

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

For the year ended 31 March 2011

Report No.1

(STATE FINANCES)

GOVERNMENT OF JHARKHAND

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Preface

- 1 This Report has been prepared for submission to the Governor of Jharkhand under Article 151 of the Constitution of India.
- 2 Chapters I and II of this Report contain audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts respectively, of the State Government for the year ended 31 March 2011. Information has also been obtained from the Government of Jharkhand, wherever necessary.
- 3 Chapter III on 'Financial Reporting' provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.



Executive Summary

Background

Jharkhand State is known for its vast forest resources and is the leading producer of mineral wealth having 40 *per cent* of the country's mineral reserves. The Gross State Domestic Product of the State has grown at a lower rate (13.34 *per cent*) in the past decade compared to the average Gross State Domestic Product growth of General Category States (14.68 *per cent*). The population density in Jharkhand has increased from 338 person per sq. km. to 414 person per sq. km. As such Jharkhand has higher density of population as compared to General Category States. During this period its population has grown by 22.34 *per cent* against 17.56 *per cent* in other General Category States. The per capita income growth in Jharkhand has been lower than that of the General Category States in the current decade. The State has also more population below poverty line (40.3 *per cent*) as compared to the General Category States (27.5 *per cent*). However, the inequality of income distribution in the case of rural areas as well as urban areas of Jharkhand was less than the General Category States.

This Report on the Finances of the Government of Jharkhand is being brought out with a view to objectively assess the financial performances of the State during 2010-11 and to provide the State Government and State Legislature with timely inputs based on audit analysis of financial data. In order to give a perspective to the analysis, an effort has been made to compare the achievements with the targets envisaged by the State Government Fiscal Responsibility and Budgetary Management (FRBM) Act, 2007 and in the Budget Estimates of 2010-11.

The Report

Based on the audited accounts of the Government of Jharkhand for the year ending March 2011, this Report provides an analytical review of the Annual Accounts of the State Government. The Report is structured in three Chapters.

Chapter I is based on the audit of Finance Accounts and makes an assessment of the Government's fiscal position as on 31 March 2011. It provides an insight into trends of committed expenditure and borrowing patterns, besides giving a brief account of the funds transferred by the Government of India (GOI) directly to the State implementing agencies through the off-budget route.

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

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

Audit findings and recommendations

Chapter: I

Fiscal discipline: Against an estimated target of revenue surplus of ₹ 3551 crore set in the Mid Term Fiscal Plan (MTFP), the financial year ended with a revenue surplus of ₹ 836 crore.

Decrease in capital expenditure: The percentage of capital expenditure to the total expenditure decreased from 15 *per cent* in 2009-10 to 13 *per cent* in 2010-11. Moreover, during the year its percentage to Gross State Domestic Product (GSDP) stood only 2.46 *per cent* which was significantly low in comparison to MTFP projection of 5.80 *per cent*.

Thrust to development and social sector expenditure: The growth rate of developmental revenue expenditure increased sharply from eight *per cent* in 2009-10 to 29 *per cent* in 2010-11, whereas, the growth rate of developmental capital expenditure improved from minus 10 *per cent* in 2009-10 to minus 2 *per cent* in 2010-11. Developmental loans and advances consistently decreased from ₹ 586 crore in 2007-08 to ₹ 296 crore in 2010-11.

Review of Government investments: The Government had invested ₹ 135.18 crore as of 31 March 2011 in Government companies, co-operatives, banks and societies since the inception of the new State. The average return on this investment was reported to be 'nil' during the last five years, except 2010-11 when dividend of ₹ 40 lakh (0.3 *per cent*) was received, while the Government paid an average interest rate of 7.92 *per cent* on its borrowings during 2006-2011.

Debt sustainability: The quantum spread together with the primary deficit recorded wide fluctuation between minus ₹ 1966 crore and ₹ 3087 crore during 2006-11 due to wide fluctuation in the growth rate of GSDP. From positive ₹ 3087 crore during 2007-08 it decreased to negative ₹ 1966 crore in 2008-09 which slightly improved during 2009-10 (minus ₹ 270 crore) and again turned to positive ₹ 980 crore during 2010-11 leading the State to a debt sustainable position.

Chapter: II

Financial management and budgetary control: During 2010-11, there was an overall saving of ₹ 4429.71 crore, which was the result of savings of ₹ 2336.63 crore in 45 grants and three appropriations under the Revenue Section and savings of ₹ 2093.08 crore in 23 grants under the Capital Section offset by excess of ₹ 318.40 crore in two grants and one appropriation under the Revenue Section. This excess requires regularisation under Article 205 of the Constitution of India. There were instances of inadequate provision of funds and unnecessary/excessive re-appropriations. Rush of expenditure at the end of the year was a chronic feature noticed in the overall financial management. In many cases, the anticipated savings were either not surrendered or surrendered on the last day of the year, leaving no scope for utilisation of these funds for other development purposes.

Outstanding Detailed Countersigned Contingency Bills: Detailed Countersigned Contingency Bills for ₹ 6239 crore were to be submitted as on 12 September 2011 against Abstract Contingency Bills for ₹ 11942 crore.

Non-reconciliation of expenditure: Expenditure of ₹ 16888.30 crore was not reconciled by the Controlling Officers of different departments with the books of the Principal Accountant General (A & E), Jharkhand during the year.

Chapter: III

Financial reporting: The State Government's compliance with various rules, procedures and directives was inadequate which was evident from the non-submission of 4042 Utilisation Certificates to the Principal Accountant General (A&E), Jharkhand, amounting to ₹ 5169.67 crore against loans and grants received by departmental undertakings/institutions up to 2009-10. Submission of Annual Accounts was delayed in the case of 68 autonomous bodies and departmental undertakings. Personal Deposit Accounts are required to be closed at the end of the financial year but were not closed and had balances of ₹ 68.56 crore at the end of the year. Out of grants-in-aid amounting to ₹ 3121.71 crore paid out from the Consolidated Fund of the State, a sum of ₹ 676.50 crore was drawn by the officers of Government departments, instead of payment to the grantee body directly. Internal controls in all the organisations should be strengthened to prevent such cases in future.

Profile of Jharkhand

Jharkhand, the 28th State of the Indian Union was carved out of the southern part of Bihar State on 15 November 2000 in terms of the Bihar Re-organisation Bill 2000, with 18 districts. The State is known for its vast forest resources and is the leading producer of mineral wealth having 40 *per cent* of the country's mineral reserves. As indicated in *Appendix-1.1 Part A* in the last ten years, the population density in Jharkhand has increased from 338 person per sq. km. to 414 person per sq. km. As such Jharkhand has higher density of population as compared to General Category States. The State has more population below poverty line (40.3 *per cent*) as compared to the General Category States (27.5 *per cent*). The infant mortality rate of the State was 44 (per 1000 live births) which was lower than the General Category States of 50. The inequality of income distribution in the case of rural areas as well as urban areas of Jharkhand was less than the General Category States. Jharkhand's Gross State Domestic Product (GSDP) has grown at a lower rate (13.34 *per cent*) in the past decade compared to the average GSDP growth of General Category States (14.68 *per cent*). During this period its population has grown by 22.34 *per cent* against 17.56 *per cent* in other General Category States. The per capita income growth in Jharkhand has been lower than that of the General Category States in the current decade.

1.1 Introduction

This chapter is based on the audit of Finance Accounts and makes an assessment of the Jharkhand Government's fiscal position as on 31 March 2011. It provides a broad perspective of the finances of the Government of Jharkhand during the current year and analyses critical changes in the major fiscal aggregates in relation to the previous year, keeping in view the overall trends during the last five years. The structure and form of Government accounts have been explained in *Appendix 1.1 Part B* and the layout of the Finance Accounts is depicted in *Appendix 1.1 Part C*.

The methodology adopted for assessment of the fiscal position of the State is given in *Appendix 1.2 Part A* Time series data on State Government finances is given in *Appendix 1.3*.

1.1.1 Summary of Current Year's Fiscal Transactions

Table 1.1 presents the summary of the State Government's fiscal transactions during the current year (2010-11) vis-à-vis the previous year while *Appendix 1.4 Part A* provide details of receipts and disbursements as well as the overall fiscal position during the current year.

Table 1.1 Summary of Current Year's Fiscal Transactions

(₹ in crore)

2009-10	Receipts	2010-11	2009-10	Disbursements	2010-11		
Section-A: Revenue				Non-plan	Plan	Total	
15118.47	Revenue Receipts	18781.12	15128.24	Revenue expenditure	19940.93	6003.81	17944.74
4500.12	Tax revenue	5716.63	6605.36	General Services	6862.24	128.56	6990.80
2254.15	Non-tax revenue	2802.89	5610.30	Social Services	3304.56	3402.74	6707.30
5547.57	Share of Union Taxes/ Duties	6154.35	2912.38	Economic Services	1773.96	2472.51	4246.47
2816.63	Grants from Government of India	4107.25	0.20	Grants-in-aid and Contributions	0.17	-	0.17
Section-B: Capital							
	Misc. Capital Receipts		2703.04	Capital Outlay	43.33	2620.97	2664.30
21.79	Recoveries of Loans and Advances	24.12	319.98	Loans and Advances disbursed	136.84	170.72	307.56
-	Inter State Settlement	1.39					
3369.44	Public debt receipts*	2446.51	1190.21	Repayment of Public Debt	-	-	1299.43
-	Transfers to Contingency Fund	-	-	Expenditure from Contingency Fund	-	-	-
8241.68	Public Account Receipts	7721.42	7290.30	Public Account Disbursements	-	-	7399.85
637.52	Opening Cash Balance	640.91#	757.13	Inter State Settlement	-	-	-
				Closing Cash Balance	-	-	(-0.41)
27388.90	Total	29615.47	27388.90	Total			29615.47

(Source: Finance Accounts for the years 2009-10 and 2010-11).

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

#₹ 116.22 crore invested from Calamity Relief Fund and included in opening balance had been transferred to State Disaster Response Fund. Hence, opening cash balance reduced to ₹ 640.91 crore.

The significant changes during 2010-11 as compared to the previous year are given below:

- Revenue receipts of the State increased by ₹ 3663 crore (24 per cent) over the previous year. The increase was due to increase in tax revenue by ₹ 1217 crore (27 per cent), non-tax receipts by ₹ 549 crore (24 per cent), State's share of Union taxes and duties by ₹ 607 crore (11 per cent) and grants-in-aid by ₹ 1290 crore (46 per cent).
- Against the normative assessment made by the Thirteen Finance Commission (TFC) the tax revenue of the State was less by ₹ 1306 crore (19 per cent), whereas, non-tax revenue was more by ₹ 569 crore (17 per cent).
- Revenue expenditure increased by ₹ 2817 crore (19 per cent) mainly due to increase in expenditure on General Services (₹ 386 crore), Social Services (₹ 1097 crore) and Economic Services (₹ 1334 crore).
- Capital expenditure decreased by ₹ 39 crore over the previous year.
- Recovery of loans and advances increased by ₹ two crore (nine per cent) and disbursement decreased by ₹ 12 crore (four per cent) in 2010-11 over the previous year.
- Public Debt receipts decreased by ₹ 922 crore (27 per cent) while its repayment increased by ₹ 109 crore (nine per cent) over the previous year.

- Public Account receipts decreased by ₹ 521 crore (six per cent) while disbursements increased by ₹ 110 crore.
- The net impact of these transactions was a decrease of ₹ 757.54 crore in the cash balance at the end of 2010-11 over the previous year.

1.1.2 Review of the fiscal position

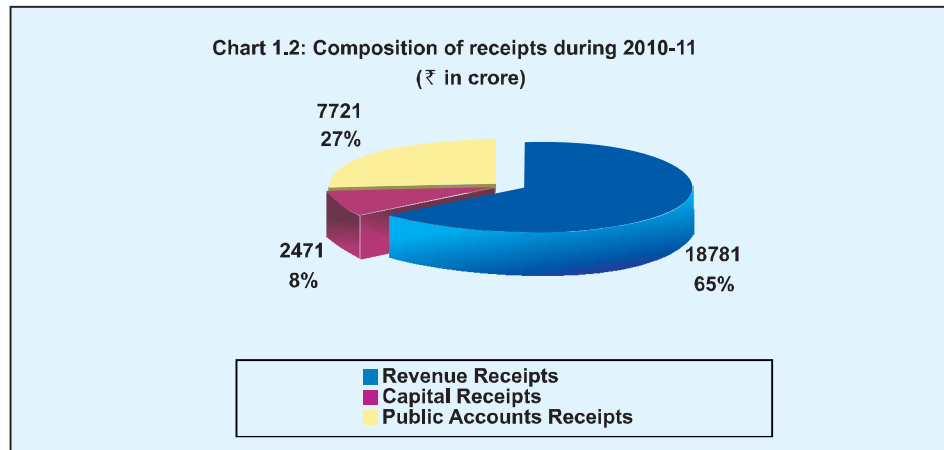
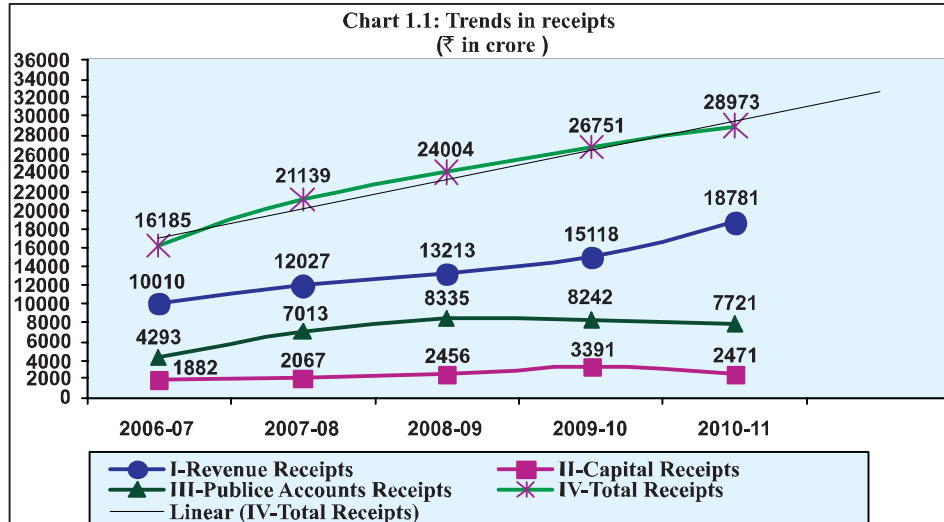
As per the Jharkhand Fiscal Responsibility and Budget Management (FRBM) Act, 2007 (*Appendix 1.2 Part B*), in line with the recommendation of the Twelve Finance Commission the State Government was to eliminate the revenue deficit by the end of March 2009 and restrict the fiscal deficit to not more than three per cent of the estimated Gross State Domestic Product (GSDP) by March 2009. However, the Thirteenth Finance Commission (TFC) recommended a new and Revised Road Map for Fiscal Consolidation thereby linking all grants and debt relief facilities. Accordingly, the State was required to revise its FRBM target by eliminating revenue deficit (RD) completely and achieve fiscal deficit of three per cent of GSDP by 2014-15.

The State had achieved the target set in the FRBM Act by eliminating the revenue deficit in 2006-07 in turning the deficit into a huge revenue surplus (₹ 946 crore), which further improved to ₹ 1195 crore in 2007-08. However, the surge in revenue expenditure *vis-à-vis* revenue receipts which started in 2008-09 continued and the fiscal situation of revenue surplus could not be retained during 2009-10 as there was a revenue deficit of ₹ 10 crore, but again in 2010-11 the State had a revenue surplus of ₹ 836 crore.

1.2 Resources of the State

1.2.1 Resources of the State as per Annual Finance Accounts

Revenue and capital are the two streams of receipts that constitute the resources of the State Government. Revenue receipts consist of tax revenues, non-tax revenues, State's share of Union taxes and duties and grants-in-aid from the Government of India (GOI). Capital receipts comprise miscellaneous capital receipts such as proceeds from dis-investments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/ commercial banks), loans and advances from GOI as well as accruals from the Public Account. **Table 1.1** presents the receipts and disbursements of the State during the current year as recorded in its Annual Finance Accounts and **Chart 1.1** depicts the trends in various components of the receipts of the State during 2006-11. **Chart 1.2** depicts the composition of resources of the State during the current year.



- The total receipts of the State increased from ₹ 16185 crore in 2006-07 to ₹ 28973 crore in 2010-11. The growth rate of total receipts decreased from 11 per cent in 2009-10 to eight per cent in 2010-11 due to decrease in public debt receipts (27 per cent) and public accounts receipts (six per cent).
- Share of revenue receipts of the State to total receipts increased from 62 per cent in 2006-07 to 65 per cent in 2010-11. However, it was hovering around 56 per cent during 2007-10.
- The debt capital receipts (capital receipts minus recovery of loans and advances) decreased from ₹ 3369 crore in 2009-10 to ₹ 2447 crore in 2010-11. The debt capital receipts declined to minus 27 per cent in 2010-11 against 38 per cent growth rate in 2009-10.
- Public Account receipts increased steadily from ₹ 4293 crore (27 per cent of total receipts) in 2006-07 to ₹ 7721 crore (27 per cent of total receipts) in 2010-11.

1.2.2 Funds transferred to State implementing agencies outside the State budget

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

Table 1.2: Funds transferred directly to State Implementing Agencies

(₹ in crore)

Programme/scheme	Implementing agency in the State	2009-10	2010-11
Mahatma Gandhi National Rural Employment Guarantee scheme, Swarnjayanty Gram Swarojgar Yojana, Indira Awaas Yojana (New construction), Indira Awaas Yojana (Upgradation), District Rural Development Agency (Administration), Integrated Watershed Management Programme	District Rural Development Agency	1205.31	1667.96
Sarva Shiksha Abhiyan	Jharkhand Education Project Council	709.40	895.62
National Rural Health Mission, Human Resource for Health, Information, Education and Communications	(i) Jharkhand Rural Health Mission Society, Leprosy Control Society, TB Control Society and Blind Control Society; (ii) Jharkhand States AIDS Control Society;	175.88	297.52
National Rural Drinking Water Programme, Central Rural Sanitation Programme	Jharkhand State Water and Sanitation Mission	150.76	184.62
Member of Parliament Local Area Development scheme	District Magistrates	37.50	40.00
Scheme implemented by NGOs and other Societies	NGOs and other Societies	383.79	1125.36
Total		2662.64*	4211.08*

Source: Controller General of Accounts, Government of India. However, the data was not reconciled with the figures of implementing agencies.

**Excluded ₹ 100.96 crore and ₹ 118.40 crore respectively released for the years 2009-10 and 2010-11 to the organizations outside the purview of the Government of Jharkhand.*

During 2010-11, ₹ 4211.08 crore was transferred directly to State implementing agencies to execute specific Central programmes in the State, out of which, ₹ 1667.96 crore and ₹ 895.62 crore were transferred to the District Rural Development Agencies and the Jharkhand Education Project Council respectively.

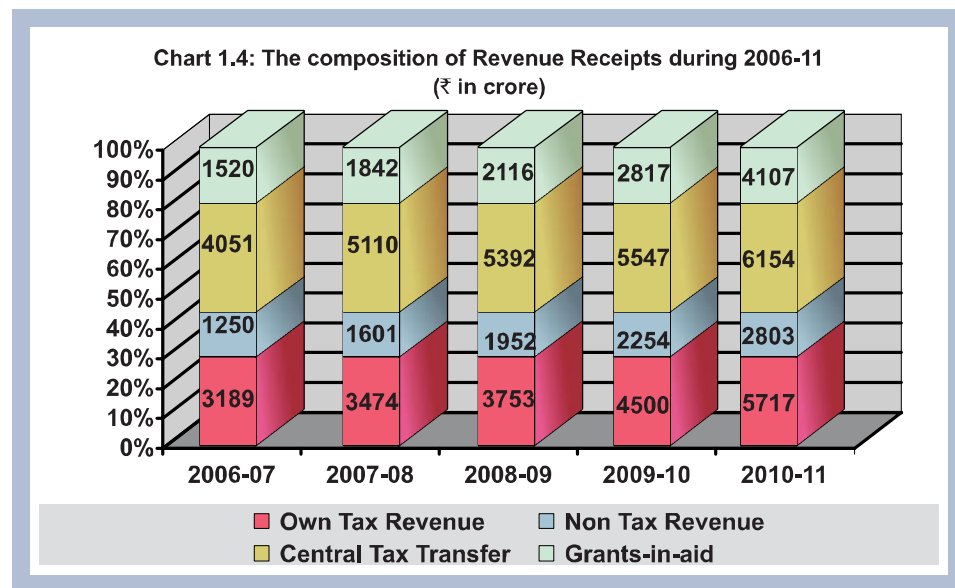
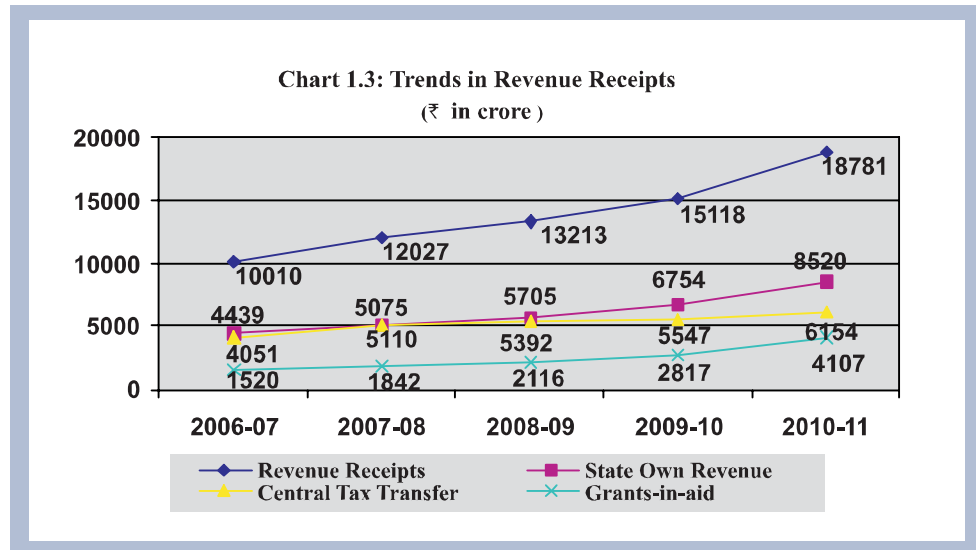
Direct transfer of funds from the GOI to State implementing agencies ran the risk of improper utilisation of funds by these agencies. Unless uniform accounting practices are followed by all these agencies, with proper documentation and timely reporting of expenditure to the State Government and the Principal

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

Accountant General (A&E), Jharkhand, it would be difficult to monitor the end use of these direct transfers.

1.3 Revenue Receipts

Statement-11 of the Finance Accounts details the revenue receipts of the Government. The revenue receipts consist of its own tax revenue, non-tax revenues, Central tax transfers and grants-in-aid contribution from GOI. The trends and composition of revenue receipts over the period 2006-11 are presented in *Appendix 1.3* and also depicted in *Charts 1.3 and 1.4* respectively.



- The revenue receipts of the State steadily increased by 88 per cent from ₹ 10010 crore in 2006-07 to ₹ 18781 crore in 2010-11. On an average, while around 45 per cent of the revenue came from the State's own resources during 2006-11, Central tax transfers and grants-in-aid together contributed about 55 per cent of the total revenues during the period.

- During the year the total revenue receipts (₹ 18781 crore) comprised of States' own tax revenue ₹ 5717 crore (30 per cent), non-tax revenue ₹ 2803 crore (15 per cent), central tax transfer ₹ 6154 crore (33 per cent) and grants-in-aid ₹ 4107 crore (22 per cent) with a growth rate of 27 per cent, 24 per cent, 11 per cent and 46 per cent respectively over the previous year.
- The State received debt relief of ₹ 104.96 crore during 2010-11 against the consolidated loans bearing 7.5 per cent interest rate by reducing the stock of debt outstanding as on 31 March 2010.

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

Table 1.3: Trends in Revenue Receipts relative to GSDP

	2006-07	2007-08	2008-09	2009-10	2010-11
Revenue Receipts (RR) (₹ in crore)	10010	12027	13213	15118	18781
Rate of growth of RR (<i>Per cent</i>)	18.3	20.1	9.9	14.4	24.2
R R/GSDP (<i>Per cent</i>)	14.9	14.3	15.0	15.5	17.3
Buoyancy Ratios²					
Revenue Buoyancy w.r.t GSDP	1.85	0.79	2.06	1.33	2.16
State's Own Tax Buoyancy w.r.t GSDP	1.58	0.35	1.67	1.84	2.41

- The growth rate of revenue receipts increased significantly from 18.3 per cent in 2006-07 to 24.2 per cent in 2010-11. However, its growth rate was lowest during 2008-09 (9.9 per cent).
- The revenue receipts increased from ₹ 15118 crore in 2009-10 to ₹ 18781 crore in 2010-11 with a growth rate of 14 per cent and 24 per cent respectively.
- Revenue buoyancy with respect to GSDP showed wide fluctuations ranging between 0.79 and 2.16 during 2006-11. In 2010-11, it was highest (2.16 per cent) due to low growth rate of GSDP (11.2 per cent) and highest growth rate of revenue receipts (24.2 per cent), while during 2007-08 it was at the lowest point (0.79 per cent) due to highest growth rate of GSDP (25.4 per cent).
- The State's own tax with respect to GSDP buoyancies showed wide variations between 0.35 and 2.41 during 2006-11, due to wide fluctuation in the growth rate of both GSDP and own tax revenue. However, it increased sharply to 1.67 in 2008-09 against 0.35 in 2007-08 due to a sharp decrease in the growth rate of GSDP during the year.
- The growth rate of GSDP of the State recorded wide variation from 4.8 per cent to 25.4 per cent during 2006-11. Its growth rate increased significantly from 9.9 per cent in 2006-07 to 25.4 per cent in 2007-08 which decreased sharply to 4.8 per cent in 2008-09. However, during 2009-10 (10.8 per cent) and 2010-11 (11.2 per cent) it remained nearly constant.

1.3.1 State's Own Resources

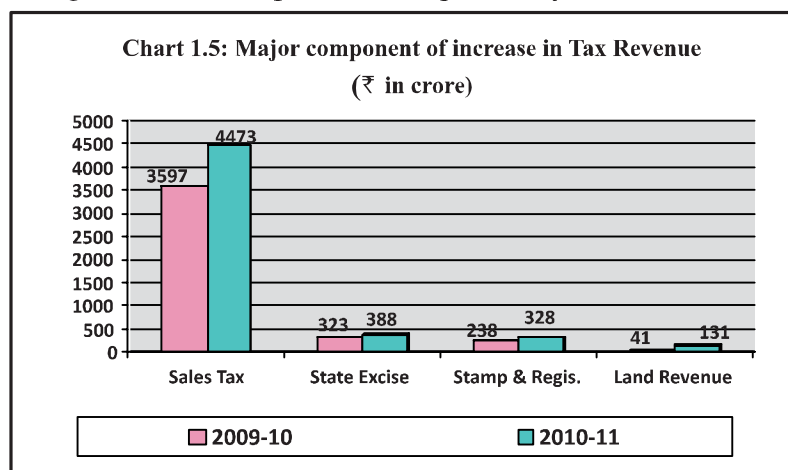
As the State's share in Central taxes and grants-in-aid are determined on the basis of recommendations of the Finance Commission, collection of Central-tax

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

receipts and Central assistance for Plan schemes etc., the State's performance in mobilisation of additional resources should be assessed in terms of its own resources comprising revenue from its own tax and non-tax sources.

Tax Revenue

The tax revenue of the State increased consistently from ₹ 3189 crore in 2006-07 to ₹ 5717 crore in 2010-11, but its growth rate showed wide fluctuations between eight *per cent* and 27 *per cent* during 2006-11. Out of the total tax revenue in 2010-11, sales tax contributed 78 *per cent* followed by State excise (seven *per cent*), stamp duty and registration (six *per cent*) and taxes on vehicles (six *per cent*). **Chart 1.5** presents major components which contributed in increase in Tax revenue during 2010-11 in comparison to the previous year.



During 2010-11, the collection of the States own tax revenue was ₹ 5717 crore against the Medium Term Fiscal Plan (MTFP) target of ₹ 5967 crore and the normative projection made by TFC of ₹ 7023 crore. The main reason for non-achievement of the MTFP and TFC targets was lesser collection of State Excise Tax than estimated (actual collection ₹ 388 crore against budget estimate ₹ 525 crore) during the year.

The own tax to GSDP ratio was only 5.3 *per cent* against the MTFP target of 7.94 *per cent* and TFC norms 6.26 *per cent* for the year 2010-11.

Non-tax Revenue

Non-tax revenue collected during 2010-11 was ₹ 2803 crore against MTFP projection of ₹ 3130 crore and normative projection of ₹ 3372 crore by the TFC for the year.

The share of non-tax revenue constituted 12 to 15 *per cent* of the revenue receipts during 2006-11. However, its share to revenue receipts remained same (15 *per cent*) during the last three years. The growth rate of non-tax revenue increased sharply from 15 *per cent* in 2009-10 to 24 *per cent* in 2010-11 mainly due to high growth rate of revenue under Miscellaneous General Services, Tourism, Other Social Services and Industries. Though the Non-ferrous Mining and Metallurgical Industries were the major contributor to the non-tax revenue its percentage decreased from 77 *per cent* in 2009-10 to 73 *per cent* in 2010-11.

1.3.2 Revenue Arrears

Each year a huge amount remains in shape of revenue arrears. At the end of 2009-10 it amounted to ₹ 2029 crore out of which ₹ 457.33 crore were outstanding for more than five years. During 2008-09 and 2009-10 the revenue arrears as percentage to the State's own resources was 36 per cent and 30 per cent respectively.

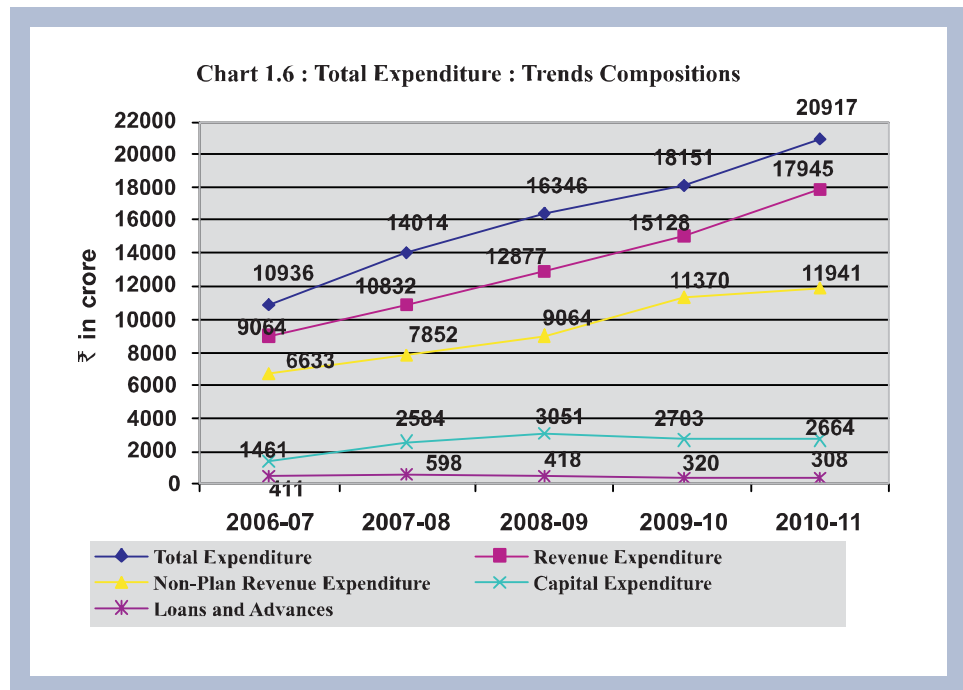
Information regarding revenue arrear at the end of 31 March 2010-11 was not available (September 2011).

1.4 Application of resources

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

1.4.1 Growth and composition of expenditure

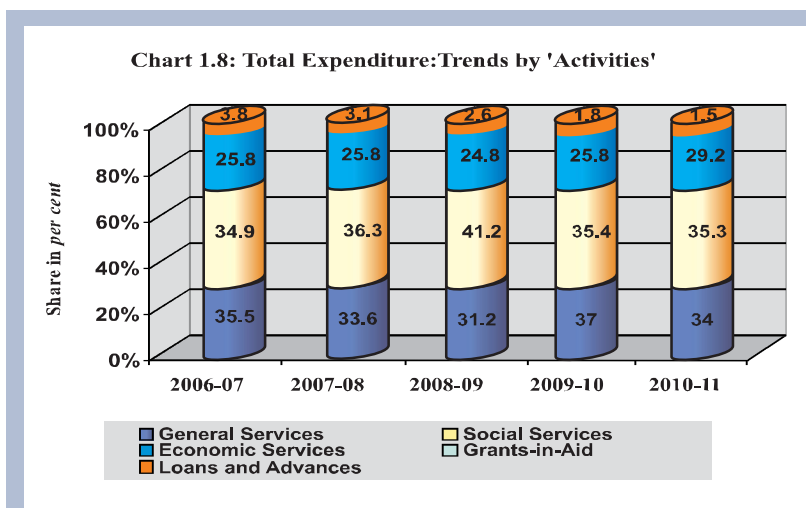
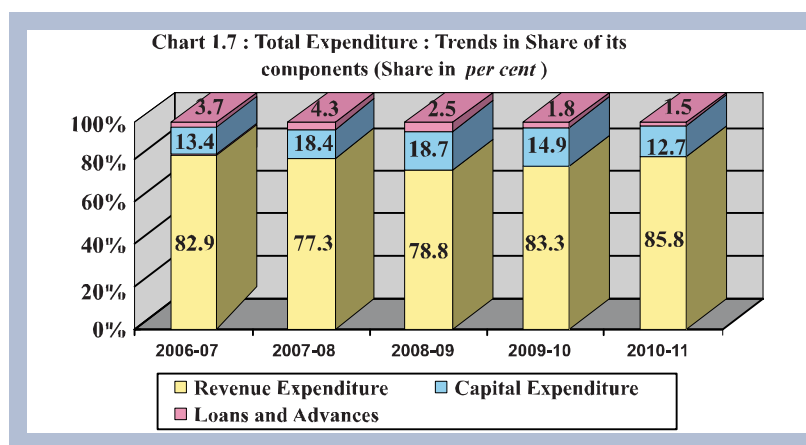
Chart 1.6 presents the trends in total expenditure during 2006-07 to 2010-11. Its composition both in terms of 'economic classification' and 'expenditure by activities' is depicted respectively in **Charts 1.7 and 1.8** respectively.



- The total expenditure of the State increased from ₹ 18151 crore in 2009-10 to ₹ 20917 crore in 2010-11. The increase in total expenditure during 2010-11 was due to increase in revenue expenditure by ₹ 2817 crore

(19 per cent), which was partly offset by decrease in capital expenditure and loans and advances by ₹ 39 crore (one per cent) and ₹ 12 crore (four per cent) respectively over the previous year. Capital expenditure decreased mainly due to decrease in expenditure on Education, Sports, Art and Culture (₹ 44 crore), Water Supply, Sanitation, Housing and Urban Development (₹ 286 crore) which was partly offset by increase in expenditure on Health and Family Welfare (₹ 58 crore) and Welfare of Scheduled Caste, Scheduled Tribe and Other Backward Classes (₹ 129 crore).

- The trend in total expenditure in the form of Non-Plan and Plan expenditure during 2010-11 revealed that Non-Plan expenditure and Plan expenditure constituted 58 and 42 per cent respectively as against 63 per cent and 37 per cent respectively in 2009-10. The increase of ₹ 2766 crore in total expenditure was mainly due to increase in Plan expenditure (₹ 2064 crore). The percentage of Non-Plan Revenue Expenditure (NPRE) to the total expenditure oscillated between 56 and 63 during 2006-11. The NPRE to total expenditure sharply increased from 56 per cent in 2008-09 to 63 per cent during 2009-10 which further decreased to 57 per cent in 2010-11.



- Revenue expenditure had a dominant share in total expenditure and accounted for 86 *per cent* of the total expenditure during 2010-11 against 83 *per cent* during 2009-10. The increase was mainly due to increase in expenditure on Social Services and Economic Services.
- Revenue expenditure increased from ₹ 9064 crore in 2006-07 to ₹ 17945 crore in 2010-11.
- Plan revenue expenditure increased from 25 *per cent* of the total revenue expenditure in 2009-10 to 33 *per cent* in 2010-11, while the rate of growth of Plan Revenue Expenditure (PRE) showed wide fluctuation between minus 1.4 *per cent* and 61 *per cent* during 2006-11. During 2010-11 growth rate of PRE increased significantly to 61 *per cent* against minus 1.4 *per cent* growth rate in 2009-10. The growth rate of NPRES decreased sharply from 25.4 *per cent* in 2009-10 to five *per cent* in 2010-11.
- The buoyancy of revenue expenditure with GSDP increased slightly from 1.62 to 1.66, while with respect to revenue receipt it decreased from 1.22 to 0.77 during 2010-11. The growth rate of revenue expenditure was 19 *per cent* against 11 *per cent* growth rate of GSDP during the year.
- Capital expenditure accounted for 13 to 19 *per cent* of the total expenditure during 2006-11. The percentage of capital expenditure to the total expenditure decreased from 15 *per cent* in 2009-10 to 13 *per cent* in 2010-11.
- The capital expenditure was 2.46 *per cent* of GSDP and was significantly low in comparison to the projection made in MTFP for 2010-11 (5.80 *per cent*).
- Loans and advances accounted for one to four *per cent* of the total expenditure during 2006-11. It decreased from ₹ 320 crore in 2009-10 to ₹ 308 crore in 2010-11, mainly due to decrease in loans to Water Supply and Sanitation (₹ 40 crore) during the current year.
- During 2006-11, expenditure on General Services was much higher (except 2008-09) than the expenditure on Social and Economic Services. This was indicative of more expenditure on non-developmental/less productive services.

1.4.2 Committed expenditure

The committed expenditure of the State Government on revenue account mainly consists of interest payments, expenditure on salaries and wages, pensions and subsidies. **Chart 1.9** and **Table 1.4** present the trend in the expenditure on these components during 2006-11.

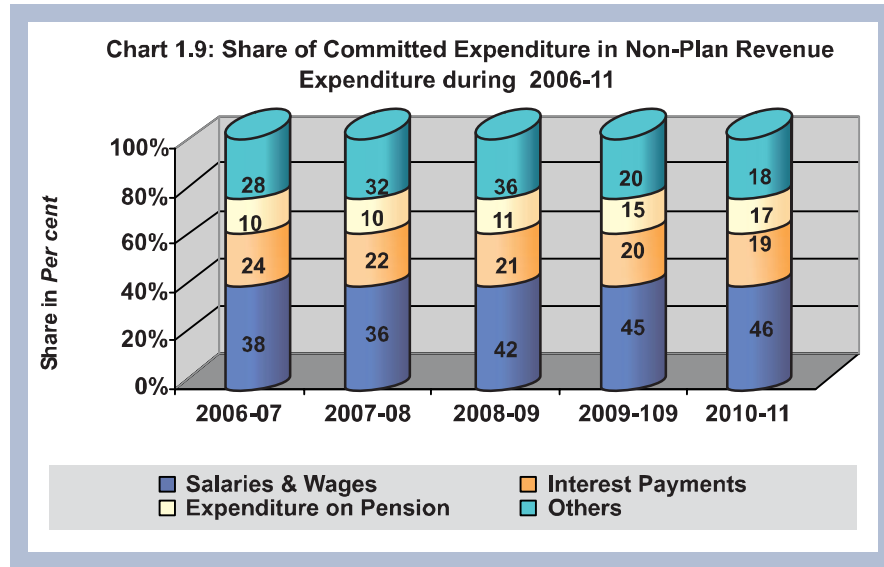


Table 1.4: Components of Committed Expenditure

(₹ in crore)

Components of Committed Expenditure	2006-07	2007-08	2008-09	2009-10	2010-11	
					BE#	Actuals
Salaries* & Wages , Of which	2744 (27)	2985 (25)	3948 (30)	5342 (35)	5774	5642 (30)
Non-Plan Head	2518 (25)	2802 (23)	3801 (29)	5154 (34)	5535	5434 (29)
Plan Head**	226 (2)	183 (2)	147 (1)	188 (1)	239	208 (1)
Interest Payments	1613 (16)	1758 (15)	1887 (14)	2307 (15)	2135	2228(12)
Expenditure on Pensions	679 (7)	818 (7)	988 (7)	1681 (11)	1401	2081(11)
Subsidies	211 (2)	77 (1)	37 (0.3)	41 (0.3)	¥	80
Total	5247(52)	5638(47)	6860 (52)	9371(62)		10031 (53)

.Source: Finance Accounts of Government of Jharkhand

Figures in parentheses indicate percentage of Revenue Receipts

* It also includes salaries paid out of grants-in-aid.

**Plan Head also includes the salaries and wages paid under Centrally Sponsored Schemes.

B.E. are gross figures while the actuals are net figures.

¥ Budget not available

Salary and Wages

- Salary (₹ 5642 crore), interest (₹ 2228 crore) and pension (₹ 2081 crore) alone accounted for 48 per cent of the total expenditure and consumed 53 per cent of the revenue receipts during 2010-11. Expenditure on salary under the Non-Plan revenue head as a percentage of Non-Plan revenue expenditure was 47 per cent during 2010-11.
- The expenditure on salaries, pension and interest payment as a percentage of Non-Plan Revenue Expenditure was 83.33 per cent during 2010-11 against the target of 75 per cent as laid down in the MTFP.
- The expenditure on salaries and wages constituted 28 to 35 per cent of revenue expenditure and 25 to 35 per cent of revenue receipts during 2006-11. However, in 2010-11, it decreased to 31 per cent and 30 per cent respectively against 35 per cent each in 2009-10.

- The Non-plan salary expenditure during 2010-11 was exceeded by ₹ 861 crore against the normative projection of ₹ 4573 crore made by the TFC.
- The salary expenditure under the Non-Plan head and Plan head were less by ₹ 101 crore and ₹ 31 crore respectively against the budget provisions for the year.
- Expenditure on salaries under the Non-Plan heads during 2010-11 increased by ₹ 280 crore (*five per cent*) over the previous year, whereas the salary expenditure under Plan heads increased by ₹ 20 crore (*11 per cent*) over the previous year.

Pension

- The expenditure on pension increased by *206 per cent* from ₹ 679 crore in 2006-07 to ₹ 2081 crore in 2010-11. It exceeded by ₹ 680 crore (*49 per cent*) of the budget estimate for 2010-11.
- Pension payment was ₹ 2081 crore against the normative projection of ₹ 1173 crore by the TFC. It increased by *24 per cent* (₹ 400 crore) during 2010-11 against *70 per cent* in 2009-10 over the previous year. However, a growth rate of *10 per cent* was projected by the TFC. With the increase in the number of pensioners, the pension liability is likely to increase in future. However, the State had adopted Contributory Pension Scheme to reduce the future burden on pension and pensionery benefits.

Interest

- Interest payment during 2010-11 was ₹ 2228 crore against the normative projection of ₹ 2399 crore by the TFC. It decreased by ₹ 79 crore (*three per cent*) during 2010-11 against *22 per cent* increase in 2009-10. As a percentage of revenue receipts, interest payments decreased from *15 per cent* in 2009-10 to *12 per cent* in 2010-11 which was less by *three per cent* against the target of *15 per cent* laid down in the MTFP for 2010-11.

Subsidy

- The State kept its expenditure on subsidies low as ₹ 37 crore and ₹ 41 crore respectively during 2008-09 and 2009-10 which increased to double (₹ 80 crore) in 2010-11. No food subsidy and power subsidy was given during 2010-11.

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

The quantum of assistance given as grants and loans to local bodies and other institutions during the current year as compared to the last two years is presented in **Table 1.5**.

Table 1.5: Financial Assistance to Local Bodies etc.

(₹ in crore)

Financial Assistance to Institutions*	2008-09	2009-10	2010-11
1. Panchayati Raj Institutions	-	-	875.69
2. Urban Local Bodies	735.64	485.14	246.15
3. Public Sector Undertakings	200.70	602.64	491.55
4. Autonomous Bodies	923.83	678.31	607.55
5. Non-Government Organisation	7.60	17.87	192.43
6. Others	498.08	548.98	708.34
Total	2365.85	2332.94	3121.71

*Prepared on the basis of New Statement 8 included in Finance Accounts.

Financial assistance given to local bodies increased steadily from ₹ 2365.85 crore in 2009-10 to ₹ 3121.71 crore in 2010-11. The increase in 2010-11 was mainly due to assistance to Panchayati Raj Institution by ₹ 875.69 crore and increase in grants to others by ₹ 159.36 crore which was partly offset by less assistance to Urban Local Bodies ₹ 238.99 crore and Public Sector Undertakings ₹ 111.09 crore. The total assistance to these bodies during 2010-11 stood at 17 per cent of revenue expenditure against 15 per cent in the previous year.

1.5 Quality of Expenditure

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

1.5.1 Adequacy of Public Expenditure

The expenditure responsibilities relating to the social sector and the economic infrastructure assigned to the State Governments are largely State subjects. Enhancing human development levels requires the States to step up their expenditure on key social services like education, health etc. Low fiscal priority (ratio of expenditure under a category to aggregate expenditure) is attached to a particular sector, if it is below the respective national average. **Table 1.6** analyses the fiscal priority of the State Government with regard to development expenditure, social sector expenditure and capital expenditure during 2010-11.

Table 1.6: Fiscal Priority of the State in 2007-08 and 2010-11

(In per cent)

Fiscal Priority by the State*	AE/GSDP	DE [#] /AE	SSE/AE	CE/AE	Education/AE	Health/AE
Other General Category States Average (Ratio) 2007-08	16.85	64.28	32.54	16.14	14.64	3.98
Jharkhand State's Average (Ratio) 2007-08	16.69	66.26	36.82	18.44	18.00	3.75
General Category States Average (Ratio) 2010-11	16.65	64.42	36.75	13.27	17.42	4.35
Jharkhand State's Average (Ratio) 2010-11	19.30	48.61	35.40	12.74	18.43	3.91

*As per cent to GSDP

AE: Aggregate Expenditure (total expenditure) DE: Development Expenditure SSE: Social Sector Expenditure CE: Capital Expenditure

Development expenditure includes Development Revenue Expenditure, Development Capital Expenditure and Loans and Advances disbursed.

Source : For GSDP, the information was received from the State's Directorate of Economics and Statistics.

Table 1.6 depicts the fiscal priorities given to various categories of expenditure of the State in 2007-08 as base year in comparison to the current year i.e. 2010-11.

The Jharkhand State spent a smaller proportion of its GSDP on Aggregate Expenditure in 2007-08 as compared to General Category States but during 2010-11 the State has spent higher proportion of its GSDP as Aggregate Expenditure compared to General Category States.

Development Expenditure as a proportion of Aggregate Expenditure in Jharkhand has been marginally higher than the General Category States' average during 2007-08 but this has been reduced to 48.61 *per cent* in the current year, as Jharkhand has spent very less proportion on this account as compared to General Category States.

Capital Expenditure as a proportion of Aggregate Expenditure of the State has been marginally higher than the General Category States' average during 2007-08 but this has been slightly reduced in the current year, as the State has spent very less proportion on this account as compared to General Category States. Decreased priority to physical capital formation will further decrease the growth prospects of the State.

The State has given adequate priority to education sector while less priority to health sector as compared to General Category States during 2007-08 as well as in current year.

1.5.2 Efficiency of expenditure use

In view of the importance of public expenditure on development heads from the point of view of social and economic development, it is important for the State Governments to take appropriate expenditure rationalization measures and lay emphasis on provision of core public and merit goods³. Apart from improving the allocation towards development expenditure⁴, particularly in view of the fiscal space being created on account of the decline in debt servicing in the recent years, the efficiency of expenditure use is also reflected by the ratio of capital expenditure to total expenditure (and/or GSDP) and the proportion of revenue expenditure being spent on operation and maintenance of the existing Social and Economic Services. The higher the ratio of these components to total expenditure (and/or GSDP), the better would be the quality of expenditure. While **Table 1.7** presents the trends in development expenditure relative to the aggregate expenditure of the State during the current year *vis-à-vis* budgeted amounts and expenditure during the previous years, **Table 1.8** provides the details of capital expenditure and the components of revenue expenditure incurred on the maintenance of selected Social and Economic services.

³ Core public goods are goods which all citizens enjoy in common in the sense that each individual's consumption of such a good leads to no subtractions from any other individual's consumption of that good, e.g. enforcement of law and order, security and protection of our rights; pollution free air and other environmental goods and road infrastructure etc. Merit goods are commodities that the public sector provides free or at subsidized rates because an individual or society should have them on the basis of some concept of need, rather than ability and willingness to pay the government and therefore wishes to encourage their consumption. Examples of such goods include the provision of free or subsidized food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation etc.

⁴ The analysis of expenditure data is disaggregated into development and non development expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances is categorized into social services, economic services and general services. Broadly, the social and economic services constitute development expenditure, while expenditure on General Services is treated as non-development expenditure.

Table 1.7: Development Expenditure

(₹ in crore)

Components of Development Expenditure	2006-07	2007-08	2008-09	2009-10	2010-11	
					BE*	Actuals
Development Expenditure (a to c)						
a. Development Revenue Expenditure	5252 (48)	6224 (44)	7918 (48)	8523 (47)	10673	10954 (52)
b. Development Capital Expenditure	1389 (13)	2476 (18)	2875 (18)	2591 (14)	3583	2544 (12)
c. Development Loans and Advances	397 (4)	586 (4)	411 (3)	308 (2)	403	296 (1)
Figures in parentheses indicate percentage to aggregate expenditure (R.E. +C.E. +L&A)						
* Budget estimates are gross figures while actuals are net figures.						

(Source: Finance Accounts of Government of Jharkhand)

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

(Per cent)

Social/Economic Infrastructure	2009-10			2010-11		
	Ratio of CE to TE	In RE, the share of		Ratio of CE to TE	In RE, the share of	
		S & W	O&M*		S & W	O & M
Social Services (SS)						
General Education	0.41	58.95	00	0.08	52.36	00
Health and Family Welfare	12.40	65.83	0.05	17.50	60.24	0.05
WS, Sanitation & HUD	66.48	28.23	17.49	39.60	25.34	4.88
Total (SS)	12.82	45.47	0.95	8.46	51.00	0.45
Economic Services (ES)						
Agri. & Allied Activities	0.94	41.61	0.01	2.71	33.62	0.04
Irrigation and Flood Control	43.80	95.82	1.27	50.38	96.97	00
Power & Energy	00	00	00	00	00	1.12
Transport	71.61	22.99	8.77	82.79	38.61	43.56
Total (ES)	37.75	29.53	1.83	37.53	47.40	5.16
Total (SS+ES)	23.32	40.03	1.25	19.84	50.23	1.75
TE: Total Expenditure of that sector; CE: Capital Expenditure; RE: Revenue Expenditure; S&W: Salaries and Wages; O&M: Operations & Maintenance *.						
* As per Finance Accounts it represents actual expenditure booked under detailed head -05- Maintenance and Repairs..						

(Source: Finance Accounts of Government of Jharkhand)

The development expenditure of the State comprised revenue and capital expenditure including loans and advances on socio-economic services. Development revenue expenditure constituted the major share of this expenditure and ranged between 44 and 52 per cent of total expenditure during 2006-11. Capital expenditure had a lesser share and ranged from only 12 to 18 per cent of the total expenditure of the State during 2006-11. The loans and advances by the State ranged from one to four per cent of total expenditure during the aforesaid period. The growth rate of developmental revenue expenditure increased sharply from eight per cent in 2009-10 to 29 per cent in 2010-11, while the growth rate of developmental capital expenditure improved from minus 10 per cent in 2009-10 to minus 2 per cent in 2010-11. Developmental loans and advances recorded consistent decrease from ₹ 586 crore in 2007-08 to ₹ 296 crore in 2010-11. Moreover, as depicted in the above table, developmental capital expenditure and developmental loans and advances were much below the budgeted amounts while the developmental revenue expenditure was more than the budget estimate during 2010-11.

Expenditure on Social Services

- Expenditure on Social Services increased steadily by 91 *per cent* from ₹ 3878 crore in 2006-07 to ₹ 7404 crore in 2010-11. However, its percentage to total expenditure was hovering around 35 *per cent* during 2006-11, except 42 *per cent* in 2008-09. Expenditure on Social Services accounted for 54 *per cent* of total Developmental Expenditure (₹13794 crore) during 2010-11.
- During 2010-11, the expenditure on Social Services increased by 14 *per cent* (₹914 crore) over the previous year. Increase in expenditure of ₹914 crore on Social Services during 2010-11 was due to increase in revenue expenditure on all the social services which was partly offset by less capital expenditure.
- Out of the total expenditure on Social Services during 2006-11, 49 to 52 *per cent* was incurred on Education, Sports, Arts and Culture, 10 to 12 *per cent* on Health and Family Welfare and 10 to 15 *per cent* on Water Supply and Sanitation, Housing and Urban Development.

Expenditure on Economic Services

- The expenditure on Economic Services increased by 102 *per cent* from ₹ 3160 crore in 2006-07 to ₹ 6390 crore in 2010-11, ranging between 27 *per cent* and 31 *per cent* of the total expenditure in 2006-11. It constituted 46 *per cent* of the developmental expenditure during 2010-11.
- Out of the total expenditure on Economic Services, the percentage of expenditure on Agriculture and Allied Activities remained at 13 *per cent* in 2009-10 and 2010-11. Expenditure on Energy decreased from 14 *per cent* in 2009-10 to 13 *per cent* in 2010-11, while expenditure on Transport decreased significantly from 24 *per cent* in 2009-10 to 18 *per cent* in 2010-11.
- The percentage of sector-wise capital expenditure to sector-wise total expenditure on Social Services decreased during 2010-11, except on Health and Family Welfare, while expenditure on Economic Services increased over the previous year under all the sectors except Rural Development.
- During 2010-11, the State Government spent only ₹ 173.91 crore under the detailed head- "05- Maintenance and Repairs to maintain public assets". The share of operation and maintenance in revenue expenditure on Social Services decreased from 0.95 *per cent* in 2009-10 to 0.45 *per cent* in 2010-11 due to less expenditure on Water Supply, Sanitation, Housing and Urban Development. The share of operation and maintenance in revenue expenditure on Economic Services increased from 1.83 *per cent* in 2009-10 to 5.16 *per cent* in 2010-11 due to increase in revenue expenditure on Energy and Transport.

1.6 Financial analysis of Government expenditure and investments

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

1.6.1 Incomplete projects

Department-wise information pertaining to incomplete projects as on 31 March 2011 is given in **Table 1.9**.

Table 1.9: Department-wise Profile of Incomplete Projects

(₹ in crore)

Department	No. of Incomplete Projects	Initial Budgeted Cost	Revised Total Cost of Projects*	Cost Over Runs	Cumulative actual expenditure as on 31.3.2011
Road Construction Department	63	1361.45	193.19	-	619.57
Drinking Water and Sanitation Department	9	18.46	-	-	6.10
Water Resources Department	89	1361.61	1822.44	-	861.26
Building Department	6	33.33	1.74	-	15.94
Total	167	2774.85	2017.37	-	1502.87

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

(Source: Finance Accounts of Government of Jharkhand)

- The above 167 incomplete projects pertained to the Road Construction Department (63), Drinking Water and Sanitation Department (9), Water Resources Department (89) and Building Construction Department (6).
- The target dates for completion of the incomplete projects given in **Table 1.9** were from March 2006 to March 2011. Revised dates for completion of the projects had not been provided by the Government.
- The investment in total 167 incomplete projects as on 31.03.2011 amounted to ₹ 1502.87 crore against the estimated cost of ₹ 2774.85 crore.

1.6.2 Investment and returns

As of 31 March 2011, the Government had invested ₹ 135.18 crore in eight Government Companies (₹ 22.80 crore) and 16 Co-operatives, Banks and societies (₹ 112.38 crore) since inception of the State in November 2000 (**Table 1.10**). The average return on this investment was reported to be 'nil' during the last five years, except 2010-11 when dividend of ₹ 40 lakh (0.3 *per cent*) was received, while the Government paid an average interest rate of 7.92 *per cent* on its borrowings during 2006-2011.

Table 1.10: Returns on investment

Investment/Return/Cost of Borrowings	2006-07	2007-08	2008-09	2009-10	2010-11
Investment at the end of the year (₹ in crore)	28.70	98.96	112.47	128.73	135.18
Return (₹ in crore)	Nil	Nil	Nil	Nil	0.40
Return (<i>per cent</i>)	Nil	Nil	Nil	Nil	0.3
Average rate of interest on Govt. borrowing (<i>per cent</i>)	8.20	7.97	7.42	8.03	7.98
Difference between interest rate and return (<i>per cent</i>)	8.20	7.97	7.42	8.03	7.68

(Source: Finance Accounts of Government of Jharkhand)

The investment of ₹ 6.45 crore (*five per cent*) made during 2010-11 was mainly in Government Companies (₹ 2.25 crore) and Integrated Child Development Programme, financed by the National Co-operative Development Corporation (₹ 2.70 crore). However, the return on investment during the year was only 0.3 *per cent* of total investment at the end of March 2011 and against the normative projection of *five per cent* of the total amount of investment as at the end of 2007-08 by the TFC. In the absence of up to date accounts of major companies, it is difficult to make comments/observations on their financial position especially regarding their accumulated losses. Investments in these institutions as well as statutory corporations and joint stock companies up to 14 November 2000 by the composite Bihar State had not been apportioned between the States of Bihar and Jharkhand.

1.6.3 Loans and advances by State Government

In addition to investments in co-operative societies, corporations and companies, the Government has also been providing loans and advances to many of these institutions/organisations. **Table 1.11** presents the outstanding loans and advances as on 31 March 2011 and interest receipts *vis-à-vis* interest payments during the last five years.

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

(₹ in crore)

Quantum of Loans/Interest Receipts/ Cost of Borrowings	2006-07	2007-08	2008-09	2009-10	2010-11
Opening Balance	5067	5462	6016	6415	6713
Amount advanced during the year	411	598	418	320	308
Amount repaid during the year	16	44	19	22	24
Repayment as percentage of outstanding Loans and Advances	0.3	0.8	0.3	0.3	0.4
Closing Balance	5462	6016	6415	6713	7045
Net addition	395	553	399	298	284
Interest Receipts	38	87	110	153	99
Interest Receipts as a percentage of outstanding Loans and Advances	0.72	1.52	1.77	2.33	1.44
Interest Payments as a percentage of outstanding fiscal liabilities of the State Government.	8.77	8.57	8.26	9.00	7.98
Difference between Interest Payments and Interest Receipts (<i>per cent</i>)	(-) 8.05	(-)7.05	(-)6.50	(-) 6.67	(-)6.54

(Source: Finance Accounts of Government of Jharkhand)

- The quantum of loans advanced to co-operative societies, companies etc. by the State decreased from ₹ 320 crore in 2009-10 to ₹ 308 crore in 2010-11. The decrease was mainly due to decrease in loans and advances under Social Services during 2009-10.
- Out of total interest receipts during 2010-11 major part was in the form of interest income which accrued to the Government on the cash balances held with the Reserve Bank of India (₹ 91.48 crore). Interest receipts on loans advanced by the Government to institutions/ organizations was 'nil' while the Government borrowed funds at the rate of 8.28 *per cent* during the current year. However, interest receipts of the State for the year 2010-11 include a dividend of ₹ 40 lakh received during the year. The interest receipts stood at only 1.44 *per cent* of the outstanding loans by the end of 2010-11.
- The repayment of outstanding loans and advances was very poor ranging between 0.3 *per cent* and 0.8 *per cent* of the total outstanding loans and advances during 2006-11. The Jharkhand State Electricity Board (JSEB) was the major defaulter in re-payment of debt-service obligations. Out of the total outstanding loans of ₹ 6996 crore at the end of March 2011, ₹ 6419 crore (92 *per cent*) was outstanding against JSEB and ₹ 514 crore was outstanding against urban local bodies.
- Recoveries of Loans and Advances given by the Government amounting to ₹ 901.34 crore was over due as on 31 March 2011 of which ₹ 253.62 crore and ₹ 647.72 crore pertains to principal and interest respectively. Information regarding account of loans and advances maintained by the departmental officers was not made available.

1.6.4 Cash balances and investment of cash balances

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

Table-1.12: Cash Balances and Investment of Cash balances

(₹ in crore)

Particulars	As on 1 st April 2010	As on 31 st March 2011	Increase/ Decrease
Cash Balances			
Investments from Cash Balances (a to d)	1359.39	1141.58	217.81 (Decrease)
a. GOI Treasury Bills	1354.98	1137.17	217.81 (Decrease)
b. GOI Securities	-	-	-
c. Other Securities, if any specify	-	-	-
d. Other Investments	4.41	4.41	-
Fund-wise Break-up of Investment from Earmarked balances (a to c)	-	-	-
Interest Realised	145.55	85.70	59.85 (Decrease)

(Source: Finance Accounts of Government of Jharkhand)

During 2010-11, the major part of the cash balances ₹ 1137.17 crore (99.6 *per cent*) of ₹ 1141.58 crore was invested in GOI Treasury Bills at an interest rate of five *per cent*, which was lesser than the average interest 7.98 *per cent* paid by the

State, on its borrowings. However, the balance with the Reserve Bank of India was ₹ 992.45 crore as on 31 March 2011. The State Government maintained a minimum cash balance of ₹ 45 lakh with the Reserve Bank during 2010-11.

The cash balance as on 31 March 2011 worked out by the Principal Accountant General (A&E), Jharkhand, was ₹ 891.39 crore (credit). The cash balance reported by the Reserve Bank of India as on 31 March 2011 was ₹ 992.45 crore (debit). Thus, there was a difference of ₹ 101.06 crore (debit) between the two figures which was under reconciliation (July 2011).

Although, the State had a cash balance of ₹ 1141.58 crore at the end of March 2011 invested in GOI treasury bills and others, it borrowed ₹ 500 crore at an interest rate of 8.28 per cent during the year.

1.7 Assets and Liabilities

1.7.1 Growth and composition of assets and liabilities

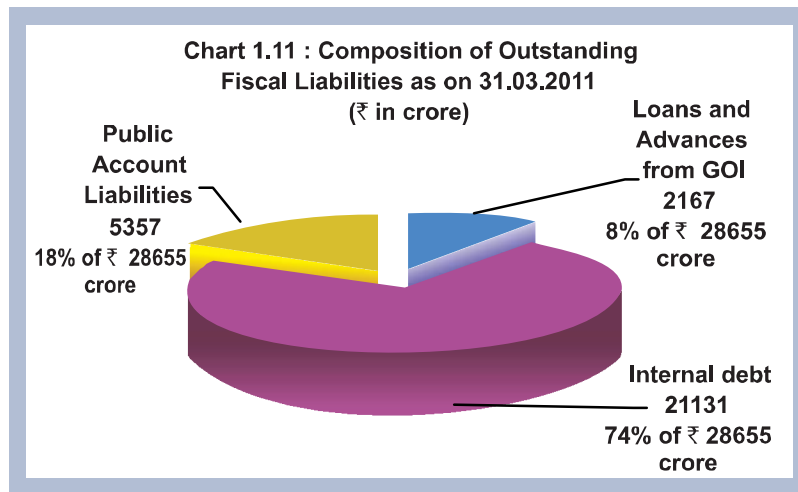
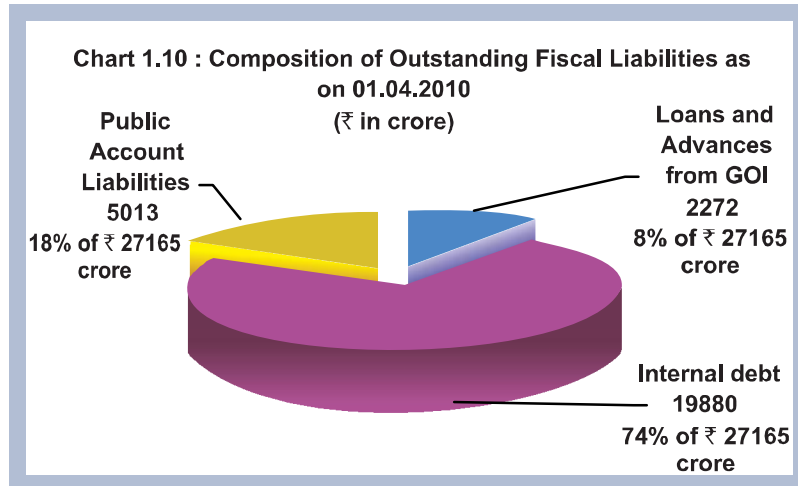
In the existing Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. **Appendix 1.4 Part B** gives an abstract of such liabilities and assets as on 31 March 2011, compared with the corresponding position on 31 March 2010. While the liabilities consist mainly of internal borrowings, loans and advances from the GOI, receipts from the Public Account and Reserve Funds, the assets comprise mainly of capital outlay, loans and advances given by the State Government and cash balances.

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

Adverse balances noticed in (i) Deposit work done for public bodies or private individuals (₹ 21 lakh), (ii) State Transport Corporation Fund (₹ three lakh), (iii) Jharkhand Area Autonomous Council Fund (₹ seven lakh), (iv) Forest Advances (₹ 13.04 crore) and (v) Other Departmental Advances (₹ 1.51 crore) was the result of non-apportionment of assets and liabilities between Bihar and Jharkhand.

Fiscal Liabilities

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



- The overall fiscal liabilities of the State increased by 48 *per cent* from ₹ 19417 crore in 2006-07 to ₹ 28655 crore in 2010-11. The growth rate of fiscal liability was only five *per cent* during 2010-11 against 13 *per cent* in 2009-10.
- Fiscal liabilities of the State comprises of ₹ 548.22 crore in shape of Reserve Fund (₹ 544.75 crore as State Disaster Response Fund, and ₹ 3.47 crore as General reserve Funds of Government Commercial Departments/Undertakings). During 2010-11, ₹ 31 lakh was the receipt under the Reserve Fund, which was the net effect of Credit of ₹ 259.45 crore of Central and State share in the State Disaster Response Fund during the year minus reimbursement while disbursement from the fund was ₹ 223.50 crore during the year. The balance under Calamity Relief Fund and its Investment Account were transferred to State Disaster Response Fund during 2010-11 on the recommendation of TFC.
- Increasing liabilities raises the issue of sustainability of State Government finances. The ratio of fiscal liabilities to GSDP decreased steadily from 29 *per cent* in 2006-07 to 26 *per cent* in 2010-11. The TFC has recommended that Jharkhand should keep its fiscal liabilities to

29 per cent of GSDP in 2010-11. In comparison to revenue receipt and State's own resources these liabilities decreased from 1.8 times and 4.02 times in 2009-10 to 1.53 times and 3.36 times in 2010-11 respectively.

- Apportionment of fiscal liabilities of undivided Bihar between the successor States of Bihar and Jharkhand had not been done so far (September 2011).

1.7.2 Status of Guarantees - Contingent liabilities

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

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

In Statement 9 of the Finance Accounts, no data has been given as no information in this regard was provided by the Government during 2010-11 and even earlier. No further details were made available.

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

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

1.8 Debt Sustainability

Apart from the magnitude of debt of the State Government, it is important to analyse the various indicators that determine the debt sustainability⁵ of the State. This section assesses the sustainability of debt of the State Government in terms of debt stabilisation⁶; sufficiency of non-debt receipts⁷; net availability of borrowed funds⁸; burden of interest payments (measured by interest payments to revenue receipts ratio) and the maturity profile of State Government securities. **Table 1.13** analyses the debt sustainability of the State according to these indicators for the period of four years beginning from 2006-07.

⁵ Debt sustainability is defined as the ability of the State to maintain a constant debt-GDP ratio over a period of time. It also embodies the concern about the ability to service its debt. Sustainability of debt therefore also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep a balance between costs of additional borrowings and returns from such borrowings. It means that a rise in fiscal deficit should match the increase in capacity to service the debt.

⁶ A necessary condition for stability states that if the rate of growth of the economy exceeds the interest rate or the cost of public borrowings, the debt-GDP ratio is likely to be stable provided the primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate - interest rate) and quantum spread (Debt*rate spread), the debt sustainability condition states that if the quantum spread together with the primary deficit is zero, debt-GSDP ratio would be constant or the debt would stabilize eventually. On the other hand, if the primary deficit together with the quantum spread turns out to be negative, the debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling.

⁷ Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. Debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.

⁸ Defined as the ratio of debt redemption (Principal + Interest Payments) to total debt receipts and indicates the extent to which debt receipts are used in debt redemption indicating the net availability of borrowed funds.

Table 1.13: Debt Sustainability: Indicators and Trends

Indicators of Debt Sustainability	2006-07	2007-08	2008-09	2009-10	2010-11
Debt Stabilisation (Quantum Spread + Primary Deficit)	899	3087	(-)1966	(-)270	980
Sufficiency of Non- debt Receipts (Resource Gap)	4693	(-)1033	(-)1171	103	(+)899
Net Availability of Borrowed Funds	444	439	583	773	(-)737
Burden of Interest Payments (IP/RR Ratio)	16	15	14	15	12
Maturity Profile of State Debt (In Years)					
0 – 1	*	5	775(4)	1183(5)	1868(8)
1 – 3	*	1850(10)	2508(13)	2885(13)	2977(13)
3 – 5	*	2689(15)	2829(14)	3263(15)	2872(12)
5 – 7	*	2771(15)	2635(13)	2569(12)	3284(14)
7 and above	*	11084(60)	11225(56)	12252(55)	12298(53)
Total	*	18399	19972	22152	23299

* Figures not available.

Percentage to total are shown in brackets.

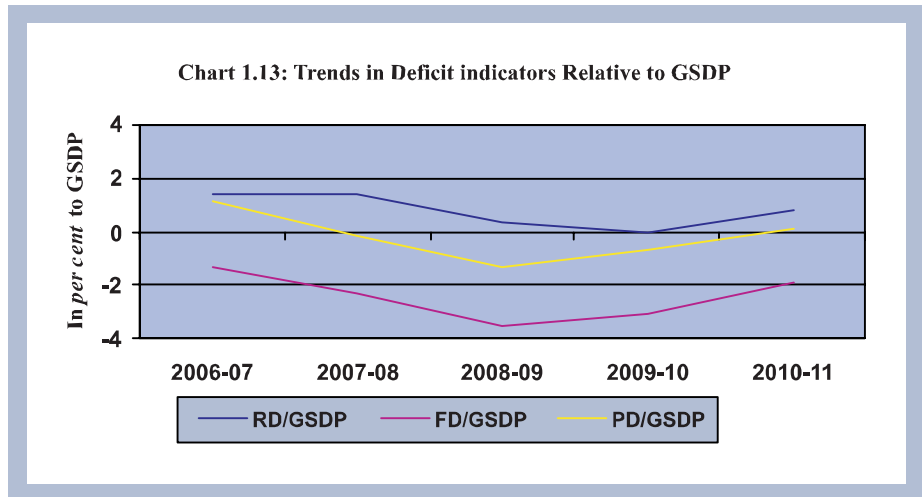
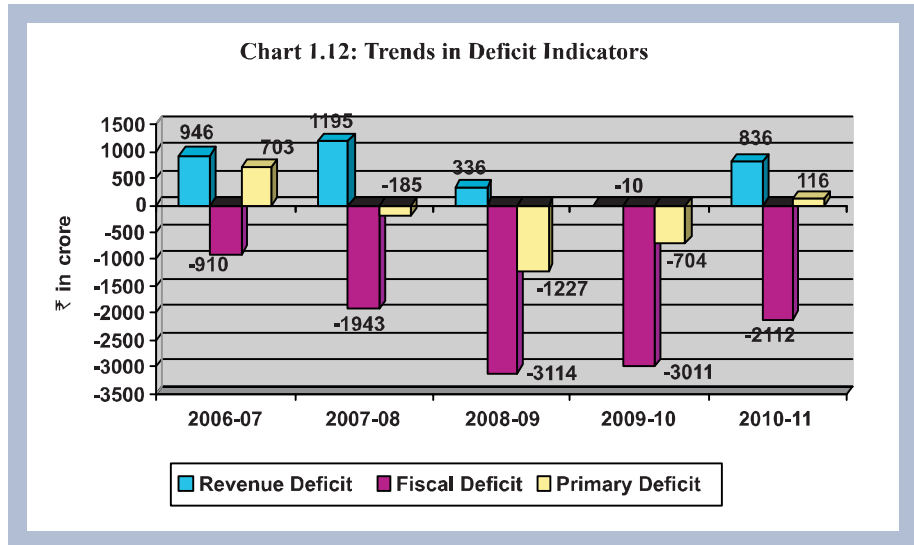
- As may be seen from the above table, the quantum spread together with the primary deficit recorded wide fluctuation between minus ₹ 1966 crore and ₹ 3087 crore during 2006-11 due to wide fluctuation in the growth rate of GSDP. From positive ₹ 3087 crore during 2007-08 it decreased to negative ₹ 1966 crore in 2008-09 which slightly improved during 2009-10 (minus ₹ 270 crore) and again turned to positive ₹ 980 crore during 2010-11 leading the State to a debt sustainable position.
- During 2010-11 the quantum spread was positive (₹ 864 crore) along with primary surplus (₹ 116 crore) resulted in improvement in debt-GSDP ratio in the year.
- As far as the resource gap is concerned, against a positive resource gap of ₹ 4693 crore in 2006-07, the resource gap of the State decreased to ₹ 899 crore during 2010-11. The resource gap improved during 2009-10 and stood at ₹ 103 crore against minus ₹ 1171 crore in 2008-09 which further increased during 2010-11 indicative of fluctuating fiscal position of the State.
- The ratio of interest payments to revenue receipts showed significant improvement as it declined from 16 per cent in 2006-07 to 12 per cent in 2010-11. Also, if compared with the previous year it showed improvement and decreased from 15 per cent to 12 per cent in 2010-11.
- The maturity profile of the State debt shows that the debt liability was increasing for every block period which is indicative of increasing debt liabilities in future. Further borrowings should be made in such a way that there is no bunching of debt repayments in any year as that will cause undue stress on the budget.
- The State needs to improve the position in the ensuing years by strictly adhering to the policies adopted in the FRBM Act.

1.9 Fiscal imbalances

Three key fiscal parameters - revenue deficit, fiscal deficit and primary deficit - indicate the extent of the overall fiscal imbalances in the finances of the State during a specified period. The deficit in the Government accounts represents the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and resources raised are applied, are important pointers to its fiscal health. This section presents the trends, nature, magnitude and the manner of financing of these deficits and also the assessment of actual levels of revenue and fiscal deficits *vis-à-vis* the targets set under the FRBM Act/Rules for the financial year 2010-11.

1.9.1 Trends in deficits

Charts 1.12 and 1.13 present the trends of deficit indicators over the period 2006-11.



- The State had a revenue surplus during 2006-11, except a deficit of ₹ 10 crore only in 2009-10. The amount of revenue surplus, though, decreased from ₹ 1195 crore in 2007-08 to ₹ 336 crore in 2008-09 it improved to ₹ 836 crore during 2010-11. The State had achieved the target of reducing the revenue deficit to 'nil' by the end of 2009 as given in FRBM Act of the State and the TFC. However, the State failed to achieve the revenue surplus of ₹ 3551 crore estimated for 2010-11 in its MTFP. Revenue surplus-GSDP percentage as estimated in the MTFP had also not been achieved as it was only 0.77 *per cent* during 2010-11 against the estimate of 3.92 *per cent*.
- The fiscal deficit of the State increased from ₹ 910 crore in 2006-07 to ₹ 3114 crore in 2008-09 which slightly decreased to ₹ 2112 crore during 2010-11. The percentage of fiscal deficit to GSDP showed improvement as it decreased from 3.1 *per cent* at the end of March 2010 to 1.95 *per cent* at the end of March 2011 which was within the MTFP estimate of 2.40 *per cent*. Also it was within the Thirteenth Finance Commission (TFC) recommendation to limit the FD/GSDP percentage to three by the end of 2014-15.
- Primary deficit showed wide fluctuation during 2006-11. Against a primary surplus of ₹ 703 crore in 2006-07 it turned to a primary deficit of ₹ 1227 crore in 2008-09. However, during 2009-10, it showed an improvement and the primary deficit decreased to ₹ 704 crore which further improved and resulted as a primary surplus of ₹ 116 crore in 2010-11. Against the primary deficit-GSDP ratio of 0.7 *per cent* in 2009-10 there was a primary surplus-GSDP ratio of 0.1 *per cent* recorded during 2010-11 which was slightly higher than MTFP projection of 0.05 *per cent*.

1.9.2 Components of Fiscal Deficit and its financing pattern

The financing pattern of the fiscal deficit has undergone a compositional shift as reflected in **Table 1.14**.

Table 1.14: Components of Fiscal Deficit and its Financing Pattern

		(₹ in crore)						
S.N.	Particulars	2006-07	2007-08	2008-09	2009-10	2010-11		
Decomposition of Fiscal Deficit								
1	Revenue Deficit/Surplus	946	1195	336	(-)10	836		
2	Net Capital Expenditure	1461	2584	3051	2703	2664		
3	Net Loans and Advances	395	554	399	298	284		
Financing Pattern of Fiscal Deficit*						Receipt	Disbursement	Net
1	Market Borrowings	262	921	1238	1674	500	302	198
2	Loans from GOI	(-)145	(-)161	(-)136	(-)133	132	236	(-)104
3	Special Securities issued to NSSF	1214	125	54	670	1228	271	957
4	Loans from Financial Institutions	143	602	1348	180	587	490	97
5	Small Savings, PF etc	229	162	200	272	572	467	105
6	Deposits and Advances	396	625	799	273	3670	3206	464
7	Suspense and Miscellaneous	(-)722	(-)447	709	(-)258	45751	45278	473
8	Remittances	(-)85	(-)146	(-)11	(-)39	3298	3292	6
9	Others	(-)382	262	(-)1087	372	-	84	(-)84
10	Overall Surplus/Deficit	(-)910	(-)1943	(-)3114	(-)3011	55738	53626	(-)2112
*All these figures are net of disbursements/outflows during the year. (Source: Finance Accounts of Government of Jharkhand)								

During 2010-11, the fiscal deficit of ₹ 2112 crore was mainly met from NSSF (₹ 957 crore), Deposits and Advances (₹ 464 crore), Loans from other institutions (₹ 97 crore), Market Borrowings (₹ 198 crore) and Small Savings, Provident Fund (₹ 105 crore), thereby increasing the interest burden in the future.

1.9.3 Quality of Deficit and Surplus

The ratio of revenue deficit to fiscal deficit and the decomposition of primary deficit into primary revenue deficit and capital expenditure (including loans and advances) would indicate the quality of deficit in the States' finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. Further, a persistently high ratio of revenue deficit to fiscal deficit also indicates that the asset base of the State was continuously shrinking and a part of the borrowings (fiscal liabilities) did not have any asset backup. The bifurcation of the primary deficit (**Table 1.15**) indicates the extent to which the deficit has been on account of enhancement in capital expenditure which may be desirable for improving the productive capacity of the State's economy.

Table 1.15: Primary deficit/surplus – bifurcation of factors

(₹ in crore)

Year	Non-debt Receipts	Primary Revenue Expenditure	Capital Expenditure	Loans and Advances	Primary Expenditure	Primary Revenue Deficit (-) / Surplus (+)	Primary Deficit (-) / Surplus (+)
1	2	3	4	5	6 (3+4+5)	7 (2-3)	8 (2-6)
2006-07	10026	7451	1461	411	9323	(+)2575	(+) 703
2007-08	12071	9074	2584	598	12256	(+)2997	(-) 185
2008-09	13232	10990	3051	418	14459	(+)2242	(-) 1227
2009-10	15140	12821	2703	320	15844	(+)2319	(-)704
2010-11	18805	15717	2664	308	18689	(+)3088	(+)116

(Source: Finance Accounts of Government of Jharkhand)

- During 2006-07 to 2010-11, the non-debt receipts of the State increased from ₹10026 crore to ₹ 18805 crore against a corresponding higher increase in primary revenue expenditure and primary expenditure. The capital expenditure showed fluctuations during 2006-11.
- The surplus receipts were not enough to meet the expenditure requirement under the capital account, resulting in primary deficits during the period 2007-10.
- These trends indicate that the primary deficit occurred on account of enhancement of revenue expenditure which should be curtailed in future to increase capital expenditure to enhance the productive capacity of the State.

1.10 Conclusion

The implementing agencies received ₹ 4211.08 crore during 2010-11 directly from the Government of India which was not reflected in the State Budget. This inhibits the Fiscal Responsibility and Budget Management requirement of transparency in fiscal operations and thus bypasses accountability. Non-Plan Revenue Expenditure constituted 57 per cent of the total expenditure. The

expenditure on salaries, pension and interest payment as a percentage of Non-Plan Revenue Expenditure was 83.33 *per cent* during 2010-11 against the target of 75 *per cent* as laid down in the Mid Term Fiscal Plan. Pension payments increased by 24 *per cent* (₹ 400 crore) during 2010-11 against 70 *per cent* in 2009-10 over the previous year. Subsidy increased from ₹ 41 crore in 2009-10 to ₹ 80 crore in 2010-11. The State has given less priority to physical capital formation as the percentage of Capital Expenditure with respect to the Aggregate Expenditure of the State was very less (16.65 *per cent*) in compare to the expenditure on this account by the General Category States (19.30 *per cent*).

Although the State had a cash balance of ₹1141.58 crore at the end of March 2011 invested in Government of India treasury bills at the rate of 5 *per cent*, it borrowed ₹500 crore at an interest rate of 8.28 *per cent* during the year. The State achieved the target of reducing its revenue deficit to zero, much before the time line given in Fiscal Responsibility Budget Management Act but it failed to achieve the target of revenue surplus of ₹ 3551 crore during 2010-11 laid down in the Mid Term Fiscal Plan of the State. The primary deficit of ₹ 704 crore in 2009-10 turned into a primary surplus of ₹ 116 crore in 2010-11. However, the State achieved the target set for fiscal deficit as the fiscal deficit of the State was 1.95 *per cent* of the Gross State Domestic Product at the end of March 2011 against the Mid Term Fiscal Plan target of 2.40 *per cent* by the end of March 2011 and also the Thirteenth Finance Commission norms for the same.

1.11 Recommendations

The Government may:

- strictly adhere to the provisions of Fiscal Responsibility Budget Management Act to achieve the financial target in the light of Finance Commission's recommendation.
- ensure proper accounting of the funds transferred to State implementing agencies and updated information should be validated by the State Government as well as Principal Accountant General (A&E), Jharkhand.
- initiate suitable measures to compress Non-Plan Revenue Expenditure and to mobilize additional resources, both through tax and non-tax sources and to collect the arrears of revenue.
- convert the financial outlays on capital expenditure into physical assets in a timely manner so that the intended outcomes of those expenditures are actually realised.
- seek better value for money in investments to save this situation of unsustainable debt from increasing fiscal liabilities accompanied by negligible rates of return on investments.

2.1 Introduction

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

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

2.2 Mechanism of Budget Management

The Budget Estimates of the State are prepared in uniform printed forms prescribed by the Finance Department. The estimates under each major head prepared by the Controlling Officers of the different departments are examined by the Finance Department and compiled for presentation of the first edition budget to the Government. Rules regarding control over expenditure are embodied in the Jharkhand Financial Rules. As per Rule 112 of the Budget Manual of Jharkhand, all anticipated savings should be surrendered to the Government immediately when they are foreseen unless they are required to meet excesses under some other units. No savings should be held in reserve for possible future excesses. Further, in order to meet new specific items of expenditure or to cover probable excesses in the voted grant, supplementary grants should be done in consultation with the Finance Department.

2.3 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2010-11 against 52 grants/appropriations is as given in **Table 2.1**:

Table 2.1: Summarised Position of Actual Expenditure vis-à-vis Original/Supplementary Provisions during 2010-11

(₹ in crore)

	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure*	Saving (-)/ Excess (+)
Voted	I Revenue	14375.22	3912.75	18287.97	16203.32	(-)2084.65
	II Capital	3826.03	604.87	4430.90	2717.20	(-)1713.70
	III Loans and Advances	415.01	27.28	442.29	307.56	(-)134.73
Total Voted		18616.26	4544.90	23161.16	19228.08	(-)3933.08
Charged	IV Revenue	2175.67	33.62	2209.29	2275.71	(+)66.42
	V Capital	0	0	0	0	0
	VI Public Debt & Repayment	1505.67	38.41	1544.08	1299.43	(-)244.65
Total Charged		3681.34	72.03	3753.37	3575.14	(-)178.23
Grand Total		22297.60	4616.93	26914.53	22803.22	(-)4111.31

* The expenditure figures are gross without taking into account the recoveries adjusted in the accounts as reduction of revenue voted expenditure (₹534.30 crore) and capital voted expenditure (₹ 52.89 crore).

The overall saving of ₹4111.31 crore was the result of savings of ₹ 2336.63 crore in 45 grants and three appropriations under the Revenue Section and ₹ 2093.08 crore in 23 grants under the Capital Section, offset by excess of ₹ 318.40 crore in two grants and one appropriation under Revenue Section.

The head-wise expenditure status was provided by the Principal Accountant General (A&E), Jharkhand monthly to the State Government through Monthly Civil Accounts Statement. In spite of this, appropriate steps were not taken by the Government departments to maintain a uniform flow of expenditure during the year.

2.4 Financial Accountability and Budget Management

2.4.1 Appropriations vis-à-vis Allocative Priorities

The outcome of appropriation audit revealed that in 26 cases, savings exceeded ₹ 10 crore in each case and also were more than 20 per cent of the total provision as detailed in *Appendix 2.1*. Against the total savings of ₹ 4429.71 crore, savings of ₹ 2826.55 crore (64 per cent)¹ occurred in 16 cases relating to 14 grants and one appropriation as indicated in **Table 2.2**.

¹Exceeding ₹ 50 crore in each case.

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

(₹ in crore)

Sl. No.	No. and Name of the Grant	Original	Supplementary	Total	Actual Expenditure	Savings
Revenue-Voted						
1	1- Agriculture Department	460.59	5.64	466.23	285.02	181.21
2	10- Energy Department	742.71	150.23	892.94	546.89	346.05
3	19- Forest and Environment Department	260.32	30.72	291.04	222.69	68.35
4	20- Health, Medical Education and Family Welfare Department	800.45	42.21	842.66	664.26	178.41
5	43- Science and Technology Department	83.02	43.27	126.29	74.46	51.83
6	47-Transport Department	82.54	0.27	82.81	29.42	53.39
Capital-Voted						
7	10- Energy Department	388.00	20.00	408.00	275.43	132.57
8	14-Repayment of Loans	1505.67	38.41	1544.08	1299.43	244.65
9	20- Health, Medical Education and Family Welfare Department	218.82	10.47	229.29	142.68	86.61
10	22- Home Department	181.01	-	181.01	79.27	101.74
11	36- Drinking Water and Sanitation Department	300.00	45.07	345.07	267.25	77.82
12	41- Road Construction Department	697.40	120.04	817.44	670.74	146.70
13	42-Rural Development Department	632.00	200.00	832.00	595.38	236.61
14	48- Urban Development and Housing Department	687.19	6.78	693.97	36.58	657.39
15	49- Water Resources Department	382.00	-	382.00	228.29	153.71
16	51- Welfare Department	228.76	46.75	275.51	166.00	109.51
		7650.48	759.86	8410.34	5583.79	2826.55

(Source: Appropriation Accounts of Government of Jharkhand)

2.4.2 Persistent Savings

In 15 cases, there were persistent savings of more than ₹ 10 crore in each case and also by 10 per cent or more of the total grants during the last five years (Table 2.3).

Table 2.3: List of Grants indicating Persistent Savings during 2006-11

(₹ in crore)

Sl. No.	No. and Name of the grant	Amount of savings				
		2006-07	2007-08	2008-09	2009-10	2010-11
Revenue-Voted						
1	1- Agriculture Department	47.02 (24)	165.37 (44)	499.65 (70)	178.10(44)	181.21(39)
2	2- Animal Husbandry and Fisheries Department	67.42 (49)	70.40 (39)	58.61(29)	54.21(27)	46.11(22)
3	10- Energy Department	191.09(44)	576.18 (82)	234.46(53)	397.74(45)	346.05(39)
4	19-Forest and Environment Department	34.73 (16)	29.60 (14)	40.34(16)	61.61(23)	68.35(23)
5	20-Health, Medical Education & Family Welfare Department	449.62 (54)	301.92 (44)	184.31(23)	480.56(45)	178.41(21)
6	23- Industry Department	48.89 (29)	62.70 (37)	83.42(42)	73.27(32)	31.89 (18)
7	26- Labour Employment and Training Department	33.02 (15)	46.10 (10)	187.82(25)	162.39 (23)	148.44(19)
8	41- Road Construction Department	20.10 (16)	15.33 (13)	29.26(15)	82.17(23)	20.60(11)
9	43- Science and Technology Department	69.05 (59)	50.00 (34)	76.74(50)	66.06(59)	51.83(41)
10	49- Water Resources Department	21.34 (14)	16.76 (11)	17.52(09)	57.85(22)	30.98(13)
11	51- Welfare Department	206.71 (28)	112.62 (15)	219.46(23)	304.76(28)	208.83(16)
Capital-Voted						
12	36- Drinking Water and Sanitation Department	159.56 (52)	183.45 (41)	89.15(22)	182.13(40)	77.82 (23)
13	41- Road Construction Department	390.95 (75)	241.24 (44)	88.05(14)	230.19 (31)	146.70 (18)
14	48- Urban Development and Housing Department	65.51 (50)	150.89 (46)	168.73(29)	278.18(45)	657.39(95)
15	49- Water Resources Department	141.06 (39)	148.08 (20)	254.29(48)	277.49(56)	153.71(40)

(Source: Appropriation Accounts of Government of Jharkhand)

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

2.4.3 Expenditure without Provision

As per the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that expenditure of ₹ 303.91 crore was incurred in six cases as detailed in **Table 2.4** without any provision in the original estimates/supplementary demand and without any re-appropriation orders to this effect during 2010-11.

Table 2.4: Expenditure incurred without provision during 2010-11

(₹ in crore)

Number and Name of Appropriation	Head of accounts	Amount of Expenditure incurred without provision	Reasons/Remarks
12-Finance Department	2054-00-800-01	0.47	No reasons given by the department
14-Repayment of Loans	6003-00-101-35	122.61	No reasons given by the department
	6003-00-101-42	85.85	No reasons given by the department
	6003-00-101-43	73.34	No reasons given by the department
	6003-00-101-44	20.23	No reasons given by the department
20-Health Medical Education and Family Welfare Department	2211-00-200-21	1.41	No reasons given by the department
Total		303.91	

(Source: Appropriation Accounts of Government of Jharkhand)

2.4.4 Excess over provisions relating to previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. Although no time limit for regularisation of expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee. However, excess expenditure amounting to ₹ 7802.23 crore for the years 2001-10 was still to be regularised as detailed in *Appendix 2.2*. The year-wise amount of excess expenditure pending regularisation for grants/appropriations is summarised in **Table 2.5**. Non-regularisation of the excess over grants/appropriations over the years is a breach of legislative financial control over appropriations.

Table 2.5: Excess over provisions relating to previous years requiring regularisation

(₹ in crore)

Year	Number of		Amount of excess over provision	Status of Regularisation
	Grants	Appropriations		
2001-02	3, 25, 32		.04	No action taken
2002-03	10, 32	13,14	1241.49	No action taken
2003-04	10, 39,46	13,14	937.25	No action taken
2004-05	23,39,40	13,14	576.07	No action taken
2005-06	10, 29	13	3121.47	No action taken
2006-07	38	13,14	1245.87	No action taken
2007-08	15	14	334.44	No action taken
2008-09	12	14	228.89	No action taken
2009-10		14	116.71	No action taken
Total			7802.23	

(Source: Appropriation Accounts of Government of Jharkhand)

2.4.5 Excess over provisions during 2010-11 requiring regularisation

Table 2.6 contains the summary of total excess over authorisation amounting to ₹ 318.40 crore in three appropriations and one grant during 2010-11, which requires regularisation under Article 205 of the Constitution.

Table 2.6: Excess over provisions requiring regularisation during 2010-11

(₹ in crore)

Sl. No.	Number and title of grant/appropriation	Total grant appropriation	Expenditure	Excess
Charged Appropriation				
1	13-Interest Payment	2160.20	2227.55	67.35
2	15-Pension	2.00	6.00	4.00
3	32-Legislature	0.18	0.28	0.10
Voted Grant				
4	15-Pension	1828.15	2075.10	246.95
Total		3990.53	4308.93	318.40

(Source: Appropriation Accounts of Government of Jharkhand)

Excess expenditure in the above grants amounting to ₹ 318.40 crore, was incurred either without or in excess of budget provision under different sub-heads of the grants.

2.4.6 Unnecessary/Excessive/Inadequate supplementary provision

Supplementary provisions aggregating ₹ 955.23 crore obtained in 27 cases (₹ 10 lakh or more in each case) during the year proved unnecessary as the expenditure did not come up even to the level of the original provisions as detailed in *Appendix 2.3*. In all these cases, it was noticed that the original allotment provided under some sub-heads were not exhausted and huge savings occurred under these sub-heads. Thus, supplementary provisions were made on ad-hoc basis without assessing the actual demand for completion of the scheme.

2.4.7 Excessive/unnecessary re-appropriation of funds

Re-appropriation is the transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Injudicious re-appropriation proved excessive or insufficient and resulted in ultimate savings of over ₹ 62.26 lakh in 11 sub-heads as detailed in *Appendix 2.4*. Under three schemes/sub-heads excess expenditure occurred and the funds were also re-appropriated to other schemes/sub-heads. Similarly, under eight schemes/sub-heads, additional funds were provided through re-appropriation in spite of savings under the same.

2.4.8 Substantial surrender of funds

Substantial surrender of funds (cases where more than 80 per cent of the total provisions were surrendered) were made in respect of 164 sub-heads on account of either non-implementation or slow implementation of schemes/ programmes. Out of the total provisions amounting to ₹ 1706.15 crore in respect of these schemes, ₹ 1650.98 crore (97 per cent) was surrendered, which included cent per cent surrender in 48 schemes. The details of selected cases are given in *Appendix 2.5*.

2.4.9 Surrender in excess of actual savings

In six cases, the amount surrendered (₹ 50 lakh or more in each case) was in excess

of actual savings, indicating lack of or inadequate budgetary control in these departments. As against savings of ₹ 380.47 crore, the amount surrendered was ₹ 396.98 crore, resulting in excess surrender of ₹ 16.51 crore. Details are given in *Appendix 2.6*.

2.4.10 Anticipated savings not surrendered

As per Rule 112 of the Budget Manual, spending departments are required to surrender grants/appropriations or portions thereof to the Finance Department as and when savings are anticipated.

Out of total savings of ₹ 3674.57 crore under 23 grants/ appropriations (savings of ₹ one crore and above were indicated in each grant/ appropriation) a total of ₹ 985.81 crore (27 per cent of the total savings) were not surrendered, details of which are given in *Appendix 2.7*. Besides, in 43 cases, where the surrender of funds was in excess of ₹ 10 crore each, ₹ 1672 crore was (*Appendix 2.8*) surrendered on the last two working days of March 2011, indicating poor financial control thereby resulting into non-utilisation of these funds for other developmental purposes.

2.4.11 Rush of expenditure

According to Rule 113 of the Budget Manual, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, in respect of 20 heads listed in *Appendix 2.9*, expenditure (exceeding ₹ 10 crore in each case) incurred in the last quarter of 2010-11 was more than 50 per cent of the total expenditure for the year. **Table 2.7** also presents the Major Heads where more than 50 per cent of the total expenditure was incurred during the last month of the financial year.

Table 2.7: Cases of Expenditure towards the end of 2010-11

(₹ in crore)

Sl. No.	Major Head	Total expenditure during the year	Expenditure during last quarter of the year		Expenditure during March 2011	
			Amount	Percentage of total expenditure	Amount	Percentage of total expenditure
1	2401	177.73	142.62	80.25	118.82	66.85
2	2402	46.05	37.29	80.98	34.74	75.44
3	2404	54.00	43.49	80.54	37.38	69.22
4	2505	335.15	240.37	71.72	200.93	59.95
5	2515	1293.33	995.28	76.95	741.81	57.36
6	4055	69.96	53.70	76.76	51.50	73.61
7	4202	54.20	41.52	76.61	40.25	74.26
8	4217	21.70	19.59	90.28	19.59	90.28
9	5075	300.16	174.16	58.02	174.16	58.02

(Source: Appropriation Accounts of Government of Jharkhand)

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

2.5 Non-reconciliation of Departmental figures

2.5.1 Pendency in submission of Detailed Countersigned Contingency Bills against Abstract Contingency Bills

As per Rule 318 and Form-38 of the Jharkhand Treasury Code Volume-I & II, every drawing officer has to certify in each Abstract Contingency (AC) bill that detailed bills for all contingent charges drawn by him prior to the first of the current month have been forwarded to the respective controlling officers for countersignature and their onward transmission to the Principal Accountant General (A&E), Jharkhand, Ranchi. The total amount for which Detailed Contingency (DC) bills were received was ₹ 5703 crore against the total value of AC bills of ₹ 11942 crore drawn during 2000-11, leading to an outstanding balance of DC bills worth ₹ 6239 crore as on 12 September 2011. Year-wise details are given in **Table 2.8**.

Table 2.8: Pendency in submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills

(₹ in crore)

Year	Amount of AC bills	Amount of DC bills	DC bills as percentage of AC bills	Outstanding Amount of DC bills
Upto 2004-05	2856	1537	54	1319
2005-06	1084	489	45	595
2006-07	1501	899	60	602
2007-08	1796	990	55	806
2008-09	2937	1407	48	1530
2009-10	997	282	28	715
2010-11	771	99	13	672
Total	11942	5703	48	6239

As given in **Table 2.8**, the average amount for which DC bills were received against the total AC bills drawn during 2000-11 was only 48 *per cent*. In 2010-11, only 13 *per cent* of DC bills was received against the total amount drawn on AC bills during the year. Thus, due to non-submission of DC bills, the expenditure during the period was overstated to the extent of the advance received on abstract contingency bills and shown as expenditure for the year.

2.5.2 Un-reconciled Expenditure

To enable Controlling Officers of Departments to exercise effective control over expenditure to keep it within the budget grants and to ensure accuracy of their accounts, Financial Rule 475 (viii) stipulate that expenditure recorded in their books should be reconciled by them every month during the financial year with that recorded in the books of the Principal Accountant General (A&E), Jharkhand. Even though non-reconciliation of departmental figures is pointed out regularly in CAG's Audit Reports, lapses on the part of Controlling Officers in this regard continued to persist during 2010-11. A total expenditure of ₹ 16888.30 crore was not reconciled by the Controlling Officers with the books of the Principal Accountant General (A&E), Jharkhand during 2010-11. Of the total number of Controlling Officers, 28 Controlling Officers failed to reconcile expenditure exceeding ₹ 10 crore or more in each case amounting to ₹ 11602.80 crore during 2010-11 as detailed in **Table 2.9**.

Table 2.9: List of Controlling Officers where amounts exceeding ₹10 crore in each case remained un-reconciled during 2010-11

(₹ in crore)

Sl. No.	Controlling Officers	Amount not reconciled
1	Secretary, Law Department, Jharkhand, Ranchi	142.89
2	Commissioner-cum-Secretary Revenue Department, Jharkhand, Ranchi	130.21
3	Commissioner of Commercial Taxes, Jharkhand, Ranchi	22.81
4	Secretary, Finance Department, Revenue & Land Revenue, Jharkhand, Ranchi	2015.86
5	Secretary, Board of Personnel & Administrative Reforms, Jharkhand, Ranchi	167.53
6	Additional Secretary, Home (Police) Department Section IV Village Police, Jharkhand Commissioner, North C.N. Division, Hazaribag Commissioner, South C.N. Division, Ranchi	1712.19
7	I.G. (Prison) Home Department, Jharkhand, Ranchi	140.34
8	Finance Commissioner, Jharkhand, Ranchi	2081.09
9	Dy. Secretary, Primary Education Department, Jharkhand, Ranchi Dy. Secretary, Higher Education Department, Jharkhand, Ranchi	733.06
10	Dy. Secretary, Art Culture and Youth Department, Jharkhand, Ranchi	68.62
11	Director, Health Services, Jharkhand, Ranchi	211.51
12	Under Secretary, Health & Family Welfare Department, Jharkhand, Ranchi	74.00
13	Secretary, Drinking Water and Sanitation Department, Jharkhand, Ranchi	204.84
14	Secretary, Welfare Department, Jharkhand, Ranchi	756.72
15	Secretary, Urban Development, Jharkhand, Ranchi	692.26
16	Secretary, Welfare Department, Jharkhand, Ranchi Secretary, Minority Welfare Department, Jharkhand, Ranchi	615.18
17	Commissioner of Labour, Jharkhand, Ranchi Director, Employment & Training Department, Jharkhand, Ranchi Director, Directorate of Social Security, Jharkhand, Ranchi	114.96
18	Secretary, Natural Calamity Department, Jharkhand, Ranchi	303.54
19	Secretary, Agriculture Department, Jharkhand, Ranchi	27.72
20	Secretary, Animal Husbandry and Fisheries Department, Jharkhand, Ranchi	23.60
21	Dy. Secretary, Rural Development Department, Jharkhand, Ranchi	110.18
22	Director, Panchayati Raj Department, Jharkhand, Ranchi	576.34
23	Joint Secretary, Water Resources Department, Jharkhand, Ranchi	21.02
24	Commissioner cum Secretary, Water Resources (Irrigation), Jharkhand, Ranchi.	22.73
25	Secretary, Minor Irrigation Department, Jharkhand Ranchi.	19.08
26	Secretary, Energy Department, Jharkhand Ranchi.	515.16
27	Director, Energy Department, Jharkhand Ranchi.	20.00
28	Director of Industries, Jharkhand, Ranchi.	79.36
	Total	11602.80

A majority of the Controlling Officers mentioned above had failed to reconcile the expenditure incurred by the units under their control with the accounts of the Principal Accountant General (A&E), Jharkhand for the last five years. The un-reconciled expenditure of the State was ₹ 11496 crore and ₹ 14975.52 crore during 2008-09 and 2009-10 respectively, as such chances of mis-classification of expenditure and receipts could not be ruled out.

2.6 Review on Budgetary Process

Review of the Finance Department and the Planning and Development Department revealed the following discrepancies:

- (i) The Annual Plan exercise is a time bound process. For 2010-11, it was to be started in October 2009 and finalised by February 2010. But as observed, the Planning and Development Department finalised sectoral breakup and submitted to the Planning Commission, Government of India as late as on 30 July 2010 i.e. after a delay of five months. This resulted in late approval of State Annual Plan for 2010-11 (August 2010).

Late finalisation of annual plan resulted in non-completion of plan work within the stipulated time due to either late receipt or non-receipt of fund from the Central Government. Moreover, fund provided in the State budget was surrendered due to frequent revision of project plan outlay e.g. Energy Department and Agriculture Department surrendered ₹ 478.70 crore (57 per cent).

- (ii) The sectoral plan budget was to be decided by the Planning Development Department in consultation with the Finance Department and approval of the Planning Commission, Government of India. Review of records of Planning and Development Department revealed that the sectoral outlay for Energy Department was fixed as ₹ 770.47 crore. Thereafter the State Planning Department reduced it by 43.48 per cent (₹150 crore reduced in December 2010 and ₹ 185 crore reduced in February 2011) and finally the outlay stood at ₹ 435.47 crore whereas as per Appropriation Act, 2010-11, the total plan budget of Energy Department was ₹ 838 crore for the year.

Thus, the sectoral plan outlay prepared by the Planning Department had no link with the Appropriation Act passed for the year.

- (iii) As per the Budget Manual (Appendix-5, Rule 62), the budget estimate for the ensuing year is required to be submitted by the Controlling Officers to the Principal Accountant General (A&E), Jharkhand and the Finance Department by the first October of the year. Scrutiny of records of the Finance Department revealed that in a number of cases like Rural

Development Department, Registration Department, the Comprehensive Outlay of Budgetary Transaction was not submitted in due time. Thus the nodal controlling department i.e. Finance Department had less time for analysing the budget proposals to arrive at a realistic budget.

- (iv) In the year 2006-08, ₹ 252.30 lakh (₹ 152.31 lakh in March 2007 and ₹99.99 lakh in June 2007) was provided to the Deputy Commissioner, Ranchi for establishment of Urban Haat at Ranchi. The said fund was not utilised till 2010. Further, in March 2010 the State Finance Minister in his Budget Speech declared to establish an Urban Haat at Ranchi. But the District Administration in September 2010 refunded ₹ 99.99 lakh out of ₹ 252.30 lakh available for Urban Haat to Ranchi Industrial Area Development Authority for its subsequent transfer to Government of India as land was not available for setting up the Haat. The balance of ₹ 152.31 lakh was lying idle with the District Administration (September 2011). Thus, Urban Haat at Ranchi was not established till date as declared in the Budget Speech in spite of availability of funds.

The above points indicated that the laid down budgetary processes was not followed in the State which resulted in financial mismanagement and failure of budgetary control.

2.7 Conclusion

During 2010-11, out of the total budget of ₹ 26914.53 crore, savings of ₹ 4429.71 crore occurred. Persistent savings for the last five years were also recorded in departments performing Social Services and Economic Services. Excess expenditure of ₹ 318.40 crore over provisions made under Grant/Appropriation No. 13, 15 and 32 which required regularisation under Article 205 of the Constitution of India was not done. In 20 heads more than 50 *per cent* of the expenditure was incurred during the last quarter of the financial year. The percentage of DC bills submitted against AC bills drawn during 2000-11 was 48 *per cent* as on 12 September 2011.

During 2010-11, expenditure amounting to ₹ 16888.30 crore was not reconciled by the departmental Controlling Officers with the books of the Principal Accountant General (A&E), Jharkhand.

2.8 Recommendations

The Government may ensure:

- that the budgetary control in all the Government departments, specially in those departments where savings/excesses were highlighted for the last five years gets strengthen.

- that there is no rush of expenditure at the fag end of the financial year.
- that the heads of Departments settle pending detailed contingency bills.
- that the heads of Departments reconcile their expenditure figures every month with those in the books of the Principal Accountant General (A&E), Jharkhand.

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

3.1 Delay in furnishing Utilisation Certificates

According to Note 2 below Rule 342 of the Jharkhand Financial Rules, if grants are provided during a year for specific purposes, Utilisation Certificates (UCs) should be obtained by the departmental officers from the grantees and after verification these should be forwarded to the Principal Accountant General (A&E), Jharkhand within 12 months from the date of their sanction. However, 4042 UCs due in respect of grants and loans aggregating ₹ 5169.67 crore paid up to 2009-10, were in arrears at the end of March 2011. The department-wise break-up of outstanding UCs is given in *Appendix 3.1*. The year-wise delay in submission of UCs is summarised in **Table 3.1**.

Table 3.1: Year-wise arrears of Utilisation Certificates

Sl. No.	Year	Utilisation Certificates Outstanding	
		Number	Amount (₹ in crore)
1	Upto to 2007-08 (GIA sanctioned upto 2006-07)	1423	2072.78
2	2008-09 (GIA sanctioned during 2007-08)	499	603.68
3	2009-10 (GIA sanctioned during 2008-09)	745	1115.57
4	2010-11 (GIA sanctioned during 2009-10)	1375	1377.64
	Total no. of UCs awaited	4042	5169.67

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

3.2 Non-submission/delay in submission of accounts

In order to identify the institutions which attract audit under Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, the Government/heads of the department are required to furnish to the office of the Principal Accountant General (Audit), Jharkhand every year, detailed information about the financial assistance given to various institutions, the purpose of assistance granted and the total expenditure of the institutions.

The annual accounts of a total of 68 autonomous bodies/ authorities due up to 2009-10 had not been received as of 31 March 2011 by the Principal Accountant General (Audit), Jharkhand. The age-wise pendency of these accounts is presented in **Table 3.2**.

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

Delay in Number of Years	No. of the Bodies/ Authorities
0 – 1	08
1 – 3	25
3 – 5	11
5 – 7	04
7 – 9	Nil
9 and above	20
Total	68

As given in **Table 3.2**, it can be seen that in respect of 33 autonomous bodies/ authorities submission of accounts were delayed up to three years, 15 autonomous bodies/authorities were delayed by three to seven years whereas the accounts of 20 autonomous bodies/authorities were delayed by more than nine years.

3.3 Misappropriation, losses etc.

There were eight cases of misappropriation, losses etc. involving Government money amounting to ₹ 153.11 lakh at the end of 2010-11 on which departmental and criminal investigation was awaiting. The age profile of pending cases with number of cases pending in each category- theft and misappropriation is given in **Table 3.3**. Department -wise breakup of these cases is given in *Appendix 3.2*.

Table 3.3: Profile of Misappropriation, losses etc.

(₹ in lakh)

Age profile of the pending cases			Nature of pending cases		
Range in year	No. of Cases	Amount involved	Nature of cases	Number of cases	Amount involved
0-5	5	141.46	Theft	-	-
6-10	3	11.65	Misappropriation/losses	8	153.11
Total	8	153.11	Total cases	8	153.11

3.4 Personal Deposit/Personal Ledger Accounts

Personal Deposit (PD) Accounts are created for parking funds by debit to the Consolidated Fund of the State and should be closed at the end of the same financial year by minus debit to the relevant service heads. Scrutiny of accounts revealed that PD accounts were not closed at the end of the financial year 2010-11 and ₹ 68.56 crore was the balance at the end of March 2011. Similarly, out of ₹ 1926.75 crore posted in Personal Ledger (PL) Accounts during 2010-11 only ₹ 1670.07 crore were utilised and ₹ 256.68 crore remained as unspent balance in the PL account in violation of the State Financial Rules. Consequently, the expenditure of the State was overstated by ₹ 256.68 crore during the year 2010-11.

3.5 Grants-in-aid

Rule 340 of Jharkhand Financial Rules enjoins that grants-in-aid can be given to a person or a body which is independent of the Government. One department of the Government cannot give grants-in-aid to another department of the same Government. However, it was noticed that out of grants-in-aid paid from the Consolidated Fund of Jharkhand amounting to ₹ 3121.71 crore in financial year 2010-11, a sum of ₹ 676.50 crore was drawn by officers of Government departments, instead of making payments to the grantee bodies directly. Further, grants-in-aid amounting to ₹ 382.04 crore was drawn on last four working days of March 2011 and transferred to Local Fund Account by debiting to Service heads. Such transfers reflect disbursement and do not represent expenditure within the financial year.

3.6 Departmentally managed Commercial Undertakings

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

corrective measures, if any required, for ensuring accountability and improving efficiency cannot be taken in time. Besides, the delay in all likelihood may also leave the system vulnerable to risk of fraud and leakage of public money.

Heads of Departments in the Government are to ensure that these departmentally managed undertakings prepare such accounts and submit the same to the Principal Accountant General (Audit), Jharkhand for audit within a specified time frame. As of 2010-11, there were 31 such undertakings, none of whom had submitted their accounts up to 2009-10 to the Principal Accountant General (Audit), Jharkhand. The Comptroller and Auditor General of India has repeatedly commented on the arrears in preparation of such accounts in State Audit Reports but there had been no improvement so far in this regard.

3.7 Fund lying outside Government Account

Rule 300 of Jharkhand Treasury Code stipulates that no money is to be withdrawn from Treasury unless it is required for immediate payment. It is not permissible to draw advances in anticipation of demands from the treasury either for the prosecution of works, the completion of which is likely to take a considerable time or to prevent the lapse of appropriation.

A total amount of ₹156.20 crore was, however, drawn in Abstract Contingency (AC) bill and fully Vouched Contingency Bill on the last four working days of March 2011 and kept in bank accounts. Detailed contingency (DC) bills against these drawal through AC Bills and sub-vouchers against drawal in Fully Vouched Contingency bills in support of expenditure incurred in 2010-11 were not submitted to the Principal Accountant General (A&E), Jharkhand till 30.06.2011. Grants-in-aid amounting to ₹ 162.32 crore was also drawn from treasury on the last four working days of March 2011 and kept in bank account to prevent the lapse of appropriation.

3.8 Conclusion

Utilisation certificates of ₹ 5169.67 crore by State institutions/bodies and accounts of 68 autonomous bodies/authorities were not submitted on time and in complete form, which restricted the State Government from taking appropriate steps required for ensuring accountability and improving efficiency of operations.

Misappropriation, losses etc. involving Government money amounting to ₹ 153.11 lakh at the end of 2010-11 on which departmental and criminal investigation was awaiting.

During 2010-11 ₹ 256.68 crore remained as unspent balance in the Personal Ledger Account in violation of the State Financial Rules.

3.9 Recommendations

The Government may ensure that:

- the departments make timely submission of utilisation certificates in respect of the grants released for specific purposes to the grantee institutions.

- the annual accounts in respect of the autonomous bodies are submitted in time to the Principal Accountant General (Audit), Jharkhand.
- departmental enquiries in respect of all fraud and misappropriation cases are expedited to bring the defaulters to book. Internal controls in all the organisations may be strengthened to prevent such cases.
- a monitoring mechanism is put in place in the departments to avoid the practice of drawal of fund in the last week of the financial year and keep it in the Bank Account/Personal Ledger Account.

Ranchi
The

(MRIDULA SAPRU)
Principal Accountant General (Audit),
Jharkhand

Countersigned

New Delhi
The

(VINOD RAI)
Comptroller and Auditor General of India

Appendix 1.1

Part - A

STATE PROFILE OF JHARKHAND

(Reference: State Profile; Page - 1)

A. General Data				
Sl. No.	Particulars		Figures	
1	Area		79714 Sq km	
2	Population			
	a.	As per 2001 Census.	2.69 crore	
	b.	2010-11	3.30 crore	
3	a	Density of Population (As per 2001 Census). (All India Density = 325 persons per Sq. Km)	338 persons per Sq. km.	
	b	Density of Population (As per 2011 Census). (All India Density = 382 persons per Sq. Km)	414 persons per Sq. km.	
4	Population* below poverty line (BPL). (All India Average = 27.5 %)		40.3 per cent	
5	a	Literacy (As per 2001 Census). (All India Average = 64.8%)	44 per cent	
	b	Literacy (As per 2011 Census). (All India Average = 74.0 %)	67.63 per cent	
6	Infant mortality** (per 1000 live births). (All India Average = 50 per 1000 live births)		44	
7	Gini Coefficient***			
	a.	Rural. (All India = 0.30)	0.22	
	b.	Urban. (All India = 0.37)	0.35	
8	Gross State Domestic Product (GSDP) 2010 -11 at current prices		108401 crore	
9	Per capita GSDP CAGR (2001-02 to 2010-11)		Jharkhand	9.71 per cent
			Other General Category States	11.32 per cent
10	GSDP CAGR (2001-02 to 2010-2011)		Jharkhand	13.34 per cent
			Other General Category States	14.68 per cent
11	Population Growth (2001 to 2011)		Jharkhand	22.34 per cent
			Other General Category States	17.56 per cent
B Financial Data				
Sl. No.	Particulars		Figures (in per cent)	
	CAGR		2001-02 to 2009-10	
			Other General Category States	Jharkhand
				Jharkhand
1	a.	of Revenue Receipts	15.20	16.37
2	b.	of Own Tax Revenue	14.53	13.93
3	c.	of Non Tax Revenue	13.87	12.93
4	d.	of Total Expenditure	13.53	15.17
5	e.	Capital Expenditure	22.61	17.72
6	f.	of Revenue Expenditure on Education	12.73	15.09
7	g.	of Revenue Expenditure on Health	11.97	11.56
8	h.	of Salary and Wages	11.45	19.11
9	i.	of Pension	14.09	15.94

*Source of General data: BPL (Planning Commission & NSSO data, 61 Round), ** Infant Mortality rate (SRS Bulletin January 2011), Financial data is based on Finance Accounts of the State Governments and ***Gini-coefficient (Unofficial estimates of Planning Commission and NSSO data, 61 Round 2004-05 MRP).

Gini-coefficient is a measure of inequality of income among the population. Value rate is from zero to one, closer to zero inequality is less: closure to one inequality is higher.

Part - B**STRUCTURE AND FORM OF GOVERNMENT ACCOUNTS***(Reference: Paragraph 1.1; Page-1)*

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

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

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

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

Part - C**LAYOUT OF FINANCE ACCOUNTS***(Reference: Paragraph 1.1; Page-1)*

Statement	Layout
Statement No.1	Presents the cumulative figures of assets and liabilities of the Government, as they stand at the end of the year. The assets are largely financial assets with the figures for progressive capital expenditure denoting physical assets of the Government. Assets, as per the accounting policy, are depicted at historical cost.
Statement No.2	Contains the summarized statement showing all receipts and disbursement of the Government during the year in all three parts in which Government Account is kept, namely, the Consolidated Fund, Contingency Fund and PublicAccounts.
Statement No.3	This statement comprises revenue and capital receipts and borrowings of the Government consisting of loans from the Government of India, other institutions, market loans and recoveries on account of loans and advances made by the Government.
Statement No.4	This statement gives expenditure by function (activity) and also summarises expenditure by nature of activities (object of expenditure).
Statement No. 5	Gives details of progressive capital expenditure by functions, the aggregate of which is depicted in statement-1.
Statement No.6	Presents borrowings of the Government comprising market loans and loans and advances from Government of India. In addition 'other liabilities' which are the balances under various sectors in the public accounts, for which Government acts as a trustee or custodian, are also given.
Statement No.7	Depicts loans and advances (sector and loanee group -wise) given by the Government as depicted in statement-1 and recoveries, disbursements featured in statement-2,3 and 4.
Statement No.8	Depicts grants-in-aid given by the State Government, organized by grantee institutions group wise. A notes on grants given is also included.
Statement No.9	Gives the summary of guarantees given by the Government for repayment of loans etc. raised by the statutory corporations, local bodies and other institutions.
Statement No.10	Indicates the distribution between the charged and voted expenditure incurred during the year.
Statement No.11	Indicates the detailed account of revenue receipts by minor heads.
Statement No.12	Provides accounts of revenue expenditure by minor heads under non-plan and plan separately.
Statement No.13	Depicts the detailed capital expenditure incurred during and to the end of 2010-11
Statement No.14	Shows the details of investment of the State Government in statutory corporations, Government companies, other joint stock companies, co-operative banks and societies etc up to the end of 2010-11
Statement No.15	Depicts details of borrowings by minor heads and the maturity and repayment profile of all loans.
Statement No.16	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 2011
Statement No.17	Presents the capital and other expenditure (other than on revenue account) and the sources of fund for the expenditure is depicted in this statement.
Statement No.18	Gives the detailed account relating to Contingency Fund and Public Accounts transaction in detail.
Statement No.19	Gives the details of earmarked balances of reserve funds

Appendix 1.2

Part - A

METHODOLOGY ADOPTED FOR THE ASSESSMENT OF FISCAL POSITION

(Reference: Paragraph 1.1; Page-1)

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

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

Trends in Gross State Domestic Product (GSDP)

	2006-07	2007-08	2008-09	2009-10	2010-11
Gross State Domestic Product (₹ in crore)	66935	83950	88011	97519	108401
Growth rate of GSDP	9.9	25.4	4.8	10.8	11.2

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

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

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

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

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

Appendix 1.3

TIME SERIES DATA ON THE STATE GOVERNMENT FINANCES (Reference: Paragraphs 1.1, 1.3 & 1.7.1; Pages - 1, 6 & 21)

(₹ in crore)

	2006-07	2007-08	2008-09	2009-10	2010-11
Part A. Receipts					
1. Revenue Receipts	10010(84)	12027(86)	13213(84)	15118(82)	18781(88)
(i) Tax Revenue	3189(32)	3474(29)	3753(28)	4500(30)	5717(30)
Taxes on Agricultural Income	-	-	-	-	-
Taxes on Sales, Trade, etc	2557(80)	2846(82)	2996(80)	3597(80)	4473(78)
State Excise	130(4)	157(5)	205(6)	323(7)	388(7)
Taxes on Vehicles	218(7)	136(4)	202(6)	234(5)	312(6)
Stamps and Registration fees	122(4)	156(4)	192(5)	238(5)	328(6)
Land Revenue	36(1)	26(1)	53(1)	41(1)	131(2)
Taxes on Goods and Passengers	74(2)	71(2)	54(1)	13	21
Other Taxes	52(2)	82(2)	51(1)	54(2)	64(1)
(ii) Non Tax Revenue	1250(12)	1601(13)	1952(15)	2254(15)	2803(15)
(iii) State's share of Union taxes and duties	4051(41)	5110(42)	5392(41)	5547(37)	6154(33)
(iv) Grants in aid from Government of India	1520(15)	1842(15)	2116(16)	2817(18)	4107(22)
2. Miscellaneous Capital Receipts	-	-	-	-	-
3. Recoveries of Loans and Advances	16	44	19	22	24
4. Total Revenue and Non debt capital receipts (1+2+3)	10026	12071	13232	15140	18805
5. Public Debt Receipts	1866(16)	2023(14)	2437(16)	3369(18)	2447(12)
Internal Debt (excluding Ways and Means Advances and Overdrafts)	1849	2009	2434	3379	2315
Net transactions under Ways and Means Advances and Overdrafts
Loans and Advances from Government of India	17	14	3	-10	132
6. Total Receipts in the Consolidated Fund (4+5)	11892	14094	15669	18509	21252
7. Contingency Fund Receipts	-	32	-	-	-
8. Public Account Receipts	4293	7013	8335	8242	7721
9. Total Receipts of the State (6+7+8)	16185	21139	24004	26751	28973
Part B. Expenditure/Disbursement					
10. Revenue Expenditure	9064(83)	10832(77)	12877(79)	15128(83)	17945(86)
Plan	2432(27)	2980(28)	3813(30)	3758(25)	6004(33)
Non Plan	6632(73)	7852(72)	9064(70)	11370(75)	11941(67)
General Services (including interest payments)	3810(42)	4607(43)	4924(38)	6605(44)	6991(39)
Social Services	3327(37)	4257(39)	5385(42)	5610(37)	6707(37)
Economic Services	1925(21)	1967(18)	2533(20)	2913(19)	4247(24)
Grants-in-aid and contributions	2	-	35	-	-
11. Capital Expenditure	1461(13)	2584(19)	3051(19)	2703(15)	2664(13)
Plan	1461(100)	2558(99)	3015(99)	2682(99)	2621(98)
Non Plan	-	26(1)	36(1)	21(1)	43(2)
General Services	72(5)	108(4)	176(6)	112(4)	120(4)
Social Services	495(34)	832(32)	1355(44)	825(31)	682(26)
Economic Services	894(61)	1644(64)	1520(50)	1766(65)	1862(70)
12. Disbursement of Loans and Advances	411(4)	598(4)	418(3)	320(2)	308(1)
13. Total (10+11+12)	10936	14014	16346	18151	20917
14. Repayments of Public Debt	606	747	863	1190	1299
Internal Debt (excluding Ways and Means Advances and Overdrafts)	444(73)	572(77)	716(83)	1068(90)	1063(82)
Net transactions under Ways and Means Advances and Overdraft	-	-	9(1)	-	-
Loans and Advances from Government of India	162(19)	175(23)	138(16)	123(10)	236(18)

Appendix 1.3 Continued

15. Appropriation to Contingency Fund	-	-	-	-	-
16. Total disbursement out of Consolidated Fund (13+14+15)	11542	14761	17209	19341	22216
17. Contingency Fund disbursements	32	-	-	-	-
18. Public Account disbursements	3552	6206	7185	7290	7400
19. Total disbursement by the State (16+17+18)	15126	20967	24394	26631	29616
Part C. Deficits					
20. Revenue Deficit(-)/Revenue Surplus (+) (1-10)	946	1195	336	(-10)	836
21. Fiscal Deficit (-)/Fiscal Surplus (+) (4-13)	(-910)	(-1943)	(-3114)	(-3011)	(-2112)
22. Primary Deficit (21+23)	703	(-185)	(-1227)	(-704)	116
Part D. Other data					
23. Interest Payments (included in revenue expenditure)	1613	1758	1887	2307	2228
24. Financial Assistance to local bodies etc.	1631	1266	2366	2333	3122
25. Ways and Means Advances/ Overdraft availed (days)	29	-	-	-	-
Ways and Means Advances availed (days)	29	-	-	-	-
Overdraft availed (days)	-	-	-	-	-
26. Interest on Ways and Means Advances/ Overdraft	-	-	-	-	-
27 Gross State Domestic Product (GSDP)^{at}	66935	83950	88011	97519	108401
28 Outstanding Fiscal liabilities (year end)	19417	21615	24084	27165	28655
29. Outstanding guarantees (year end) (including interest)	530	530	500	500	-
30. Maximum amount guaranteed (year end)	-	-	-	-	-
31. Number of incomplete projects	27	25	247	262	167
32. Capital blocked in incomplete projects	1489	1616	1797	1466	1503
Part E: Fiscal Health Indicators					
I Resource Mobilization					
Own Tax revenue/GSDP	4.8	4.1	4.3	4.6	5.3
Own Non-Tax Revenue/GSDP	1.9	1.9	2.2	2.3	2.6
Central Transfers/GSDP	8.3	8.3	8.5	8.6	9.5
II Expenditure Management					
Total Expenditure/GSDP	16.3	16.7	18.6	18.6	19.3
Total Expenditure/Revenue Receipts	109.3	116.5	123.7	120.1	111.4
Revenue Expenditure/Total Expenditure	82.9	77.3	78.8	83.3	85.8
Expenditure on Social Services (including L&A)/Total Expenditure	35.5	36.8	41.7	35.8	35.3
Expenditure on Economic Services (including L&A)/Total Expenditure	28.9	29.4	26.9	27.2	30.5
Capital Expenditure/Total Expenditure	13.4	18.4	18.7	14.9	12.7
Capital Expenditure on Social and Economic Services/Total Expenditure.	12.7	17.7	17.6	14.3	12.2
III Management of Fiscal Imbalances					
Revenue deficit (surplus)/GSDP	1.4	1.4	0.4	0.0	0.8
Fiscal deficit/GSDP	-1.4	-2.3	-3.5	-3.1	-1.9
Primary Deficit (surplus) /GSDP	1.1	-0.2	-1.4	-0.7	0.1
Revenue Deficit/Fiscal Deficit	-104.1	-61.5	-10.8	-0.3	-39.6
Primary Revenue Balance/GSDP	3.8	3.5	2.5	2.4	2.8

<i>IV Management of Fiscal Liabilities</i>					
Fiscal Liabilities/GSDP	29.0	25.7	27.4	27.9	26.4
Fiscal Liabilities/RR	194.0	179.7	182.3	179.7	152.6
Primary deficit vis-à-vis quantum spread	899	3087	-1966	-270	980
Debt Redemption (Principal +Interest)/ Total Debt Receipts	-	-	5.4	3.1	4.3
<i>V Other Fiscal Health Indicators</i>					
Return on Investment	Nil	Nil	Nil	Nil	0.40
Balance from Current Revenue (₹ in crore)	2117	2890	2625	2077	4014
Financial Assets/Liabilities	73	81	84	85	89

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

Appendix 1.4

Part - A

ABSTRACT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2010-11 (Reference: Paragraph 1.1.1; Page-1)

(₹ in crore)

Receipts				Disbursements					
2009-10			2010-11	2009-10		Non-plan	Plan	Total	2010-11
	Section-A: Revenue								
15118.47	I. Revenue Receipts		18781.12	15128.24	I. Revenue Expenditure	11940.93	6003.81	17944.74	17944.74
4500.12	Tax Revenue	5716.63		6605.36	General Services	6862.24	128.56	6990.80	
				5610.30	Social Services	3304.56	3402.74	6707.30	
2254.15	Non-tax Revenue	2802.89		3170.93	Education, Sports, Art and Culture	2356.83	1445.43	3802.26	
				599.83	Health and Family Welfare	481.08	192.84	673.92	
5547.57	State's share of Union Taxes	6154.35		294.17	Water supply, Sanitation, Housing and Urban Development	252.62	184.87	437.49	
				33.78	Information and Broadcasting	20.69	7.46	28.15	
1145.33	Non-plan Grants	1281.40		326.64	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	79.66	356.67	436.33	
982.97	Grants for State Plan Schemes	1826.99		113.54	Labour and Labour Welfare	41.75	92.00	133.75	
				1054.31	Social Welfare and Nutrition	54.48	1123.47	1177.95	
688.33	Grants for Central and Centrally Sponsored Plan Schemes	998.86		17.10	Others	17.45	-	17.5	
				2912.38	Economic Services	1773.96	2472.51	4246.47	
				632.29	Agriculture and Allied Activities	301.98	519.01	820.99	
				744.90	Rural Development	461.54	1216.74	1678.28	
				-	Special Areas Programmes	-	-	-	
				262.60	Irrigation and Flood Control	264.10	-	264.10	
				463.17	Energy	451.30	83.87	535.17	
				173.57	Industry and Minerals	39.57	86.24	125.81	
				335.33	Transport	196.27	6.00	202.27	
				-	Science, Technology and Environment	-	-	-	
				300.52	General Economic Services	59.20	560.65	619.85	
				0.20	Grants-in-aid and Contributions	0.17	-	0.17	
				15128.24	Total	11940.93	6003.81	17944.74	17944.74
	II Revenue Deficit carried over to Section B			(-)9.77	II Revenue Surplus/Deficit carried over to Section B				836.38
15118.47	Total	18781.12		15118.47	Total				18781.12
	Section B								
637.52	III Opening Cash Balance including		640.91*		III Opening Over Draft from Reserve	-	-	-	-

	Permanent Advances and Cash Balance Investment				Bank of India					-
	IV Miscellaneous Capital Receipts			2703.04	IV Capital Outlay	43.33	2620.97	2664.30	2664.30	
				112.61	General Services	43.33	76.71	120.04		
				824.50	Social Services	-	681.88	681.88		
				98.24	Education, Sports, Art and Culture	-	54.20	54.20		
				84.87	Health and Family Welfare	-	142.68	142.68		
				583.31	Water supply, Sanitation, Housing and Urban Development	-	297.48	297.48		
				-	Information and Broadcasting	-	-	-		
				58.08	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	-	187.52	187.52		
	Section B Others (concl.)									
				-	Social Welfare and Nutrition	-	-	-		
				-	Others	-	-	-		
				1765.92	Economic Services	-	1862.38	1862.38		
				6.41	Agriculture and Allied Activities	-	22.64	22.64		
				690.81	Rural Development	-	593.87	593.87		
				-	Special Areas Programmes	-	-	-		
				205.23	Irrigation and Flood Control	-	267.79	267.79		
				-	Energy	-	-	-		
				1.00	Industry and Minerals		1.10	1.10		
				845.27	Transport		971.93	971.93		
				17.20	General Economic Services	-	5.05	5.05		
				2703.04	Total	-	2620.97	2664.30		
21.79	V Recoveries of Loans and Advances		24.12	319.98	V Loans and Advances Disbursed	136.84	170.72	307.56	307.56	
	From Power Projects	-		245.82	For Power Projects	107.56	167.87	275.43		
21.01	From Govt. Servants	20.79		12.29	To Government Servants	11.63	-	11.63		
0.78	From Others	3.33		61.87	To Others	17.65	2.85	20.50		
	VI Revenue Surplus brought down		836.38	-	VI Revenue Deficit brought down	-	-	-		
3369.44	VII Public Debt Receipts		2446.51	-	VII Repayment of Public Debt				1299.43	
	External Debt			-	External Debt	-	-	-	-	
3379.47	Internal Debt other than Ways and Means Advances and Over Draft	2314.56		1067.61	Internal Debt other than Ways and Means Advances and Over Draft	-	-	1063.17		

Appendix-1.4 Part - A Concluded

	Net Transaction under Ways and Means Advances	-		8.86	Net transaction under Ways and Means Advances				
	Net Transaction under Over Draft	-			Net Transaction under Over Draft	-	-	-	
(-)	10.03	Loans and Advances from Central Government	131.95		122.60	Repayments of Loans and Advances to Central Government			236.26
		VIII Appropriation to Contingency Fund	-	-	-	VIII Appropriation to Contingency Fund	-	-	-
		IX Amount transferred to Contingency Fund	-		-	IX Expenditure from Contingency Fund			-
8241.68		X Public Accounts Receipts		7721.42	7290.30	X Public Accounts Disbursements			7399.85
686.66		Small Savings and Provident Funds	571.73		414.27	Small Savings and Provident Funds			467.08
489.36		Reserve Funds	0.31		175.98	Reserve Funds			223.50
303.82		Suspense and Miscellaneous	181.39		171.88	Suspense and Miscellaneous			211.63
2612.36		Remittances	3298.20		2651.19	Remittances			3291.70
4149.48		Deposits and Advances	3669.79		3876.98	Deposits and Advances			3205.94
		Inter state Settlement		1.39		Inter-state Settlement			-
		XI Closing Over Draft from Reserve Bank of India			757.13	XI Cash Balance at the end of the Year			(-)
					-	Cash in Treasuries and Local Remittances	-	-	-
					(-)	753.09			(-)
						34.61			11.78
						116.22			-
						1359.39			879.19
12270.43	Total		30451.85	12270.43	Total				30451.85

* ₹ 116.22 crore invested from Calamity Relief Fund and included in opening cash balance had been transferred to opening balance of State Disaster Fund. Hence, opening cash balance decreased to ₹ 640.91 crore.

Appendix 1.4

Part - B

SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF JHARKHAND AS ON 31 MARCH 2011

(Reference: Paragraph 1.7.1; Page- 21)

(₹ in crore)

As on 31.03.2010	Liabilities		As on 31.03.2011
19880.00	Internal Debt		21131.39
7647.11	Market Loans bearing interest	7845.07	
0.17	Market Loans not bearing interest	0.17	
6.30	Loans from Life Insurance Corporation of India	6.30	
3126.42	Loans from other Institutions	3223.35	
-	Ways and Means Advances	-	
9100.00	Special securities issued to NSS Fund of Central Government	10056.50	
	Overdrafts from Reserve Bank of India	-	
2271.51	Loans and Advances from Central Government-		2167.20
1.32	Pre 1984-85 Loans	1.33	
15.32	Non-Plan Loans	12.06	
2218.61	Loans for State Plan Schemes	2118.67	
1.42	Loans for Central Plan Schemes	1.24	
20.30	Loans for Centrally Sponsored Plan Schemes	19.36	
14.54	Other ways and means advances	14.54	
	Inter State Settlement		1.39
150	Contingency Fund		150.00
1353.41	Small Savings, Provident Funds, etc.		1458.06
2888.68	Deposits		3350.17
887.63	Reserve Funds		548.22
	Remittance Balances		-
34.58	Suspense and Miscellaneous Balances		4.33
27465.81	Total		28810.76
	Assets		
15707.25	Gross Capital Outlay on Fixed Assets -		18371.55
47.62#	Investments in shares of Companies, Corporations, etc.	54.07#	
15659.63	Other Capital Outlay	18317.48	
6713.02	Loans and Advances -		6996.47
6143.13	Loans for Power Projects	6418.56	
562.53	Other Development Loans	579.71	
7.36	Loans to Government servants and Miscellaneous loans	(-1.80)	
11.74	Advances		9.38
-	Suspense and Miscellaneous Balances		-
757.13	Cash -		(-) 0.41
	Cash in Treasuries and Local Remittances	-	
(-753.09)	Deposits with Reserve Bank	(-)891.39	
116.22	Reserve Fund Investments	-	

Appendix -1.4 Part-B Concluded

34.61	Departmental Cash Balance including Permanent Advances	11.79	
1359.39	Cash Balance Investments	879.19	
293.81	Remittance Balances		287.30
3982.86	Deficit on Government Account -		3146.47
(-9.77)	(i) Revenue Deficit/surplus of the current year	836.38	
	(ii) Miscellaneous Deficit	-	
3973.09*	Accumulated deficit/surplus at the beginning of the year	3982.85	
27465.81	Total		28810.76

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

* Amount of Inter-State-Settlement (₹ 145.87 Crore) included in accumulated deficit.

Explanatory Notes for *Appendices 1.3 and 1.4*

The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts. Government accounts being mainly on cash basis, the deficit on Government account, as shown in *Appendix 1.4*, indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures, etc., do not figure in the accounts. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of the State and other pending settlements, etc. There was a difference of ₹ 101.06 crore (Net debit) between the figures reflected in the Accounts and that intimated by the Reserve Bank of India under "Deposits with Reserve Bank" which was under reconciliation.

Appendix 2.1

**STATEMENT OF VARIOUS GRANTS/APPROPRIATIONS WHERE SAVINGS EXCEEDED
₹10 CRORE EACH AND ALSO BY 20 PER CENT OR MORE OF THE TOTAL PROVISION**
(Reference: Paragraph 2.4.1; Page -30)

(₹ in crore)

Sl. No.	Grant No	Name of the Grant/Appropriation	Total Grant/ Appropriation	Savings	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
Revenue					
1	1	Agriculture Department	466.23	181.21	38.87
2	2	Animal Husbandry and Fisheries Department	211.15	46.11	21.84
3	6	Election	36.79	15.06	40.94
4	10	Energy	892.94	346.05	38.75
5	19	Forest and Environment Department	291.04	68.35	23.48
6	20	Health, Medical Education and Family Welfare Department	842.67	178.41	21.17
7	24	Information and Public Relation Departments	34.70	8.29	23.89
8	25	Institutional Finance and Programme Implementation Department	3.48	2.17	62.36
9	35	Planning and Development Department	30.17	14.01	46.44
10	43	Science and Technology Department	126.29	51.83	41.04
11	46	Tourism Department	8.01	4.03	50.31
12	47	Transport Department	82.81	53.39	64.47
Capital					
13	3	Building Construction Department	75.70	26.41	34.89
14	10	Energy Department	408.00	132.57	32.49
15	20	Health, Medical Education and Family Welfare Department	229.29	86.61	37.77
16	22	Home Department	181.01	101.74	56.21
17	36	Drinking Water and Sanitation Department	345.07	77.82	22.55
18	42	Rural Development Department	832.00	236.62	28.44
19	43	Science and Technology Department	67.30	27.38	40.68
20	44	Secondary, Primary and Public Education Department	8.61	5.62	65.27
21	46	Tourism Department	19.55	14.50	74.17
22	48	Urban Development and Housing Department	693.97	657.39	94.73
23	49	Water Resources Department	382.00	153.71	40.24
24	50	Minor Irrigation Department	122.20	29.80	24.38
25	51	Welfare Department	275.51	109.52	39.75
26	52	Art, Culture, Sports and Youth Affairs Department	43.15	31.87	73.86

Appendix 2.2

EXCESS OVER PROVISIONS OF PREVIOUS YEARS REQUIRING REGULARISATION

(Reference: Paragraph 2.4.4; Page - 33)

Year	Number of grants/appropriations	Grant/ Appropriation name	Amount of excess (₹ in crore)	Stage of consideration by Public Accounts Committee (PAC)
2001-02	32	Legislature	0.04	No action taken
2002-03	10	Energy Department	7.00	No action taken
2002-03	13	Interest Payment	472.46	No action taken
2002-03	14	Repayment of Loans	761.96	No action taken
2002-03	32	Legislature	0.08	No action taken
2003-04	10	Energy Department	9.63	No action taken
2003-04	13	Interest Payment	191.28	No action taken
2003-04	14	Repayment of Loans	674.72	No action taken
2003-04	39	Relief and Rehabilitation Department	61.33	No action taken
2003-04	46	Tourism Department	0.29	No action taken
2004-05	13	Interest Payment	365.80	No action taken
2004-05	14	Repayment of Loans	133.44	No action taken
2004-05	23	Industries Department	7.49	No action taken
2004-05	39	Relief and Rehabilitation Department	69.34	No action taken
2005-06	10	Energy Department	2628.94	No action taken
2005-06	13	Interest Payments	492.53	No action taken
2006-07	13	Interest Payments	833.58	No action taken
2006-07	14	Repayment of Loans	412.28	No action taken
2007-08	14	Repayment of Loans	229.64	No action taken
2007-08	15	Pension	104.80	No action taken
2008-09	12	Finance Department	137.13	No action taken
2008-09	14	Repayment of Loans	91.76	No action taken
2009-10	14	Repayment of Loans	116.71	*
Total			7802.23	

*Information not available.

**CASES WHERE SUPPLEMENTARY PROVISION
(₹10 LAKH OR MORE IN EACH CASE) PROVED UNNECESSARY**
(Reference: Paragraph 2.4.6; Page-34)

(₹ in thousands)

	Number and name of the grant	Original Provision	Actual Expenditure	Savings out of original provision	Supplementary provision
A - Revenue (Charged)					
1	34- Jharkhand Public Service Commission	40531	29096	11435	2000
Total Revenue Charged		40531	29096	11435	2000
Revenue (Voted)					
2	1-Agriculture Department	4605888	2850179	1755709	56372
3	2-Animal Husbandry and Fisheries Department	2023739	1650367	373372	87762
4	4-Cabinet Secretariat and Co-ordination Department	171387	133268	38119	35203
5	6- Election	312928	217280	95648	55000
6	10- Energy Department	7427135	5468937	1958198	1502263
7	11-Excise and Prohibition Department	136773	135913	860	8435
8	19-Forest and Environment Department	2603184	2226832	376352	307194
9	20-Health, Medical Education and Family Welfare Department	8004543	6642597	1361946	422135
10	23-Industries Department	1461343	1448384	12959	305967
11	24- Information and Public Relation Department	327860	264117	63743	19132
12	26- Labour Employment and Training Department	7263490	6351235	912255	572180
13	35-Planning and Development Department	201302	161565	39737	100350
14	40- Revenue and Land Reform Department	2191790	2158698	33092	246356
15	43-Science and Technology Department	830248	744627	85621	432629
16	47-Transport Department	825353	294217	531136	2767
17	49-Water Resources Department	2246286	2082943	163343	146502
18	51- Welfare Department	12515884	10797359	1718525	369821
Total Voted		53149133	43628518	9520615	4670068
Total Revenue		53189664	43657614	9532050	4672068
B - Capital (Charged)					
19	14-Repayment of Loans	15056717	12994268	2062449	384064
Total Capital (Charged)		15056717	12994268	2062449	384064
Capital (Voted)					
20	10- Energy Department	3880000	2754338	1125662	200000
21	12-Finance Department	122000	116320	5680	5000
22	20-Health, Medical education and Family Welfare Department	2188199	1426814	761385	104738
23	36-Drinking Water and Sanitation Department	3000000	2672485	327515	450680
24	41- Road Construction Department	6974000	6707463	266537	1200453
25	42-Rural Development Department	6320000	5953838	366162	2000000
26	48- Urban Development and Housing Department	6871906	365845	6506061	67798
27	51- Welfare Department	2287600	1659952	627648	467547
Total Capital (Voted)		31643705	21657055	9986650	4496216
Total Capital		46700422	34651323	12049099	4880280
Grand Total		99890086	78308937	21581149	9552348

Appendix 2.4

EXCESS /UNNECESSARY/INSUFFICIENT RE-APPROPRIATION OF FUNDS

(Reference: Paragraph 2.4.7; Page - 34)

(₹ in lakh)

Sl. No.	Grant No.	Description	Head of Account	Plus re-appropriation	Minus re-appropriation	Saving (-)/ Excess (+)
1	6	Bye Election of State Legislative Assembly	2015-106-03	52.59	0	-9.99
2	12	Provident Fund Account Establishment (Headquarter)	2052-090-10	8.85	0	-6.70
3	20	Blindness Control Programme	2210-06-101-06	27.53	0	-7.17
4	22	District Executive Force	2055-109-01	-	6.00	+1.75
5	23	Superintendence	2852-80-001-04	-	6.14	+1.02
6	26	Education, Health and Entertainment	2230-01-103-01	17.27	0	-3.22
7	36	Water Supply in Government Building	2215-02-105-01	-	17.29	+1.56
8	40	Revenue and Land Reforms Department	2052-00-090-17	5.00	0	-4.81
9	41	National Highway Project Wing- Superintendence	3054-80-001-07	4.47	0.35	-6.26
10	48	State Level Urban Administrative Directorate	2217-80-001-01	0.80	0	-10.38
11	51	Vocational Education of Paharia	2225-02-796-05	18.00	0	-18.06
Total				134.51	29.78	-62.26

Appendix 2.5

RESULTS OF REVIEW OF SUBSTANTIAL SURRENDERS MADE DURING THE YEAR

(Reference: Paragraph 2.4.8; Page- 34)

(₹ in lakh)

Sl. No.	Number and title of Grant	Name of the scheme (Head of Account)	Provision	Amount of Surrender	Percentage of Surrender
1	1 Agriculture Department	2401-00-114-04-Development of oil seeds, (Plan)	75.00	75.00	100
2		2401-00-789-48 Chief Minister Kishan Khushali Yojna(Integrated farming) (Plan)	400.00	377.66	94
3		2401-00-796-03- Seeds Production (Plan)	70.00	70.00	100
4		2401-00-796-12- Oil Seeds Production (Plan)	85.00	84.35	99
5		2401-00-796-16-Development of Millet Farming (Plan)	54.00	54.00	100
6		2401-00-796-43-Pilot Weather based crop Insurance scheme (Plan)	110.00	106.35	97
7		2401-00-796-48- Mukhyamantry Kishan Khushali Yojna Integrated Farming (Plan)	1100.00	977.02	89
8		2401-00-800-48 Chief minister farmers happiness scheme (Integrated farming)MMKY (Plan)	600.00	544.36	91
9		2415-80-796-10-Assistance grants for establishment of milk technology college(Plan)	100.00	100.00	100
10		4401-00-796-05 Establishment of Extension training centre under Agriculture Technology in Dumka	120.00	120.00	100
11	2-Animal Husbandry Department	2404-00-102-04-Rural Dairy (Plan)	75.00	68.83	92
12		2404-00-102-28 Grassland Development (Plan)	93.50	93.50	100
13		2404-00-102-29 Fodder black making unit (plan)	63.75	63.75	100
14	4-Cabinet Coordination Secretariat Department	2070-00-800-11 Jharkhand State Formation (Non- Plan)	100.00	80.00	80
15	9 Co- operative Department	2425-00-107-35 Grants for Premium and other expenditure (Plan)	960.00	921.90	96
16		2425-00-789-04 Grants for premium and other expenditure (Plan)	620.00	594.60	96
17		2425-00-789-18 Grants to Farmers for compensation (Plan)	100.00	100.00	100
18		2425-00-796-27 Grants- in -aid for premium and other expenditure (Plan)	1580.00	1475.91	93
19	10 Enery Department	2801-02-800-01 Equity (Grants to Tenughat Electric Corporation Limited) (Plan)	500.00	500.00	100
20		2801-01-796-01 Grants to Jharkhand State Electricity Board Plan (C.S.S)	1368.40	1368.40	100
21		2801-01-800-01 Grants to Jharkhand State Electricity Board Plan (C.S.S)	1611.33	1611.33	100
22		2801-80-800-07 Advisory and other works (including new technique) grants for support company of JSEB (Plan)	21000.00	21000.00	100
23		2801-80-800-08 Advisory and other works (including new techniques) energy efficiency and conservation / advisory and other works– grants-in–aid (Plan)	340.00	340.00	100
24		6801-00-789-01 Credit to Jharkhand State Electricity Board under accelerated power development programme CSS (Plan)	420.28	420.28	100
25		6801-00-796-01 Credit to Jharkhand State Electricity Board under accelerated power development programme CSS (Plan)	1368.40	1368.40	100
26		6801-00-796-06 Loans to Jharkhand State Hydro Electricity (Plan)	500.00	500.00	100
27		6801-00-800-01 Credit to Jharkhand State Electricity Board under accelerated power	1611.33	1611.33	100

Appendix-2.5 Continued

(₹ in lakh)

Sl. No.	Number and title of Grant	Name of the scheme (Head of Account)	Provision	Amount of Surrender	Percentage of Surrender
28	10 Energy Department	6801-00-789-01 Credit to Jharkhand State Electricity Board under accelerated power development programme (Plan)	420.28	420.28	100
29	12 Finance Department	2052-00-090-02 Data base of Pensioners employees in the light of 13 th Finance Commission (Non - Plan)	250.00	250.00	100
30	14 Repayment of Loans	6003-00-106-02 Compensation Bond on account of Zaminari Abolition (Non - Plan)	225.00	212.11	94
31		6003-00-109-08 Loans from Bihar State Co-operative Lac Marketing Federation (Non - Plan)	15000.00	14853.00	99
32	18 Food Supply and Commercial Department	3456-00-001-01 Headquarter charges (Non - Plan)	125.86	105.08	83
33		3456-00-102-07 Distribution of Iodised salt on fair rate to BPL families (Plan)	1089.00	1089.00	100
34		3456-00-102-15 Distribution of levy sugar Plan	484.90	484.90	100
35		3456-00-102-16 APL Scheme (Plan)	265.80	268.50	100
36		3456-00-102-17 Commission for distribution of kerosene Plan	91.10	91.10	100
37		3456-00-789-07 Distribution of Iodised salt on fair rate to BPL families (Plan)	485.60	485.60	100
38		3456-00-789-15 Distribution of levy sugar Plan	216.30	216.30	100
39		3456-00-789-16 APL Scheme Plan	143.50	143.50	100
40		3456-00-796-07 Distribution of Iodised salt on fair rate among BPL families (Plan)	2161.00	2161.00	100
41		3456-00-796-08 Rural grain house (Plan)	158.14	128.53	81
42		3456-00-796-16 APL Scheme (Plan)	694.20	694.20	100
43		3456-00-796-17 Commission for distribution of Kerosene (Plan)	121.04	121.04	100
44		19 Forest and Environment Department	2406-02-110-32 Other Parks -Bhagwan Birsa Zoological Park (CPS) (Plan)	70.00	70.00
45	2406-02-110-38 Intensification for forest management (CPS) (Plan)		171.70	171.70	100
46	20 Health, Medical and Family Welfare	2210-01-796-03 Other health services (leprosy control programme) (CSS) Plan	97.60	97.60	100
47		2210-02-796-07 Directorate of indigenous Ayurvedic science- establishment of different institutions under Ayush sector (Plan)	58.00	58.00	100
48		4210-01-110-01 Soft Loan to private sectors for super speciality hospitals (Plan)	150.00	150.00	100
49		4210-02-103-14 Establishment of Mobile unit including machine and equipment at community health centre (Plan)	200.00	200.00	100
50		4210-02-110-31 Building Up-gradation of Sadar/Sub-Divisional Hospitals (Plan)	600.00	600.00	100
51		4210-02-789-02 Building Up-gradation of Sadar/ Sub divisional Hospitals (including machine equipment and tools) (Plan)	250.00	250.00	100
52		4210-02-789-03 Building sadar /subdivisional Hospital construction of office building of District Medical officer	400.00	400.00	100
53		4210-02-789-10 establishment of mobile medical unit including machine, equipment at community health centre	100.00	100.00	100

(₹ in lakh)

Sl. No.	Number and title of Grant	Name of the scheme (Head of Account)	Provision	Amount of Surrender	Percentage of Surrender
54	20 Health, Medical and Family Welfare	4210-02-796-06 Building establishment of new medical college hospital in Dumka and Chas	100.00	100.00	100
55		4210-02-796-40 Building establishment of health sub centres	1300.00	1038.72	80
56		4210-02-796-46 Establishment of medical unit including machine and equipment at community health centre level	200.00	200.00	100
57		4210-03-105-04 Construction of ANM school-building construction	250.00	250.0	100
58	22 Home Department	2055-00-104-01 Mounted Military Police (N.P)	119.06	119.06	100
59		4055-00-207-16 Construction and improvement of new sub-jail (P)	1150.00	1150.00	100
60		4055-00-207-33 Construction of residence of Jail staff (P)	220.00	191.08	87
61		4055-00-207-43 modernisation of police and building construction	1914.00	1914.00	100
62		4055-00-796-46 Construction of jail Inspectorate (P)	50.00	50.00	100
63		4055-00-796-67 modernisation of police and building construction (P)	1691.00	1691.00	100
64		4070-00-796-46 purchasing of hydraulic platform (P)	500.00	500.00	100
65	23 Industry Department	2851-00-102-01 cluster development programme for small scale industries	400.00	400.00	100
66		2852-80-102-03 Establishment of food park/knowledge park-land acquisition (CSS)	437.00	437.00	100
67		2852-80-102-07 state share for ASIDE scheme (P)	250.00	250.00	100
68		2852-80-796-05 land acquisition and development of acquired land (P)	500.00	500.00	100
69	24 Information and Public Relation Department	2220-60-106-03 Regional publicity scheme-construction of information building (P)	100.00	100.00	100
70		2220-60-796-03 Regional publicity scheme-construction of information building (P)	200.00	180.00	90

Appendix-2.5 Continued

(₹ in lakh)

Sl. No.	Number and title of Grant	Name of the scheme (Head of Account)	Provision	Amount of Surrender	Percentage of Surrender
71	26 Labour Employment Department	2230-01-789-10 National Health Insurance Scheme (P)	600.00	600.00	100
72		2230-01-789-12 Housing construction for Beedi workers	80.00	80.00	100
73		2230-03-003-38 Extension of commercial training (P)	1080.85	900.52	83
74		2230-03-796-38 Extension of commercial training (P)	1145.85	958.99	84
75	27 Law Department	2014-00-105-04 Court Manager Appointed in the Hon' High court in the light of recommendation of 13 th Finance commission (N.P)	219.26	219.26	100
76		2014-00-105-05 Morning Evening Court constituted under the recommendation of 13 th Finance commission (N.P)	1652.40	1652.40	100
77		2014-00-105-06 For the Heritage court building under the recommendation of 13 th Finance commission	297.40	297.40	100
78	35 Planning and Development Department	2053-00-796-19 Grant aid for renovation of district in respect of the recommendation of 13 th Finance commission (P)	280.00	280.00	100
79		3454-02-205-02 Grant for System statistical Machinery in respect of the recommendation of 13 th Finance commission (N.P)	480.00	480.00	100
80		3454-02-796-12 strengthening of statistical System (P)	175.00	139.75	80
81	39 Disaster Management Department	2245-02-113-02 Repair/restoration of houses damaged by flood. Cyclone thunderstorms and other natural calamities (N.P)	2000.00	1912.88	96
82	40 Revenue and land reform Department	2029-00-102-06 For construction and renovation of survey and settlement office (P)	200.00	200.00	100
83		2029-00-103-01 land records computerisation (CPS)	100.0	100.0	100
84	41 Road Construction	5054-03-052-06 Machinery and Equipment (Plan)	110.00	110.00	100
85	42 Rural Development Department	2505-02-101-05 Overall Rural Employment Scheme National Rural Employment Guarantee Act (Plan)	405.00	405.00	100

Sl. No.	Number and title of Grant	Name of the scheme (Head of Account)	Provision	Amount of Surrender	Percentage of Surrender	
86	42 Rural Development Department	2505-02-789-05 Overall Rural Employment Scheme National Rural Employment Guarantee Act (Plan)	120.00	120.00	100	
87		2505-02-796-05 Overall Rural Employment Scheme National Rural Employment Guarantee Act (Plan)	475.00	475.00	100	
88		2515-00-102-28 Adarsh Gram Yojna (Plan)	720.00	720.00	100	
89		2515-00-102-29 Rural Housing (Plan)	360.00	360.00	100	
90		2515-00-789-20 Capacity building (including strengthening of training institutions) (Plan)	50.00	50.00	100	
91		2515-00-789-28 Adarsh Gram Yojna (Plan)	240.00	240.00	100	
92		2515-00-789-29 Rural Housing (Plan)	120.00	111.10	93	
93		2515-00-796-20 Capacity building (including strengthening of training institutions) (Plan)	130.00	128.72	99	
94		2515-00-796-28 Adarsh Gram Yojna (Plan)	1040.00	1040.00	100	
95		2515-00-796-29 Rural Housing (Plan)	520.00	486.10	93	
96		4515-00-103-15 Minimum needs programme-Land acquisition for connecting road under PMGSY (Plan)	100.00	91.38	91	
97		43 Science and Technology Department	2203-00-003-10 National E-Governance (Additional Central assistance) (Plan)	200.00	200.00	100
98			2203-00-112-02 Strengthening scheme of graduate and post graduate course (Plan)	101.12	88.59	87
99			2203-00-789-61 Facilitation of enrolment of BPL under Unique Identification in light of recommendation of 13 th Finance Commission (Plan)	232.00	232.00	100
100	2203-00-796-21 E-Governance-computerisation of new government department (Plan)		700.00	635.00	91	
101	2203-00-796-23 Computerisation of land records (E-Khatiya) (Plan)		609.00	609.00	100	
102	2203-00-796-42 Grants –in-aid for establishment of technical education institutes in joint sector (Plan)		182.00	182.00	100	

Appendix-2.5 Continued

Sl. No.	Number and title of Grant	Name of the scheme (Head of Account)	Provision	Amount of Surrender	Percentage of Surrender
103	43 Science and Technology Department	2203-00-796-44 Strengthening of government polytechnics/mining institutes(Diploma Cours) (Plan)	65.00	52.37	81
104		2203-00-796-56 E-District (Plan)	91.00	91.00	100
105		2203-00-796-58 Grants to JAIPIT (Plan)	75.00	75.00	100
106		2203-00-800-40 E-Governance-computerisation of new government department (Plan)	200.00	200.00	100
107		2203-00-800-44 Computerisation of land records (E-Khatiyar) (Plan)	300.00	300.00	100
108		2203-00-800-47 Grants-in-aid for qualitative improvement programme in technical education under externally aided scheme (Plan)	62.00	62.00	100
109		4202-02-105-06 Construction of technical education institutes-construction and renovation of engineering college/polytechnic/mining institutes (CPS)	1000.00	980.86	98
110		4202-00-789-07 Construction of technical education institutes-construction and renovation of new polytechnics (Plan)	560.40	560.40	100
111	46 Tourism Department	3452-01-796-09 Managerial grant/subsidy/incentive etc (Plan)	100.00	100.00	100
112		3452-01-104-03 Managerial grant/subsidy/incentive etc (Plan)	100.00	100.00	100
113		5452-80-796-63 Grant-in-aid for hotel management institutes, food craft institutes, adventure tourist institute and tourist development authority etc. (plan)	200.00	200.00	100
114	48 Urban Development and Housing Department	2215-02-789-06 Grants-in-aid to urban local bodies for solid waste management of Municipal Corporation (Plan)	170.00	170.00	100
115		2217-80-191-05 Grants-in-aid to capacity building, training, strengthening of ULB's infrastructure (Plan)	1000.00	800.00	80
116		4217-60-190-07 Assistance grant for national river protection scheme (CSS) (Plan)	700.00	700.00	100
117		4217-60-190-09 Assistance grant for centrally sponsored SJSRY (CSS) (Plan)	2400.00	2400.00	100

Sl. No.	Number and title of Grant	Name of the scheme (Head of Account)	Provision	Amount of Surrender	Percentage of Surrender
118	48 Urban Development and Housing Department	4217-60-190-14 Assistance grant for JNNORM (CSS) (Plan)	16500.00	15669.13	95
119		4217-60-190-21 Assistance grant for protection of lake programme (Plan)	700.00	700.00	100
120		4217-60-190-31 Grants-in-aid for integrated low cost scheme	1560.00	1560.00	100
121		4217-60-190-32 Grants –in-aid for modernisation of abattoirs (CSS)	500.00	500.00	100
122		4217-60-191-02 Grants-in-aid for promotion award, publicity, printing, seminar, workshop etc. (Plan)	200.00	200.00	100
123		4217-60-191-03 Computerisation, modernisation and strengthening of urban administration (Plan)	500.00	500.00	100
124		4217-60-191-06 Grants-in-aid for centrally sponsored ILCS(plan)	500.00	500.00	100
125		4217-60-191-07 Grants –in-aid for centrally sponsored plan for modernisation of abattoirs (CSS) (Plan)	500.00	500.00	100
126		4217-60-191-14 Assistance grants for JNNURM (Plan)	5500.00	5400.00	98
127		4217-60-789-14 Assistance grants for JNNURM (Plan)	6000.00	6000.00	100
128		4217-60-789-14 Assistance grants for JNNURM (Plan)	2000.00	2000.00	100
129		4217-60-796-08 Assistance grant for establishment of Jharkhand urban planning institute (Plan)	100.00	100.00	100
130		4217-60-796-14 Assistance grants centrally sponsored JNNURM scheme Plan (CSS)	22500.00	21668.03	96
131		4217-60-796-14 Assistance grants centrally sponsored JNNURM scheme (Plan)	7500.00	7100.00	95
132		49 Water Resource Department	2711-01-001-01 Flood protection work on the right embankment of the river Ganga (non plan)	100.00	100.00
133	4711-01-796-01 Flood protection and anti-erosion civil works (Plan) (CSS)		2400.00	1947.12	81
134	50 Minor Irrigation Department	4702-00-101-07 Re-establishment work of water bodies (CSS) (Plan)	300.00	300.00	100
135		4702-00-101-07 Re-establishment work of water bodies (Plan)	100.00	100.00	100

Appendix-2.5 Concluded

(₹ in lakh)

Sl. No.	Number and title of Grant	Name of the scheme (Head of Account)	Provision	Amount of Surrender	Percentage of Surrender
136	50 Minor Irrigation Department	4702-00-789-28 Construction of minor irrigation scheme (AIBP) (Plan)	550.00	550.00	100
137		4702-00-796-01 Re-establishment work of water bodies (CSS)	300.00	300.00	100
138		4702-00-796-03 Rationalisation of minor irrigation statistics (CSS) (Plan)	120.00	120.00	100
139		4702-00-796-07 Re-establishment work of water bodies (Plan)	100.00	100.00	100
140	51 Welfare Department	2225-01-789-22 Construction scheme of Babu Jagjivan Ram girls hostel (CPS)	300.00	255.28	85
141		2225-01-789-67 Education special integrated scheme for SC under special central assistance (Plan)	500.00	500.00	100
142		2225-02-796-04 Development programme of tribes (CPS) (Plan)	5976.06	4908.06	82
143		2225-02-796-28 Lac Development scheme (Plan)	200.00	200.00	100
144		2225-03-277-06 Pre-matric scholarships (CSS) (Plan)	65.00	65.00	100
145		2225-03-277-06 Pre-matric scholarships (Plan)	65.00	65.00	100
146		2235-02-102-48 Pre-school education (CSS) (Plan)	322.93	322.93	100
147		4225-01-789-02 Hostel for boys/girls students Major works (CSS) (Plan)	400.00	395.00	99
148		4225-02-277-02 Hostel for boys/girls students Major works (CSS) (Plan)	150.00	150.00	100
149		4225-02-277-04 Hostel for boys/girls students renovation of hostel (plan)	165.00	150.00	91
150		4225-02-277-32 Maintenance and opening of ashram/ekalavya (CSS) (Plan)	50.00	50.00	100
151		4225-02-796-02 Hostel for boys/girls students Major works (CSS) (Plan)	350.00	350.00	100
152		4225-02-796-32 Maintenance and opening of ashram/ekalavya (CSS) (Plan)	150.00	150.00	100
153		4225-80-796-11 Pre-matric scholarships for minority caste (CPS) (Plan)	270.00	270.00	100
154		4225-80-796-11 Pre-matric scholarships for minority caste (CSS) (Plan)	106.22	106.22	100
155		52 Art, Culture, Sports and Youth Affairs Department	2204-00-796-24 Adventurous sports (Plan)	100.00	100.00
156	4202-03-102-08 Sports school (Plan)		130.00	130.00	100
157	4202-03-796-10 Manufacturing unit of sports equipment (Plan)		300.00	300.00	100
158	4202-03-796-12 Construction of sports complex at Dumka (Plan)		100.00	100.00	100
159	4202-03-796-13 construction of NCC Administration building (plan) (new scheme)		100.00	100.00	100
160	4202-04-796-05 Lalit Kala Academy regional centre (plan)		100.00	100.00	100
161	4202-04-796-06 construction of multipurpose building (Plan)		1500.00	1500.00	100
162	4202-04-796-07 Heritage Park 9 (New scheme)		500.00	500.00	100
Total			170614.56	165097.76	

Appendix 2.6

SURRENDERS IN EXCESS OF ACTUAL SAVINGS

(₹ 50 LAKH OR MORE)

(Reference: Paragraph 2.4.9; Page-34)

(₹ in crore)

Sl. No.	Number and name of the grant/ appropriation	Total grant/ appropriation	Saving	Amount surrendered	Amount surrendered in excess
<i>Revenue - Charged</i>					
1	28-High Court	36.77	2.92	3.21	0.29
2	14-Repayment of Loans	1544.08	244.65	258.34	13.69
<i>Revenue - Voted</i>					
3	18-Food, Public Distribution and Consumer Department	662.21	84.27	85.99	1.72
4	33-Personnel and Administrative Reforms Department	17.03	3.80	4.19	0.39
5	36-Drinking Water and Sanitation Department	176.82	2.74	2.96	0.22
6	39-Disaster Management Department	570.51	42.09	42.29	0.20
Total		3007.42	380.47	396.98	16.51

Appendix 2.7

DETAILS OF SAVING OF ₹ ONE CRORE AND ABOVE NOT SURRENDERED (Reference: Paragraph 2.4.10; Page - 35)

(₹ in crore)

Sl. No.	Number and Name of Grants/Appropriation	Saving	Surrender	Savings not surrendered
1	2	3	4	5
	Revenue			
1	1- Agriculture Department	181.21	75.88	105.33
2	2- Animal Husbandry and Fisheries Department	46.11	27.98	18.13
3	4-Cabinet Secretariat and Co-ordination Department	7.33	5.99	1.34
4	10- Energy Department	346.05	311.98	34.07
5	19- Forest and Environment Department	68.35	35.91	32.44
6	20- Health, Medical Education and Family Welfare Department	178.41	143.02	35.39
7	21-Higher Education Department	10.13	-	10.13
8	22- Home Department	83.30	77.54	5.76
9	23- Industries Department	31.89	30.51	1.38
10	26- Labour Employment and Training Department	148.44	143.54	4.90
11	29-Mines and Geology Department	5.69	4.23	1.46
12	40- Revenue and Land Reforms Department	27.94	15.18	12.76
13	41- Road Construction Department	20.60	15.30	5.30
14	42- Rural Development Department	156.55	115.91	40.64
15	44- Secondary, Primary and Public Education Department	311.44	-	311.44
16	47-Transport Department	53.39	52.09	1.30
17	48- Urban Development and Housing Department	56.16	42.08	14.08
18	49- Water Resources Department	30.98	23.77	7.21
19	50- Minor Irrigation Department	9.59	7.40	2.19
20	51- Welfare Department	208.83	129.73	79.10
21	52- Sports, Art, Culture and Youth Affairs Department	12.83	6.51	6.32
	Capital			
1	10- Energy Department	132.57	98.57	34.00
2	20- Health, Medical Education and Family Welfare Department	86.61	78.52	8.09
3	22- Home Department	101.74	87.26	14.48
4	30- Minorities Welfare Department	1.60	0.06	1.54
5	41- Road Construction Department	146.70	136.20	10.50
6	42- Rural Development Department	236.62	128.12	108.50
7	44- Secondary, primary and Public Education Department	5.62	-	5.62
8	46- Tourism Department	14.50	12.50	2.00
9	47- Transport Department	2.97	-	2.97
10	48- Urban Development and Housing Department	657.39	654.37	3.02
11	49- Water Resources Department	153.71	106.12	47.59
12	50- Minor Irrigation Department	29.80	27.42	2.38
13	51- Welfare Department	109.52	95.07	14.45
	Total	3674.57	2688.76	985.81

Appendix 2.8

CASES OF SURRENDER OF FUNDS IN EXCESS OF ₹ 10 CRORE ON 30 AND 31 MARCH 2011 (Reference: Paragraph 2.4.10; Page-35)

Sl. No.	Grant No.	Major Head	Amount of Surrender (₹ in crore)	Percentage of total Provision
(1)	(2)	(3)	(4)	(5)
1	1	2415-80-796-04	12.05	34.43
2	9	2425-00-796-27	14.76	93.42
3	9	2425-00-796-28	14.41	24.72
4	10	2801-01-796-02	23.73	54.59
5	10	2801-01-800-02	27.95	54.61
6	10	2801-05-796-01	13.68	100.00
7	10	2801-05-800-01	16.11	100.00
8	10	6801-00-796-01	13.68	100.00
9	10	6801-00-800-01	16.11	100.00
10	10	6801-00-800-05	40.00	44.44
11	13	2049-01-200-08	11.37	26.21
12	14	6003-00-109-01	107.69	53.82
13	14	6003-00-109-08	148.53	99.02
14	19	2406-01-105-38	11.65	61.54
15	20	2211-00-101-01	97.76	65.18
16	22	2055-00-115-67	39.20	78.40
17	22	4055-00-207-16	11.50	100.00
18	22	4055-00-207-43	19.14	100.00
19	22	4055-00-211-01	25.06	30.24
20	22	4055-00-796-67	16.91	100.00
21	27	2014-00-105-05	16.52	100.00
22	36	4215-01-102-08	12.71	21.46
23	39	2245-01-101-07	10.94	36.47
24	39	2245-02-113-02	14.13	70.65
25	41	5054-03-101-01	18.17	71.68
26	41	5054-03-337-01	26.37	19.23
27	41	5054-03-796-01	33.91	8.13
28	41	5054-03-796-08	45.72	30.48
29	42	2505-02-796-04	16.30	21.02
30	42	2515-00-796-28	10.40	100.00
31	42	4515-00-103-04	63.80	38.43
32	42	4515-00-789-04	10.15	46.14
33	42	4515-00-796-04	44.68	25.10
34	47	3055-00-190-01	52.09	68.57
35	48	4217-60-190-09	24.00	100.00
36	48	4217-60-190-14	156.69	94.96
37	48	4217-60-190-31	15.00	100.00
38	48	4217-60-789-14	60.00	100.00
39	48	4217-60-796-14	216.68	96.30
40	49	4711-01-796-01	19.47	81.13
41	51	2225-02-796-04	49.08	82.13
42	51	4225-02-796-08	34.09	29.48
43	51	4225-80-796-12	39.81	35.54
Total			1672.00	

Appendix 2.9

RUSH OF EXPENDITURE AT THE END OF THE YEAR

(Reference: Paragraph 2.4.11; Page - 35)

(₹ in crore)

Sl. No	Grant Number and Name	Head	Expenditure incurred during January to March 2011	Expenditure incurred in March 2011	Total expenditure	Percentage of total expenditure incurred during	
						January to March 2011	March 2011
1	6- Election	2015	14.84	11.67	22.99	64.59	50.76
2	35- Planning and Development Deptt.	5053	107.04	84.36	186.29	59.37	45.28
3	43- Science and Technology Deptt.	2203	50.05	37.69	71.97	71.97	52.36
4	48- Urban Development and Housing Deptt.	2217	72.12	58.28	140.26	51	41.55
5	26 Labour, Employment and Training Deptt.	2225	311.23	209.28	436.33	71	47.96
6	26 -Labour, Employments and Training Deptt.	2230	103.03	80.80	133.75	77	60.41
7	1-Agriculture Deptt.	2401	142.62	118.82	177.73	80	66.85
8	1-Agriculture Deptt.	2402	37.29	34.74	46.05	80	75.44
9	2-Animal Husbandry Deptt.	2403	49.57	28.81	88.79	55.82	32.44
10	2-Animal Husbandry Deptt.	2404	43.49	37.38	54.00	80	69.22
11	9- Co Operative Department	2425	137.47	31.03	157.00	87.52	19.76
12	42 -Rural Development Deptt.	2501	30.73	22.54	49.80	61.70	45.26
13	42-Rural Development Deptt.	2505	240.37	200.93	335.15	71.72	59.95
14	42-Rural Development Deptt.	2515	995.28	741.81	1293.33	76.95	57.36
15	47-Transport Deptt.	3055	16.37	15.58	23.88	68.00	65.24
16	22- Home Deptt.	4055	53.70	51.50	69.96	76.75	73.61
17	43- Science and Technology Deptt.	4202	41.52	40.25	54.20	76.60	74.26
18	48 Urban Development and Housing Deptt.	4217	19.59	19.59	21.70	90.28	90.28
19	9- Co Operative Deptt.	4225	155.64	107.02	187.53	82	57.07
20	47- Transport Deptt.	5075	174.16	174.16	300.16	58.02	58.02

Appendix 3.1

UTILISATION CERTIFICATES OUTSTANDING

AS ON 31 MARCH 2011

(Reference: Paragraph 3.1; Page- 41)

(₹ in crore)

Department	Up to 2009-10 (GIA sanctioned up to 2008-09)		During the 2010-11 (GIA sanctioned up to 2009-10)		Total No. of UCs awaited	
	Items	Amount	Items	Amount	Items	Amount
Industry	175	843.61	28	200.71	203	1044.32
Animal Husbandry	60	16.35	05	4.80	65	21.15
Co-operative	42	130.59	09	9.55	51	140.14
Medical	05	3.27	06	87.05	11	90.32
Welfare	124	85.55	35	7.36	159	92.91
Agriculture	05	2.60	55	47.88	60	50.48
Land Revenue	02	0.63	01	0.21	03	0.84
Education	168	1296.59	76	297.49	244	1594.08
Urban Development	1806	500.77	1006	266.42	2812	767.19
Others	280	912.07	154	456.17	434	1368.24
Total	2667	3792.03	1375	1377.64	4042	5169.67

Appendix 3.2

DEPARTMENT- WISE BREAKUP OF CASES OF MISAPPROPRIATION AND LOSSES

(Reference: Paragraph 3.3; Page- 42)

Sl. No.	Name of Department	Upto 5 years	5 to 10 years	No. of cases	Amount (₹ in lakh)
1	Road Construction Department	1	1	2	126.40
2	Rural Development Department	2	1	3	16.22
3	Agriculture Department	1	1	2	5.49
4	Water Resources Department	1	-	1	5.00
	Total	5	3	8	153.11

Appendix

4.1

GLOSSARY OF TERMS, BASIS OF CALCULATIONS AND ACRONYMS USED IN THE REPORT

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

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

Terms	Basis of calculation
	equal to at least 1/5 th of the outstanding invoked guarantees plus an amount likely to be invoked as a result of the incremental guarantees during the year.
Internal Debt	Internal Debt comprises regular loans from the public in India, also termed 'Debt raised in India'. It is confined to loans credited to the Consolidated Fund.
Primary revenue expenditure	Primary revenue expenditure means revenue expenditure excluding interest payments.
Re-appropriation	Means the transfer of funds from one Primary unit of appropriation to another such unit.
Surrenders of unspent provision	Departments of the State Government are to surrender to the Finance Ministry, before the close of the financial year, all the anticipated unspent provisions noticed in the grants or appropriations controlled by them. The Finance Ministry is to communicate the acceptance of such surrenders, as are accepted by them to the Audit Officer and/or the Accounts Officer, as the case may be, before the close of the financial year.
Supplementary grants	If the amount authorised by any law made in accordance with the provisions of Article 114 of the Constitution to be expended for a particular service for the current financial year is found to be insufficient for the purpose of that year or when a need has arisen during the current financial year for the supplementary or additional expenditure upon some 'new service' not contemplated in the original budget for that year, Government is to obtain supplementary grants or appropriations in accordance with the provision of Article 115 (1) of the Constitution.
Suspense and Miscellaneous	Items of receipts and payments which cannot at once be taken to a final head of receipt or charge owing to lack of information as to their nature or for any other reasons, may be held temporarily under the major head "8658-Suspense Account" in the sector "L. Suspense and Miscellaneous" of the Accounts, (Footnotes under the major head in the list of major/minor heads of account may be referred to for further guidance). A service receipt of which full particulars are not given must not be taken to the head "Suspense Account" but should be credited to the minor head "Other Receipt" under the revenue major head to which it appears to belong pending eventual transfer to the credit of the correct head on receipt of detailed particulars.
Public Accounts committee	A Committee constituted by the Legislative Assembly for the examination of the reports of the Comptroller and Auditor General of India relating to the appropriation accounts of the State, the annual financial accounts of the State or such other accounts or financial matters as are laid before it or which the Committee deems necessary to scrutinize.

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