unreconciled expenditure

Departmental figures of expenditure should be reconciled with those of the Accountant General (Accounts & Entitlements) every month. The reconciliation had, however, remained in arrears in several departments. The number of Controlling Officers who did not reconcile their figures and the amounts involved were as under vide *Appendix XIII*.

(Rupees in crore)			
Year	Number of Controlling Officers who did not reconcile their figures	No. of units	Amounts not reconciled
2000-2001	24	1259	903.37
2001-2002	27	1736	3324.83
2002-2003	29	2452	3939.93
Total	80	5447	8168.13

2.5 Expenditure on new service and new instrument of service

Expenditure on new service not contemplated in the Annual Financial Statement (i.e. the budget) for that year 'New Instrument of Service' needs authorisation by the State Legislature. According to the criteria laid down by the Legislature cases in respect of which the increase over the grant previously voted exceeds two times the previous grants or Rs two lakh whichever is more are to be treated by 'New Service'. In eight cases expenditure aggregating Rs 5.81 crore exceeded the approved provisions by Rs 10 lakh or more in each

case and also by double or the total provision vide *Appendix XIV*. Similarly in seven cases the expenditure amounting to Rs 114.35 crore were incurred without the budget provision vide *Appendix XV*. These two cases are to be treated as 'New Service/New Instrument of Service'.

2.6 Excess surrender than Savings

- In eight cases the amount surrendered was in excess of actual savings indicating inadequate budgetary control. As against the actual savings of Rs 178.16 crore, the amount surrendered was Rs 191.15 crore resulting in excess surrender of Rs 12.99 crore. Details are given in *Appendix-XVI*.
- According to rules, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. However, at the close of the year 2002-03, in 42 cases savings of Rupees one crore and above in each case aggregating Rs.1731.13 crore was noticed vide *Appendix – XVII*.

2.7 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. Cases where injudicious reappropriation of funds resulted in excess/savings by over rupees one crore in each case are given in *Appendix XVIII*.

CHAPTER -III

Performance Reviews

Contains performance appraisals of the following:

- * National AIDS Control Programme in Jharkhand**
- * Implementation of Drugs and Cosmetic Act, 1940**
- * Fire Prevention and Control in Jharkhand**
- * Welfare of Handicapped in Jharkhand**

CHAPTER – III PERFORMANCE REVIEWS

HEALTH AND FAMILY WELFARE DEPARTMENT

3.1 National AIDS Control Programme in Jharkhand

Highlights

The Centrally sponsored “National AIDS Control Programme” was implemented with the aim to slow down the spread of HIV infection, reduce the future mortality and strengthen the capacity to respond to HIV¹ /AIDS² on a long term basis. Implementation of the programme in the State suffered mainly due to absence of specific direction by JSACS, coupled with short utilisation of funds at its disposal. Physical targets for most of the components/ sub-components were not achieved. JSACS³ did not open a single STD clinic in the State since its creation i.e. 15 November 2000. The Society paid little attention to the strengthening of STD⁴ clinics, establishment of modern blood banks and up gradation of existing blood banks. Monitoring of the programme was ineffective.

JSACS did not organise any Family Health Awareness Campaign (FHAC) camps during 2002-03 though the funds were available.

[Paragraph 3.1.3]

Equipments for blood component separation facility made available by NACO to RIMS, Ranchi during 1995-2000 remained uninstalled as of June 2003.

[Paragraph 3.1.6]

JSACS failed to establish any Zonal Blood Testing Centre as of March 2003.

[Paragraph 3.1.6]

State Blood Transfusion Council was not formed in the State to create awareness for voluntary blood donation and safe blood practices.

[Paragraph 3.1.6]

Though 127 HIV positive cases were confirmed by School of Tropical Medicines, Kolkata, JSACS in its report to NACO reported only 44 HIV positive cases in Jharkhand as of April 2003.

[Paragraph 3.1.9]

¹ Human Immuno Deficiency Virus.

² Acquired Immuno Deficiency Syndrome.

³ Jharkhand State AIDS Control Society.

⁴ Sexually Transmitted Disease.

3.1.1 Introduction

National Acquired Immuno Deficiency Syndrome (AIDS) Control Programme was launched by Government of India in 1987 and National AIDS Control Project-I (NACP-I) was launched in September 1992 for a period of five years. Subsequently, National AIDS Control Programme-II (NACP-II) was launched in 1999 as a cent percent centrally sponsored scheme with two key objectives namely (i) to reduce the spread of HIV infections and (ii) to strengthen country's capacity to respond to HIV/AIDS on a long term basis.

3.1.2 Organisational set up and audit coverage

After formation of Jharkhand State by bifurcation of Bihar (15 November 2000) Jharkhand State AIDS Control Society (JSACS) was formed in June 2001. The programme was implemented in 11 districts⁵ (out of 22 districts) in the State by the Commissioner-cum-Secretary, Health and Family Welfare Department, through Project Director, Jharkhand State AIDS Control Society.

Records of the JSACS, five Civil Surgeon-cum-Chief Medical Officers⁶ (out of eighteen), all the three Superintendents of Medical Colleges and Hospitals⁷, six Blood Banks⁸ (out of fourteen) and Principal/Director of all three Medical Colleges⁹ in five districts¹⁰ pertaining to the period 2001-03 were test-checked during January to May 2003.

Important findings are indicated in the following paragraphs.

3.1.3 Financial outlay and expenditure

The Programme was a World Bank aided cent per cent Centrally assisted programme. Funds for the programme were received by the JSACS from Government of India through National AIDS Control Organisation (NACO), New Delhi.

⁵ Bokaro, Deoghar, Dhanbad, East Singhbhum, Giridih, Gumla, Hazaribagh, Lohardaga, Palamau, Ranchi and West Singhbhum.

⁶ Dhanbad, East Singhbhum, Giridih, Hazaribagh and Ranchi.

⁷ Mahatma Gandhi Memorial Medical College & Hospital (MGMMCH), Jamshedpur, Patliputra Medical College and Hospital (PMCH), Dhanbad, Rajendra Institute of Medical Sciences (RIMS), Ranchi.

⁸ Blood Bank of PMCH, Dhanbad, Jamshedpur Blood Bank, Jamshedpur, Blood Bank of RIMS, Ranchi, Blood Bank of CCL Hospital, Ranchi, Blood Bank of HEC Hospital, Ranchi and Sadar Hospital, Giridih.

⁹ MGMMCH, Jamshedpur, PMCH, Dhanbad, RIMS, Ranchi

¹⁰ Dhanbad, East Singhbhum, Giridih, Hazaribagh and Ranchi.

Funds received and expenditure incurred by the JSACS during 2001-03 were as under:

(Rupees in lakh)						
Year	Opening Balance	Amount of grants received	Total receipts	Expenditure reported	Balance	Per cent of savings
2001-02	Nil	156.00	156.00	4.16	151.84	97
2002-03	151.84	87.00	238.84	33.26	205.58	86
Total		243.00		37.42		

In addition, NACO released Rs 1.06 crore in 2002-03, for implementation of Family Health Awareness Campaign (FHAC). The amount remained unspent as no FHAC camps were organized reportedly due to shortage of staff.

- Out of Rs 2.06 crore received from BSACS, Rs 89.17 lakh were lying unutilised till March 2003. The department stated that concerned districts have been instructed to send the utilisation certificates.
- Against total expenditure of Rs 37.42 lakh, Rs 4.16 lakh (two per cent) only could be utilised as of March 2003 and Rs 33.26 lakh was paid in the shape of unadjusted advance to the units during 2002-03. Utilisation certificate for Rs 33.26 lakh was awaited as of March 2003. The department replied that utilisation certificates have been asked for. For poor utilisation of funds the department attributed the reasons to lack of staff and office.
- No component-wise account or allocation of fund was maintained. No separate cashbook of the amount provided to the implementing unit was maintained. Budget control register was also not maintained by JSACS. The department stated that there was not much disbursement hence only one cashbook was maintained.
- No Project Management Report was prepared by JSACS as per the programme guidelines. The department has reported preparation of Project Management Report for the year 2003-04.
- Two Civil Surgeon-cum-Chief Medical Officers (CS-cum-CMO) at Hazaribagh and Ranchi were paid Rs 6.64 lakh and Rs 5.22 lakh respectively to organize "Youvan Mangal Mela" (FHAC) in June 2001 and January 2000. None of them organised the FHAC camps. While CS-cum-CMO refunded the amount (March 2001) to BSACS, CS-cum-CMO, Hazaribagh retained amount as of March 2003.
- Rs 1.97 lakh were paid to CS-cum -CMO, Giridih (Rs 0.65 lakh), Hazaribagh (Rs 0.55 lakh) and Ranchi (Rs 0.77 lakh) during August 2001 for display of hoardings but the amount could not be utilised and was lying idle.

Youvan Mangal Mela (FHAC) camps at Hazaribagh and Ranchi not organised though funds were available.

Rs. 1.97 lakh meant for hoarding were not utilised.

3.1.4 Physical performance of JSACS

Component-wise physical targets and achievement during the period 2001-03 were as under:

▪ Target intervention of Groups at high risk

Component	Target	Achievement
(a) Identification of persons suffering from HIV/ AIDS among high risk group through NGO	10 sites	Nil
(b) Opening of new STD Clinics	2 nos. (in addition to the existing 6 nos.)	Nil
(c) Condom promotion and procurement	To be distributed to STD/VCTC/ STI clinics	20000 pieces
(d) Consultant service for mapping of high risk group and evaluation	Mapping work was allotted to CARE for Jamshedpur and Ranchi and for other districts to ORG group	No report received

- Process of opening new STD clinics was started in March 2003 but the clinics were not functional till December 2003.

- Twenty thousand condoms were distributed by the JSACS during 2001-02. Despite the direction of the Government of India, no condoms were procured one and distributed under the Social Marketing Programme by JSACS since its creation. The department replied that condoms were available under RCH programme.

- No mapping work and identification of High Risk Group (HRG) was done as of March 2003. The department, however, reported in December 2003 that mapping work had since been done.

▪ Preventive Intervention for the General Community

	Target	Achievement	Allocation of funds (Rs in lakh)
(a) Information, Education and Communication (IEC) and awareness			
(i) Hoardings	12 Nos.	Nil	25
(ii) Village level awareness by NGOs	Nil	Nil	
(iii) Tele Counseling	1	Nil	
(b) School AIDS awareness programme	220 schools	Nil	10
(c) Blood safety			
(i) Establishment of new Blood Bank	17 Nos.	Nil	23
(ii) Modernisation of Blood Bank	3 Nos.	Nil	
(iii) Component Separation Unit of Blood Banks	2 Nos.	Nil	
(d) Opening of new Voluntary Counseling and Testing Centres (VCTC)	3 centres (in addition to the existing 3 centres)	Nil	10
(e) Provision for Mother to child transmission (MTCT) Project in Medical Colleges and district hospitals	3	Nil	2

No condoms procured and distributed under Social Marketing Programme.

No new VCTC established by JSACS.

From the details given above it was evident that no progress was made towards preventive intervention for the general community. The department replied that these activities would be undertaken in 2003-04.

The three VCTCs already existing in the State provided counseling to 879 persons during 2001-03. Number of blood test done was only 745 of which 44 cases (six per cent) were detected HIV positive. No targets were fixed for those activities.

HIV positive cases increased alarmingly.

Prior to 2001-02, HIV positive cases in the State were only eight whereas 36 new cases were detected during 2001-03.

No Non-Government Organisation (NGO) was selected for city or village level awareness till March 2003. The department stated that NGOs would start their work from December 2003.

■ *Low Cost AIDS Care*

Fund allocated for PEP drugs not utilised.

Rupees two lakh were allocated for purchase of Post Exposure Prophylaxis (PEP) drugs for three medical colleges but the funds were not utilised due to shortage of staff as stated by department (December 2003).

■ *Institutional Strengthening*

JSACS failed to establish even one Sentinel Surveillance centre.

	Target	Achievement	Shortfall
(a) Purchase of vehicles	2 Nos.	1 No.	1 number
(b) Sentinel Surveillance centre	1 centre (in addition to the existing 8 centres)	Nil	1 centre
(c) Collection of blood for HIV Testing	3150	1849	1301 (41 per cent)
(i) STD	750	674	76 (10 per cent)
Anti Natal Check up	2400	1175	1225 (51 per cent)
(d) Training and fellowship	All doctors and Para medical staff	Nil	100 per cent
(e) Inter Sectoral collaboration	3	2	1

Department stated that the Sentinel Surveillance centre at Garhwa could not be established due to non-availability of lab technicians.

3.1.5 Physical performance in test checked areas

Sexually Transmitted Diseases (STD) Sites

Out of three STD clinics and four Anti Natal Check up (ANC) Sites, performance of one STD clinic at PMCH, Dhanbad and one ANC site at MGMMCH, Jamshedpur was as under:

Year	Collection of blood from STD clinic for HIV surveillance		Collection of blood from ANC site		No. of persons attended in STD clinic	No. of persons suffering from STD	Percentage of STD cases
	Target	Achievement	Target	Achievement			
2001-02	250	265	400	400	23005	2009	9
2002-03	250	250	400	400	11925	1120	9

Persons suffering from HIV positive were not informed about their condition.

Though the blood samples were collected by the STD/ANC clinics and sent to blood testing centre, RIMS, Ranchi, result of the tests was neither available at the clinics nor the HIV patients were kept informed about their conditions and such persons were likely to spread the infection.

The department stated that samples tested were anonymous and unlinked so result was not passed on to centre/patients. The reply of the department was not tenable as no mechanism was devised to check the spread of infection from HIV patients.

3.1.6 Blood safety

• *Modernisation of blood banks*

JSACS failed to provide blood bank in every district of the State.

In addition to 21 (Government and Private) Blood Banks in the State it was proposed to set up one blood bank in each district hospital. Further, two existing blood banks of Central Hospital, Bharat Coking Coal Ltd., (BCCL), Dhanbad and Central Coalfields Ltd. (CCL) Hospital, Ramgarh were proposed to be modernized during 2001-02. However, none of the district hospitals (except Giridih) had been provided with blood bank and none of the existing blood bank had been modernized as of March 2003.

The department stated that setting up of blood bank in every district was in process (December 2003).

• *Lack of blood component separation facility and other equipments*

Equipment of Blood component separation facility supplied by NACO remained uninstalled.

Equipments for Blood Component Separation made available to RIMS Ranchi by NACO during 1995-2000 were lying uninstalled/unutilised till June 2003. Out of important equipments like Microscopic Binocular, Incubator, Generator, Deep Freezer, Eliza Reader, Air Conditioner, Water Bath and Auto Clave only Eliza Reader was provided to Blood Bank, RIMS, Ranchi. Beside HEC Hospital and CCL Hospital were not provided Eliza Reader, which was an essential instrument for detecting HIV positive cases. Blood Bank, PMCH, Dhanbad had no storage facility of blood and the lone Eliza Reader was also not in order.

The department stated that efforts were being made to start component separation facility units at RIMS, Ranchi.

• **Blood banks without license**

Blood bank of RIMS and PMCH running without licenses.

License of blood bank of RIMS Ranchi and PMCH Dhanbad lapsed in December 1998 and 2001 respectively. However these blood banks were running without renewal of licenses as of December 2003, signifying the shortcomings of the statutory provisions, besides endangering the lives of the citizens.

• **Funds not provided for training, equipment etc.**

JSACS failed to provide funds for training of manpower.

No funds were allotted to blood banks by JSACS for purchase of equipments, training of technicians and organizing the blood donation camps.

No reports or results of blood screening were being provided to JSACS by private hospitals, private blood banks and pathological clinics.

The department stated that private blood banks would be asked to report to JSACS.

• **State Blood Transfusion Council not formed**

SBTC not formed.

State Blood Transfusion Council (SBTC) was not formed in the State to create awareness, advocacy for voluntary blood donation and safe blood practices.

The department stated that approval has since been given to set up SBTC (December 2003).

3.1.7 Information, Education and Communication (IEC) activities

Thirty per cent of people suffering from STI/RTI cases.

IEC is one of the most important strategies in the fight against HIV/AIDS. It is a process to motivate common people to adopt and maintain healthy practice. No work in this regard was, however, done except organizing a 'Youvan Mangal Mela' (Family Health Awareness Campaign (FHAC) from 1st to 15th June 2001 at Dhanbad and Jamshedpur where 30 per cent of the people who attended were susceptible to HIV/AIDS. Details are as under :-

Sl. No.	Name of Organizing agencies	Total No. of estimated target population	No. of persons actually attended	Total No. of cases detected
1.	CS-cum-CMO, Dhanbad	4,43,118	15,188	2,236
2.	CS-cum-CMO, Jamshedpur	4,11,574	18,171	7,910
	Total	8,54,692	33,359	10,146

3.1.8 Manpower management

JSACS running with skeleton staff.

The JSACS was poorly managed. As against 18 sanctioned posts of only two (Project Director and another Joint Director, Blood Safety) were in position. Similarly, against 13 sanctioned contractual posts, only three men were in position.

As per the proposed action plan, 50 per cent of the doctors, nurses, ANMs and para-medical staffs were to be trained by JSACS but no training for any category of staff was provided.

No training institute under FHAC was established in the state by JSACS.

The department stated that efforts were being made to fill up the vacant post (December 2003).

3.1.9 HIV/AIDS Surveillance

Three persons out of thousand is suffering from HIV/AIDS in Jharkhand.

Out of 21 blood banks in the State the records of five blood banks, all the three VCTC centres and two CS-cum-CMO (out of 18) showed the number of blood test and cases of HIV positive during 2001-03 as under:

Name of Unit	No. of test conducted	Number tested positive	HIV cases found Positive per thousand
Blood Banks	78391	170	2.2
V.C.T.C. Centre	1176	60	51.0
CS-cum-CMO	1526	9	5.9
Total	81093	239	3.0

It was seen in audit that BSACS sent the HIV positive cases detected by it to the School of Tropical Medicines, Kolkata for further confirmation. This practice was discontinued by JSACS. Thus, no follow up tests after the window period were undertaken to find out the sero positive cases among the people at high risk (except at Jamshedpur blood bank, Jamshedpur). Out of 239 HIV positive cases sent by BSACS pertaining to Jharkhand region 127 cases had been confirmed by the School of Tropical Medicines, Kolkata during April 1998 to November 2000 whereas the JSACS had shown 44 HIV positive cases only as of April 2003 in its report to NACO which indicated that the position had not been correctly reflected in their report.

In reply, the department stated (December 2003) that it would improve the reporting system.

3.1.10 Monitoring and evaluation

Monitoring and Evaluation by an outside agency was not done. No Monitoring and Evaluation Officer had been appointed as of March 2003.

System of monitoring and evaluation was not-existent.

SBTC responsible to monitor the collection of blood samples for tests, purity and safety of blood being transfused to the patients and District AIDS Control Society responsible for implementation of the programme in the district were non-existent in the state. Even JSACS was functioning with skeleton staff. Thus, there was total absence of monitoring and evaluation of the programme in the State.

The department stated that appointment of an agency for monitoring and evaluation was under consideration (December 2003).

3.1.11 Conclusions

Implementation of the programme in the State suffered mainly for want of specific direction by JSACS and non-utilisation of fund at its disposal and non-selection of Non-Government Organisation (NGO) for city or village level awareness till March 2003. Further, non-modernisation of blood banks, non-installation of equipment of blood component separation by RIMS and non-availability of funds for training of manpower and shortage of man-power were the main cause for failure of the programme.

3.1.12 Recommendations

- Sanctioned posts should be filled up expeditiously.
- Greater attention is needed for strengthening STD clinics, establishment of new blood banks and up-gradation of existing ones.
- Awareness camps should be organised to educate the people.
- NGOs should be involved and their activities monitored regularly.

HEALTH AND FAMILY WELFARE DEPARTMENT

3.2 Implementation of the Drugs and Cosmetics Act, 1940

Highlights

The Drugs and Cosmetics Act, 1940 is a Central Act and is applicable to the whole of India. This Act, alongwith other associated Acts and the rules made thereunder, regulate the manufacture, sale, import, export and clinical research of drugs and cosmetics in India. While the parameters of control are devised by the Central Government, these are required to be actually implemented by the State Government. In Jharkhand, the Act has not been implemented effectively. There were deficiencies in the implementation of regulatory parameters especially in the areas of licensing, approval, monitoring, prosecution, inspection and recall of sub-standard / spurious drugs. The provisions of the Act regarding inspection of units, drawing / testing/ reporting of samples, speedy and effective action against those manufacturing and marketing sub-standard/ spurious drugs were not implemented strictly and meticulously. There was shortfall in conducting inspection of manufacturing units and action against drug offenders was inadequate.

Market survey was not done to ascertain whether the manufacturing/ selling units were working under valid licenses.

[Paragraph 3.2.8.]

There was shortfall (ranging between 35 per cent to 66 per cent) in the target of collection of samples by the DIs during 15 November 2000 to December 2003. Samples of drugs (Ayurvedic/Unani/Blood) were not drawn for testing during 2001-03.

[Paragraph 3.2.9]

There was shortfall in conducting inspection with respect to prescribed norms under the Act as well as target fixed by the Government.

[Paragraph 3.2.10]

The Government had not established drug testing laboratory of its own as of March 2003.

[Paragraph 3.2.12]

Delay ranging from 2 months to 20 months in testing the drug samples contributed to consumption of sub-standard drugs.

[Paragraph 3.2.12]

There was inordinate delay (131 days to 323 days) in launching prosecution by the DIs against offenders on the pretext of obtaining sanction from the Drug Controller (DC).

[Paragraph 3.2.13]

There was no sanctioned post of DC in the State. Against an allocation of 70 DIs in the cadre only 10 Inspectors were working.

[Paragraph 3.2.14]

3.2.1 Introduction

- **Background**

At the beginning of the twentieth century, the Drug Industry was practically non-existent in India and pharmaceuticals were being imported from abroad. The First World War changed the scene and not only were the cheaper drugs imported in increasing volume, the demand for indigenous products also started growing. With the call for Swadeshi, manufacturing concerns, both Indian and Foreign, sprang up to produce pharmaceuticals at cheaper rates to compete with imported products. Some of these were of inferior quality and harmful. The Government was, therefore, called upon to take note of the situation and consider the matter of introducing legislation to control the manufacture, distribution and sale of drugs and medicines. A Select Committee appointed by the Central Legislative Assembly in 1937 recommended various measures, providing for the uniform control of manufacture and distribution of drugs as well as of import. The outbreak of the Second World War in 1939 delayed the introduction of legislation and finally the Drugs Act¹¹ was passed on 10 April 1940.

At present, the following Acts and Rules made there under apart from the Drugs and Cosmetics Act, 1940 (Act) and Drugs & Cosmetics Rules, 1945 (Rules) govern the manufacture, sale, import, export and clinical research of drugs and cosmetics in India. The Pharmacy Act, 1948; The Drugs and Magic Remedies (Objectionable Advertisement) Act, 1954; The Narcotics Drugs and Psychotropic Substances Act, 1985; The Drugs (Prices Control) Order 1995 (Under the Essentials Commodities Act). But the main Act continues to be the 'The Drugs and Cosmetics Act, 1940'.

- **Main features of the Act**

- Regulatory measures to ensure standards of Drugs and Cosmetics, Diagnostics and Devices.

¹¹ Drugs and Cosmetics Act, 1940 was amended to provide for regulation of the manufacture of cosmetics and prohibition of import and sale of sub-standard and misbranded cosmetics vide Government of India Gazette notification dated 14th December 1961.

- Monitoring of quality of drugs and medicines imported, manufactured, distributed and sold to public.
- Punitive measures for dereliction of provisions of the Act.
- Regulate clinical research and publication of Indian Pharmacopoeia.

◦ ***Statutory Functions***

This is a Central Act and is applicable to the whole of India. The main functions of Central Government are (a) laying down standards of drugs, cosmetics, diagnostics and devices, (b) laying down regulatory measures, amendments of Act and Rules, (c) to regulate market authorisation of new drugs, clinical research in India and standards of imported drugs (d) to approve licenses to manufacture certain categories of drugs as Central License Approving Authority i.e. for Blood Banks, Large Volume Parenterals and Vaccines and Sera (e) work relating to the Drugs Technical Advisory Board and Drugs Consultative Committee (f) testing of drugs by Central Drugs Laboratories and (g) publication of Indian Pharmacopoeia, etc.

The main functions of the State Government are (a) licensing of drug manufacturing and sales establishments (b) licensing of drug testing laboratories (c) approval of drug formulations for manufacture (d) monitoring of quality of Drugs and Cosmetics manufactured by respective State units and those marketed in the State (e) investigation and prosecution in respect of contravention of legal provisions (f) administrative actions to regulate the standards of imported drugs (g) pre-and post- licensing inspection and (h) recall of sub-standard drugs.

3.2.2 Scope of audit

It would be seen from the scope of responsibility that while parameters of control are devised by the Central Government, these are required to be actually implemented by the State Government, excepting areas of standard setting for imported drugs, regulations of clinical research and market authorisation of new drugs. Audit examined the effectiveness of the implementation of the regulatory parameters, particularly in the areas of licensing, approval, monitoring, prosecution, inspection and recall of sub-standard/spurious drugs.

3.2.3 Audit coverage

Implementation of the Act and Rules made there under for the period 15 November 2000 to March 2003 was reviewed in Audit during December 2002 to June 2003 through test check of the records of the State Drug Controller (Chief Licensing Authority), Patna (Bihar) and State Drug Controller (Chief Licensing Authority), Ranchi (Jharkhand), Drug Testing Laboratory at Patna,

all the four Regional Licensing Authority¹² and six Drug Inspectors (DIs)¹³ (out of 22).

The results of the review are mentioned in the succeeding paragraphs.

3.2.4 Implementation arrangements

Secretary-cum-Commissioner, Health Department, Government of Jharkhand has overall responsibility for the administration of Drugs Control at Headquarters level. The Drug Controller (DC), who is responsible for strengthening the administration of Drug Control and enforcement of Act and Rules made there under, assists him through his subordinate officers.

The DC (State) is the Chief Licensing Authority responsible for grant and renewal of license for manufacturing and sale of Drugs and Cosmetics. He is assisted by nine Drug Inspectors (DIs) who also act as Regional Licensing Authority (RLA) (4). At district level, DIs are responsible for inspection, collection of samples for test and reporting to the Regional and Headquarters Office in respect of manufacturing and selling units.

3.2.5 Action Plan

The department did not have an action plan for drug control administration as of February 2004. The DC informed (February 2004) that the action plan was under process.

3.2.6 Financial Outlay

Budget provisions and expenditure thereof during 15 November 2000 to March 2003 were as under:

Year	Grant			Expenditure			Excess (+)/Saving (-)		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
15.11.2000 to 2001	5.29	15.30	20.59	0.47	7.76	8.23	(-) 4.82	(-) 7.54	(-) 12.36
2001-02	Nil	49.67	49.67	Nil	32.40	32.40	Nil	(-) 17.27	(-) 17.27
2002-03	Nil	33.35	33.35	Nil	33.21	33.21	Nil	(-) 0.14	(-) 0.14
Total	5.29	98.32	103.61	0.47	73.37	73.84	(-) 4.82	(-) 24.95	(-) 29.77

(Rupees in lakh)

¹² Dumka, Hazaribagh, Palamu and Ranchi.

¹³ Chaibasa, Dumka, Hazaribagh, Jamshedpur, Palamu and Ranchi.

Audit scrutiny revealed that during the period budget was prepared in an ad-hoc manner as the budget estimates were not submitted by the DC to the Department. There was persistent savings in both plan and non-plan heads during the period from 15 November 2000 to March 2003. Important control registers like budget control register, statement of receipts and expenditure of the field units were not compiled at the level of DC.

There was no provision under the plan head during the years 2001-2003. Of the meager provision of Rs 5.29 lakh during 2000-01 only Rs 47,000 were spent. Major provision of funds was for non-plan heads which shows that funds were mostly allotted for pay and allowances and not for the development of infrastructure needed for strengthening the drug control administration.

3.2.7 Enforcement

➤ *Infirmities in the Act/Rules for Prosecution*

Test check of records revealed following infirmities: -

- Under Rule 63 of the Rules, if an application for the renewal of licence in force is made before its expiry, the licence shall continue to be in force until orders are passed on the application. No time frame has however been prescribed in the Act, for the renewal of licenses.
- No time limit has been prescribed to analyse drug samples by drug testing laboratories due to which substandard/spurious drugs continue to be sold in the market.
- No time limit has been fixed for offenders to give reply to the show cause notices served on them and for final action by the licensing authority under Rule 66 and 85 of the Rules.

3.2.8 Licensing

◦ *Manufacturing units*

Non-maintenance of License register: License register is an important record to monitor the number of licenses issued/ renewed or cancelled pertaining to manufacturers, wholesalers and retail dealers of drugs and cosmetics. The register should normally contain name and address of licensees, number and period of license granted, particulars of competent person/ technical staff, date of renewal/cancellation and license fee paid.

DC, Jharkhand was unaware of the total number of manufacturing units in the State.

It was noticed that the licence register in respect of manufacturing unit was not maintained. In response to an audit query the department furnished a list of 73 units¹⁴. Cross verification of the list with the list of units in respect of Jharkhand region, as obtained from the DC, Bihar revealed that DC, Jharkhand list did not contain the names of 18 units (Allopathic 8, Homeopathic 1, Ayurvedic 8 and Cosmetics 1). Thus DC, Jharkhand was unaware of the total number of manufacturing units in the State and was thus unable to enforce meticulous implementation of the regulatory provisions of the Act.

The DC, Jharkhand however assured that license register would be maintained in future.

Non-Adherence to the provisions of Schedule M and T: Schedule M and T of the Rules stipulate the detailed requirements to be adopted by the manufacturers of drugs and cosmetics and the documentation to be maintained by them. The departmental officials are required to verify during inspections that the conditions stipulated under the provisions of Schedule M and T are being adhered to. Case records of three units were produced to Audit. It was seen that despite non-adherence to the provisions of Schedule M and T (as illustrated below) by these units, they continued to function with valid licenses.

Sl. No	Name of Units	Conditions of Schedule M and T not fulfilled
1	M/s TDM Pharma, Deoghar	(a) Distillation Plant for manufacture of distilled water absent (plant manufactures water for injection) (b) Non-aseptic and no fumigation of manufacturing room (c) Absence of toxicity and sterility test (d) Raw materials procured not entered in the stock register (e) 3.84 lakh samples of oxytocin not entered in manufacturing register.
2	M/s Baidyanath Pharmaceuticals, Deoghar	(a) Distillation plant not working. (b) Unhygienic condition in manufacturing unit. (c) Absence of sterilization and cleaning equipment. (d) Facility for potable water was not available (e) Facility of air conditioning and humidity control unavailable.
3	M/s Opulent Pharmaceuticals, Rajdhanwar, Giridih	(a) As per Schedule T, SOP was not received within stipulated period. (b) Test reports of water used for manufacture not received. (c) Approval of Pollution Control Board not obtained for the utilisation of furnace. (d) Information in respect of manufacturing activity reported to DC after one year.

• Selling Units

Application register for renewal of licenses were not maintained.

Non-maintenance of Application Register: Application register serves as an important record to see if the selling units have applied for licenses in time and that no selling units are functioning without a proper license. It was seen that no such master application register was maintained in any of the units test-checked. In the absence of the register it could not be verified in audit as to

¹⁴ Allopathic (43), Ayurvedic (28) and Cosmetics (02).

how many selling units in the state had applied for the renewal of their licenses. The DC, Jharkhand replied that application register would be maintained in future.

Licenses pending renewal: According to the Rules, the validity of selling licence was two years which was enhanced to five years in August 2001. The DC stated that the master list of selling units was under compilation. Three RLAs (Dumka, Palamau and Ranchi) provided the numbers of selling units under their jurisdiction while RLA, Hazaribagh did not have the figures available with him. Based on these figures compiled by Audit, 2291 units were due for renewal in 2002 of which licenses of only 1760 units were renewed and 531 licenses were not renewed. In response to an audit query RLAs, Dumka and Ranchi furnished no reply as to the status of these units while RLA Palamau admitted that no market survey in relation to these units had been carried out.

In the absence of Master control register both at State headquarters level and district level, neither the DC nor the DIs were in a position to know as to how many licenses were due for renewal and whether renewal applications were submitted by the units in time.

As regards the closure of these selling units, DC, replied that survey in this regard would be carried out in time. Thus, continued running of selling units without valid licenses in the state cannot be ruled out.

No survey was conducted to check the movement of spurious drugs / fake medicines.

Market Survey: A committee was set up by the Ministry of Health and Family Welfare, Government of India (July 2002) to suggest remedial measures to combat the menace of manufacture and sale of spurious/fake drugs. The committee recommended surveys to be conducted at regular intervals at sensitive market places suspected to have movement of spurious/fake drugs. No such survey was carried out either by the DC or DIs in the units test checked.

• **Blood Banks**

Licenses pending renewal : Out of 21 blood banks functioning in the State since November 2000, licenses of 16 blood banks were not renewed as of January 2004 for want of joint inspection by Central and State License Approving Authorities. As a result, it was not possible for Audit to verify as to whether all necessary infrastructural facilities were provided and the procedure prescribed under the Act were followed by the blood banks.

Non maintenance of receipt records: The copies of the challans submitted by the licensees alongwith the application were neither entered in any register to verify the correctness of the amount deposited nor reconciled with the treasury.

3.2.9 Inspection

Target provided to DIs was less by 13386 and 17538 inspections during the years 2002 and 2003.

As per Rules, DIs were required to inspect each drug manufacturing and selling units at least twice a year (once in a year since September 2001) within the area assigned to him. In contravention of the provision of the Rules, the department fixed a target of 25 inspections per month for each DI. Thus, the target provided was less by 13386 and 17538 inspections¹⁵ in 2002 and 2003 respectively in respect of selling and manufacturing units.

Against the target of 2700 units (25 X 9 X 12) to be inspected per year the number of inspections carried out and shortfall was as under:

Sl. No	Year	Target set by the Department	Inspection carried out	Shortfall	Percentage of shortfall
1	15-11-2000 to 31-12-2000	338*	175	163	48.22
2	2001	2700	1869	831	30.77
3	2002	2700	2047	653	24.19
4	2003	2700	2005	695	25.74
	Total	8438	6096	2342	27.75

* (Calculated on pro rata basis for one and half months)

Lack of inspection at the manufacturing and selling units regularly may lead to non adherence to the provisions of Rules *ibid* in relation to the manufacturing units as well as selling units.

3.2.10 Sampling

◦ Inadequate samples drawn

Shortfall in samples drawn ranged between 35 and 66 per cent.

The department prescribed seven samples to be taken per month by each DI. Based on these norms the shortfall in collection of samples by the nine DIs during the period 15-11-2000 to December 2003 was as follows:

Year	Samples to be taken as per the norms of the department	Samples actually taken	Shortfall	Percentage of shortfall
15-11-00 to 31-12-2000	95	38	57	60.00
2001	756	259	497	65.74
2002	756	490	266	35.19
2003	756	777	--	Nil
Total	2363	1564	820	34.70

Non-drawal of samples and absence of testing may result in continued manufacture and sale of substandard/spurious drugs thus defeating the very purpose of the Act.

¹⁵ Total number of manufacturing and selling units in Jharkhand during 2002 and 2003 was 8043 and 10119 units respectively.

No sample drawn for Ayurvedic and Unani drugs.

No samples drawn for Ayurvedic and Unani drugs: No samples of Ayurvedic/Unani drugs were either taken or got tested by the department. The department stated that samples were not drawn as there was no Ayurvedic DI in the state. Thus, manufacture and sale of substandard and spurious Ayurvedic / Unani drugs in the state cannot be ruled out.

No samples drawn under the National Survey of Quality of Essential Drugs (NSQED) Programme: The Director General of Health Services, Central Drug Standard Control Organisation, Eastern Zone, Kolkata (CDSCO) directed the DC, Jharkhand to obtain samples for the analysis of listed drugs for the NSQED programme. While the DC, Jharkhand stated that the field units had been instructed to collect samples under the NSQED programme, DIs Dumka, Ranchi and Palamau stated that no such communication had been received by them and so no samples were collected.

Samples of blood were not drawn from Blood Banks

No samples of blood drawn from Blood Banks: Rules provide that DIs shall collect samples of blood from blood bank for conducting all prescribed tests. It was seen that no samples of blood were drawn in the units inspected by the DIs. The DC, Jharkhand stated that the department lacked the infrastructure to carry out any such tests and the blood banks were asked to conduct the necessary tests and communicate the results to the respective DI. This was in gross violation of the provisions of the Rules and also fraught with the risk of communication of doctored reports to the DIs/DC by the blood banks about the purity of blood being supplied by them.

3.2.11 Drug (Price Control) Order 1995

DC's office had no system of complying Drug (Price Control) Order 1995.

The DC, Jharkhand was empowered to carry out inspections in respect of manufacturing/sales units to ensure compliance with the Drug (Price Control) Order 1995 which sought to make available quality medicine at affordable price to common people. The DC was also required to send periodical reports to the Government of India in this regard. The DC carried out no such inspection and no reports were sent to Government of India. The DC stated that there was no such system in practice. Thus, the department did not have any mechanism to ensure supply of quality medicine at affordable price to the people of the State.

3.2.12 Working of Drug testing laboratories

There was no laboratory in the State for testing of the samples of drugs. Samples of drugs collected by DIs in Jharkhand were sent to Bihar Drugs Control Laboratory (BDCL), Patna for testing till December 2001. Since January 2002 drug samples were sent for testing at Ghaziabad and Mesra. The DC, Jharkhand stated (February 2004) that a Government Laboratory was being set up at Ranchi.

Scrutiny revealed that BDCL, Patna had no facility for testing of serum vaccine, hormones, toxidites, blood and injectible medicines. The private laboratory at Mesra, also lacked these facilities (except injectible medicines).

No testing laboratory existed in the state for testing samples of Ayurvedic medicines. Similarly, no blood sample testing facility existed in the state.

Non-testing of drugs samples: It was seen that during the period November 2000 to November 2003, out of 1168 samples sent to two laboratories at Patna and Mesra, only 485 samples were analysed, shortfall being 58 per cent. Information about analysis of samples in other laboratories was not produced to Audit. Details are as below:

Name of laboratory	Period	Samples received (number)	Samples analysed (number)	Samples pending analysis (number)	Percentage of pendency
BDCL, Patna	15.11.2000 to December 2001	64	60	4	6.25
STANCERT, BIT, Mesra	16.5.2002 to November 2003	1104	425	679	61.50
Total		1168	485	683	58.00

Samples analysed were declared after a delay of 2 to 20 months.

Scrutiny further revealed that out of the 64 samples sent to BDCL, Patna in 18 cases, drugs were declared substandard after a period ranging from 2 to 20 months. Delay in testing of drug samples declared substandard may lead to their continued sale and consumption by the people defeating the very purpose of the Act.

3.2.13 Follow up action on samples tested

• Prosecutions not launched

During the period 15 November 2000 to December 2002, 47 samples of drugs were declared sub standard by the Government Analyst. Out of these, prosecutions were launched only in 12 cases. DC, Jharkhand stated that in five cases permission to prosecute has been granted while in 30 cases, the issues were under examination as the office was facing acute shortage of manpower and infrastructure. The reply was not acceptable as delay in launching prosecution against manufacturers and sellers of substandard drugs lead to their continued manufacture, selling and consumption by the people defeating the whole purpose of the Act. It also emboldens the offenders to continue with their unscrupulous activity.

• Cases of delayed action

Rule 51 of the Rules, empowers the DIs to launch prosecutions against manufacturing/selling units whose samples have been declared sub-standard/spurious. Disregarding this provision, DIs, Dumka and Hazaribagh

Delay ranging between 131 and 323 days occurred in launching prosecution against the offenders.

delayed launching prosecution against manufacturer/seller on the pretext of seeking approval of the DC. The delay ranged between 131 to 323 days. This facilitated the continued sale and consumption of substandard drugs during the intervening period.

Scrutiny revealed that based on intimation by CDSCO, Kolkata (December 2001), the DI, Jamshedpur collected (March 2002) samples of Regan Syrup un-authorisedly manufactured by one Pharma Cia Lab (Genuine manufacturer- Caldern Pharma) and supplied by Care Deals, Jamshedpur which indicated circulation of fake drugs. However, the DIs Dumka and Jamshedpur launched prosecution on 13th February 2004 at the instance of Audit.

CDSCO, Kolkata sent lists of drugs declared sub-standard/spurious to DC, Jharkhand for further action at his end. DC was to circulate the lists to the DIs so that necessary action could have been taken by them to confiscate and stop the sale of these drugs in the areas under their jurisdiction. On being pointed out, the DC stated that the lists were circulated to the DIs. However, DIs Dumka, Palamau and Ranchi stated that no such list had been received by them and no action was taken. This indicated lack of communication within the Department and sale of these sub-standard / spurious drugs in the State cannot be ruled out.

Inaction on reported spurious drugs

Based on report from Government of West Bengal regarding supply of spurious drugs (Amoxycillin I.P. 250mg capsules) by a wholesaler (M/s Mini Medical Agency, Sahebganj) in Jharkhand the DC, Jharkhand instructed (May 2002) the RLA, Dumka and DI, Dumka to investigate the matter.

The RLA, Dumka reported (05.09.2002) that the defaulting supplier closed the selling point since May 2000, though the RLA himself renewed (January 2000) the license of the supplier for the period from January 2000 to December 2001.

On being pointed out (April 2003), FIR was lodged in the case on 06 May 2003 at the instance of Audit.

3.2.14 Manpower management

As per the Bihar Re-organisation Act the following posts were sanctioned for Jharkhand with regards to Drug Control Administration.

Designation	Sanctioned Strength	Men-in-position	Shortfall
Drug Controller	Nil	1*	-
Secretary cum Deputy Drug Controller	Nil	Nil	Nil
Drug Inspector + Regional Licensing Authority	70	9	61
Assistant Drug Controller	Nil	Nil	Nil
Drug Analyst	2	Nil	2

* One DI was officiating as Drug Controller

It would be seen from the above that there were large vacancies at all levels in the drug control administration. There was no post of DIs for Ayurvedic and Unani medicines. Shortage of manpower affects the proper functioning of the department in relation with drawing of samples, inspections as well as launching of prosecutions against defaulters.

3.2.15 Searches and Seizures

Searches and Seizures in the premises of various manufacturers/sellers of drugs were to be carried out by the DIs/Assistant DC with a view to ensuring that the units were not manufacturing/selling substandard/spurious drugs. The DC, Jharkhand stated that the Government with the help of a Magistrate has notified a flying squad team and armed police forces headed by an officer not below the rank of a Sub-Inspector accompanied by the squad during the raid. On getting permission from the Chief Judicial Magistrate the seized drugs were kept in the safe custody of concerned DI. However, the Department furnished no details of any searches and seizures.

3.2.16 Establishment of Intelligence-cum-legal cell

Intelligence cum legal cell did not exist in the State.

To check the availability of sub-standard and spurious drugs in the market, setting up of Intelligence-cum-Legal Cell under the State Drugs Authority is essential to collect information and keep a check on quality/standard of drugs. No such Intelligence cum Legal Cells had been established in the State as of February 2004.

3.2.17 Training

No training was provided to DIs since creation of Jharkhand State

In order to upgrade the skills of the DIs, DC should organise various training programmes. It was however noticed that no training programmes were organised by the department during the period 15-11-2000 to June 2003. Two DIs were imparted training by Government of India for blood banks but they drew no blood samples for testing (December 2003).

3.2.18 Monitoring

No monitoring for implementation of the provision of the Act done in the State

The various regulatory functions require close monitoring to ensure that the objectives envisaged in the Act are achieved. In the absence of important control registers like Licence Register, Application Register, Budget Control Register proper control over licensing and budgetary control could not be ensured. In the absence of the establishment of Intelligence cum Legal Cell

proper surveillance over manufacture and sale of spurious/substandard drug was not being carried out in the State. No monitoring cell was functioning in the State and no schedule of inspection of field visits for the supervisory level officers was drawn up. The department also did not create a proper database of the number of selling or manufacturing units and thus lacked a proper Management Information System. All these show a complete lack of monitoring at all levels of Drug Control Administration.

3.2.19 Conclusions

In Jharkhand, the Act was not implemented effectively mainly due to shortage of enforcement staff and under utilization of funds. The provisions of the Act regarding inspection of units, drawing/testing/reporting of samples, speedy and effective action against manufacturing and marketing sub-standard/spurious drugs etc. were not implemented meticulously. No independent laboratory was set up in the State for speedy analysis of samples. There was no coordination with other States for tracking down the activities of drug offenders.

3.2.20 Recommendations

- Effective steps should be taken to fill up the sanctioned posts of DIs.
- The additional six months time allowed under Rule 63 and 72 of the Rules; for renewal of license after the last date of validity of license with late fine should be amended to stop the sale/manufacturing of drugs during the intervening period.
- Drug testing facilities should be augmented in the State with more enforcement and analytical staff to ensure reporting within a specified time frame in order to stop selling and distribution of spurious/adulterated/ sub-standard drugs.
- Effective steps may be introduced for speedy disposal of cases.
- The State Drug Control Administration should devise a mechanism for regular interface with pharmaceutical industries and their associations like Indian Pharmaceutical Alliance in order to obtain regular feedback and assistance in tracking down and unearthing spurious drugs.
- DC should have its own Web site with all necessary information for public awareness. There should be system of receiving complaints of the public regarding spurious/substandard drugs.

The matter was referred to the Government (November 2003); their reply has not been received. (February 2004).

HOME DEPARTMENT

3.3 Fire Prevention and Control in Jharkhand

Highlights

The main functions of the Fire Services Department are fire fighting, rescue, prevention and creating awareness among public to avoid fire accidents. The objective of the department suffered due to heavy shortfall in the establishment of fire stations, vehicles, equipment and operational staff. The grants provided by the Eleventh Finance Commission (EFC) were not fully utilized. The fire stations were mostly running in rental buildings and three were in dilapidated buildings. The response time in attending to fire calls was abnormally high mainly attributable to old and outlived vehicles, bad roads, inadequate arrangements for water, petrol and lubricants etc. No training institute and departmental workshop existed in the State. Several public places like hospitals, cinema halls, library and shopping complexes etc. were found without adequate fire safety norms. Thus Jharkhand Fire Services which was to perform as first responder to save valuable life and property of the people was inadequately equipped and poorly managed.

Out of 30 fire stations, seven fire stations, though operational, had not yet been sanctioned by the Government. Five fire stations were sanctioned but were not commissioned till May 2003. The fire fighting equipments purchased for sanctioned fire stations were utilised in unsanctioned fire stations.

[Paragraph 3.3.5]

The existing fire fighting equipments, too were short of SFAC's norms. Fire tenders/ equipments purchased by erstwhile Bihar Government for Jharkhand region were yet to be transferred to Jharkhand.

[Paragraph 3.3.5]

Out of 30 fire stations existing in the State, only one fire station had its own premises and staff quarters and the rest were functioning either from rented buildings or in temporary arrangements.

[Paragraph 3.3.5]

The response time to attend to fire calls in rural and urban areas was much more than SFAC's norms.

[Paragraph 3.3.6]

Shortage of staff as compared to sanctioned staff was 127 (34 per cent).

[Paragraph 3.3.7]

No training institute was sanctioned by the Government. There was no mechanism for imparting training in fire drill to the school children, employees and workers of industrial establishment and residents of high rise buildings.

[Paragraph 3.3.8]

No survey was conducted by the department to identify the fire risk areas in the State. Joint inspection by Audit revealed that most of the public places such as cinema halls, libraries and shopping complexes etc. were found to be without fire safety norms.

[Paragraph 3.3.11]

3.3.1 Introduction

Consequent upon creation of Jharkhand State in November 2000, Jharkhand Fire Services came into existence with the responsibility of protecting and safe guarding the lives and properties of people of Jharkhand in the event of outbreak of fire and other disaster. To combat any odd situation arising out of fire related calamities, fire services were organised as first responder to save life and property of the people. A standing Fire Advisory Committee was constituted by Government of India in the year 1955 {renamed as Standing Fire Advisory Council (SFAC) in the year 1980} to examine the technical problems relating to fire services and to advise the Government of India on matters concerning organisation and to bring about uniformity and improvement in fire services all over the country. The subject, fire services was included as municipal function in Article 243-W-XII Schedule of the Constitution of India.

3.3.2 Organisational set-up

Home Department, headed by the Home Secretary, was the administrative department for Fire Services. Director General Fire Services was the over all incharge of Fire Services in the State assisted by Deputy Inspector General Fire Services. State Fire Officer was apex body of the fire fighting staff at the State level. At division level, Divisional Fire Officer was the in charge of division (only one division in the State) assisted by one Assistant Divisional Fire Officer. There were 30 Fire stations in the State.

3.3.3 Audit coverage

The records of the Director General, Fire Services for the period 2001-03 were test checked (December 2002 to May 2003) to assess the appropriateness of

expenditure and efficiency of programme management. Records of ten ¹⁶ Fire Stations were test checked considering the geographical area, major cities and industrial potentials.

3.3.4 Financial outlay

The details of budget provisions, total allotment and expenditure were as under:-

(Rupees in lakh)

Year	Plan/Non Plan	Budget Provision	Total allotment	Expenditure	Unutilised fund	Percentage of saving against allotment
2001-02	Plan (State)	--	--	--	--	--
	Xth FC	--	--	--	--	--
	Non-plan	241.36	241.36	217.72	23.64	10
2002-03	Plan (State)	218.00	218.00	214.35	3.65	1.7
	XI th FC	72.00	258.00	245.30	12.70	5.0
	Non-plan	357.12	357.12	248.78	108.34	30.3
Total	Plan	290.00	476.00	459.65	16.35	3.4
	Non-Plan	598.48	598.48	466.50	131.98	22.0
Grand Total		888.48	1074.48	926.15	148.33	13.8

The following points were noticed:

- The EFC recommended grants for RS 2.89 crore for opening of new fire stations in Jharkhand during 2000-03. Scrutiny revealed that Government of Jharkhand made no provision in its budget to utilise the fund during 2000-02. During 2002-03, Government released Rs 2.58 crore. However, no provision was made for Rs. 31 lakh in the budget.
- No utilisation certificate was submitted to Government of India for the expenditure of Rs 2.45 crore made under Finance Commission during 2002-03.

Budgetary provisions were not made as per EFC's recommendation.

3.3.5 Programme management

Infrastructure, equipment and manpower are the important components of Programme management. Scrutiny revealed that there were shortages in these areas which affected the implementation of the programme, as detailed below.

Infrastructure

- Against SFAC's norm of 76 Fire stations, only 30 Fire stations (39 per cent) were established as detailed in **Appendix-XIX**. Out of 30 Fire Stations, seven ¹⁷ operational since September 2001 were not yet sanctioned by the

Only 30 fire stations existed against SFAC's norm of 76 fire stations.

¹⁶ Daltonganj, Deoghar, Dhanbad, Doranda (Ranchi), Dumka, Garhwa, Hazaribagh, Jamshedpur, Sahebganj and Sindri.

¹⁷ Bahragora, Jamtara, Koderma, Latehar, Ramgarh, Saraikela and Simdega.

Government. Department stated that considering fire risk areas, these seven Fire Stations were opened for which sanction of the Government was pending. But no evidence for assessment of fire risk areas was furnished to Audit.

◦ Ten water tenders were purchased in February 2002 for five¹⁸ fire stations at a cost of Rs 1.28 crore which were not commissioned as of May 2003. Of these six water tenders were issued to five unsanctioned stations while four others were issued to four sanctioned stations.

◦ Availability of the existing important equipments in 30 fire stations and shortfall as compared to SFAC's was as under :

Sl. No.	Name of equipment	Number required as per SFAC norms for 30 Fire Stations	Number available	Shortage (Percentage)
1.	Water Tender	141	66	75 (53)
2.	Crash Tender	8	Nil	8 (100)
3.	Foam Tender	9	4	5 (56)
4.	Emergency Tender	37	2	35 (95)
5.	Water Bourse	38	Nil	38 (100)
6.	Jeep Tender	29	12	17 (59)
7.	Ambulance	30	2	28 (93)
8.	Thermal Imaging Camera	38	2	36 (95)

Shortage of above important equipment had badly affected the efficiency of fire fighting operations.

◦ Twelve fire tenders and two equipments purchased by erstwhile Bihar Government for Jharkhand region at a total cost of Rs 1.36 crore were not transferred to Jharkhand. Government stated that efforts were being made to procure those engines/equipments from Bihar Government.

◦ Out of 30 fire stations only one fire station at Golmuri (Jamshedpur) had its own premises and staff quarters, the remaining stations were being run in rental or temporary building. Out of ten test checked fire stations, three stations (Hazaribagh, Sahebganj and Garhwa) were housed in dilapidated buildings contributing to non-conducive working conditions.

Out of 30 fire stations only one fire station had its own premises.

¹⁸ Govindpur (Jamshedpur), Jugsalai (Jamshedpur), Kokar (Ranchi), Manoharpur (Chaibasa) and Piska More (Ranchi).



Figure 1 Dilapidated fire station at Sahebganj



Figure 2 Dilapidated fire station at Hazaribagh



Figure 3 Fire station at Hazaribagh

- Scrutiny revealed that no Fire Station had mobile wireless sets and static wireless sets. Out of 30 Fire Stations, only one (Doranda- Ranchi) had Emergency Telephone (No.101). However, all the 30 Fire Station had BSNL telephone connections.
- There had been acute shortage of Hydrants, Static Water Tank and over head water points, Only in Jamshedpur, five hydrants and one over head water Tank under private factory area were used by Fire Station. In other Fire Stations, water was procured from local open ponds, rivers, dams etc.
- An important requirement of fire fighting is proper maintenance and up keep of fire fighting vehicles. Out of 66 water tenders and 12 jeep tenders stationed in all 30 fire stations, 15 water tenders and five Jeeps tenders were proposed for condemnation being quite old but were in use for fire fighting operations as shown in **Appendix-XX**.

3.3.6 Fire Management

The details of Fire incidents reported and attended, loss of human lives and property during the year 2001-2002 (Calendar year) in the State were as under:

Year	No. of fire incidents reported and attended	Value of property lost (in crore)	No. of human life lost
2001	534	5.53	7
2002	480	56.04	4
Total	1014	61.57	11

No mechanism was evolved to assess the value of property lost with insurance claims.

The following observations were made.

• There was a major fire incident in Patratu Thermal Power Station on 9 January 2002. Three Fire Stations attended the fire call (Ramgarh, Audrey House and Doranda). Response time for attending fire call was 40 minutes by Ramgarh Fire Station (for 34 Km), 68 minutes for Audrey House Fire station (for 40 Km) and 64 minutes for Doranda Fire Station (for 42 Km). Abnormally high response time by all the three Fire Stations was due to long distance covered by them. No Fire Station was commissioned in such high fire risk area. In reply, it was stated that opening of a fire station in Patratu was in progress. No specialized equipments such as Combined Foam/DCP tender was available to combat such type of fire. Only water tenders were used. The reported loss of property was worth Rs 50 crore. The heavy loss of property was due to improper fire management.

• Of 535 fire reports of 10 fire stations relating to 2000-2003, (219 rural + 316 urban) which were test checked, there had been delay in attending fire calls in 439 cases (rural 194 + urban 245), as compared to the prescribed response time of ten minutes for rural areas and five minutes for urban as per SFAC norms. In rural area, the response time for delayed cases ranged from 11 minutes to 778 minutes and in urban area, the delay ranged from 6 minutes to 60 minutes.

The delay were mainly attributed to old and outlived vehicles under operation, improper and inadequate arrangements for water, bad condition of road, paucity of fund for purchase of petrol, oil and lubricant (POL) at Fire Station level and naxalite problem especially in rural areas.

Response time to attend calls was very high in both rural and urban areas.

3.3.7 Manpower

The staffing pattern at operational level was as under.

Sl. No.	Name of post	Sanctioned strength	Working strength	Shortage and percentage of shortage with reference to sanctioned strength
1	Divisional Fire Officer	1	1	---
2	Assistant Divisional Fire Officer.	1	Nil	1 (100)
3	Fire Station Officer	17	6	11(65)
4	Sub-officer	17	6	11 (65)
5	Leading Fireman	59	45	14 (24)
6	Driver Leading Fireman	48	26	22 (46)
7	Driver fireman	4	18	(-) 14 excess
8	Fireman	230	148	82 (36)
	Total	377	250	127 (34)

Against sanctioned post of 377, men in position was only 250, shortfall being 34 per cent. Thus, the staffing pattern was not need based.

3.3.8 Training and awareness

No training institute existed in the State.

No Training Institute was sanctioned by the Government. However, training (Refresher Courses) was imparted through internal arrangements by two trained officials from National Fire Services College, Nagpur in Central Training Institute, Dhurwa (not sanctioned by Government). One Water Tender issued to the Institute for imparting Training was proposed for condemnation in September 2002.

There was no system in vogue for imparting training in Fire drill for school children, employees and workers of industrial establishment and residents of high rise buildings.

3.3.9 Departmental workshop

No departmental workshop existed in the State

No departmental workshop existed in the State. However, two mobile workshops fitted in two vehicles were purchased at a cost of Rs 14.50 lakh during 2001-02 and delivered in September 2002. These were lying idle for want of technical staff (two Drivers, two Mechanics and two Helpers) since then. Government stated that creation of technical posts against mobile workshops were under consideration.

3.3.10 Civil works

Rs 41 lakh was paid to JPHC for construction of fire station without making available the land.

EFC grants of Rs 2.32 crore was drawn during 2002-03 and paid to Jharkhand Police Housing Corporation (JPHC) (1.4.2003) for construction of 17¹⁹ Fire Station buildings. It was noticed that the land for three Fire Stations (Deoghar, Kokar and Piska More) was, however, not made available to JPHC. Thus Rs 41.01 lakh (Rs 13.67 lakh x 3) was paid imprudently to JPHC without making available the land.

It was further seen that JPHC expressed its inability to execute the construction work (April 2003) on the ground of inadequate funds. Though the estimates for construction of each Fire Station (Rs 13.67 lakh) were prepared by Building Construction Department (having divisions in every district), the work was handed over to JPHC which had no branches in all districts where construction work was to be done. JPHC proposed a revised estimate of Rs 20.66 lakh for construction of each Fire Station. Thus entrusting the construction work to JPHC was neither prudent nor judicious.

3.3.11 Prevention against fire

No survey was conducted by the department to identify the fire risk areas in the State. As such the preparedness to prevent fire and restrict damage on out break of fire was not foolproof and not well designed. Government stated that no separate fire prevention wing existed in Jharkhand and preventive jobs were performed by existing fire service personnel.

Joint inspection with RRDA in high rise buildings was not carried out by the department.

There were three major cities in the State namely, Ranchi, Jamshedpur and Dhanbad. No list of high rise buildings in Jamshedpur and Dhanbad were available in Fire Stations. However, Ranchi Regional Development Authority (RRDA) furnished a list of 202 high rise buildings (more than 15.25 meters height) for which Plans were approved by the Authority during the year 2000 to March 2003 (calendar year). As per the provisions of Bye Laws of the RRDA, Plans for building of more than 15.25 meters height were to be sent to Fire Services for suggestions regarding Fire Safety measures and prior to issuance of occupancy certificate, joint inspection by the Officials of RRDA and Fire Services was to be carried out to assess the adequacy of fire safety measures. But neither occupancy certificate was issued by RRDA nor was any joint inspection conducted by Fire Services in above cases. Regarding Cinema Halls, "No Objection Certificate" was issued by Fire Services Department on the request of licensing authority (Deputy Commissioner), though no records were available with the department.

¹⁹ Adityapur, Bokaro, Chatra, Chaibasa, Daltonganj, Deoghar, Dhanbad, Dumka, Garhwa, Godda, Gumla, Hazaribagh, Koderma, Kokar (Ranchi), Lohardaga, Piska More (Ranchi) and Raj Bhawan Area.

Joint inspection of public buildings by Audit in Ranchi revealed several deficiencies.

Joint inspection of public buildings

A joint inspection by Audit and State Fire Officer, Jharkhand Fire Services was conducted in 15²⁰ public buildings in Ranchi. In none of the buildings even minimum requirements for fire fighting installations were present as envisaged in National Building Code. The results of joint inspection are given below:

** Residential*

Two multi-storied residential buildings were inspected. In one building, no fire fighting arrangements were installed. In another building under ground static water storage tank was there without water. Terrace tank was not marked exclusively for fire fighting purposes. Though extinguishers were mounted in every floor, all the extinguishers had outlived their lives.

** Hospital*

Sadar hospital, Ranchi a prominent hospital was inspected. No fire safety norms were implemented.

** Cinema Halls*

Three cinema halls (Sujata, Mini Sujata, Uphar) were inspected. Terrace tank was not there exclusively for fire fighting. Stirrup pump in screen area was not available in any cinema hall. In one cinema hall out of eight fire extinguishers, six had outlived their life. Exit signs were not illuminated in any cinema hall during the show.

** Business*

In State Library, Ranchi no fire safely equipment was installed. In Telephone Exchange, Ranchi though the required safety equipments were installed, all were non-functional.

** Mercantile*

In five out of seven multi-storied complexes inspected, terrace tank was not exclusively for fire fighting. Down comer installation was not kept functional, base pump and terrace pump were not found. Fire alarm system and detection system was either absent or non-functional. Fire extinguishers were inadequate. Stair cases (escape route) terminated in misleading direction in one shopping complex. In another complex, location of under ground static water tank was not proper as it was not easily accessible to the fire engines.

²⁰ 1. Nandan Apartment, Kalibabu Street, 2. Rishabh Towers, Line Tank road, 3. Sadar hospital, Ranchi, 4. Sujata Cinema, 5. Mini Sujata Cinema, 6. Uphar Cinema, 7. State Library, Ranchi, 8. Telephone Exchange, Ranchi, 9. Mahavir Towers, Main Road, Ranchi, 10. Commerce Towers, Main Road, Ranchi, 11. A.C. Market, 12. GEL Church Complex, 13. Rospa Towers, 14. Shastri Market, 15. Hari Om Towers, Circular Road.

Detection system was also not there. A shopping complex with more than 100 shops in a narrow lane had no fire safety arrangements.

Jharkhand Fire Services did not carry out any fire safety drills and did not arrange any mass awareness programme for general public so as to enable them to take some precautions against fire incidents.

3.3.12 Conclusions

Jharkhand Fire Services were not only ill-equipped with men and machines; the available resources were also mis-managed facilitating abnormal increase in response time to fire calls. Hydrants and other water points were particularly inadequate in number in the State. Fire fighting mainly hinged on natural sources like ponds, dams, rivers, etc. Thus, State Fire Services was poorly managed to perform as first responder to save valuable life and property of the people.

3.3.13 Recommendations

- ✱ There was an urgent need to fill-up the vacant posts, establish new fire stations, upgrade the existing fire stations by supplying adequate fire tenders and thus reduce the response time/ damages to properties/ lives.
- ✱ A separate Fire Prevention wing needs to be established to create awareness among the general public for adopting fire safety norms.
- ✱ Approval of Fire Department was necessary before issue of completion certificate of public buildings.
- ✱ All public buildings, cinema halls, hazardous places, shopping complexes should be inspected by the Fire Department at least once a year to ensure implementations of fire safety norms.

On the matter being brought to the notice of the Government (July 2003); the replies were given partially (October 2003); these have been incorporated in the report. The matter was also discussed with Secretary, Home Department in January 2004. Further reply has not been received (February 2004).

SOCIAL WELFARE DEPARTMENT

3.4 Welfare of Handicapped in Jharkhand

Highlights

Welfare of the Handicapped is a complex social issue involving coordination of curative, promotional and rehabilitation activities, directed at different forms of handicap and involves a multitude of measures. In Jharkhand, Social Welfare Department has been identified as the nodal department for the welfare of handicapped and to provide comprehensive rehabilitation services which include early detection of disability, education, vocational training, job placement, free supply of aids and appliances, with the objective of making the handicapped self-reliant and economically independent. The PWD Act, 1995 is the principal legislative instrument through which the State seeks to provide the necessary services to the persons with disability and to fulfill specific obligations arising out of the Act.

A review of the implementation of these measures revealed that due to inadequate monitoring and lack of co-ordination between the apex level and subordinate offices, there were huge shortfalls in providing these services. GOI funds were not fully utilized. The delivery mechanism was also not proper leading to huge savings and diversion of funds.

Out of Rs 14.76 crore released, Rs 2.86 crore only could be utilised. No separate budgetary allocation for welfare of the handicapped was made out of Central schemes funds viz. NPRPD, National Eradication of Leprosy, DPEP and Subsidy schemes.

[Paragraphs 3.4.3 & 3.4.4]

Selection of District Disabled Rehabilitation Centres (DDRCs) under NPRPD scheme was made in violation of the GOI norms. Meagre expenditure of Rs 1.07 lakh only was made in one (Hazaribagh) district though Rs 50 lakh only were provided to three districts.

[Paragraph 3.4.6]

Under the ADIP scheme, aids and appliances valued at Rs 46.34 lakh were purchased before establishment of the DDRCs. Out of this, 208 tricycles valued at Rs 8.23 lakh were lying idle in the office of the DDRC.

[Paragraph 3.4.7]

The State did not act upon the provision made in the PWD Act, 1995 for delivery of benefits to the handicapped viz. creation of State Coordination Committee, survey of handicapped in the State, provision of training to medical officers, supply of free text books, aids and appliances to disabled

children and identification of employment opportunities for the disabled young during 2000-03.

[Paragraph 3.4.9]

There was complete lack of monitoring in the implementation of the programme.

[Paragraph 3.4.11]

Introduction

3.4.1 Welfare of Handicapped is a complex social issue involving co-ordination of curative, promotional and rehabilitational activities directed at different forms of handicapped and a multitude of measures. According to the National Sample Survey (NSS), the disabled constituted about 1.9 per cent of the total population of the country in 1991.

National Policy for comprehensive rehabilitation of the disabled sought to enforce Persons With Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995 (PWD Act) and the national trust for welfare of persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999. These Acts contain specific directives to Government (Central and State) for providing facilities such as education, employment, affirmative action and preferential allotment in certain areas, non-discrimination and providing social security to the disabled.

In Jharkhand, the Directorate of Social Welfare has been identified as the nodal department for welfare of handicapped. In light of aforesaid Acts, the major activities to be carried out by the State include:

- a) Identification of persons with disability;
- b) Providing the institutional framework for management and rehabilitation of specific disabilities;
- c) Implementation of "National Programme for Rehabilitation of Persons with Disabilities" (NPRPD);
- d) Creating awareness in the public through mass media in order to change the attitude of the public at large towards disabilities and providing for preventive measures wherever required.

Organisational set up and audit coverage

3.4.2 Schemes for the disabled were to be implemented in the State through various Ministries / Departments under the overall supervision of a State Co-ordination Committee with Minister incharge of Social Welfare as Chairman and Secretary of the Department as ex- officio member. The Secretary, Social Welfare Department was assisted by Director, Social Welfare. At the District level, the programme was implemented by District Welfare Officers and

District Programme Officers under overall supervision of Deputy Commissioner. At Block and Panchayat levels the activities were to be performed through Multiple Rehabilitation Workers (MRWs) and Community Based Rehabilitation Workers (CBRWs).

Review of the implementation of programme was conducted by test check of records of Secretariat, eight districts²¹, four Non-Governmental Organisation (NGO)²² and other offices²³ for the period 15 November 2000 to 31 March 2003.

Fund Management

3.4.3 The details of fund allotment and expenditure was as under:

(Rupees in lakh)

Year	Budget Provision			Fund released	Expenditure	Balance	Percentage of unspent balance over budget provision
	Plan	Non-plan	Total				
2000-01*	27.00	1.77	28.77	23.48	Not available	23.48	-
2001-02	532.00	72.05	604.05	479.11	169.92	309.19	51
2002-03	1179.90	95.46	1275.36	972.93	116.56	856.37	67
Total	1738.90	169.28	1908.18	1475.52	286.48	1189.04	59

*15.11.2000 onward.

Scrutiny of records revealed delay in release of funds to the districts, absence of any mechanism to avoid duplicity in issuance of equipment etc. as shown below.:

3.4.4 Government of India provided funds a portion of which was to be utilised for programmes like blindness control and National Eradication of Leprosy etc (*Appendix-XXI*). It was noticed that no separate budgetary allocation for disabled was made while implementing the programme. There was abnormal delay in release of fund by the Department to the districts. Test check revealed delay in release of funds to the tune of Rs 2.97 crore (*Appendix-XXII*). The delay also facilitated accumulation of unspent amount.

3.4.5 In Hazaribagh, a sum of Rs 8.18 lakh pertaining to special equipment was surrendered on the ground that there was chances of duplicity in issuance of the materials to handicapped persons. Further, Rs four lakh provided for the survey of handicapped was also not utilised and Rs 3.02 lakh was diverted on other items kept in form of unadjusted vouchers.

Thus, despite availability of funds the State failed to ensure that the benefits could be made available to the handicapped.

²¹ Dumka, Deoghar, East Singhbhum, Giridih, Hazaribagh, Lohardaga, Ranchi and West Singhbhum.

²² Bharat Seva Ashram, Jamshedpur, Deep Shikha, Ranchi, Jan Chetna Kendra, Hazaribagh, Mukti Sansthan, Ranchi.

²³ Health, Social Welfare, Education, Labour and Employment, State Blind Control Society, State Leprosy Office, Rural Development, Dy. Development Commissioner, Dy. Commissioner, Civil Surgeon-cum-CMO.

Deficiencies in implementation of the Scheme

Scrutiny of various welfare schemes for the handicapped revealed underutilisation of funds, idling of equipment, non-supply of appliances to the handicapped etc. as detailed below.

3.4.6 National Programme for Rehabilitation of Persons with Disabilities (NPRPD)

The NPRPD scheme was to provide comprehensive rehabilitation services to the people with disabilities. The service would cover all aspects of rehabilitation viz prevention, early intervention, economic rehabilitation and integration in the society. The MRWs at Block level and CBRWs at the Panchayat level were to be selected who were to provide services at these two levels. But the MRWs and CBRWs, were not identified except in Hazaribagh District.

Selection of districts was made in adhoc manner.

As per GOI guidelines priority was to be given to the districts where rehabilitation centers were functional followed by the districts where little or no services existed and where the number of persons with disability is estimated to be larger. But, three Districts at Ranchi, Hazaribagh and Jamshedpur were selected for NPRPD in an adhoc manner as no District Disabled Rehabilitation Centre (DDRC) was established after selection of the districts.

During 2001-02, Rs 50 lakh was made available to each of these three districts. Against this only Rs 1.07 lakh was incurred in Hazaribagh. No physical achievement against the expenditure incurred was found on record.

No survey was conducted in the districts selected although the State Government provided funds for this purpose.

3.4.7 Scheme of Assistance to disabled persons for purchase of aids and appliances (ADIP)

♦ Aids and appliances lying idle

Tricycles valued at Rs 8.23 lakh in open sky.

It was noticed that 208 tricycles valued Rs 8.23 lakh were purchased for DDRC, Dumka about six months before, the DDRC started functioning. The tricycles were lying idle in the office of the DDRC and have not been distributed among the needy.

♦ Disability cards to handicapped not issued

In the absence of any survey of the handicapped, the department could not issue disability card to the disabled persons. No realistic assessment of

requirement of disability cards was made. Further, the department did not furnish any details of existence of any mechanism for post fitting care and repair of aids and appliances distributed.

District Primary Education Project and Sarva Shiksha Abhiyan

3.4.8 Jharkhand Education Project Council released Rs 1.10 crore in eight districts test checked for the Integrated Education for Disabled (IED) and Other Disadvantage Groups (ODG) during the year 2001-03 under the District Primary Education Project (DPEP). Against this Rs 14.63 lakh was spent. However physical and financial target and achievement was not made available to Audit. Further, under the Sarva Shiksha Abhiyan scheme against total allocation of Rs 3.37 crore during 2001-03, no expenditure was incurred on IED component.

Deficiencies in the implementation of PWD Act, 1995

3.4.9. As per PWD Act, 1995 and Persons with disabilities (Equal Opportunity, Protection of Rights and Full Participation) Rules, 1996, a system was provided in which activities were to be performed from macro to micro level for the effective implementation of the Act, but it was found that statutory provisions and Government orders were not followed as reported by the Department resulting in poor implementation of the scheme as detailed below:-

1. Disabled Children

The children with disabilities were to be provided free access to full time and part time schools and for that special schools were to be established and vocation training was to be provided for the disabled children.	There were only three schools in the State for the disabled. No part time school was opened. Neither any non-formal education was provided for the disabled.
Supply of free books, uniforms and equipments to the disabled children.	None of these materials were provided to the disabled children.
Providing Transport facility to the disabled children for school going or in alternative incentives to parents or guardian to enable their children to attend classes.	No transport facilities were provided to the disabled children for going to school and no incentive was given to parents or guardian to enable their disabled children to attend classes.

2. Disabled Young and employment

The State was to promote research for designing and developing new assistive devices, teaching aids etc. and to set up teachers training institutions to develop trained manpower for schools children with disabilities.	The State neither initiated any research nor set up any teacher's training school for this purpose.
Identification of posts in government service for the disabled.	No identification of posts for disabled was done.

Provision for reservation of three per cent posts for disabled one per cent for children with low vision in every establishment.	No such reservation of posts for disables were made in the State.
The State Government had to form Special Employment Exchange for disabled and payment of unemployment allowance to be made.	No special Employment Exchange for disabled was formed. No unemployment allowance for disabled was paid in State.
Vacancies notified for the handicapped were to be carried forward.	Government did not have any data as to the numbers of posts filled by the handicapped and the vacancies to be carried forward.
The State was to formulate schemes for employment of disabled by providing Training, relaxation of upper age limit, regulating the employment & health & safety measures where disabled are employed.	No such scheme was formulated by the Government of Jharkhand.
Government was to reserve not less than three per cent for disabled in all poverty alleviation schemes.	No action was taken in this regard by the Government.
The Government by notification had to frame schemes in favour of persons with disabilities, for the preferential allotment of land at concessional rate for house, setting up of business, special recreation centres, establishment of special schools, research centres and factories.	Government did not make any scheme for this purpose.
Social Security Scheme Unemployment allowance, rehabilitation scheme and insurance scheme for the persons with disabilities was to be undertaken by the State Government.	No unemployment allowance was paid to the persons with severe disability. No work was done for the rehabilitation of the persons with severe disability to start their own business or any insurance scheme for the disabled.

3. Other welfare measures

The State Co-ordination Committee and State Executive Committee is to co-ordinate and execute action for the welfare of handicapped.	None of the committees were constituted.
The State was to undertake survey, investigation and research for the cause of disabilities.	No survey was conducted despite availability of funds.
Provision of facilities for the Training of Medical Officers and staff at PHC level.	No such training was imparted either to Medical Officers or to the staff at PHC level.
The State Government had to provide provision of various facilities on roads and pavements viz auditory signals at red lights easy access to wheel chair users, Braille symbols etc.	Nothing was done in this regard as no funds were provided for these works.

Promote and sponsor research in regard to prevention of disability, rehabilitation development of devices etc and financial incentives to the universities to enable them to undertake research and also aid to other institutions of higher learning, professional bodies and non-governmental research institutions.	No funds were provided for research in universities or non-governmental units.
Government was to appoint an authority for the purpose of recognition of institutions and had to see that no person shall establish or maintain any institutions for persons with disabilities without obtaining registration by the competent authority.	The State Government had not appointed any authority for recognising institutions for persons with disabilities.
The State had to establish and maintain institution with severe disabilities, or institution established under Section 56 (1) of the Act is fit for the rehabilitation of the person with severe disabilities.	No institution had been established by the Government nor any institution was recognised by the Government for the purpose.
Annual Reports to be prepared by the Commissioner of the disabilities.	The annual Report was sent for 2001-02 only, while the report for the year 2000-01 and 2002-03 was not sent.
The State Govt. was to prepare a comprehensive education scheme for the removal of architectural barriers from school and colleges or other institutions imparting vocational and professional training.	No such scheme was prepared by the Government for this purpose.

Functioning of NGOs

3.4.10 Government of India released Rs 32.95 lakh to four NGOs* during 2001-03. The details of NGOs registered for the purpose of activities of Welfare for Handicapped and receiving grants from Central and State Governments were not available with the Secretary, Social Welfare Department.

Scrutiny of records of Mukti Sansthan, Ranchi a manufacturer of aids and appliances revealed that it received under ADIP scheme funds amounting to Rs five lakh during 2001-03 but did not maintain any books of account like Cash Book, Ledger and Stock Register etc. The materials supplied were also not of BIS standard.

* (i) Bharat Seva Ashram, Jamshedpur : Rs 6.64 lakh, (ii) Deep Shikha, Ranchi : Rs 11.46 lakh, (iii) Jan Chetna Kendra, Hazaribagh : Rs 9.85 lakh and (iv) Mukti Sansthan, Ranchi : Rs 5.00 lakh.

Monitoring and evaluation

3.4.11 There was lack of proper Management Information System (MIS) at all levels. No survey for identifying the number of disabled was carried out by the department, neither any survey of the socio- economic standard was carried out. Functioning of the NGOs was not properly monitored. No records of field visits by higher officials were maintained.

Conclusions

3.4.12 Although large funds from Central Government were received for Social Welfare, Health, Education and Rural Development departments, no specific allocation of funds was made for the handicapped. No target was fixed for the activities relating to welfare of handicapped. Release of funds to districts were delayed.

The departments concerned failed to implement the statutory provisions of PWD Act, 1995. No survey was done, however, for estimating the population of disabled in the State. No aids and appliances were supplied in time and according to the requirements. The activities performed by the NGOs out of State and Central fund was never monitored. The monitoring mechanism was nonexistent. Thus, the objectives set out in the Act by and large remained unaccomplished.

3.4.13 Recommendations

- ▣ Category-wise survey of the handicapped needs to be done urgently.
- ▣ The MRWs and CBRWs at Block and Panchayat levels should be selected.
- ▣ The Committees should be set up at State and district level to watch the effective implementation of various programmes.
- ▣ Proper mechanism needs to be devised for co-ordinated implementation of the activities envisaged under PWD Act by the Departments concerned.
- ▣ Involvement of the NGOs should be encouraged and their performance monitored.

A decorative black border on a light blue background, shaped like a scroll. It has a vertical section on the left and a horizontal section on the top, both with rounded, scroll-like ends.

CHAPTER -IV

Audit of transactions

**Contains major audit points on transactions
in various departments:**

CHAPTER – IV AUDIT OF TRANSACTIONS

4.1 Fraudulent drawal/Misappropriation/Embezzlement/Losses

FINANCE DEPARTMENT

4.1.1 Doubtful payment on patently fake muster rolls

Payment of Rs 23.45 lakh on the basis of patently false/fake muster rolls raised doubt over the actual payment made to genuine labourers

Sub-divisional Officers in four divisions engaged labourers for execution of work under different schemes and made doubtful payments totaling Rs 23.45 lakh to muster roll labourers. The payment was made by exhibiting duplicate names of muster roll labourers either in the same set of muster rolls or two different sets of muster rolls prepared for the same period and materials were also utilised on the basis of the patently fake muster rolls. The correctness of muster rolls was not checked either by the Sub-divisional Officer or by the Divisional Officers concerned as required under Rule 227 of Bihar Public Works Account Code. Details were as under:

Department/ Division/ Sub-division/ Name of works	Brief gist of irregularities	Muster rolls prepared during	Amount (Rs in lakh)	Remarks
Road Construction Department (RCD)/ Deoghar/ Deoghar No. I & II and Madhupur/ restoration work, Earth work in filling M/R & FDR in different roads	Exhibiting duplicate names of labourers either in the same set of muster rolls or two different set of muster rolls prepared for the same period. Full address of the labourers were not found.	March, July, October and November 2000.	2.35	On being pointed out by Audit (May 2001 & March 2002) to the Government, the names of labourers in one set of muster roll were changed by the concerned Junior Engineer. This matter was also reported to the Government with a copy to Engineer-in-Chief (December 2002) regarding change of vouchers. No action was initiated against official concerned.

Rural Development Department (REO)Giridih/ Bermo, Giridih-I/ Construction of Science Centre Building at Giridih, RCC submersible bridge at Gondey and the improvement of JT road.	Exhibiting duplicate names of muster roll labourers either in the same set or different set of muster rolls for the same period, by showing the same labourers as ordinary labourers in one set and as black smith and carpenter in another set. Full address of the labourers were not found recorded.	February 1998, March 1999	2.17	On being referred by audit (February 2001) to the Government, the Department informed (November 2001) that in the light of audit observation Executive Engineer, Assistant Engineer and Junior Engineer had been suspended and FIR lodged and departmental proceedings initiated against officials concerned. Further action of department is awaited (February 2004).
Rural Development Department (REO) Gumla/Patch and repair of Sisai-Baria Road, Renovation of Chainpur CR road and Gumla bypass road picking out of wastage metal and spreading E/W filling road, repair/ renovation of Dumri-Bhikharapura road, Khaimka Kotam road.	Exhibiting same labourers twice or thrice in the same set of muster rolls. Full address of the labourers were not found.	September-October 2000, March-June 2001.	7.02	The matter was referred (June 2003) to the Secretary, Rural Development Department, Ranchi with a copy to Deputy Commissioner, Gumla. Action of department is awaited (February 2004).
Rural Development Department (REO) Jamshedpur/Ghatshila/ Repair of Fuldugori-Laldih Railway Crossing, Gamharia to Bargaria NH 33 to Malwah, Kasida to Hallung, Dumari market to Orissa border and Swagharia to Manda Road.	Exhibiting duplicate names of labourers in the same set of muster roll. Muster roll forms used for engagement of labourers during 1998-99 were actually printed in the year 2000, Total materials valued at Rs 9.43 lakh were also utilised in the apparently fake muster roll.	October – December 1998, March 1999	11.91	The matter was reported to the Government (January 2004) Reply is awaited (February 2004).
			23.45	

Thus, the payment of Rs 23.45 lakh based on patently false/wrong names in the muster rolls, which were also changed, appeared to be doubtful and needs investigation.

The matter was referred to the Government (July 2003); the matter was also discussed with the Finance Secretary, Rural Development, Secretary and Deputy Secretary, Road Construction Department (November and December 2003). The concerned Secretaries assured to take corrective measures in these cases.

4.1.2 Doubtful payments on patently fake supply of materials

Purchase of materials from petty agencies on hand receipts without obtaining approval of competent authority resulted in doubtful payment of Rs 10.93 lakh

In another case, construction materials such as cement, stone metal, stone chips and moorum were procured by Rural Engineering Organisation (Works)

Division, Ranchi and Giridih and Rural Development Special Division, Bokaro. For this payment of Rs 10.93 lakh was made to petty agencies on hand receipts during June 1998 and December 2002.

Test check of hand receipts revealed that cement in case of REO (Works) Ranchi was reportedly transported through trucks/tractors from places involving distance beyond 45 km of approved lead without obtaining approval from the competent authority. Cross verification of registration numbers and type of vehicles quoted on hand receipts with the concerned District Transport Offices (DTO), revealed that vehicles on which construction materials were reported to have been transported were trailers, scooters, maruti cars and motor cycles. In some cases the registration numbers as indicated on the hand receipts were not found registered with the concerned DTO. It was further noticed that vehicle numbers were not mentioned on hand receipts against supply of 2721 bags of cement of Ranchi Division and only 126 bags cement were carried through trucks (Details in *Appendix-XXIII*).

It was further observed during the verification (May 2003) that gross turn over of M/s Cement Bhandar, Palkot-Gumla, from which cement was purchased by the division, for sale of cement during January to June 1998 were Rs 0.99 lakh whereas vouchers furnished to Ranchi Division for supply of cement during February and April 1998 was for Rs 5.13 lakh.

On being pointed out in audit (May 2003), Executive Engineer (EE) stated (June 2003) that L&T cement was supplied by supplier and quality of cement was approved by Government. Further, supply of cement was taken from 52 km lead to the work site due to non-availability of authorised dealer within approved lead of 45 km. It was further stated that on cash memos, vehicle numbers were quoted by some unauthorised person. Reply of EE was not tenable as it was necessary for him to obtain approval of competent authority before purchase of cement from markets beyond 45 km of approved lead. Supply of cement on 52 numbers of cash memos during February to April 1998 also appeared to be fictitious in view of the fact that gross turn over of supplier during January to June 1998 was found to be Rs 98,596 only. Besides the cement was to be loaded on the vehicles in presence of Junior Engineer(s) and so to say that unauthorised person quoted vehicle number on cash memo was not tenable. The division had adjusted accounts without proper scrutiny.

Thus, payment of Rs 10.93 lakh for the supply of construction materials and muster roll raised in the above two draft paragraphs requires investigation.

The matter was referred to the Government (July 2003); the matter was also discussed with the Finance Secretary, Rural Development Secretary and Deputy Secretary, Road Construction Department (November and December 2003). The concerned Secretaries assured to take corrective measures in these cases. The matter was again referred to Government in January 2004. Further reply has not been received.

RURAL DEVELOPMENT DEPARTMENT

4.1.3 Misutilisation of funds provided for renovation /repairs of ponds

Welfare funds given by DC was misutilised by EE/AEs leading to unsatisfactory execution of works and unfruitful expenditure

Deputy Commissioner (DC), Palamu administratively approved 96 schemes estimated to cost Rs 2.81 crore in March 2001 for renovation/repairs of ponds for the district of Palamu. Accordingly, fund was provided to the E.E., REO (Works) Division, Daltonganj who deposited the same in the saving bank account of Kshetriya Gramin Bank, Daltonganj during 20 March 2001 to 31 March 2001.

Scrutiny of records of EE, REO (W) Division, Daltonganj revealed in February 2003 that entire amount was advanced to two Assistant Engineers, Daltonganj and Latehar during March-April 2001 through a separate cash book maintained for welfare schemes by the division. Maintenance of a separate cash book and a separate account in Kshetriya Gramin Bank was unauthorised as all money received by the division should have been entered in the Public Works cash book and remitted into treasury.

Further scrutiny revealed that complaints regarding unsatisfactory execution of works, unfruitful expenditure etc. were received by the D.C. and as such he ordered stoppage of all works in the administrative interest and directed E.E. to refund amount after measurement in three days. D.C. also directed E.E. to explain the reasons for sanctioning such schemes, which did not yield benefits to the inhabitants. While Rs 60.42 lakh was refunded (May 2001) by EE to DC measurement books against balance fund of Rs 2.20 crore was not produced. Against this, an expenditure of Rs 2.25 crore was shown to have been incurred by the EE which included Rs 4.99 lakh for royalty and sales tax. The EE, however, excluded this (Rs 4.99 lakh) in the division's monthly accounts. Audit scrutiny also revealed the following irregularities:-

- Muster roll forms were not issued by the E.E. They were managed by the AEs/JEs from their own private resources.
- Address of labourers were not recorded in any muster roll. Thumb impression of different labourers, prima facie, appeared to be identical.
- Materials, viz. moorum, stone metals grade I and II were procured on petty hand receipts by splitting the value of work to avoid sanction by competent authority and without inviting quotation.
- Site accounts in support of materials purchased, receipt and issue were not maintained.
- Identity of persons receiving payment in token of supply of materials on petty vouchers were not disclosed.

- The works were mainly temporary in nature having been carried out by earth. Hence, their measurement after one rainy season was not possible.
- Though vigilance conducted enquiry, their findings were not made available to audit.

In reply to audit query, E.E. stated that matter was investigated by the vigilance and the final report was pending with Government.

The matter was referred to the Government (July 2003) and discussed with Secretary Welfare Department in February 2004. Secretary stated (February 2004) that the case was pending with vigilance. (March 2004).

4.2 Infructuous expenditure/Blockage of funds/ idle establishment

RAJBHASHA DEPARTMENT

4.2.1 Infructuous expenditure on Urdu typists and translators

Due to non-utilisation of the services of Urdu typists, translators and Assistant Translators, Rs 2.53 crore spent on their Pay and Allowances proved infructuous

In order to promote and use Urdu as second state language, Government of Bihar appointed (April 1992) Urdu Typists, Translators and Assistant Translators in State Government Offices.

Scrutiny of records (September 2002 and March 2003) from 19 Block Development Offices¹, eight District Nazarat² and nine Sub-divisional Nazarat³, revealed that in these offices Urdu typists were on the rolls but no Urdu type-writer was provided to them or requisitioned by any of these offices. Besides, no work relating to translation, noting and drafting in Urdu language was being done in these offices. Further, reports/returns for work done in Urdu were never sent by any of these offices. Thus expenditure of Rs 2.53 crore incurred on pay and allowance on Urdu typists, translators/assistant translators for the period between 1998-99 and 2003-04 (upto August 2003) proved infructuous.

Government replied (January 2004) that though it is fact that employees were recruited against the above posts for doing the work mainly relating to Urdu, their services were being utilised for other work relating to Nazarat Accounts,

¹ Hazaribagh, Mandu, Dumka, Chaibasa, Lohardaga, Senha, Kisko, Sahebganj, Godda, Deoghar, Daltonganj, Chainpur, Lesliganj, Barwadih, Gumla, Jaisidih, Chandankayaari, Ramgarh, Bermo.

² Hazaribagh, Dumka, Chaibasa, Sahebganj, Godda, Deoghar, Daltonganj, Gumla.

³ Hazaribagh, Dumka, Chaibasa, Sahebganj, Godda, Deoghar, Chas, Daltonganj, Gumla.

Indira Awaas, Jaldhara Yojana etc. The reply is not tenable as the officials were appointed with a view to promote the use of Urdu and hence, the very purpose of their appointment was not being served. However, the officer-in-charge of the offices where they were posted accepted that no work relating to Urdu was being done by them. Further, in the meeting held on 18 November 2003 in which Finance Secretary was also present, Secretary Raj Bhasha Department, assured to take corrective measures by providing necessary infrastructure in the coming financial year.

PACHAYATI RAJ DEPARTMENT

4.2.2 Nugatory expenditure on pay and allowances of idle staff

Entire expenditure of Rs 45.38 lakh on establishment of District Panchayati Raj Training Institute proved nugatory as no training was imparted.

The State Government instructed (1981) the District Panchayati Raj Training Institutes (DPRTI) to impart training to non-government members of Panchayati Raj Institutions viz. Mukhia, Surpanch and members of Panchayat Samities for smooth and effective discharge of their duties and responsibilities. In addition to guidance on rules relating to Panchayat, Panchayat Samities, District Boards, training on land reforms, agriculture, family welfare, development and other social aspects were also to be provided. Every month two training camps were to be organised by the DPRTI.

Scrutiny of records of DPRTI, Ranchi and DPRTI Hazaribagh (December 2002 and January 2003) and further information collected from DPRTIs, Deoghar, Daltonganj and Chaibasa (September- October 2003) revealed that no training of any nature was organised during 1988- 89 to 2002-03 (DPRTI, Ranchi), 1993-94 to 2003-04 (upto August 2003) (DPRTI, Hazaribagh); 1999-2000 to 2003-04 (upto August 2003), (DPRTI, Deoghar and Daltonganj) and 2002-03 to 2003-04 (DPRTI, Chaibasa) respectively as against the plan of two training camps every month by each Institute. Thus, Rs 45.38 lakh spent by these five training institutes on their establishment proved to be nugatory.

District Panchayati Raj Officers stated that training was not imparted as Panchayat elections were not held in Jharkhand. Reply is not tenable as unnecessary continuance of training institutes without training caused nugatory expenditure. No effective action to deploy the idle staff for utilisation of their service elsewhere was taken by the department.

The matter was referred to the Government (July 2003 and December 2003). The Secretary, Panchayati Raj confirmed the facts but stated (January 2004) that two main training institutes at Brambay (Ranchi) and Jasidih (Deoghar)

are being strengthened and three new district level training institute (Dumka, Palamau, West Singhbhum) are being established and officials of nine districts would be posted in above three district level institutes. The fact remained that the services of idle staff of existing training institutes were not utilised during the period mentioned above.

HEALTH AND FAMILY WELFARE DEPARTMENT

4.2.3 Nugatory expenditure on idle staff

Expenditure of Rs 60.38 lakh on employment of 14 staff members of Regional Health and Family Welfare Training Centre proved nugatory as no training camp was organised

Regional Health and Family Welfare Training Centre, Hazaribagh was established (1968) with a view to impart multipurpose training on various Central and State sponsored programmes viz. Information, Education and Communication (IEC), Reproductive Child Health (RCH), Indian Population Programme (IPP)-7 and others to officers, supervisors and health workers for better implementation of the programmes.

Scrutiny of records (February 2002) of the Principal, Regional Health and Family Welfare Training Centre, Hazaribagh and further information collected (September/October 2003) revealed that neither any target for training was fixed nor any training camp organised since 2000-01, though an expenditure of Rs 60.38 lakh was incurred (upto August 2003) on employment of 14 staff members. (Principal-one, MLCD-one, Instructor-one, Stenographer-one, Clerks-two and others-eight)). Thus, the entire expenditure without work proved to be nugatory.

The Principal stated (February 2002/September 2003) that no instructions/allotment for the purpose were received from the department.

The reply is untenable as the department did not take any action either to impart, training or to consider feasibility of gainful utilisation of services of staff elsewhere.

The matter was referred to the Government (July 2003 and January 2004); their reply had not been received (February 2004).

**PRIMARY, SECONDARY AND ADULT EDUCATION
DEPARTMENT**

4.2.4 Unfruitful expenditure on pay and allowances of teachers without work

Retention of untrained teachers in District Superintendent of Education (DSE) office without work resulted in unfruitful expenditure of Rs 82.16 lakh on their Pay and Allowances

Government of Bihar (GOB) passed a resolution (March 2000) that untrained teachers, selected on the basis of Second Primary Education Teachers Competitive Examination, 1996 and Schedule Castes/Schedule Tribes (back log) Special Examination 1996, shall be deputed to school only after completion of in-service teachers training.

Test check of records (August 2002) of the District Superintendent of Education (DSE), East Singhbhum, Jamshedpur and further information collected (October 2003) revealed that as against vacancies of 657 teachers, 311 teachers were recommended for appointment. Of which, 289 teachers joined (March 2000). Out of that, 256 untrained teachers were retained in the office of the DSE till April 2000 (two months) as no prior arrangement were made for their in service training. They were further retained from May 2001 to 14 September 2001 even after completion of training.

Thus, 256 teachers were paid pay and allowances of Rs 82.16 lakh for March/April 2000 and May 2001 to 14 September 2001 without any work. No responsibility has been fixed on any officials for the lapse.

In reply it was stated by DSE, Jamshedpur that teachers had already been posted in September 2001. The reply was untenable as non- posting of teachers affected the teaching in schools during the period. In addition, Rs 82.16 lakh was paid to them without any work.

The matter was referred to the Government (July 2003 and January 2004); their reply has not been received.

4.3 Violation of contractual obligations/ undue favour to contractors

AGRICULTURE AND CANE DEVELOPMENT DEPARTEMENT

4.3.1 Unauthorised payment of interest

Extra financial burden of Rs 2.64 crore was created by taking overdraft without prior approval of the State Government

Government of Bihar instructed (February 1992 and July 1996) all Universities of the State for not resorting to overdraft without prior approval of the State Government as it results in financial burden on State Exchequer. In disobedience to Government instructions, the Birsa Agricultural University (BAU) continued the overdraft facilities with the United Bank of India at the rate of 14 *per cent* per annum and at two per cent more in case of overdraft resorted beyond limits fixed by the bank, by pledging FDRs invested out of GPF, CPF and GLI funds of the employees on the authorisations of the Board of Management of the University (September 1981) to meet the BAU's most urgent and immediate needs in case the bank balance fell short. The limits of overdraft was raised from time to time by pledging FDRs of more value (*Appendix-XXIV*) and interest of Rs 2.64 crore on overdraft was paid by the BAU during the years 1997-98 to 2001-02.

Scrutiny revealed that against the budgeted provisions of the BAU under Plan and Non-plan heads, the State Government released grants ranging from 32 to 64 per cent only during the years 1997-98 to 2001-02. In response to the BAU's plea to release special grant for liquidation of overdraft (September and December 1999), Agriculture Department of State Government after consulting with Finance Department directed (April 2000) to liquidate the overdraft through its internal sources. The University was not capable of liquidating overdraft ranging from Rs 30.91 lakh to Rs 401.37 lakh with their meagre own receipts.

Thus, due to non-releasing of grants as per BAU's budget provisions by the State Government, the BAU resorted to overdraft in violation of the State Government's directive, which resulted into extra financial burden of Rs 2.64 crore by way of payment of interest on overdraft during the years 1997-98 to 2000-01 on BAU as well as State Government. The University's action for resorting to overdraft continuously without obtaining Government approval showed that there was lack of financial control of the Government although the created financial burden fell on the State Exchequer.

The draft para was forwarded to the Agriculture Production Commissioner and Secretary, Department of Agriculture and Sugarcane Development with a copy to the Secretary, Finance Department, Government of Jharkhand (July 2003)

for reply within six weeks and was discussed with the Finance Secretary in November 2003, who directed the Department to take necessary corrective measures to prevent overdraft. Further information is awaited (February 2004).

RURAL DEVELOPMENT DEPARTMENT

4.3.2 Undue financial aid of Rs 49.20 lakh to contractors

Liberal interpretation of the contractual provisions/agreements, resulted in undue financial aid of Rs 49.20 lakh to contractors

Executive Engineers (EE), Rural Engineering Organisation (REO) (Works) Divisions, Daltonganj, Ranchi and Khunti executed (2001-02) agreements with the agencies for construction of rural roads under different schemes on finished rate items of works. Agreements executed with the agencies, however, included an item for extra cost for bitumen to be procured from manufacturing Petroleum Company. The extra cost was to be determined keeping in view the difference between manufacturer's rates and rate provided in the schedule rate for bituminous items including Central Sales Tax (CST) and contractors profit.

Scrutiny of analysis of rates for extra cost of bitumen revealed (January/February 2003/August 2003) that rates were based on market/ invoice price of bitumen from Indian Oil Corporation of April 2001 and 10 per cent contractor's profit after adjustment of rate as provided in the Schedule of Rate (SOR). Difference worked out was Rs 5169.00 per MT during 2001-02 in cases of agreements/tenders decided, by the Chief Engineer, REO/Government at departmental tender committee.

Scrutiny further revealed that payment of 10 per cent contractor's profit on bitumen procured from Government petroleum companies was not admissible. As per SOR, only two per cent contractors profit was permissible. Hence, the extra-cost of bitumen payable to the contractor should have been Rs 3930 per MT instead of Rs 5169 per MT in case of procurement of bitumen by the contractors.

Thus, due to provision of extra-cost of bitumen in the agreements, three REO (Works) Divisions (Daltonganj, Ranchi and Khunti) extended undue financial aid of Rs 49.20 lakh to contractors on 3970.955 MT bitumen at the cost of public exchequer.

E.E., REO (Works) Division, Ranchi stated in February 2004 that at the instance of audit, extra cost of bitumen amounting to Rs 2.40 lakh have been recovered from the two agencies and adjusted from their security deposit in the month of December 2003. It has been further stated that recoveries would be made from the bill of agencies in future as per rules while E.E. Daltonganj and Khunti stated that extra- cost was decided by the C.E. The reply was

untenable as contractor's profit of only two per cent was admissible as per the SOR instead of 10 per cent as allowed by the CE.

The matter was referred to the Government (July 2003). The above findings were discussed (November 2003) with Secretary, Rural Development Department who assured that corrective measures would be taken to arrest the potential risks.

ROAD CONSTRUCTION DEPARTMENT

4.3.3 Avoidable Expenditure

Delay in finalisation of tender for widening and strengthening work for one year caused avoidable expenditure of Rs 34.93 lakh

Widening and strengthening of Deoghar-Dumka (Lakra-Pahari-Chopa) road in km 15.34 to 57 (except km 53) was administratively approved (February 2002) for Rs 12.79 crore by Road Construction Department (RCD), Jharkhand, Ranchi. Technical sanction was granted by the Chief Engineer (CE), Central Design Organisation (CDO), Ranchi for Rs 12.99 crore in October 2001. Tender for the work was invited in December 2001/May 2002 at an estimated cost of Rs 12.79 crore which remained unfinalised.

On the pretext of inordinate delay in the finalisation of tender, Engineer-in-Chief (EIC) ordered (April 2002) execution of 20 mm premix carpeting on exposed hard shoulder executed in 2001-02 out of provisions made in the estimate for Lean Bituminous Macadam (LBM), Bituminous Macadam (BM) and Semi Dense Carpeting (SDC). Accordingly, an estimate for premix carpeting work at the cost of Rs 35.55 lakh was approved by CE (Communication) in April 2002. After tender (April 2002), CE awarded work (May 2002) to the lowest tenders (M/s Lovely Mona and Construction Co. and M/s M. P. Sinha) for Rs 17.79 lakh and Rs 17.76 lakh (in km 35.50 to 46 and in km 17 to 35.50) respectively for completion of works by June 2002. The contractors executed work valued at Rs 34.93 lakh and received payment.

Scrutiny revealed that though EE, RCD, Deoghar requested the EIC between June and August 2002 to commence the widening and strengthening work immediately after completion of premix carpeting, the department could not commence the work as the tender was not finalised. This resulted in damage of premix carpeting. The Superintending Engineer (SE) ordered (October 2002) the repair of premix work by the agency who had executed the carpeting work but this was not done by the agency.

The department finally approved (December 2002) tender for widening and strengthening work in favour of an agency (M/s BMW, Kolkata not registered in Jharkhand) at 15 per cent below the estimated cost at Rs 9.55 crore for completion in nine months. This included all the items of work provided in the

approved (October 2001) estimate without considering premix work. The agency executed work amounting to Rs 53.30 lakh and received payment against it as of March 2003.

Thus, delay in finalisation of tender for widening and strengthening work for one year (December 2001 to December 2002) caused avoidable premix carpeting work valued at Rs 34.93 lakh. The EE accepted (May 2003) the audit observation of avoidable expenditure and stated that this matter was a result of delay in decision of tender.

On the matter being referred (July 2003); the Government stated that repair work was necessary. The reply was not tenable in view of the fact that timely finalisation of tender and prompt commencement of work would have definitely avoided the premix carpeting work over which Built Up Spray Grout (BUSG) was again done under original widening and strengthening work without considering the premix carpeting.

The above findings were reported to the Government in July 2003 and was discussed in November 2003 with the Finance Secretary, Road Construction Department and Engineer in Chief, who assured to take corrective measures. The matter was again referred to the Government in January 2004. Further reply is awaited (February 2004).

4.3.4 Inordinate delay in finalisation of tender

Delay in award of work after finalisation of tender resulted in avoidable repair and construction work valued at Rs 0.56 crore

Widening and strengthening of Daltonganj-Lesliganj-Panki road in km 1 to 29 was administratively approved (March 1998) for Rs 3.62 crore under naxal infested area programme by Road Construction Department (RCD) Government of Bihar. Technical sanction (November 1998) for Rs 3.54 crore was revised (November 2000) to Rs 3.81 crore by Chief Engineer (CE), Central Design Organisation, Bihar, Patna. Engineer-in-Chief, RCD, Jharkhand again revised (February 2002) it to Rs 3.69 crore by deleting bituminous macadam and semi dense carpeting work.

After tender (January 1999) by E.E, RCD, Daltonganj, the department awarded (February 2000) the work to an agency (M/s Bipin Bihari Singh) at five per cent above estimated cost. Work order was, however, issued (February 2001) by the E.E. after lapse of one year from the award of work in favour of the agency for want of clerical calculation about agreement value. The agency refused (May 2001) to start the work due to price escalation and the tender was cancelled by the department without fixing any responsibility for the inordinate delay in issue of the work order. Meanwhile, the E.E. incurred Rs 41.89 lakh departmentally on repair of the road in the same stretch and Rs 13.90 lakh on construction of PCC road with drain during 1998-2002

from the fund allotted for widening and strengthening work without approval from competent authority.

The revised estimate approved (February 2002) for Rs 3.69 crore included Rs 1.38 crore for work upto Water Bound Macadam (WBM) level against the original provision (November 1998) for Rs 0.97 crore. This led to extra cost of Rs 0.41 crore mainly due to price rise (Rs 11.91 lakh) and further damage to road crust (Rs 29.27 lakh). Widening and strengthening work was not taken up as of September 2002.

Test check further revealed that the E.E. purchased (March 1998) 651.40 MT bitumen valued at Rs 57.44 lakh for the work. Of this 158.54 MT bitumen was consumed in the work and 93 MT bitumen was available in the stock against the work, while 399.86 MT bitumen valued at Rs 35.26 lakh was out of records of the division. Thus, the possibility of misappropriation could not be ruled out, as the J.E. incharge of Central godown did not maintain any register in support of receipt and issue of bitumen and also as the E.E. failed to conduct physical verification of bitumen available at sites and stock at regular intervals. No FIR was lodged.

Thus delay in award of work after finalisation of tender resulted in avoidable repair and construction work valued at Rs 0.56 crore besides extra cost of Rs. 0.41 crore upto WBM level with possible misappropriation of Rs 0.35 crore.

The matter was referred to the Government (July 2003); their reply has not been received (February 2004).

4.3.5 Unproductive expenditure of Rs 52.71 lakh

Non-removal of poles and pipes due to ineffective handling of the work by the division resulted in unproductive expenditure of Rs 52.71 lakh

A mention was made in the para 4.15 of CAG's Report No.3 (Civil), 31 March 1997 regarding infructuous expenditure of Rs 50.05 lakh on side roads and approaches of a Railway over bridge (ROB) at 73 miles of Ranchi-Chaibasa Road without obtaining clearance for shifting of electric poles and drinking water pipes by the concerned department and resultant abandonment of the construction of the ROB.

Scrutiny of records further revealed (June 2003) that the work remained closed for about five years as problem of shifting of electric poles and drinking water pipes could not be solved. After a gap of five years, the remaining works of construction of viaduct and retaining wall was again taken up by the EE, RCD, Chaibasa in November 2001 at Rs 1.21 crore without removal of poles and pipes and obtaining revised technical sanction. The work of retaining wall of Chaibasa side which was to be completed at an estimated cost of Rs.18.32

lakh remained incomplete even after expenditure of Rs 52.71 lakh including extra cost of Rs 34.39 lakh.

These agreements were again closed after making payment of Rs 52.71 lakh to contractor by the Superintending Engineer (SE), Road Construction Circle, Jamshedpur in September 2002 on the same grounds as mentioned above with the direction to prepare a revised estimate incorporating all items including cost of shifting of poles and pipes and share of Railways etc.(October 2003). No responsibility has been fixed on any officials as to why the work was started again without sorting those issues which had led to the closure of the work earlier.

Thus, due to lack of ineffective handling of the work by the division, poles and pipes could not be removed, even after 15 years leading to unproductive expenditure of Rs 52.71 lakh besides increase in estimated cost from Rs 1.45 crore to Rs 4.05 crore (June 2003).

The above findings were reported to the Government (July 2003) and was discussed in November 2003 with the Finance Secretary, Deputy Secretary, Road Construction Department and Engineer-in-Chief, Road Construction Department, Government of Jharkhand who assured to take corrective measures. Further reply is awaited (February 2004).

BUILDING CONSTRUCTION DEPARTMENT

4.3.6 Unfruitful expenditure on abandoned prisoners barrack

Wasteful expenditure of Rs 88.90 lakh was incurred due to taking up the work without proper planning and thereafter abandoning the same midway

Construction of four sets of male prisoners barrack beside Birsa Munda Central Jail, Ranchi to accommodate 400 prisoners was administratively approved (November 1998 and March 1999) for Rs 88.00 lakh by Home (Special) Department, Government of Bihar. Technical sanction for the work was not granted. After tender (December 1997 and May 1999) for civil work (building portion) by E.E, Building Construction Division, No.1, Ranchi for one set barrack at estimated cost of Rs 17.52 lakh and three sets barrack for Rs 60.28 lakh, the Superintending Engineer (SE) awarded (April 1998) the work for one set barrack to an agency at five per cent above estimated cost at Rs 18.40 lakh for completion by May 1999 and the work for three sets barrack (September 1999) to two other agencies at 10 per cent above estimated cost at Rs 66.31 lakh for completion in 18 months.

The agencies after receiving payment (upto September 2001) of Rs 89.90 lakh (Rs 7.05 lakh on non-agreemental items) stopped balance work which included flooring, grill work and wooden work under order of Secretary,

Building Construction Department as the Government of Jharkhand accorded (December 2001) fresh administrative approval for construction of new Birsa Munda Central Jail at a different site (Hotwar). Electrification, public health and sanitation works were not taken up as of July 2002. This led to abandonment of work after incurring an expenditure of Rs 88.90 lakh on incomplete civil work, which proved unfruitful.

The E.E. stated (July 2002) that in compliance of High Court's order, the work was stopped. The reply was not tenable as the verdict of court which stated that construction work on the site after the decision of the Government of Jharkhand to construct a new jail would be a waste of government money was issued (December 2001) only after decision of Jharkhand government to shift the construction site to Hotwar, Ranchi was announced.

Thus, taking up the work without proper planning and delay in completion led to wasteful expenditure of Rs 88.90 lakh.

WATER RESOURCES DEPARTMENT

4.3.7 Unfruitful expenditure on construction of canal work

Improper Planning and commencement of work without acquisition of land and non-removal of transmission lines resulted in unfruitful expenditure of Rs 6.40 crore

Rules provide that in works where acquisition of land was involved, process of acquisition of land should precede formulation of estimate of works and initiation of works.

Chief Engineer, Subernrekha Project, Jamshedpur awarded the work of construction of Chandil Left Bank Canal from km 22.555 to 32.308 in October 1985 to M/s. BAPL, New Delhi. The EE, S.R. Canal Division, Haludbani executed agreement of Rs 5.42 crore (November 1985) for completion of work within 24 months i.e. upto October 1987, subsequently extended up to June 1988. However, contractor stopped the work (June 1988) after executing work valued at Rs 3.36 crore on the ground of non-acquisition of forest land of about 50 acres (km 26.50 to km 32.30), non-shifting of high tension line about 1.5 km (from km 22.56 to km 25.48) from canal alignment, non-availability of adequate dumping area and obstruction by villagers in blasting. The agreement of contractor was terminated in August 1988.

Without solving the problem of obstructions, an estimate of Rs 1.15 crore for completion of residual work from km 28.865 to km 32.308 was again approved by Chief Engineer in December 1988 and the work was awarded to M/s Indian Builders, Jamshedpur at agreed value of Rs 1.29 crore for completion of work by June 1989, further extended to June 1991. The contractor executed works valuing at Rs 64.75 lakh (March 1991) only and

left the work on the same (above mentioned) grounds. The contract was terminated in February 1992. No work was done during the period 1992 to 1999 due to paucity of fund.

Despite the failure of department to acquire the forest land and remove the obstructions, the residual work of Chandil Left Bank Canal from km 28.865 to km 30.57, km 31.30 to km 31.33 and km 31.69 to km 32.308 was again awarded (October 2000) by the EE, M. D. Division No.5, Dimna, Jamshedpur to M/s Kamala Construction, Bokaro Steel City and agreement was executed for Rs 2.87 crore (November 2000), (15 per cent below estimated cost of Rs 3.70 crore) for completion upto June 2001, which was further extended upto March 2002. The contractor had executed the work valued at Rs 2.39 crore against agreemental value of Rs 2.87 crore as of October 2003. The work was again held up due to same problems. Reasons for taking up the work time and again without solving the problems of obstructions were however not found on record.

Thus, improper planning and taking up the works without acquisition of land and non-removal of transmission line resulted in unfruitful expenditure of Rs 6.40 crore on incomplete construction of canal, apart from undue delay in completion of project which was originally targeted for completion in the year 1987.

On the matter being referred to the Government (July 2003), the Secretary Water Resources Department, Government of Jharkhand stated (February 2004) that the problem of transmission line has already been resolved and the proposal for clearance of forest land was with Ministry of Environment and Forest (MOEF) Government of India and on receipt of their clearance, remaining works would be expeditiously completed.

4.3.8 Unfruitful expenditure on construction of work

Delay in approval of bill of quantity executed, change in design and non-acquisition of forest land resulted in wasteful expenditure of Rs 2.38 crore

The work of construction of C.D⁴ and S.L.R⁵ Bridge between 73.37 km to 78.11 km of Chandil Left Branch Canal was awarded (January 1988) by the EE, Subernarekha Canal Division, Ghatshila on the recommendation of Chief Engineer, Subernarekha Multipurpose Project, Chandil Complex, Jamshedpur to M/s K. P. Construction (P) Ltd., Jamshedpur at a cost of Rs 1.89 crore against estimated cost of Rs 1.69 crore for completion upto March 1989, extended subsequently to June 1991. However, the work could not be completed due to non-availability of fund and construction material and the agency left the work after completing 75.87 per cent work at a cost of Rs 1.82

⁴ C.D = Cross Drainage.

⁵ S.L.R. = Single Lane Road

crore. The work remained stopped during July 1991 to September 1999 due to non availability of fund.

As the incomplete work of Subarnarekha Project was to be completed on priority basis from NABARD fund, the Chief Engineer, Jamshedpur provisionally ordered the same agency (January 2000), after getting acceptance of the agency, to complete the work by December 2000 at the rate quoted in the previous agreement plus price escalation upto October 1998. The Joint Secretary, Water Resources Department, Patna sanctioned (June 2000) estimate of Rs 1.37 crore with price escalation upto September 1998 and ordered to get the work done under a new F2 agreement. In July 2000 the agency requested the EE for execution of agreement accordingly.

Meanwhile the design of C.D. structure was completely changed and there was problem of acquisition of forest land at the site of work, which has not yet been acquired (December 2003). As a result the contractor stopped the work after executing work upto December 2000 at a total cost of Rs 2.38 crore (including previous work done) and the work is lying incomplete.

Thus delay in approval of Bill of quantity of execution of F2 agreement, change in design of structure and non-acquisition of forest land resulted in unfruitful expenditure of Rs 2.38 crore.

The matter was referred to the Government (July 2003). In their reply it was stated that the change in design in structure was done under the orders of the Central Design Organisation, Patna keeping in view the requirement of structure. For transfer of forest land consolidated proposal has been submitted by the Forest Department to the Ministry of Environment and Forest, Government of India in November 2003 and delay on completion of work was due to procedural reasons.

The matter was discussed with the Finance Secretary and Secretary, Water Resources Department (November 2003) and having agreed to audit observations, the Secretary, Water Resources Department assured that necessary corrective measures would be taken to sort out the irregularities/ system lapses and other point raised by audit. The Finance Secretary also directed the department to take corrective actions.

HIGHER EDUCATION DEPARTMENT

4.3.9 Excess payment of Rs 12.27 lakh on medical allowance

Sanctioning of medical allowance in contravention to the Government resolution resulted in over payment of Rs 12.27 lakh

As per section 35 (I) (iii) of Jharkhand State University Act, 2000, no University shall sanction any special pay or allowance to its staff without prior

approval of the State Government. The erstwhile Bihar Government in its resolution dated 28 March 1992 sanctioned medical allowance at the rate of Rs 50 per mensem with effect from February 1992 which was also admissible to the teaching and non-teaching staff of the University and its constituent colleges.

In contravention to the Government resolution the Vice-Chancellor, Ranchi University (RU) sanctioned (October 1991) medical allowance to the teaching and non-teaching staff of the University and its constituent colleges at the rate of two per cent of their basic pay and payment was continued accordingly. This resulted in excess payment of medical allowance of Rs 12.27 lakh from 15 November 2000 to 2002-03, which led to avoidable financial burden to the State Government.

The Registrar, RU replied (June 2002) that in view of non-reimbursement of hospitalisation expenses to the University staff, the payment of medical allowance at the rate of two per cent was being made. He further replied that in the Budget Estimates as preferred by University to State Government, it has been indicated in the preface that University is paying two per cent per month of basic pay to the staff and the State Government has not commented on this claim. The reply is not tenable as payment is made in contravention of the Act. Further, payment to teaching staff has been stopped due to implementation of University Grant Commission scale (March 2003) but payment of medical allowance to non-teaching staff continued to be paid at the rate of two per cent as of January 2004.

The matter was referred to the State Government (July 2002), which in turn directed (August 2002) the Registrar, RU to furnish concrete comments on the issue. The reply from the Government is awaited (February 2004).

4.4 Idle equipment /machineries

ROAD CONSTRUCTION DEPARTMENT

4.4.1 Non-utilisation of machineries and equipments

Investment of Rs 2.74 crore on Hot Mix Plant (HMP) was rendered idle as the equipment was sparingly used

With a view to upgrade the quality of riding surface of state as well as National Highways and to ensure speedy road building mechanisation in RCD, three hot mix plants (HMP) procured by Road Construction Mechanical Division (RCMD) were installed at Namkum (January 1994), Daltonganj (April 2000) and Silli (January 2002) and one mini hot mix plant was installed

at Ranchi (March 2002) along with allied equipments costing Rs 2.74 crore to cover most of the important road length in the their vicinity. Besides, one speed craft AMZ "Truck mounted pot hole" repairing machine was procured by the division in March 2002.

As per the existing practice Road Construction Division (Civil)/ National Highways Divisions transfer funds for execution of bituminous work (SDC/ BM) to Mechanical Division having expertise to undertake the work on their behalf, through mechanical means.

Scrutiny of records (July 2002) revealed that all the plants put together were capable of producing 5.86 lakh MT of bituminous mix annually for SDC/MB. However, during the period 1995-2003, only 1.02 lakh MT of bituminous mix was produced. It was further noticed that HMPs at Namkum and Silli were utilised to the extent of 23 per and 15 per cent respectively of their capacity, for road construction work. The remaining one HMP at Daltonganj and one mini HMP at Ranchi remained idle since their procurement.

In addition, Rs 48.92 lakh was incurred during 1995-2003 (upto January 2003) on routine repair and maintenance of machines and equipments and a sum of Rs 10.73 lakh was paid to the staff engaged in the idle HMPs at Daltonganj and Silli towards their pay and allowance since the date of their installation.

Records further revealed that Engineer-in-Chief issued instructions (January 2002) that bituminous work within 40 km radius of any Government HMP would not be tendered and the same would be done by the respective RCMD unless they express their inability to execute the job. But it was noticed that neither funds nor work was provided to the RCMD by the Civil Divisions. As such machines and manpower belonging to RCMD, Ranchi remained idle.

Thus, failure of the department to provide adequate fund and assignment for bituminous work, to ensure full utilisation of machines and equipment resulted in idle investment of Rs 2.74 crore on HMP and nugatory expenditure of Rs 59.65 lakh on pay and allowances, repairs etc.

The matter was reported to the Government (July 2003) and discussed (December 2003) with the Finance Secretary, Jharkhand who stated that leasing of HMP at Daltonganj is under consideration and further assured to take corrective measures. The matter was again referred to Government in January 2004. Further reply has not been received.

4.5 Regulatory issues and other points

RURAL DEVELOPMENT DEPARTMENT

4.5.1 Faulty implementation of Employment Assurance Scheme

Non-adherence of norms of EAS resulted in reduction of 54 per cent employment opportunities to rural poor

Employment Assurance Scheme (EAS) is an employment generating scheme which aims at providing employment for 100 days in a year during non-agricultural season to rural poor living below poverty line. Accordingly, works taken under the scheme should be labour intensive, where labour and material component should be in ratio of 60:40. Further, creation of durable community, social and economic assets for sustained employment and development were to be created under the scheme.

Scrutiny of records (October 2002) of the District Rural Development Agency (DRDA), East Singhbhum, Jamshedpur and further information collected (August 2003) revealed that in contravention to the norms, Rs 4.40 crore were spent on 47 schemes during 1997-98 to 2003-04 (upto August 2003) where expenditure on material and labour component were Rs 3.17 crore (72 per cent) and Rs 1.22 crore (28 per cent) respectively instead of the prescribed ratio of 40:60. Thus, labour component ranged between 12 to 40 per cent instead of 60 per cent. This resulted in excess payment of Rs 1.42 crore on material component with resultant lesser expenditure on labour component. The DDC, East Singhbhum, Jamshedpur stated (August 2003) that points raised in audit would be followed in future.

Non-adherence of norms resulted in reduction of 54 *per cent* employment opportunities to rural poor and thus the rural poor were deprived of the intended benefits of the scheme.

The above findings were reported to the Government in July 2003 and was discussed in November 2003 with the Finance Secretary and Secretary Rural Development Department who assured that overall position of the schemes would be ascertained from the concerned districts and every efforts would be taken to maintain the required ratio of 60:40 and labour and material in future. The matter was again referred to Government in January 2004. Further reply was awaited.

FOREST AND ENVIRONMENT DEPARTMENT

4.5.2 Non-utilisation of compensatory afforestation fund

Compensatory afforestation was not done as funds amounting to Rs 55.66 lakh were not utilised

Under the provisions of Forest (Conservation) Act, 1980, apart from cost of forest produce and net present value, cost of compensatory afforestation in case of diversion of forest land for non-forest purposes was realisable from the user agency. Compensatory afforestation was an important condition prescribed by Government of India to maintain ecological balance before approving proposal of diversion of forest land for non-forest purposes.

During the course of audit (January 2003) of Gumla Forest Division, it was observed that a sum of Rs 55.66⁶ lakh was paid by an user agency in March 1999 towards cost of compensatory afforestation for the transfer of 53.62 hectares of forest land for non-forest use. Equivalent non-forest land was also provided by the user agency for compensatory afforestation but the department did not take up the work though fund was available. Thus, the very purpose of the condition laid down in GOI's letter was defeated.

On this being pointed out (January 2003), the Divisional Forest Officer stated that the matter had already been reported to the higher authority. No specific reason for not commencing the work was furnished.

The above findings were reported to the Government in July 2003 and was discussed (November 2003) with Finance Secretary and Secretary, Forest and Environment Department, Government of Jharkhand who stated that the amount for compensatory afforestation is lying with Government of Bihar and assured to take necessary corrective measures.

⁶ Rate for linear plantation – Rs 2,18,061 x 18.1 km = Rs 39.47 lakh
 Rate for RDF- Rs 15,096 x 107.24 hectares = Rs 16.19 lakh
Rs.55.66 lakh

PRIMARY, SECONDARY AND ADULT EDUCATION DEPARTMENT

4.5.3 Fund remained outside government account

Contributory Provident Fund (CPF) balance of Rs 49.23 lakh was not deposited into Government accounts though the teachers were made Government employees nearly a decade ago

District Superintendent of Education, West Singhbhum, Chaibasa kept Rs 49.23 lakh pertaining to Contributory Provident Fund accounts in bank and post office outside the government accounts since March 1987.

Government of Bihar (GOB) took over control of private and aided middle and primary schools in the State (1976 effective retrospectively from 1971) and since then teachers of these schools became government servants. Accordingly they had to subscribe to the General Provident Fund instead of the Contributory Provident Fund. Further, Government of Bihar issued instructions from time to time (1976, 1977 and 1984) to the District Superintendent of Education to segregate the amount of management share with interest in the Contributory Provident Fund accounts of the teachers and staff of the taken over schools by Government and credit the same to the government account as receipts and deposit teachers contribution to the Head 8005- General Provident Fund.

It was noticed in test check of records (January 2002) and further information collected (February 2004) from District Superintendent of Education (D.S.E.), West Singhbhum, Chaibasa that management's and teacher's share in the balance of Rs 49.23 lakh were not worked out as of March 1987 in the Contributory Provident Fund Accounts of teachers and were not deposited in the Government accounts. Entire amount of Rs 49.23 lakh remained in bank (Rs 15.15 lakh) and Post Office (Rs 34.08 lakh). Despite being pointed out by Audit through periodical inspection reports, neither the D.S.E. nor the government responded positively to the audit observations and the amount of Rs 49.23 lakh remained in bank/post office since March 1987 outside the government account till February 2004. As a result, the Government had to suffer loss on making payment of retrial benefits to these teachers on retirement though it did not even earn interest on the deposits as they remained outside the Government account.

Thus, non-deposit of CPF into Government account resulted in loss of Rs 49.23 lakh as complete pensionary benefits to retired teachers were made through government funds.

The matter was referred to the Government (July 2002); their reply had not been received (February 2004).

**REVENUE AND LAND REFORMS DEPARTMENT,
HEALTH, MEDICAL EDUCATION AND FAMILY
WELFARE DEPARTMENT
&
ART, CULTURE, YOUTH AFFAIRS AND SPORTS
DEPARTMENT**

4.5.4 Non-utilisation / misuse of funds in various departments

Departmental Officers failed to utilise the funds meant for computerisation of land records, infrastructure facilities for the cancer unit of a Medical College and celebration of 50th anniversary of India's Independence

A sum of Rs 2.08 crore received during 1998-2002 under the Centrally Sponsored Scheme (Rs 1.82 crore) and for celebration of 50th anniversary of India's Independence (Rs 0.26 crore) remained unutilised or misused as indicated below:

Name of scheme / programme	Amount (Rs in lakh)	Particulars
Revenue and Land Reforms Department		
Centrally Sponsored Scheme for Computerisation of Land Records	53.16	District Settlement Officer (DSO), Dumka and DSO, Jamshedpur received (May 1999) Rs 50 lakh and Rs 20.00 lakh respectively for execution of the scheme. A sum of Rs 16.84 lakh only (Dumka: Rs 5.62 lakh, Jamshedpur: Rs 11.22 lakh) was spent on implementation of scheme as of July-August 2003, while Rs 53.16 lakh were still lying in banks. The scheme remained unexecuted and funds unutilised even after lapse of four years. Government stated (November 2003) that necessary corrective measures were being taken.
Health, Medical Education and Family Welfare Department		
National Cancer Control Programme	129.00	Government of Jharkhand, sanctioned and released (March 2002) Rs 1.29 crore for purchase of machines and equipment for oncology unit of the Patliputra Medical College. The fund was drawn on 31 March 2002 by the Principal and placed with the Jharkhand State Health and Family Welfare Committee, the implementing agency of the programme. The entire amount of remained unutilised (as of February 2004). Government stated that machines and equipment were not purchased as the radio therapy building was required to be constructed.

Audit Report (Civil) for the year ended March 2003

Name of scheme / programme	Amount (Rs in lakh)	Particulars
Art, Culture, Youth Affairs and Sports Department		
Celebration of the 50 th anniversary of Indian Independence	26.00	<p>Government of Bihar (GOB) sanctioned (August 1998)</p> <p>Rs 1.80 crore for celebration of the 50th anniversary of Indian Independence during 15 August 1997 to 15 August 1998. Accordingly, Registrar, Art, Culture and Youth Department disbursed Rs 26 lakh (August 1998 and March 1999) to 13 Deputy Commissioners (DCs) (Rs 2 lakh for each district) for construction of library buildings, laboratories, cultural theatres, computer training centres etc. Out of this, four DCs⁷ kept the entire fund in the banks while nine DCs⁸ spent Rs 6.93 lakh unauthorisedly on hiring of tents, distribution of sweets, wages etc. during 1998-2001.</p> <p>Government stated (November 2003) that the unutilised fund would be refunded to the Government Account and also directed the department to take disciplinary action for misutilisation of fund.</p>

⁷ Dhanbad, Garhwa, Hazaribagh, Ranchi.

⁸ Bokaro, Chatra, East Singhbhum, Koderma, Giridih, Gumla, Lohardaga, Palamu, West Singhbhum.

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CHAPTER -V

Internal control mechanism and Internal audit

CHAPTER-V INTERNAL CONTROL MECHANISM AND INTERNAL AUDIT

5.1 Internal controls in the Welfare Department with reference to functioning of MESO projects

Highlights

During Fifth Five Year Plan, the concept of Tribal Sub-Plan (TSP) strategy was evolved for socio economic development of scheduled tribes and protection of tribal against exploitation. In Jharkhand, the tribal sub plan was grouped into 14 Integrated Tribal Development Projects locally known as Meso Area. A review of internal control mechanism in the Welfare Department with reference to functioning of MESO projects revealed that budgetary and financial management in the department was poor. Expenditure control mechanism was not functional and there were huge savings of budget provisions. Implementation of the schemes undertaken by the department suffered due to lack of co-ordination among planning, monitoring and implementing units of the department. Lack of co-ordination and monitoring contributed to delay in release of funds, drawal of funds without requirement, taking up of schemes not permissible, violation in purchase procedure, provision of benefits to non-entitled persons and excess expenditure on schemes.

The budget estimates were framed on adhoc basis. The controlling officer neither called for nor received the budget estimates from field offices.

[Paragraph 5.1.4]

The controlling officer did not exercise effective internal control over the expenditure incurred by the DDOs.

[Paragraph 5.1.6]

During 2001-02, Rs 45.92 crore only was spent against provision of Rs 120.28 crore. There was delay in release of funds ranging from four to nine months.

[Paragraph 5.1.7]

Project Officer, Meso Area, Dhalbhum (Jamshedpur) did not reconcile the excess balance of Rs 1.08 crore in bank account as compared with the cash book balance on 31 March 2003.

[Paragraph 5.1.9]

Five hundred eighty nine buses were purchased from the third lowest bidder at a cost of Rs 39.93 crore in violation of financial rules, for distribution among groups of beneficiaries from BPL. These buses were

thereafter distributed to many non-entitled beneficiaries. Out of 920 beneficiaries test checked, 701 beneficiaries were not entitled.

[Paragraph 5.1.10]

During 2001-02, six schemes were selected at a cost of Rs 11.62 lakh under the programme for repair and construction of school buildings and hostels, which were already completed from MLA and MPLADS funds. The overlapping factor was not taken into account while selecting the schemes.

[Paragraph 5.1.11]

During 2001-02, funds were released to implementing agencies under Birsa Awaas Scheme for primitive tribe at the fag end of the year (14 February 2002).

[Paragraph 5.1.12]

The department did not have any Internal Audit Wing. Even the Internal Audit wing of Finance Department did not conduct internal audit of the Department.

[Paragraph 5.1.13]

Monitoring of implementation of the schemes was inadequate and ineffective. There was complete absence of management information system leading to ineffective control on the allocation and utilization of funds under TSP.

[Paragraph 5.1.14]

5.1.1 Introduction

Internal controls aim at providing reasonable assurance for prompt, economic, efficient and effective enforcement of laws, rules and departmental instructions. These also help in creation of a reliable financial and management system. It works as a tool of the department for optimum use of manpower for correct application and proper monitoring at each level of hierarchy of the provisions of the Act, rules and executive instructions so that proper budgetary and expenditure control are exercised over public money.

Unlike statutory audit, internal audit is not independent of the management control. Hence, debilities in internal control system would have to be seen as debilities in the administrative accountability structure. In response to the growing concerns of the society at large in regard to the debilities of internal control system in governance structure, increasing attention is being paid by Audit to the efficacy of the internal control system.

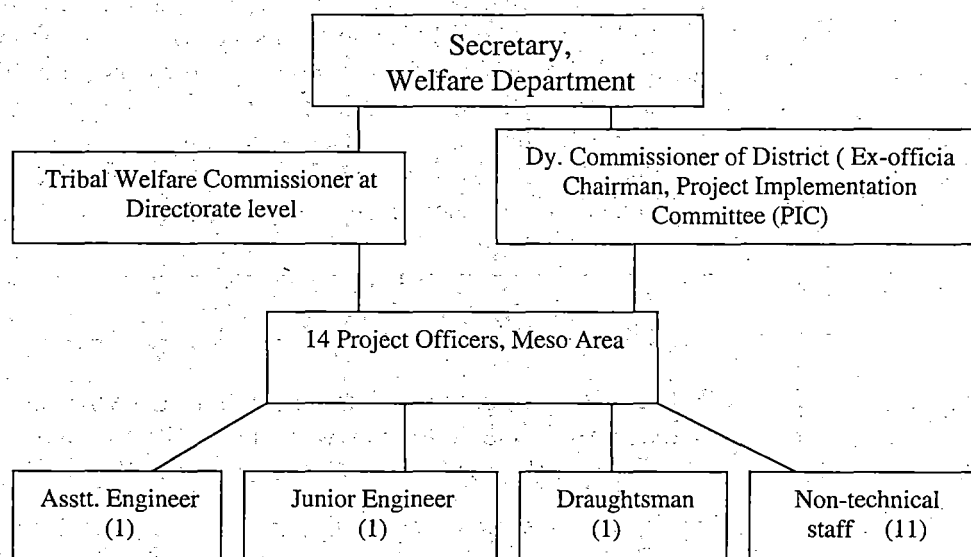
It has been considered useful to evaluate effectiveness of internal control system of one or two Government Departments every year. Review of internal

audit arrangement in Welfare Department with special attention to implementation of Tribal Sub-Plan (TSP) was taken up as the first step in this chain.

In Jharkhand, Welfare Department is the nodal department for implementation of the TSP which was launched during Fifth Five Year Plan to maximise economic benefits to tribal population. The Tribal sub plan in Jharkhand was grouped into 14¹ Integrated Tribal Development Projects (ITDP) locally known as “Meso Area” covering 112 blocks in 14 districts having tribal population of 48.55 lakh.

5.1.2 Organisational set up

The organisation set up of Welfare Department is as under:



A Project Implementation Committee (PIC) consisting of the Deputy Commissioner as Chairman and concerned district technical heads as members functioned in each MESO area for identification and implementing the schemes. The Project Officer functions as member Secretary of the Committee.

¹ Chaibasa, Chakradharpur, Dhalbhum (Jamshedpur), Dumka, Gumla, Jamtara, Khunti, Latehar, Lohardaga, Pakur, Ranchi, Sahebganj, Saraikela and Simdega.

5.1.3 Audit coverage

The records of five² Project Officers were test checked covering the period 2001-02 to examine the efficacy of the internal control measures instituted as well as its monitoring at different level.

5.1.4 Preparation of Five-year/ Annual plan by the Project Officers

Five year Plan/
annual plan of
schemes not
prepared

Preparation of a perspective plan is necessary for effective implementation of a Scheme and monitoring of the same. Special central assistance guidelines also provide for preparation of five year/ annual plan depending upon local parameters for overall development of the tribal population. It was seen that the Project Officers did not prepare any such plan. Tribal Welfare Commissioner (TWC) also never insisted on submission of such plan. This led to lopsided coverage of sectors during the years 2001-03. Further, SCA was to be used as gap filler to TSP and no new scheme was to be catered to from SCA fund. Thus, in the absence of any five year plan/ annual plan, the schemes lacked a holistic approach and their preparation in an ad hoc manner led to incomplete schemes and surrender of funds.

5.1.5 Staffing pattern

Efficacy of programme implementation depends upon proper manpower management. The following was the details of sanctioned strength, men in position as of March 2003 in all the 14 Meso offices: -

Sl. No.	Name of post	Sanctioned strength	Men in position	Posts vacant	Percentage of vacant post
1.	Project Officer	14	7	7	50
2.	Asstt. Engineer	14	11	3	21
3.	Junior Engineer	14	13	1	7
4.	Draughtsman	14	3	11	79
5.	Head Assistant	14	10	4	29
6.	Accountant	14	10	4	29
7.	Stenographer	14	6	8	57
8.	Clerk	14	11	3	21
9.	Typist	14	8	6	43
10.	Driver	14	8	6	43
11.	Peon	28	22	6	21
12.	Orderly	14	11	3	21
13.	Night Guard	14	12	2	14
Total		196	132	64	33

² Chaibasa, Dhalbhum (Jamshedpur), Gumla, Latehar and Ranchi.

The following points were noticed:

As against total sanctioned strength of 196 posts under 13 different cadres, 64 posts (33 per cent) were vacant.

Of the total sanctioned 42 technical posts under three cadres (Assistant Engineer, Junior Engineer and Draughtsman) 15 posts (36 per cent) were vacant. The vacancy ranged from 7 to 79 per cent.

5.1.6 Inadequate Internal Control

• *Budgetary controls*

Budget estimates were not realistic

As per the Budget Calendar, the Controlling Officer was to send the Budget Estimates (BE) for the ensuing year to the Finance Department by first of October. The BE for 2001-02 was unavailable with the department while the BE for 2002-03 were sent on 19 January 2002 (delay of 108 days). The department pleaded ignorance of the due date. The budget estimates were neither called for nor received from field offices. Thus, budgetary procedure was deficient as the budget was prepared without any inputs from the subordinate units.

• *Expenditure Control*

As per Jharkhand Financial Rules (JFR) the authority administering a grant is ultimately responsible for watching the expenditure and its control. The JFR enjoins personal attention of the Head of the administrative department and of the Controlling Officer in expenditure control.

As per Jharkhand Treasury Code (JTC) read with JFR, the responsibilities of the Controlling Officer *inter alia* include allotment of funds, keeping watch on monthly progress of expenditure, reconciliation of departmental accounts with those of Accountant General's office and inspection of DDOs accounts records at least once a year.

Project officers did not submit expenditure statements.

Audit scrutiny revealed that the Project Officers did not submit the expenditure statements regularly. The Controlling Officer also did not ensure the submission of the statements regularly by the DDOs. Even the expenditure statements received from the DDOs were not analysed for controlling the expenditure.

Thus, the Controlling Officer did not exercise effective internal control over the expenditure incurred by the DDOs under him to ensure that the expenditure incurred was within the allotment.

Implementation of various schemes- lack of internal controls

5.1.7 Special Central Assistance (SCA)

The total SCA funds were spread in 5 programmes, namely; (i) Integrated Tribal Development Programme (ITDP), (ii) Modified Area Development Approach (MADA), (iii) Special Employment for Primitive Tribal Groups, iv) Clusters and v) Dispersed Tribal Development Programme- a tribal development programme outside sub-plan and MADA.

During 2001-03, total funds available under SCA were Rs 168.24 crore (including opening balance of Rs 34.23 crore) of which Government provided Rs 120.83 crore and amount spent was only Rs 45.92 crore. Very poor utilisation of Central funds was mainly due to delay of four to nine months in release of funds by the State Government. Thus, the Administrative head of the department failed to exercise proper control necessary for the timely allocation of funds as provided for in the guidelines of the SCA.

5.1.8 Integrated Tribal Development Programme

During 2002-03, Rs.9.42 crore was allotted for 798 income generating schemes and 91 infrastructure schemes under the ITDP schemes. However, no expenditure was incurred till July 2003. Neither the implementing agencies submitted the expenditure report to the Controlling Officer nor did the Controlling Officer insist on submission of such report indicating internal control failure. Thus, lack of planning and monitoring affected implementation of the schemes.

Further, JTC forbids drawal of funds without immediate requirement. Scrutiny revealed that the TWC retained Rs 2.22 crore (unutilised balance of 2001-03) in 21 current bank accounts. Similarly, Rs 31.86 crore was lying with the Project Officers and Rs 8.40 crore with the Tribal Co-operative Development Corporation (TCDC). Failure of the DDOs to adhere to the provisions of JTC led to the drawal of funds without requirement.

5.1.9 Expenditure control in the test checked units

JFR provides for the Controlling officer to check and analyse the monthly progress of expenditure to guard against savings or excess of expenditure over allotment. The Controlling officer failed in his responsibility leading to saving ranging between 42 to 100 per cent during 2001-03.

The Project Officer, MESO area, Dhalbhum (Jamshedpur) failed to reconcile the closing balance of cash in the bank account right from the inception. There was an excess balance of Rs. 1.08 crore in bank account (seven savings accounts) as compared with the cash book balance on 31 March 2003. This amount was kept out of Government accounts, which was irregular and not in order.

5.1.10 Scheme for purchase of buses

During 2001-02, purchase of 589 buses under income generating scheme was approved by Government at a total outlay of Rs 41.23 crore. The buses were centrally purchased under four programmes. Groups comprising of ten beneficiaries from BPL were to be formed to which these buses were to be distributed.

Audit scrutiny revealed the following:

For purchase of buses, DGS&D rate of four manufacturers viz. Swaraj Mazda (Rs 6.78 lakh), Eicher (Rs 7.03 lakh), Telco (Rs 7.14 lakh) and Ashoka Leyland (Rs 5.54 lakh only for chasis) was obtained. The contract was awarded to Telco (the third lowest) ignoring the claim of lowest and second lowest rate of Swaraj Mazda and Eicher respectively.

The lowest rate of Swaraj Mazda was set aside arbitrarily while the second lowest rate of Eicher was not considered on the pretext of superiority of Telco vehicles over Eicher found by an evaluation committee set up by the department. The report was perfunctory, as the committee did not verify the vehicles physically. The department also overlooked the Eicher's submission of its superiority over Telco vehicles (on the basis of technical evaluation conducted by IIM, Bangalore). Finally the purchase deal of 589 buses was settled with Telco at slashed down DGS&D rate of Eicher (Rs 6.78 lakh per bus).

Thus, general principles of Government Financial Rules to be followed while entering into contracts/ agreements were not observed.

Buses meant for BPL were distributed to not entitled

In five units test checked, 217 buses were distributed to 217 groups. Of this, 92 groups (920 beneficiaries) were test checked. Scrutiny revealed that not even a single group was eligible as every group included non-entitled beneficiaries. Out of 920 beneficiaries test checked, 701 beneficiaries were not entitled. Thus total funds of Rs 6.24 crore (92 buses X Rs 6.78 lakh for each) was misutilised.

In Meso office, Chaibasa, all the 39 groups and in Dhalbhum (Jamshedpur), three groups (out of 49 groups) were not approved by PIC, but buses were distributed to them.

5.1.11 Scheme for repair and construction of school buildings and hostels

Under State Plan, the Controlling Officer (being Deputy Commissioner/ Deputy Development Commissioner of respective district), took up the scheme for repair and construction of school buildings and hostels. During 2001-03, Rs 5.19 crore was spent on the scheme.

Scrutiny revealed the following:

During the year 2001-02 (upto 28 February 2002), Rs 58.83 lakh was sanctioned to seven Project Officers³ by the Secretary, Welfare Department. However, total funds allotted to these seven Project Officers worked out to Rs 61.05 lakh against the sanction of Rs 58.83 lakh. Thus an excess sum of Rs 2.22 lakh was drawn against the sanction of Rs 58.83 lakh. Thus, lack of internal controls was evident from the fact that even arithmetical accuracy of sanction and allotment was not ensured leading to drawal of Rs 2.22 lakh from treasury which was not legally available.

Schemes selected
were already
completed earlier

During 2001-02, six schemes were selected for execution by the department at a total cost of Rs 11.62 lakh in four districts, execution of which were already completed from MLA and MPLADS funds. Overlapping in selection of these schemes was not detected at any level. The respective implementing agencies (Project Officers) drew the funds and retained it till August 2003. The overlapping factor was not taken into account indicating lack of coordination at various stages of planning.

• Excess expenditure on schemes:

TWC failed to
guard against
excess expenditure
of Rs.20.98 lakh

The controlling officer failed to monitor and take effective steps to guard against excess expenditure of Rs 20.98 lakh in 12 schemes allotted for execution by the department (February and March 2002) to Project Officers, Latehar and Lohardaga. A total expenditure of Rs 51.94 lakh was incurred to complete these schemes against allotted fund of Rs 30.96 lakh. TWC neither asked for the sources of the excess amount nor initiated any action against such irregular action of excess expenditure over the allotment.

5.1.12 Birsa Awaas Scheme for Primitive tribe

Birsa Awaas Scheme was launched in the year 2001-02 exclusively for providing houses (at the rate of Rs 0.56 lakh per unit) to nine identified primitive tribes in the state under state plan on cent per cent subsidy basis. Out of Rs 48.24 crore released by the TWC during 2001-03, Rs 24.07 crore (50 per cent) was spent and balance retained by the implementing agencies. Allotment of

³ Dumka- Rs 2.22 lakh, Jamtara- Rs 11.4 lakh, Khunti- Rs 11.01 lakh, Pakur- Rs 11.12 lakh, Ranchi- Rs 5.37 lakh, Sahebganj- Rs 2.30 lakh and Saraikela- Rs 17.55 lakh.

fund was to be made on the basis of physical target fixed for respective implementing agencies. But performance was not watched effectively by TWC and Controlling Officer leading to release of funds without requirement.

Scrutiny of records revealed the following:

During 2001-02, Rs 13.20 crore was allotted to 14 implementing agencies at the fag end of the year (14 February 2002) though unspent funds were already available with them which led to huge savings. No reason for delayed release of funds was furnished to Audit.

During 2002-03, Rs 1.40 crore was allotted by the Department to the Project Officer, Ranchi (June 2002), but the Project Officer surrendered the funds although population of primitive tribe in Meso areas was 12201. The Controlling Officer or TWC did not enquire as to why the funds were surrendered.

There was shortfall in physical achievement under the scheme, which ranged between 29 to 73 per cent during 2001-03. This showed the complete lack of planning and monitoring at all levels in the implementation of the programme.

5.1.13 Internal Audit of the Department

The Department did not have an Internal audit wing. The Internal audit wing of Finance Department, also did not conduct internal audit of either the office of the TWC or the 14 MESO offices since creation of the State (November 2000). This reflected the absence of self-correcting mechanism in the Department.

5.1.14 Monitoring and evaluation

SCA guidelines provided for development of information system for periodical reporting on progress of all projects sanctioned/implemented/completed from time to time. Scrutiny revealed that the Project officers and the Controlling officer did not follow the guidelines regularly. Thus, effective control on the allocation and utilisation of funds under TSP could not be ensured. TWC did not inspect the accounts records of offices under him though JTC provides for such inspection at least once in a year.

The Department stated that eight and four review meetings were held during the years 2001-02 and 2002-03 respectively. However, department could not make available the minutes of the meeting to Audit. Department further stated

that the functioning of various schemes has not been evaluated at the level of the TWC. An independent review by the JTRI was stated to have been done but its findings were unavailable with the Secretary, Welfare Department.

5.1.15 Conclusions

Internal controls of Welfare Department were very weak. This manifested itself in areas like budget formulation in an ad hoc manner, without any input from the subordinate offices. There were delays in release of funds to the implementing agencies, which resulted in inefficient utilisation of these funds. As a result, large savings/ unspent balance were noticed and most of the projects remained incomplete. Effective monitoring was also not being done either at the level of the Controlling officer or the Head of the Department. All these led to denial of timely intended benefit to the tribal population.

5.1.16 Recommendations

- The budget formulation may be made need based and realistic.
- Project officers need to be involved in preparation of Five-year/annual plans depending upon local parameters and adequate sectoral coverage should be given to ensure holistic approach in planning and execution.
- In view of increased activity in tribal development, the department should be strengthened with sufficient manpower and necessary infrastructure.

The above finding were reported to Government in November 2003 and was also discussed with the Secretary, Welfare Department in February 2004 who assured that GOI guidelines would be followed in execution of schemes and corrective measures would be taken to arrest potential risk. Further reply has not been received (February 2004).



CHAPTER -VI

Commercial and Trading activities

CHAPTER – VI

GENERAL VIEW OF GOVERNMENT COMPANIES AND STATUTORY CORPORATION

6.1 Introduction

As on March 2003 there were five Government companies and one Statutory corporation (all working) as against four Government companies and one Statutory corporation* as on 31 March 2002 (all working) under the control of the State Government. The accounts of the Government companies (as defined in Section 617 of Companies Act, 1956) are audited by the Statutory Auditors who are appointed by the Comptroller and Auditor General of India (CAG) as per provisions of Section 619 (2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by the CAG as per provision of section 619 (4) of the Companies Act, 1956. The CAG is the sole auditor of Jharkhand State Electricity Board under Section 69(2) of the Electricity (Supply) Act, 1948.

Working public sector undertakings (PSUs)

Investment in working PSUs

6.2 Total investment in five PSUs (four Government companies and one Statutory corporation) and six PSUs (five Government companies and one Statutory corporation) at the end of March 2002 and March 2003 respectively was as follows.

(Rs in crore)

Year	Number of PSUs	Investment in PSUs			
		Equity	Share application money	Loan	Total
2001-02	5	-	7.00	192.25	199.25
2002-03	6	7.23	0.02	192.25	199.50

Sector-wise investment in working Government companies and Statutory Corporation

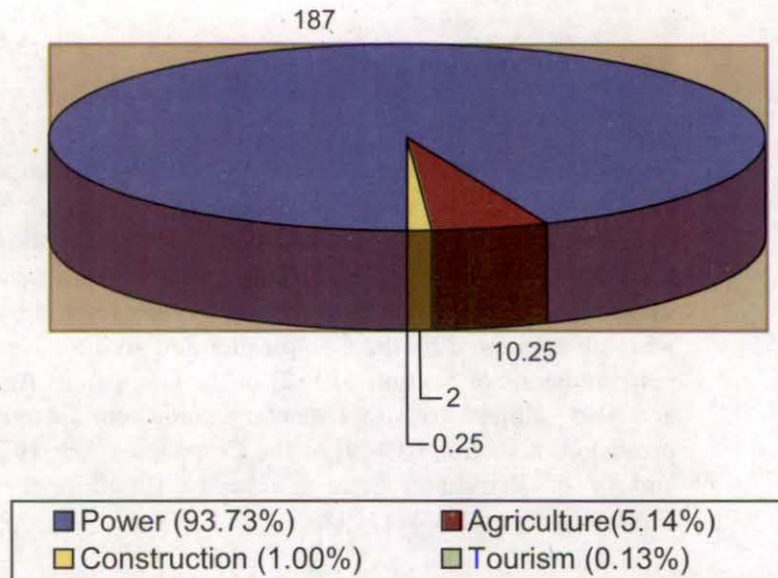
6.3 The investment (equity and long term loan) in various sectors and percentage thereof at the end of March 2003 and March 2002 are indicated in the following pie charts.

* In last Audit Report (Civil Report) Jharkhand State year 2001-02 only one Government Company and one Statutory corporation were mentioned due to non-availability of information.

Investment in Government Companies and Statutory Corporation as on 31 March 2003

(Figures in brackets are the percentages of investment)

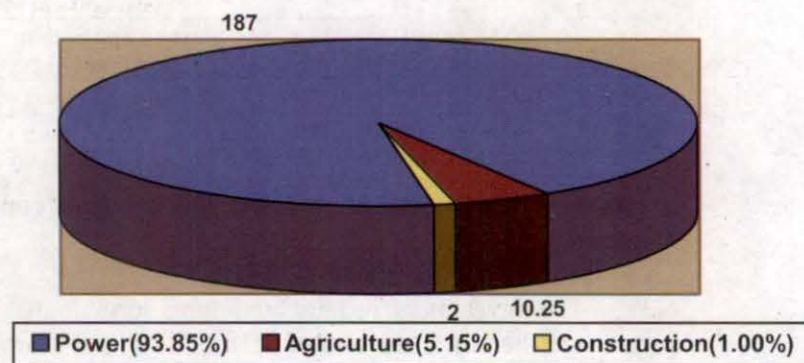
(Rupees in crore)



Investment in Government companies and Statutory corporation as on 31 March 2002

(Figures in brackets are the percentages of investment)

(Rs. in crore)



Working Government companies

6.4 Total investment in four and five working Government companies at the end of March 2002 and March 2003 respectively was as follows:

(Rupees in crore)

Year	No. of Government companies	Investment in working Government companies			
		Equity	Share application money	Loan	Total
2001-02	4	-	7	5.25	12.25
2002-03	5	7.23	0.02	5.25	12.50

The summarised position of Government investment in these Government companies in the form of equity and loans is detailed in **Appendix - XXV**.

As on 31 March 2003, the total investment in working Government companies, comprised 58 percent of equity capital and 42 percent of loan as compared to 57 percent and 43 percent respectively, as on 31 March 2002.

Working Statutory Corporation

6.5 The total investment in one working Statutory corporation (Jharkhand State Electricity Board) was not available at the end of March 2002 and March 2003 due to non-apportionment of assets and liabilities between Bihar State Electricity Board and Jharkhand State Electricity Board. However, the long term loans given by Jharkhand Government during 2001-02 was Rs 187 crore. The details of grants, subsidy received by Jharkhand State Electricity Board (JSEB) during the year 2002-03 was not furnished.

Budgetary outgo, grants/subsidies, guarantees, waiver of dues and conversion of loans into equity

6.6 The details regarding budgetary outgo, grants/subsidies, guarantees issued, waiver of dues and conversion of loans into equity by State Government in respect of working Government companies and Statutory Corporation are given in **Appendix - XXVI**.

The budgetary outgo (in the form of equity capital and loans) and grants/subsidies from the State Government to working Government companies/ Statutory Corporation for 2001-02 and 2002-03 are given below:

(Rupees in crore)

	2001-02				2002-03			
	Companies		Corporation		Companies		Corporation	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Equity Capital outgo from budget	2	7.00	-	-	1	0.25	-	-
Loans given form budget	1	5.25	1	187	-	-	-	-
Other grant/subsidy	-	-	-	30	-	-	-	-
Total outgo	3	12.25	1	217	1	0.25	-	-

The details of grants, loan and subsidy given by Government to JSEB during the year 2002-03 was not furnished.

Finalisation of accounts by PSUs

6.7 The accounts of the Government companies for every financial year are required to be finalised within six months from the end of relevant financial year under sections 166, 210 and 619 of the Companies Act, 1956 read with Section 19 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. They are also to be laid before the Legislature within nine months from the end of the financial year. Similarly, in the case of Statutory corporation, accounts are finalised, audited and presented to the Legislature as per the provisions of Section 69(2) of Electricity (Supply) Act, 1948.

However, as could be noticed from the *Appendix - XXVII* out of five Government companies and one Statutory Corporation, only one company could submit its account for the year 2002-03 within the stipulated period. The accounts of four Government companies were in arrear for one year and that of Statutory Corporation were in arrear for two years as on 30 September 2003.

It is the responsibility of the administrative departments to oversee and ensure that the accounts are finalised and adopted by the PSUs within the prescribed period. Though, the concerned administrative departments and officials of the State Government were apprised by the Accountant General regarding arrears in finalisation of accounts, no effective measures have been taken by the Government and as a result the net worth of the PSUs could not be assessed in audit.

Jharkhand State Electricity Regulatory Commission

6.8 The Jharkhand State Electricity Regulatory Commission (Commission) has been constituted by the Government of Jharkhand under Section 17 of the Electricity Regulatory Commission Act, 1998 (ERC Act) and the commission became operational on April 24, 2003.

Response to Inspection Reports and draft paras

6.9 Audit observations noticed during audit and not settled on spot are communicated to the head of PSUs and concerned departments of State Government through Inspection Reports. The heads of PSUs are required to furnish replies to the Inspection Reports through respective heads of

department within a period of six weeks. Inspection Reports issued up to March 2003 pertaining to Statutory corporation viz Jharkhand State Electricity Board disclosed that 3285 paragraphs relating to 685 Inspection Reports remained outstanding at the end of September 2003 (as given in *Appendix – XXVIII*).

Similarly, draft paragraphs on the working of PSUs are forwarded to the Principal Secretary/Secretary of the administrative department concerned demi-officially seeking confirmation of facts and figures and their comments thereon within a period of six weeks. However, one draft paragraph forwarded to the Energy Department during August to October 2003 have not been replied so far.

It is recommended that Government should ensure that (a) procedure exists for action against the officials who failed to send replies to Inspection Reports/draft paragraphs as per prescribed time schedule, (b) actions to recover loss/outstanding advances/over payments is taken in a time bound schedule, and (c) the system of responding to the audit observations is revamped

Position of discussion of Audit Reports (Commercial) by the Committee on Public Undertakings (COPU)

6.10 The Committee on Public Undertakings (COPU) of Jharkhand State was formed on 12 January 2003 comprising four members including chairman.

No audit paragraph/review has been discussed in the COPU so far (November 2003).

AUDIT PARAGRAPH

6.11 Jharkhand State Electricity Board

Avoidable expenditure due to defective track

Patratu Thermal Power Station (PTPS) requires diesel locomotives for shunting coal rakes. Three locomotives (two of 300 HP and one of 700 HP) were available with the PTPS. Two locomotives of 300 HP were commissioned in 1986 and 1988 respectively and the third locomotive of 700 HP was commissioned in 1991.

Test check of records revealed (June 2003) that the locomotive of 1986 was damaged due to fire accident (March 2000) while the locomotive of 1988 was in dilapidated condition. Thus, only one locomotive of 700 H.P. was in operation, which also broke down in April 2001. In view of the above, the PTPS purchased a new locomotive of 1500 HP from M/s SAN Engineer, Bangalore at a cost of Rs 2.25 crore and commissioned it on 3 September 2002.

Audit observed that procurement of new locomotive was made without any detailed survey and assessing the suitability of 36 years old track, which was designed as per requirement of the then available locomotives. As a result, the new locomotive derailed several times after three days of its commissioning.

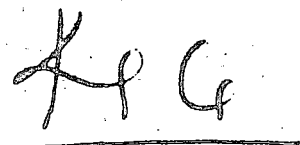
The joint committee comprising railway engineer (PWI) and the PTPS officers found that the derailment was due to poor condition of track. The engineer of M/s SAN Engineer, Bangalore also examined the track and suggested that track required proper rectification of major defects in absence of which locomotive was likely to get derailed causing damage to wheels and locomotive as a whole.

Due to frequent derailments of the newly acquired locomotive, PTPS had to take locomotive from Railways and incurred Rs 54 lakh on hire charges (Rs 36.50 lakh) and re-railing of damaged tracks (Rs 17.51 lakh) for the period of derailment (between October 2002 and February 2003).

Thus, PTPS failed to utilise the service of new locomotive and incurred expenditure of Rs 54 lakh.

On being pointed out in audit, the management stated (June 2003) that the track condition was within permissible limit. The reply was not tenable as no detailed survey of the track was made before purchase of the locomotive and joint committee also indicated poor condition of track.

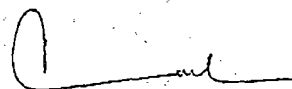
The matter was reported to Government (August 2003) and discussed with Secretary, Energy, Government of Jharkhand, (December 2003). The Secretary assured that in future preventive measures would be taken to avoid such lapses. Further reply is awaited (February 2004).



Ranchi
The

(K. K. Srivastava)
Accountant General (Audit), Jharkhand

Countersigned



New Delhi
The

(Vijayendra N. Kaul)
Comptroller and Auditor General of India



APPENDICES

APPENDIX – I

(Reference paragraph: 1.4)

Statement showing definitions of terms used in Chapter I

Part A- Government Accounts

I. Structure: 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 receipts of the State Government from revenues, loans and recoveries of loans go into the Consolidated Fund of the State, constituted under Article 266 (1) of the Constitution of India. All expenditure of the Government is incurred from this Fund from which no amount can be withdrawn without authorisation from the state Legislature. This part consists of two main divisions, namely, Revenue Account (Revenue Receipts and Revenue Expenditure) and Capital Account (Capital Receipts, Capital Expenditure, Public Debt and Loans etc.).

Part II: Contingency Fund

The Contingency Fund created under Article 267 (2) of the Constitution of India is in the nature of an imprest placed at the disposal of the Governor of the State to meet urgent unforeseen expenditure pending authorisation from the State Legislature. Approval of the State Legislature is subsequently obtained for such expenditure and for transfer of equivalent amount from the Consolidated Fund to Contingency Fund.

Part III: Public Account

Receipts and disbursements in respect of small savings, provident funds, deposits, reserve funds, suspense, remittances, etc., which do not form part of the Consolidated Fund, are accounted for in Public Account and are not subject to vote by the State Legislature.

II. Form of Annual Accounts

The accounts of the State Government are prepared in two volumes viz., the Finance Accounts and the Appropriation Accounts. The Finance Accounts present the details of all transactions pertaining to both receipts and expenditure under appropriate classification in the Government accounts. The Appropriation Accounts, present the details of expenditure by the State Government *vis-à-vis* the amounts authorised by the State Legislature in the budget grants. Any expenditure in excess of the grants requires regularisation by the Legislature.

Part B- List of terms used in the Chapter- I and basis for their calculation

Terms	Basis for 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 the parameter (X) Rate of Growth of the parameter (Y)
Rate of Growth (ROG)	$[(\text{Current year Amount}/\text{Previous year Amount})-1]*100$
Trend/Average	Trend of growth over a period of 5 years (LOGEST (Amount of 1996-97; Amount of 2001-02)-1)*100
Share shift/Shift rate of a parameter	Trend of percentage shares, over a period of 5 years, of the parameter in Revenue or Expenditure as the case may be
Development Expenditure	Social Services + Economic Services
Weighted Interest Rate	$\text{Interest Payment}/[(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities})/2]*100$
Interest spread	GSDP growth- Weighted Interest rates
Interest received as per cent to Loans Advanced	$\text{Interest Received} [(\text{Opening balance} + \text{Closing balance of Loans and Advances})/2]*100$
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 <u>minus</u> all Plan grants and Non-Plan Revenue Expenditure excluding debits under 2048- Appropriation for Reduction or Avoidance of Debt.

APPENDIX -II

(Reference paragraph: 1.7)

SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF JHARKHAND

AS ON 31 MARCH 2003

Liabilities				
As on 31 March 2002			As on 31 March 2003	
(Rupees in crore)			(Rupees in crore)	
3528.31		Internal Debt		4882.71
	2013.42	Market Loans bearing interest	2392.99	
	0.24	Market Loans not bearing interest	0.58	
	4.70	Loans from LIC	4.70	
	1.60	Loans from GIC	1.60	
	21.53	Loans from other institutions	21.83	
	59.98	Ways and means advances (R.B.I)	8.86	
	1426.84	Special securities issued to NSS Fund of Central Government	2452.15	
541.15		Shortfall in Deposit with Reserve Bank		
4009.07		Loans and Advances from Central Government		3558.41
	190.44	Pre 1984-85 loans	168.07	
	1311.35	Non-Plan Loans	617.56	
	2477.98	Loans for state plan scheme	2742.50	
	3.35	Loans for central plan scheme	2.99	
	11.41	Loans for Centrally Sponsored Plan Scheme	12.75	
	14.54	Ways and means advances	14.54	
150.00		Contingency Fund		150.00
(-) 17.72		Small Saving, Provident Fund etc.		155.85
227.15		Deposits		323.03
57.55		Reserve funds		119.52
		Suspense and Miscellaneous Balance		
8495.51		Total		9189.52

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		Assets	
893.94		Gross Capital outlay on fixed assets	1759.86
	699#	Investment in shares of companies corporation etc.	699#
	886.95	Other Capital Outlay	1752.87
349.51		Loans and advances	631.20
	284.21	Loans for power project	512.21
	58.52	Other Development Loans	103.53
	6.78	Loans to Government servants and Misc. loans	15.46
1.81		Advances	2.42
15.30		Remittance Balance	14.40
624.52		Suspense and Misc. Balance	340.91
990.01		Cash	247.61
		Cash in Treasuries and Local Remittances	
	52.18	Departmental Cash Balance	1.00
	0.06	Permanent advances	0.07
		Deposit with Reserve Bank	-586.40
	-	Investment of earmarked funds	116.22
	937.77	Cash Balance Investment	716.72
5620.42		Deficit on Government Accounts	6193.12
	305.10	Revenue deficit during the year	572.70
	5315.32	Accumulated Deficit	5620.42
		Miscellaneous deficit 15.11.2000 to 31.03.2001	
8495.51		Total	9189.52

Excludes Rs 3.31 crore invested from Revenue Account.

APPENDIX -III

(Reference paragraph: 1.7)

ABSTRACT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2002-2003

Receipts				Disbursement					
2001-2002			2002-2003	2001-2002		Non plan	Plan	Total	2002-2003
(Rupees in crore)				(Rupees in crore)					
SECTION - A REVENUE									
4495.02	I Revenue receipts		4936.78	4800.12	I Revenue expenditure				5509.48
1585.48	- Tax revenue	1750.30		1839.57	General Services	2606.88	145.65	2752.53	
851.88	- Non - Tax Revenue	987.14		1897.42	Social Services	1453.75	481.61	1935.36	
1603.19	- State's share of union taxes	1702.52		1030.45	Education Sport, Art and Culture	951.23	132.97	1084.20	
95.65	- Non plan grants	42.11		250.34	- Health and Family Welfare	164.23	78.41	242.64	
106.23	- Grant for State Plan Scheme	245.45		124.84	- Water Supply, Sanitation Housing and Urban Development	89.43	29.31	118.74	
252.59	- Grants for Central and Centrally Sponsored Plan Scheme	209.26		6.46	- Information and Broadcasting	7.40	1.67	9.07	
				315.61	- Welfare of Scheduled Caste Scheduled Tribes and other Backward Classes	38.12	163.83	201.95	
				16.15	- Labour and Labour Welfare	17.55	0.72	18.27	
				148.37	- Social Welfare and Nutrition	180.36	74.70	255.06	
				5.20	- Others	5.43	-	5.43	
				1062.44	-Economic Service	422.23	398.64	820.87	
				279.06	-Agriculture and Allied Activities	142.05	141.72	283.77	
				276.18	- Rural Development	78.20	189.27	267.47	
					- Special Area Programme	-	-	-	
				46.34	- Irrigation and Flood control	32.77	4.08	36.85	
				3.00	- Energy	75.00	26.26	101.26	
				65.93	- Industry and Minerals	16.82	10.18	27.00	
				344.67	- Transport	59.02	1.53	60.55	
				47.26	- General Economic services	18.37	25.60	43.97	
				0.69	- Grants-in-aid Contributions	0.72	-	0.72	
4495.02			4936.78	4800.12	Total	4483.58	1025.90	5509.48	5509.48
305.10	II.Revenue deficit carried over to		-572.70		II.Revenue Surplus Carried over to Section - B				

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Receipts				Disbursement					
2001-2002			2002-2003	2001-2002		Non plan	Plan	Total	2002-2003
(Rupees in crore)				(Rupees in crore)					
	Section - B								
SECTION - B									
944.36	III. Opening cash including permanent Advances and Cash Balance Investment		448.86	Nil	III. Opening Overdraft from RBI				
	IV. Miscellaneous capital receipts			732.50	IV. Capital Outlay				865.91
				7.41	General Services	--	30.08	30.08	
				122.70	Social Services	--	161.86	161.86	
				4.58	- Education Sports, Art and culture	--	3.33	3.33	
				21.65	- Health and family welfare	--	2.83	2.83	
				90.72	- Water supply, sanitation	--	121.69	121.69	
				--	- Housing and urban development	--	26.30	26.30	
				5.75	- Welfare of scheduled Castes Scheduled Tribes and Other Backward Classes	--	7.71	7.71	
				602.39	Economic Services		673.97	673.97	
				--	- Agriculture and Allied Activities	--	0.63	0.63	
				269.00	- Rural development Special areas Programmes	--	237.77	237.77	
				189.86	- Irrigation and Flood Control	--	223.49	223.49	
				30.00	Energy	--	39.82	39.82	
				--	- Industry and Minerals	--			
				106.54	- Transport	--	171.70	171.70	
				6.99	Other Economic Services	--	0.56	0.56	
2.49	V. Recoveries of Loans and Advances		3.23	329.18	V. Loans and Advances disbursed				284.92
	- From Power Project	--		264.21	- For Power project			228.00	
2.03	- From Government servants	2.98		8.70	- To Government servants			11.66	
0.46	- From others	0.25		56.27	To others			45.26	
	VI. Revenue surplus brought down			305.10	VI- Revenue Deficit brought down			--	572.70
1585.38	VII. Public debt receipts		1889.24	193.24	VII - Repayment of Public Debt				985.50
1196.47	- Internal debt other than ways and			2.05	- Internal debt other than Ways and Means			76.00	
		1481.52							

Receipts				Disbursement					
2001-2002			2002-2003	2001-2002		Non plan	Plan	Total	2002-2003
(Rupees in crore)				(Rupees in crore)					
	means Advance and overdraft				Advances and overdraft				
Nil	Net transactions under Ways and means advance and overdraft				Net transactions under Ways and means advance and overdraft			51.12	
388.91	-Loans and Advances from the Central Government	407.72		191.19	Repayment of Loans and Advances from the Central Government			858.38	
	VIII-Appropriation to Contingency Fund	--	--		VIII-Appropriation to Contingency Fund	--	--	--	--
	IX-Amount transferred to Contingency Fund	--	--		IX-Expenditure from Contingency Fund	--	--	--	--
1940.12	X-Public Account receipts		3049.26	2463.47	X-Public Account Disbursements				2433.95
169.59	-Small Savings and Provident Funds	411.16		231.30	-Small Savings and Provident Funds			237.59	
57.87	Reserve funds	62.07		0.50	-Reserve Fund			0.10	
(-)136.04	-Suspense and Misc.	105.71		548.25	-Suspense and Misc.			(-)177.89	
810.54	Remittances	1255.34		821.93	-Remittances			1254.44	
1038.16	Deposit and Advances	1214.98		861.49	-Deposit and Advances			1119.71	
	XI-Closing Overdraft from Reserve Bank of India			448.86	XI-Cash Balance at end				247.61
					-Cash in Treasuries and Local Remittances				
				(-)541.15	-Deposit with Reserve Bank			(-)586.40	
				52.24	Departmental Cash Balance Including Advances			1.07	
				--	Investment of earmarked funds			116.22	
				937.77	-Cash Balance Investment			716.72	
4472.35	Total		5390.59	4472.35					5390.59

APPENDIX – IV

(Reference paragraph: 1.7)

SOURCES AND APPLICATION OF FUNDS

		Sources			
2001-2002				2002-2003	
(Rupees in crore)					
4495.02		1. Revenue receipts			4936.78
2.49		2. Recoveries of loans and advances			3.23
1392.14		3. Increase in public debt other than overdraft			903.74
(-) 523.35		4. Net receipts from public account			615.31
	(-) 61.71	Increase in small savings		173.57	
	176.67	Increase in deposit and advances		95.27	
	57.37	Increase in reserve fund		61.97	
	(-) 684.29	Net effect of suspense and miscellaneous transaction		283.60	
	(-)11.39	Net effect of remittance transactions		0.90	
--	--	5. Net effect of Contingency Fund transactions			
495.50		6. Decrease in closing cash balance			201.25
5861.80		Total			6660.31
Application					
4800.12		1. Revenue expenditure			5509.48
329.18		2. Lending for development and other purposes			284.92
732.50		3. Capital expenditure			865.91
--		4. Transfer to Contingency fund			-
		5. Increase in closing cash balance			
5861.80		Total			6660.31

Explanatory notes for Statement I, II and III:

1. The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts.
2. Government accounts being mainly on cash basis, the deficit on Government account, as shown in Statement I, 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.
3. Remittance, Suspense and miscellaneous balances include cheques issued but not paid, payments made on behalf of other states and other transactions pending settlement etc.
4. In terms of the Bihar Reorganisation Act, 2000 (No. 30 of 2000) the State of Bihar has been reorganised and a new state known as State of Jharkhand comprising 18 districts of the composite State of Bihar has been formed with effect from 15th November 2000 (i.e. appointed day). The apportionment of assets and liabilities of the composite State of Bihar immediately prior to the appointed day as also other financial adjustments are to be done in each case with reference to the provision of the Bihar Reorganisation Act, 2000. Such allocation has so far been made in respect of Public Debt and Cash balance only.

APPENDIX - V
(Reference paragraph 1.7)

TIME SERIES DATA ON STATE GOVERNMENT FINANCES

	2000-2001 (15.11.2000 to 31.3.2001)	2001-2002	2002-2003
	(Rupees in crore)	(Rupees in crore)	(Rupees in crore)
Part A Receipts			
1. Revenue Receipts	1964	4495	4937
(i) Tax revenue	700(36)	1586(35)	1750(35)
Taxes on Agricultural Income	-	--	-
Taxes on Sales, Trade, etc.	583(83)	1239(78)	1366(78)
State Excise	37(5)	100(6)	99(5)
Taxes on Vehicles	18(3)	86(5)	105(6)
Stamps and Registration fees	25(4)	64(4)	83(5)
Land Revenue	3(..)	10(1)	15(1)
Other taxes	32(5)	87(6)	83(5)
(ii) Non Tax Revenue	349(18)	852(19)	987(20)
(iii) State's share of Union taxes and duties	579(29)	1603(36)	1703(35)
(iv) Grants in aid from GOI	336(17)	454(10)	497(10)
2. Misc. Capital Receipts		-	
3. Total revenue and Non debt capital receipts (1+2)	1964	4495	4937
4. Recoveries of Loans and Advances	1	2	3
5. Public Debt Receipts	266	1585	1889
Internal Debt (excluding Ways and Means Advances and Overdrafts)	123	1196	1481
Net transactions under Ways and Means Advances and Overdrafts	-	--	-
Loans and Advances from Government of India	143	389	408
6. Total receipts in the Consolidated Fund (3+4+5)	2231	6082	6829
7. Contingency Fund Receipts	150	--	-
8. Public Account receipts	840	1940	3049
9. Total receipts of the State (6+7+8)	3221	8022	9878
Part B. Expenditure / Disbursement			
10. Revenue Expenditure	1139(86)	4800(82)	5509
Plan	192(17)	1262(26)	1025(19)
Non-Plan	947(83)	3538(74)	4484(81)
General Services (including Interests payments)	485(43)	1840(38)	2753(50)
Social Services	438(38)	1897(40)	1935(35)
Economic Services	216(19)	1062(22)	821 (15)
Grants in aid and Contributions	-	0.69	0.72(..)
11. Capital Expenditure	161(12)	733(12)	866
Plan	161(100)	733(100)	866
Non-Plan	-	--	-
General Services	3(2)	7(1)	30(3)
Social Services	3(2)	123(17)	162(19)
Economic Services	155(96)	603(82)	674(78)

	2000-2001 (15.11.2000 to 31.3.2001)	2001-2002	2002-2003
	(Rupees in crore)	(Rupees in crore)	(Rupees in crore)
12. Disbursement of Loans and Advances	23(2)	329(6)	285(4)
13. Total (10+11+12)	1323	5862	6660
14. Repayments of Public Debt	83	193	986
Internal Debt (excluding Ways Means Advances and Overdrafts)	1	2	127
Net transactions under Ways and Means Advances and Overdrafts	-	--	-
Loans and Advances from Government of India	82	191	859
15. Appropriation to Contingency Fund	150	--	-
16. Total disbursement out of Consolidated Fund (13+14+15)	1556	6055	7646
17. Contingency Fund disbursements	-	--	-
18. Public Account disbursements	692	2463	2434
19. Total disbursement by the State (16+17+18)	2248	8518	10080
Part C Deficits	-		
20. Revenue Deficit (-) / Surplus (+) (1-10)	825	(-)305	-572
21. Fiscal Deficit (-) / Surplus (+) (3+4 -13)	642	(-)1365	-1720
22. Primary Deficit (21-23)	561	797	301
Part D Other Data	-		
23. Interest Payments (included in revenue expenditure)	81	568	1419
24. Arrears of Revenue (Percentage of Tax & Non-Tax Revenue Receipts)	1144(109)	1762(72)	
25. Financial Assistance to local bodies etc.	70	367	459
26. Ways and Means Advances/ Overdraft availed (days)	1	1	-
27. Interest on WMA/ Overdraft	-	-	-
28. Gross State Domestic Product (GSDP)	10853	@38390	43194@
29. Outstanding Debt (year end)	6145	7537	8441
30. Outstanding guarantees (year end)	-	--	-
31. Maximum amount guaranteed (year end)	-	--	-
32. Number of incomplete projects	1	1	1
33. Capital blocked in incomplete projects	878	907	955

@ As per quick estimates.

APPENDIX – VI

(Reference paragraph: 2.3.2)
Savings exceeding Rs 1 crore or more

Sl. No.	Revenue Voted	Rs in crore
1.	1- Agriculture Department	44.89
2.	2- Animal Husbandry and Fisheries Department	23.32
3.	3- Building Construction Department	7.45
4.	4- Cabinet Secretariat and Co-ordination Department	1.66
5.	6- Election	5.73
6.	7- Vigilance	1.54
7.	8- Civil Aviation Department	7.51
8.	9- Co-operative Department	9.45
9.	11- Excise and Prohibition Department	1.92
10.	12- Finance Department	11.13
11.	15- Pension	230.83
12.	17- Finance (Commercial Taxes) Department	2.16
13.	18- Food Supply and Commerce Department	5.53
14.	19- Forest and Environment Department	132.27
15.	20- Health, Medical Education and Family Welfare Department	133.53
16.	21- Higher Education Department	6.28
17.	22- Home Department	206.09
18.	23- Industries Department	116.60
19.	25- Institutional Finance and Programme Implementation Department	2.23
20.	26- Labour, Employment and Training Department	24.79
21.	27- Law Department	12.42
22.	29- Mines and Geology Department	7.34
23.	32- Legislature	2.32
24.	33- Personnel and Administrative Reforms Department	4.89
25.	35- Planning and Development Department	9.64
26.	36- Public Health Engineering Department	13.47
27.	38- Registration Department	1.34
28.	40- Revenue and Land Reforms Department	43.29
29.	41- Road Construction Department	9.23
30.	42- Rural Development Department	655.11
31.	43- Science and Technology Department	32.39
32.	44- Secondary, Primary and Adult Education Department	712.92
33.	46- Tourism Department	1.94
34.	47- Transport Department	5.57
35.	48- Urban Development and Housing Department	36.34
36.	49- Water Resources Department	45.57
37.	50- Minor Irrigation Department	10.57
38.	51- Welfare Department	132.01
39.	52- Art, Culture and Youth Department	8.01
	Charged	
1.	34- J.P.S.C.	1.85
	Capital (Voted)	
1.	1-Agriculture Department	4.37
2.	3- Building Construction Department	15.13
3.	12- Finance Department	1.33

4.	20- Health, Medical Education and Family Welfare Department	63.19
5.	23- Industries Department	10.54
6.	25- Institutional finance Programme Implementation Department	1.72
7.	30- Minorities Welfare Department	2.29
8.	36- Public Health Engineering Department	63.97
9.	41- Road Construction Department	39.30
10.	42- Rural Development Department	305.24
11.	43- Science and Technology Department	2.73
12.	47- Transport Department	3.44
13.	48- Urban Development and Housing Department	116.38
14.	49- Water Resources Department	88.21
15.	50- Minor Irrigation Department	32.16
16.	52- Art, Culture and Youth Department	5.65
	Total	3476.78

APPENDIX – VII
(Reference paragraph: 2.3.2)

Cases of persistent Saving Exceeding Rs 2 crore in each case

Sl. No.	Number and name of Grant/ Appropriation	Saving (Amount in crore of rupees) and its percentage to provision in bracket		
		2000-01	2001-02	2002-03
	REVENUE VOTED			
1.	1- Agriculture Department	13.59 (45)	23.99(25)	44.89(33)
2.	2-Animal Husbandry and Fisheries Department	6.17 (37)	17.80(31)	23.32(36)
3.	3-Building Construction Department	5.00 (33)	19.00(28)	7.45(13)
4.	6- Election			5.73(22)
5.	9-Co-operative Department	10.74 (75)	8.87(35)	9.45(35)
6.	12-Finance Department	3.52 (37)	11.08(34)	11.13(43)
7.	15-Pension	39.55 (19)	4.07(0.78)	230.83(31)
8.	17-Finance (Commercial Tax) Department	2.18 (38)	18.23(61)	2.16(15)
9.	19-Forest and Environment Department	60.68 (59)	98.06(39)	132.27(47)
10.	20-Health, Medical Education and Family Welfare Department	51.17 (46)	123.24(34)	133.53(36)
11.	21-Higher Education Department	4.20 (13)	15.56(12)	6.28(4)
12.	22-Home Department	35.53 (18)	206.72(31)	206.09(32)
13.	23-Industries Department	14.43 (85)	52.23(47)	116.60(86)
14.	26-Labour, Employment and Training Department	4.16 (14)	24.56(37)	24.79(35)
15.	27-Law Department	3.95 (27)	6.52(16)	12.42(22)
16.	29-Mines and Geology Department	2.33 (46)	9.20(53)	7.34(46)
17.	35-Planning and Development Department	2.66 (50)	5.43(12)	9.64(69)
18.	36-Public Health and Engineering Department	17.39 (48)	19.34(19)	13.47(13)
19.	39-Relief and Rehabilitation Department	2.35(46)	10.49(13)	10.70(7)
20.	40-Revenue and Land Reforms Department	12.27(34)	32.32(26)	43.29(32)
21.	41-Road Construction Department	2.86 (12)	50.65(35)	9.23(13)
22.	42-Rural Development Department	181.31 (64)	149.43(35)	655.11(64)
23.	43-Science and Technology Department	5.16 (48)	30.67(48)	32.39(41)
24.	44-Secondary, Primary and Public Education Department	98.75 (28)	223.64(20)	712.92(44)
25.	48-Urban Development Department	4.23 (80)	17.29(28)	36.34(55)
26.	49-Water Resources Department	2.75 (43)	4.86(20)	45.57(71)
27.	51-Welfare Department	50.96 (55)	126.83(25)	132.01(32)

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Capital Voted				
1.	23- Industries Department	4.69(100)	10.54(100)	10.54(100)
2.	30- Minority Welfare Department	6.50(100)	4.25(43)	2.29(23)
3.	36- Public Health and Engineering Department	23.70(100)	80.44(57)	63.97(36)
4.	41- Road Construction Department	4.11(20)	79.68(43)	39.30(19)
5.	42- Rural Development Department	10.41(12)	247.81(48)	305.24(56)
6.	48- Urban Development Department	15.69(82)	59.85(41)	116.38(64)
7.	49- Water Resources Department	61.90(52)	158.97(50)	88.21(30)
8.	50- Minor Irrigation Department	7.59(70)	27.91(46)	32.16(61)
	Total	772.48	1979.53	3333.04

APPENDIX – VIII
(Reference paragraph: 2.3.5)
Cases where supplementary provision proved unnecessary

Sl. No.	Number and name of Grant/ Appropriation	Supplementary Grant/ Appropriation	Saving
REVENUE			(Rupees in lakh)
1.	1-Agriculture Department	9,55.95	44,88.99
2.	2-Animal Husbandry and Fisheries Department	2,45.22	23,31.88
3.	4- Cabinet Secretariat and Co-ordination / Department.	1,05.67	1,66.09
4.	7- Vigilance	52.98	1,54.18
5.	8- Civil Aviation Department	22.92	7,51.25
6.	11- Excise and Prohibition Department	27.56	1,91.52
7.	12-Finance Department	1,77.38	11,13.11
8.	16- National Savings.	25.79	38.33
9.	18- Food Supply and Commerce Department	16.05	552.90
10.	19- Forest and Environment Department	6,39.65	132,26.84
11.	20- Health, Medical Education and Family Welfare Department	36,34.80	133,52.65
12.	22- Home Department	14,44.11	206,09.30
13.	23- Industries Department	2,22.45	116,59.89
14.	25- Institutional Finance and Programme Implementation Department	12.60	2,22.55
15.	26- Labour, Employment and Training Department	3,30.01	24,78.50
16.	29- Mines and Geology Department	50.00	7,34.34
17.	32- Legislature	2,03.35	232.14
18.	33- Personnel and Administrative Reforms Department	12.50	4,88.86
19.	34- Jharkhand Public Service Commission	22.00	1,84.95
20.	36- Public Health Engineering Department	1,91.13	13,46.78
21.	40- Revenue and Land Reforms Department	13,11.78	43,29.00
22.	42- Rural Development Department	38,82.02	655,10.65
23.	43- Science and Technology Department	3,47.92	32,38.54
24.	44-Secondary, Primary and Adult Education Department	21,21.79	712,91.88
25.	48- Urban Development and Housing Department	10,13.14	36,33.70
26.	51-Welfare Department	33,44.78	132,00.97
27.	52-Art, Culture and Youth Department	39.97	8,01.29

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CAPITAL			
1	3- Building Construction and Housing Department	7,07.49	15,13.29
2	20- Health, Medical Education and Family Welfare Department	4,87.56	63,18.95
3	36-Public Health and Engineering Department	10,00.00	63,96.64
4	42- Rural Development Department	28,32.64	305,23.72
5	49-Water Resources Department	1,35.61	88,20.78
	Total	25616.82	289904.46

APPENDIX -IX
(Reference Paragraph: 2.3.5)

Excessive Supplementary grants

(Rupees in crore)

Sl No.	Grant/Appropriation	Amount of grant/appropriation				
		Original	Suppleme ntary	Total	Actual Expenditure	Saving
Revenue Voted						
1.	1. Agriculture Department	128.00	9.56	137.56	92.67	44.89
2.	2. Animal Husbandry and Fisheries Department	62.02	2.45	64.47	41.15	23.32
3.	4. Cabinet Secretariat and Co-ordination Department	4.82	1.05	5.87	4.21	1.66
4.	7. Vigilance	3.08	0.53	3.61	2.07	1.54
5.	8. Civil Aviation Department	12.48	0.23	12.71	5.20	7.51
6.	11. Excise and Prohibition Department	7.06	0.28	7.34	5.42	1.92
7.	12. Finance Department	23.90	1.77	25.67	14.54	11.13
8.	18. Food Supply and Commerce Department	21.28	0.16	21.44	15.91	5.53
9.	19. Forest and Environment Department	277.57	6.40	283.97	151.70	132.27
10.	20. Health, Medical Education and Family Welfare Department	335.42	36.35	371.77	238.24	133.53
11.	21. Higher Education Department	147.72	.06	147.78	141.50	6.28
12.	22. Home Department	621.42	14.44	635.86	429.77	206.09
13.	23. Industries Department	133.70	2.23	135.93	19.33	116.60
14.	25. Institutional Finance and Programme Implementation Department	2.55	0.13	2.68	0.45	2.23
15.	26. Labour, Employment and Training Department	68.28	3.30	71.58	46.80	24.78
16.	27. Law Department	43.05	12.86	55.91	43.49	12.42
17.	29. Mines and Geology Department	15.57	0.50	16.07	8.73	7.34
18.	32. Legislature	9.32	2.03	11.35	9.03	2.32
19.	33. Personnel and Administrative Reforms Department	7.20	0.13	7.33	2.44	4.89
20.	35. Planning and Development Department	13.92	0.01	13.93	4.29	9.64
21.	36. Public Health Engineer Department	99.68	1.91	101.59	88.12	13.47
22.	38. Registration Department	5.08	0.04	5.12	3.78	1.34
23.	39. Relief and Rehabilitation Department	76.92	83.90	160.82	150.12	10.70
24.	40. Revenue and Land Reforms Department	123.34	13.12	136.46	93.17	43.29
25.	41. Road Construction Department	39.20	30.61	69.81	60.58	9.23
26.	42. Rural Development Department	989.91	38.82	1028.73	373.62	655.11
27.	43. Science and Technology Department	75.37	3.48	78.85	46.46	32.39
28.	44. Secondary, Primary and Adult Education Department	1584.80	21.22	1606.02	893.10	712.92
29.	47. Transport Department	1.70	5.86	7.56	2.00	5.56
30.	48. Urban Development and Housing Department	56.52	10.13	66.65	30.31	36.34
31.	49. Water Resources Department	64.22	0.01	64.23	18.66	45.57
32.	51. Welfare Department	383.62	33.45	417.07	285.06	132.01
33.	52. Art, Culture and Youth Department	13.08	0.40	13.48	5.47	8.01

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Revenue charged						
34.	Jharkhand Public Service Commission	2.82	0.22	3.04	1.19	1.85
Capital Voted						
35.	3. Building Construction Department	49.56	7.07	56.63	41.50	15.13
36.	20. Health, Medical Education and Family Welfare Department	61.15	4.87	66.02	2.83	63.19
37.	36. Public Health and Engineering Department	170.20	10.00	180.20	116.23	63.97
38.	42. Rural Development Department	514.68	28.33	543.01	237.77	305.24
39.	47. Transport Department	4.04	0.25	4.29	0.86	3.43
40.	49. Water Resources Department	290.00	1.36	291.36	203.15	88.21
	Total	6544.25	389.52	6933.77	3930.92	3002.85

APPENDIX - X
(Reference paragraph: 2.3.5)
Cases where supplementary provision proved excessive

Sl. No.	Number and name of Grant/ Appropriation	Supplementary Grant/ Appropriation	Saving
REVENUE SECTION		<i>(Rupees in lakh)</i>	
1.	3- Building Construction and Housing Department	13,14.01	7,44.53
2.	6- Election	15,66.54	5,72.96
3.	10- Energy Department	28,44.82	2,56.69
4.	17- Finance (Commercial Tax) Department	3,09.91	2,15.62
5.	24- Information and Public Relation Department	4,14.00	96.56
6.	27- Law Department	12,85.59	12,41.50
7.	28- High Court of Jharkhand	1,27.80	61.80
8.	39- Relief and Rehabilitation Department	83,89.91	10,70.34
9.	41- Road Construction Department	30,61.53	9,23.28
10.	47- Transport Department	5,85.83	5,56.52
CAPITAL SECTION			
1.	12- Finance Department	3,00.00	1,33.31
	Total	20199.94	5873.11

APPENDIX –XI
(Reference paragraph: 2.3.6)
Anticipated savings not surrendered

Sl. No	Number and name of the Grant/ Appropriation	Saving	Amount Surrendered	Un-surrendered savings	Percentage not surrendered
REVENUE SECTION – VOTED		(Rupees in crore)			
1.	2- Animal Husbandry and Fisheries Department	23.32	20.08	3.24	14
2.	8- Civil Aviation Department	7.51	6.39	1.12	15
3.	12- Finance Department	11.13	6.34	4.79	43
4.	19- Forest and Environment Department	132.27	11.69	120.58	91
5.	20- Health, Medical Education and Family Welfare Department	133.53	103.23	30.30	23
6.	22- Home Department	206.09	14.05	192.04	93
7.	26- Labour, Employment and Training Department	24.79	13.11	11.68	47
8.	27- Law Department	12.42	8.76	3.66	29
9.	29- Mines and Geology Department	7.34	6.25	1.09	15
10.	36- Public Health and Engineering Department	13.47	7.38	6.09	45
11.	40- Revenue and Land Reforms Department	43.29	34.94	8.35	19
12.	41- Road Construction Department	9.23	5.21	4.02	44
13.	42- Rural Development Department	655.11	150.27	504.84	77
14.	44- Secondary, Primary and Adult Education Department	712.92	515.44	197.48	28
15.	49- Water Resources Department	45.57	44.14	1.43	3
16.	50- Minor Irrigation Department	10.57	8.92	1.65	16
17.	51- Welfare Department	132.01	28.15	103.86	79
CAPITAL (VOTED)					
1.	3- Building Construction Department	15.13	6.55	8.58	57
2.	20- Health, Medical Education and Family Welfare Department	63.19	59.00	4.19	7
3.	30- Minorities Welfare Department	2.29	0.21	2.08	91
4.	42- Rural Development Department	305.24	106.17	199.07	65
5.	47- Transport Department	3.44	1.41	2.03	59
6.	48- Urban Development and Housing Department	116.38	71.58	44.80	38
7.	49- Water Resources Department	88.21	47.16	41.05	47
8.	50- Minor Irrigation Department	32.16	17.47	14.69	46
Total		2806.61	1293.90	1512.71	

APPENDIX- XII
(Reference paragraph: 2.3.6)

SURRENDER ON 31ST MARCH 2003

Grant No	Revenue	Capital	Total
1	44,77,09,520	3,88,00,000	48,65,09,520
2	20,07,92,309	-	20,07,92,309
3	7,48,02,554	6,55,21,610	14,03,24,164
4	1,16,07,261	-	1,16,07,261
5	72,49,619	-	72,49,619
6	5,63,31,979	-	5,63,31,979
7	1,54,17,703	-	1,54,17,703
8	6,39,31,581	-	6,39,31,581
9	9,52,31,766	26,35,000	9,78,66,766
10	2,56,71,330	55,00,00,000	57,56,71,330
11	2,03,90,336	-	2,03,90,336
12	6,33,96,800	1,32,34,854	7,66,31,654
13	1,31,14,524	-	1,31,14,524
14	-	1,00,23,000	1,00,23,000
16	38,09,872	-	38,09,872
17	3,93,59,677	-	3,93,59,677
18	5,12,63,281	-	5,12,63,281
19	11,68,70,537	-	11,68,70,537
20	103,23,09,881	59,00,17,731	162,23,27,612
21	8,28,94,766	-	8,28,94,766
22	14,04,87,148	-	14,04,87,148
23	116,74,32,274	10,54,00,000	127,28,32,274
24	88,71,904	-	88,71,904
25	2,21,40,311	1,72,00,000	39340311
26	13,11,35,300	-	13,11,35,300
27	8,76,19,606	-	8,76,19,606
28	61,79,520	-	61,79,520
29	6,24,81,692	-	6,24,81,692
30	41,08,174	21,17,315	62,25,489

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31	13,14,735	-	13,14,735
32	2,35,26,489	-	2,35,26,489
33	4,87,78,158	-	4,87,78,158
34	1,83,30,219	-	1,83,30,219
35	7,35,94,796	-	7,35,94,796
36	7,38,09,404	63,73,32,923	71,11,42,327
37	72,71,055	-	72,71,055
38	1,67,79,366	-	1,67,79,366
39	9,74,44,830	-	9,74,44,830
40	34,94,43,596	1,66,000	34,96,09,596
41	5,21,22,999	-	5,21,22,999
42	150,27,35,651	78,58,74,419	228,86,10,070
43	41,15,38,511	2,72,70,827	43,88,09,338
44	515,43,97,936	-	515,43,97,936
46	2,03,68,830	19,59,933	2,23,28,763
47	5,52,68,751	1,41,22,644	6,93,91,395
48	36,28,99,229	71,58,01,711	107,87,00,940
49	44,13,82,531	47,16,35,480	91,30,18,011
50	8,92,17,124	17,47,21,999	26,39,39,123
51	28,15,24,602	-	28,15,24,602
Total	1,313,43,60,037	422,38,35,446	17,35,81,95,483
35	2,25,72,000	-	2,25,72,000
42	-	27,58,00,000	27,58,00,000
Total	1315,69,32,037	449,96,35,446	1765,65,67,483

APPENDIX – XIII
STATEMENT OF UNRECONCILED EXPENDITURE
(Reference Paragraph: 2.4)

Sl. No.	Department	Units	Amount (Rupees in crore)
1.	Finance Department	133	1174.82
2.	Human Resources Development Department	910	1075.80
3.	Social Security & Family Welfare Department	152	498.84
4.	Panchayati Raj Department	168	242.45
5.	Medical & Public Health Department	164	185.40
6.	Rural Development Department	11	151.77
7.	Water Resources (Irrigation) Department	12	121.31
8.	Public Works Department	41	85.10
9.	Revenue & Land Reforms Department	10	74.68
10.	Forest & Environment Department	54	60.99
11.	Law Department	38	50.46
12.	Animal Husbandry & Fisheries Department	35	26.90
13.	Police (Home) Department	05	23.59
14.	Personnel & Administrative Department	04	22.45
15.	Labour & Employment Department	30	18.72
16.	Industries & Mineral Department	466	18.35
17.	Food Supply & Commerce Department	11	18.10
18.	Co-operative Department	22	17.37
19.	Tourism Department	10	17.03
20.	Urban Development Department	36	15.62
21.	Cabinet Secretariat Department	09	11.98
22.	Information & Public Relation Department	07	09.11
23.	Dairy Development Department	16	06.61
24.	Excise Department	39	05.31
25.	Mines & Geology Department	24	04.17
26.	Transport Department	05	01.15
27.	Stamp & Registration Department	37	00.97
28.	Housing Department	02	00.56
29.	Science & Technology Department	01	00.32
	Total	2452	3939.93

APPENDIX- XIV
Expenditure on new services/ new instrument of
Services in Excess of the budget provision
(Reference Paragraph: 2.5)

Sl. No.	Grants Appropriation Number/ Head of Account	Provision	Actual Expenditure	Excess
(Rupees in lakh)				
1.	Grant No. 1 2401- Crop Husbandry 796-Tribal Area Sub Plan 0207- National Pulse Development Project (Plan)	13.68	68.19	54.51
2.	Grant No. 12 2013- Council of Ministers 108- Tour Expense 0001- Tour Expenses of Ministers (Non Plan)	11.49	23.94	12.45
3.	7610- Loans to Govt. Servant etc. 202- Advance to purchase of Motor Conveyances 0004- Advances to members of Legislatures for purchase of Motor Conveyance (N.P)	29.33	1,32.65	1,03.32
4.	Grant No. 20 2210- Medical and Public Health 05- Medical Education, Training and Research 105- Allopathy 0004- Nurses Training (NP)	79.55	2,23.80	1,44.25
5.	06- Public Health 102- Prevention of Food Adulteration 0001- Prevention of Food Adulteration (NP)	7.06	40.58	33.52
6.	Grant No. 26 2230- Labour and Employment 01- Labour 112- Rehabilitation of Bonded labour 0101- Other Social Security Welfare programme (Plan)	2.82	31.85	29.03
7.	Grant No. 32 2011- Parliament/State/Union Territory Legislatures 02- State/Union Territory Legislature 101- Legislative Assembly. 0001- Salary and allowances of Speaker and Dy. Speaker (NP)	6.28	17.52	11.24
8.	Grant no. 38 Registration 2030- Stamps & Registration 03- Registration 001- Direction and Administration 0001- Superintendence (NP)	9.35	42.95	33.60
	Total	159.56	581.48	421.92

APPENDIX- XV
(Reference paragraph: 2.5)
Expenditure on new services/ new instrument of
Services without the Budget provision

(Rupees in lakh)

Sl. No.	Grant / Appropriation Number Head of Account	Provision	Actual Expenditure	Excess
1.	Grant No. 10 6801- Loans for Power Projects 800- Other Loans to Electricity Board 0000- Loans to Jharkhand State Electricity Board (deduction from G.I. grants as dues of P.S.U) Non-Plan	Nil	62,00.00	62,00.00
2.	Grant No. 14 6003- Internal Debt of the State Government 102- Market Loans 0001- 11 per cent Bihar State Development Loans, 2001 (Non-Plan)	Nil	29,97.48	29,97.48
3.	6004- Loans and Advances from the Central Government 04- Loans for Centrally Sponsored Plan Schemes 800- Other Loans 05- Loans for Centrally Sponsored Plan Schemes (Non-plan)	Nil	69.99	69.99
4.	Grant No. 20 2211- Family Welfare 101-Rural Family Welfare Services 0401- Rural Family Welfare Centre (C.P.S)	Nil	1,14.40	1,14.40
5.	109- Reproductive and Child health Programme. 00- Re-productive and Child health Programme (Non-Plan)	Nil	9,85.24	9,85.24
6.	Grant No. 39 Relief & Rehabilitation 2245- Relief on account of Natural Calamities. 02- Floods, Cyclones etc. 113- Assistance for repair/ reconstruction of houses. 0005- Repairs of houses damaged by hail storms (Non-plan)	Nil	10,30.04	10,30.04
7.	Grant No. 49- Water Resources Department 4701- Capital outlay on major and medium irrigation. 80- General 800- Other Expenditure 05- Other Expenditure (Plan)	Nil	37.60	37.60
			Total	114,34.75

APPENDIX – XVI
(Reference paragraph: 2.6)
EXCESS SURRENDER THAN SAVINGS

Sl. No	Grant / Appropriation No.	Saving	Surrender	Excess Surrendered
				<i>(Rupees in lakh)</i>
REVENUE SECTION				
1	3- Building Construction and Housing Department.	7,44.53	7,48.00	3.47
2	9- Co-operative Department	9,44.93	9,52.32	7.39
3	11- Excise and Prohibition Department	1,91.52	1,99.11	7.59
4	17- Finance (Commercial Tax) Department	2,15.62	3,93.60	1,77.98
5	21- Higher Education Department	6,27.85	8,28.95	2,01.10
6	23- Industries Department	116,59.89	116,74.32	14.43
7	43- Science & Technology Department	32,38.54	41,15.39	8,76.85
8	46- Tourism Department	1,93.61	2,03.69	10.08
	Total	17,816.49	19,115.38	1,298.89

APPENDIX- XVII
(Reference Paragraph: 2.6)
Amount surrendered during March 2003

Sl. No.	Grant No. & Name	Grant/Appropriation	Amount Surrendered (Rs in crore)
1.	1. Agriculture Department	Revenue Voted	44.77
		Capital Voted	3.88
2.	2. Animal Husbandry and Fisheries Department	Revenue Voted	20.08
3.	3. Building Construction Department	Revenue Voted	7.48
		Capital Voted	6.55
4.	4. Cabinet Secretariat and Co-ordination Department	Revenue Voted	1.16
5.	6. Election	Revenue Voted	5.63
6.	7. Vigilance Department	Revenue Voted	1.54
7.	8. Civil Aviation Department	Revenue Voted	6.39
8.	9. Co-operative Department	Revenue Voted	9.52
9.	10. Energy Department	Revenue Voted	2.57
		Capital Voted	55.00
10.	11. Excise and Prohibition Department	Revenue Voted	1.99
11.	12. Finance Department	Revenue Voted	6.34
		Capital Voted	1.32
12.	13. Interest Payment	Revenue charged	1.31
13.	14. Repayment of Loans	Capital charged	1.00
14.	17- Finance (Commercial Tax) Department	Revenue Voted	3.94
15.	18. Food Supply and Commerce Department	Revenue Voted	5.13
16.	19. Forest and Environment Department	Revenue Voted	11.69
17.	20. Health, Medical Education and Family Welfare Department	Revenue Voted	103.23
			59.00
18.	21. Higher Education Department	Revenue Voted	8.29
		Capital Voted	
19.	22. Home Department	Revenue Voted	14.05
20.	23. Industries Department	Revenue Voted	116.74
		Capital Voted	10.54
21.	25. Institutional Finance and Programme Implementation Department	Revenue Voted	2.21
		Capital Voted	1.72
22.	26. Labour, Employment and Training Department	Revenue Voted	13.11
23.	27. Law Department	Revenue Voted	8.76
24.	29. Mines and Geology Department	Revenue Voted	6.25
25.	32. Legislature	Revenue Voted	2.32
26.	33. Personnel and Administrative Reforms Department	Revenue Voted	4.88

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27.	34. Jharkhand Public Service Commission	Revenue Charged	1.83
28.	35. Planning and Development Department	Revenue Voted	7.36
29.	36. Public Health Engineering Department	Revenue Voted Capital Voted	7.38 63.73
30.	38. Registration Department	Revenue Voted	1.68
31.	39. Relief and Rehabilitation Department	Revenue Voted	9.74
32.	40. Revenue and Land Reforms Department	Revenue Voted	34.94
33.	41. Road Construction Department	Revenue Voted	5.21
34.	42. Rural Development Department	Revenue Voted Capital Voted	150.27 78.59
35.	43. Science and Technology Department	Revenue Voted Capital Voted	41.15 2.73
36.	44. Secondary Primary and Adult Education Department	Revenue Voted	515.44
37.	46. Tourism Department	Revenue Voted	2.04
38.	47. Transport Department	Revenue Voted Capital Voted	5.53 1.41
39.	48. Urban Development and Housing Department	Revenue Voted Capital Voted	36.29 71.58
40.	49. Water Resources Department	Revenue Voted Capital Voted	44.14 47.16
41.	50. Minor Irrigation Department	Revenue Voted Capital Voted	8.92 17.47
42.	51. Welfare Department	Revenue Voted	28.15
	Total		1731.13

APPENDIX – XVIII
(Reference Paragraph: 2.7)
Significant cases of major re-appropriation

(Rupees in crore)

Sl. No.	Grant No.	Major head affecting the grant	Original	Supplementary	Re-appropriation	Total grant	Expenditure	Amount of Final Savings
1.	1	2401- Crop Husbandry 109-Extension and Farmer's Training 0001 Divisional, District and Sub-divisional establishment (N.P.)	15.90	-	5.01	10.89	9.85	1.04
2.	2	2403- Animal Husbandry 101-Vetrenary Services & Animal Health 0003-Hospital dispensaries and other Establishments (NP)	15.42	0.09	2.08	13.43	11.73	1.70
3.	19	2406-Forestry and Wild life 101-Forest Conservation Development and Regeneration 0001-Extension, Improvement and protection of forests (N.P.)	30.82	1.91	3.44	29.29	27.24	2.05
4.	20	2210- Medical and Public Health. 05-Medical Education Training and Research 105-Alopathy 0003- M.G.M. Medical College, Jamshedpur (N.P.)	5.45		1.84	3.61	1.56	2.05
5.	20	2211-Family Welfare 101-Rural Family Welfare Services 0402- Health sub Centre (CPS)	39.89	-	4.70	35.19	25.73	9.46

6.	26	2235-Social Security and welfare 60-Other Social Security & Welfare Programme 102-Pensions under Social Security Schemes 0001- Old age pensions (NP)	37.59	0.13	4.43	33.29	22.58	10.71
7.	27	2055- Police 001-Direction and Administration 0001A-Directorate of prosecution. (N.P.)	-	4.68	1.12	3.56	0.05	3.51
8.	36	2215-Water Supply and Sanitation 01-Water Supply 101-Urban Water Supply Programme 0002-Hatia Water Supply Scheme. (N.P.)	3.36	-	0.23	3.13	1.63	1.50
9.	36	0003- Swarnarekha Water Supply Scheme (N.P.)	19.81	-	0.39	19.42	14.82	4.60
10.	41	3054-Road and Bridges 80-General 001- Direction and Administration 0003- Execution (N.P.)	18.73	0.37	2.10	17.00	15.46	1.54
11.	41	0008- National Highway Project-Execution (N.P.)	6.90	0.03	0.86	6.07	4.08	1.99
12.	42	2501- Special Programme for Rural Development 01- Integrated Rural Development Programmes 796-Tribal Area Sub-Plan 0202A-Swarnjayanti Gram Swarojgar Yojna Special Integrated Scheme for Schedule Caste (Plan)	6.00	-	2.06	3.94	0.90	3.04

13.	44	2202-General Education 01-Elementary Education 101-Govt. Primary Schools 0001-Govt. Primary and Middle Schools (N.P.)	1175.91	15.05	498.14	692.82	619.32	73.50
14.	50	2702- Minor Irrigation 02- Ground Water 005- Investigation 0002- Maintenance of Lift Irrigation Schemes	2.41	-	0.86	1.55	0.48	1.07
		Total	1378.19	22.26	527.26	873.19	755.43	117.76

APPENDIX – XIX
(Reference paragraph: 3.3.5)
Details of Fire Station as per SFAC norms

Sl. No.	Name of District	Population of the district	Total No. of fire station required in district	Total No. in existence
1.	Ranchi	27,83,577	12	3 Doranda – 1 Dhurwa - 1 Audrey House - 1
2.	East Singhbhum, Jamshedpur	19,78,671	12	3 Golmuri – 1 Mango – 1 Bahragora – 1
3.	West Singhbhum, Chaibasa	20,80,265	4	1
4.	Saraikela	--	1	2 Saraikela – 1 Adityapur – 1
5.	Dhanbad	23,94,434	12	3 Dhanbad – 1 Jharia – 1 Sindri – 1
6.	Hazaribagh	22,77,108	3	2 Hazaribagh – 1 Ramgarh – 1
7.	Bokaro	17,75,861	8	1
8.	Giridih	19,01,564	2	1
9.	Godda	10,47,254	1	1
10.	Sahebganj	9,28,990	2	1
11.	Deoghar	11,61,370	3	1
12.	Pakur	7,01,616	1	1
13.	Dumka	17,54,571	3	1
14.	Jamtara	--	1	1
15.	Lohardaga	3,64,405	1	1
16.	Garhwa	10,34,151	1	1
17.	Daltonganj	20,92,004	3	1
18.	Latehar	--	1	1
19.	Gumla	13,45,520	1	1
20.	Simdega	--	1	1
21.	Koderma	4,98,683	2	2
22.	Chatra	7,90,680	1	1
	Total		76	30

APPENDIX – XX
(Referred to in para 3.3.5)

Details of Fire tenders and water tenders proposed for condemnation

Sl. No.	Vehicle No.	Type of Vehicle	Model	Name of Fire Station where being used
1.	BIR 5016	WT	1988	Doranda
2.	BRP 7865	WT	1964	CTI, Dhurwa
3.	BRO 4824	WT	NA	Jamshedpur
4.	BPA 862	WT	NA	Jamshedpur
5.	BRP 8952	WT	1964	Daltonganj
6.	BR 18-5345	WT	1988	Garhwa
7.	BR-18-5344	WT	1988	Chaibasa
8.	BRP 7864	WT	1964	Hazaribagh
9.	BIR 5013	WT	1988	Bokaro
10.	BPA 381	WT	1984	Giridih
11.	BPA 376	WT	1984	Bahragora
12.	BRL 5832	WT	NA	Sahebganj
13.	BRL 5830	WT	NA	Pakur
14.	BHL 1985	WT	1988	Deoghar
15.	BRG 17-366	WT	1988	Jharia
16.	BRP 4405	Jeep tender	1963	Doranda
17.	BRP 4409	Do	1963	Jamshedpur
18.	BRP 4402	Do	1963	Hazaribagh
19.	BRP 4411	Do	1963	Dhanbad
20.	BRP 4403	Do	1963	Sindri

APPENDIX - XXI

(Referred to in para 3.4.4)

Details of funds provided by various Ministries of GOI

(Rupees in lakh)

Year	Name of Ministry	Name of scheme	Fund received	Fund utilised	Saving	Percentage
2000-01 to 2001-02	(i) Ministry of Social Justice & Empowerment	(i) NPRPD scheme	366.90	150.00	216.90	59
2001-02 to 2002-03	-do-	(ii) ADIP scheme (Appliances)	61.51	NA	NA	--
2000-01 to 2002-03	-do-	Fund released to NGO's	32.95	32.95	Nil	Nil
2001-02 to 2002-03	(ii) Ministry of Health.	(i) National Eradication of leprosy Programme	357.78	349.26	8.52	2
2002-03	-do-	(ii) Blindness Control	31.26	NA	NA	--
2001-02 to 2002-03	(iii) Ministry of Education	(i) Under DPEP Programme	110.00	14.63	95.37	87
2002-03		(ii) Sarva Shiksha Abhyan	336.85	NA	NA	--
2001-02 to 2002-03	(iv) Rural Development Deptt. funded by Government of India and State Government.	(i) S.G.S.Y	19211.30	12831.87	6379.43	33
do		(ii) JGSY	43779.82	30937.29	12842.53	29
2000-01 to 2002-03		(iii) IAY	26016.46	20021.11	5995.35	23
do		(iv) Subsidy scheme	999.06	59.26	939.80	94
2001-02		(v) PMGY	9654.98	4310.00	5344.98	55

APPENDIX – XXII
(Referred to para 3.4.4)
Delay in release of fund to districts (State)

Year	G.O.I. letter No. & date	Purpose	Amount in rupees
2000-01	134-35 dated 23.3.2001	Procurement of Special equipment for handicapped.	500000
	64/65 dated 26.3.2001	Stipend to handicapped students.	164800
	66/67 dated 28.3.2001	-do-	1000000
	112/113 dated 29.3.2001	Maintenance of Blind School Ranchi.	340399
	109 dated 29.3.2001	Maintenance of Deaf & Dumb School, Ranchi, Dumka.	342872
2001-02	24/25 dated 9.3.2002	Purchase of jeep slide for development of handicapped children.	630000
	28/29 dated 12.3.2002	Stipend to handicapped children.	2622000
	30/31 dated 12.3.2002	Construction of School Building for Deaf and Dumb in Hazaribagh, Dhanbad and Deoghar.	12783000
	645 dated 26.3.2002	Workshop for handicapped in 14 districts.	3000000
	547 dated 18.3.2002	Survey of handicapped in 9 districts.	3000000
	47 dated 20.3.2002	For maintenance of blind school.	241500
	45/46 dated 20.3.2002	Procurement of special equipment for handicapped.	759000
	608 dated 22.3.2002	-do-	112800
	50/51 dated 27.3.2002	Stipend to handicapped School Children.	378000
	157 dated 30.3.2002	Workshop	200000
2002-03	721 dated 24.3.2003	For the welfare of mentally retarded children of Hazaribagh.	1642000
	769 dated 28.3.2002	For workshop of handicapped children.	1980000
		Total	29696371

APPENDIX - XXIII
(Reference paragraph: 4.1.2)
Details of patently fake supply of materials

Name of division/ Sub-divisions/ name of work	Name of supplier	Periods of supply/	Name of materials	Quantity Supplied	Registra- tion number of vehicles	Type of vehicle as per cash memo/bill/ hand receipts	Type of vehicle as per records of DTO, Ranchi, Giridih & Bokaro	Amount paid (in rupees)	Remarks
Giridih/Bermo Bahadurpur to Jhura Swati road	Vinod Paswan	Not mentioned	Stone metal moorum	47.94 M ³ 257.22 M ³	BR 23 5870	Not mentioned	Trailor	38503.20	The matter was referred by audit (January 2001, September 2001 and June 2003) to the Secretary, Rural Development Department, Government of Jharkhand, Ranchi with copies to Deputy Commissioner, Ranchi and Giridih for investigation into the matter. No reply was received (June 2003).
- do	Tulsi Munda	do	Stone metal	4500 cft	BRI 7782	Truck	Scooter	33249.80	
Improvement of Chorudih to Tello Road Giridih/ Giridih Construc- tion of Larudih Bridge Gondey	Md. Imam	do	Stone Chips Stone metals	9.20 M3 23.00 M3	BR 23 9266	do	do	8106.00	
Ranchi No.1 Ranchi Construc- tion of RCC bridge (8x10'x6') and guard wall on pandu mala under Sunischit Rozgar Yojna	Cement Bhandar Palkot, Gumla Road, Gumla	February 1998 and April 1998 Cash memo No.423 to 12185	Cement	922 bags	BR 14A 9363	Truck	Maruti Car	512.584	
					BNV 8485	do	Not registered		
					BR.14 H 8474	do	do		
					BR 14F 8587	do	Motor Cycle		
					BR 14 H 4863	do	Scooter		
					BR 14 H 6963 BR 14 G 2728.	do do	Motor Cycle Truck		
				126 bags 2721 bags	Vehicle No. not quoted	—	—		
Rural Develop-ment Spl. Division Bokaro/ Construction of RCC Bride in Kherabera Parwal Road (PM GSY) and high school, Chendanki-yari (Zila Yojana)	Md. Naieem Ansari	March 2002 to May 2002	Sand	128 tractor	BR 20E 4096	Tractor	Scooter	60800	The matter was reported to the Government. (January 2004). Reply is awaited.
		Not mentioned	Bolder Shuntring materials	80M ³ Not mentione d	do	do	do	20160	
	Nand Lal Mahto Chandra deo Mahto Saryu Singh Coudh- ary	March 2002 to August 2002	Cement	3280 bags	do	do	do	3000	
		Not mentioned	Sand	111 tractors	do	do	do	13120	
		December 2002	Bricks	105000	BPU 7811	Truck	do	26640	
		Not mentioned	Sand	200 cft & 20 trip	BHU 9594	do	do	168000	
	Hira Lal Mahro Anth Singh	Not mentioned	Moorum Metal, stone, Grade-I Bricks	165 tractor	BR 20F 2287	Tractor	Not registered	30000	
		Not mentioned		4200	BHU 6168	Not mentioned	Scooter	116250	
								62370	
								1092783	

APPENDIX - XXIV

(Reference paragraph: 4.3.1)

Details of overdraft taken by BAU, Kanke, Ranchi

Sl. No.	Particulars/details	Figures in lakh				
		1997-98	1998-99	1999-2000	2000-01	2001-02
1	Limit of overdraft with date of raising limit, if any	350.00	350.00	450.00	450.00	450.00
2	Amount of Fixed Deposits, pledged to obtain overdraft	504.48	605.32	605.32	651.13	843.42
3	Opening balance of overdraft at the start of the year	479.71	277.07	401.37	160.99	30.91
4	Amount of further overdraft taken during the year	(-)202.64	124.30	(-)240.38	(-)130.08	267.50
5	Amount of overdraft at the end of the year	277.07	401.37	160.99	30.91	298.41
6	Interest on overdraft paid during the year	55.87	52.31	70.22	47.61	38.33
7	University's own receipts during the year	35.20	32.45	36.25	40.31	35.13
8.	Budget provision of BAU	1968.85	2664.01	2733.50	3737.68	3883.31
9.	Amount released by Government	1065.00	1313.34	1300.00	1285.50	1716.30

Appendix- XXV

(Reference paragraph: 6.1, 6.2, 6.4)

Statement showing particulars of up-to-date paid up capital, loans given out of budget and loans outstanding as on 31 March 2003 in respect of Government Companies and Statutory Corporation.

(Figures in brackets indicate budgetary outgo during the year) (Figures in column 3(a) to 4(f) are Rupees in lakh)

Sl No	Sector and name of the Company	Paid up capital as at the end of current year					Equity/ loans received out of Budget during the year		Other loans received during the year	Loans* outstanding at the close of (2002-03)			Debt equity ratio for 2002-03 (previous year) 4 (f)/ 3(e)
		State Govt.	Central Govt.	Holding companies	Others	Total	Equity	Loans		Govt.	Others	Total	
1	2	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	5
A	Government companies												
	Agriculture												
1	Jharkhand Hill Area Lift Irrigation Corporation Ltd.	500.00	-	-		500.00	-	-	-	525.00	-	525.00	1.05
	Construction												
2	Jharkhand Police Housing Corporation Ltd.	200.00 (2.00)	-	-		200.00	-	-	-	-	-	-	-
	Tourism												
3	Jharkhand Tourism Development Corporation Ltd.	25.00	-	-		25.00	-	-	-	-	-	-	-
	Forest & Environment												
4	Jharkhand State Forest Development Corporation Ltd.	-	-	-		-	-	-	-	-	-	-	-
	Mining												
5	Jharkhand State Mineral Development Corporation Ltd.	-	-	-		-	-	-	-	-	-	-	-
	Total (A)	725.00	-	-		725.00	-	-	-	525.00	-	525.00	-
B	Statutory Corporation												
	Power												
1	Jharkhand State Electricity Board	-	-	-		-	-	-	-	18700	-	18700	-
	Total (B)	-	-	-		-	-	-	-	18700	-	18700	-
	Grand Total (A+B)	725.00	-	-		725.00	-	-	-	19225	-	19225	-

Note:- Figures are provisional and as given by the Companies and Corporations. Figures in brackets represent share application money.

* Loans outstanding at the close of 2002-03 represent long term loans only.

APPENDIX – XXVI
(Reference paragraph: 6.6)

Statement showing Budgetary out go year-wise towards capital, loan, grants and subsidies.

Sl. No.	Name of Companies/ Corporations	Rs. in lakh			
		2001-02		2002-03	
		Equity	Loan/other grant /subsidiary	Equity	Loan
A	Government companies				
1	Jharkhand Hill Area Lift Irrigation Corporation Ltd.	500	525	-	-
2	Jharkhand Police Housing Corporation Ltd.	200	-	-	-
3	Jharkhand Tourism Development Corporation Ltd.	-	-	25	-
4	Jharkhand State Forest Development Corporation Ltd.	-	-	-	-
5	Jharkhand State Mineral Development Corporation Ltd.	-	-	-	-
	Sub Total	700	525	25	-
B	Statutory Corporation				
1	Jharkhand State Electricity Board	Nil	18700 3000		
	Total	700	22225	25	Nil

* The details of loan and subsidy received by JSEB during the year 2002-03 was not furnished.

APPENDIX- XXVII

(Reference paragraph: 6.1, 6.7)

Summarised Financial results of Govt. companies and Statutory corporation for the latest year for which accounts were finalised

(Figures in columns 7 to 12 are in lakh of rupees)

Sl. No.	Sector and name of Company	Name of department	Date of incorporation	Period of Accounts	Year in which a/c's finalised	Net profit (+)/ loss (-)	Net impact of Audit comment	Paid to capital	Accumulated profit (+)/ (-) loss	Capital employed (A)	Total Return on capital employed (B)	Percentage of total return on capital employed	Arrears of accounts to terms of years	Turn over	Man power
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
A	Government companies														
	Agriculture														
1	Jharkhand Hill Area Lift Irrigation Corporation Ltd.	Water Resources	22.03.2002	-	-	-	-	-	-	-	-	-	1	-	
	Construction														
2	Jharkhand Police Housing Corporation Ltd.	Home	13.03.2002	2002-03	2003-04	154	-	198	154	352	278	78.98	Nil	-	79
	Tourism														
3	Jharkhand Tourism Development Corporation Ltd.	Tourism	22.03.2002	-	-	-	-	-	-	-	-	-	1	-	-
	Forest														
4	Jharkhand State Forest Development Corporation Ltd.	Forest & Environment	27.03.2002	-	-	-	-	-	-	-	-	-	1	-	-
	Mining														
5	Jharkhand State Mineral Development Corporation Ltd.	Mines & Geology	07.05.2002	-	-	-	-	-	-	-	-	-	1	-	-
B	Statutory Corporation														
	Power														
1	Jharkhand State Electricity Board	Energy	20.03.2001	-	-	-	-	-	-	-	-	-	2	-	8865

APPENDIX – XXVIII

(Reference paragraph: 6.9)

Response to Inspection Reports and draft paras

Sl. No.	Year	No. of IRs	No. of part II 'A' para	No. of Part II 'B' paras
1	2	3	4	5
1	1980-81	1	2	8
2	1983-84	1	3	2
3	1984-85	2	-	7
4	1985-86	8	11	19
5	1986-87	7	9	26
6	1987-88	18	36	55
7	1988-89	19	51	44
8	1989-90	31	54	68
9	1990-91	15	17	62
10	1991-92	38	35	75
11	1992-93	33	38	99
12	1993-94	36	41	101
13	1994-95	36	34	101
14	1995-96	43	26	94
15	1996-97	59	36	224
16	1997-98	55	69	225
17	1998-99	52	33	308
18	1999-00	56	17	219
19	2000-01	65	36	417
20	2001-02	64	48	266
21	2002-03	45	38	217
22	2003-04	01	09	05
	Total	685	643	2642

