

## Preface

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.
2. Chapter-I, 'Finances of the State Government' and Chapter-II, 'Financial Management and Budgetary Control' of this Report contain audit observations on matters arising from examination of the Finance Accounts and Appropriation Accounts respectively of the State Government for the year ended 31 March 2010.
3. Chapter-III, on 'Financial Reporting' provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.



# Executive Summary

## Background

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

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

## The Report

Based on the audited accounts of the Government of Jharkhand for the year ending March 2010, 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 2010. It provides an insight into trends of committed expenditure and borrowing patterns, besides giving a brief account of Central funds transferred directly to the State implementing agencies through the off-budget route.

**Chapter II** is based on audit of Appropriation Accounts and gives a grant-wise description of appropriations and the manner in which the allocated resources 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

**Fiscal discipline:** Against an estimated target of revenue surplus of ₹ 2799 crore set in the Fiscal Correction Path (FCP) and revised in the Mid-Term

Fiscal Plan (MTFP) 2010-11 as ₹ 2614 crore, the financial year ended with a revenue deficit of ₹ 10 crore.

**Decrease in capital expenditure:** Though the percentage of capital expenditure to the total expenditure remained more or less constant (19 *per cent*) during 2007-08 and 2008-09, it decreased to 15 *per cent* in 2009-10 over the previous year. The capital expenditure was 3.25 *per cent* of GSDP and was slightly higher than the TFC assessment of three *per cent* for 2009-10. However, it was significantly low in comparison to the projection made in MTFP 2010-11 (5.40 *per cent*).

**Thrust to development and social sector expenditure:** The growth rate of developmental revenue expenditure decreased sharply from 27 *per cent* in 2008-09 to eight *per cent* in 2009-10, whereas, the growth rate of developmental capital expenditure decreased from 16 *per cent* in 2008-09 to (-)10 *per cent* in 2009-10. Developmental loans and advances decreased from ₹ 586 crore in 2007-08 to ₹411 crore in 2008-09, which further decreased to ₹ 308 crore in 2009-10.

**Review of Government investments:** The Government had invested ₹ 128.73 crore as of 31 March 2010 in Government companies, co-operatives, banks and societies since the inception of the new State. The return on these investment was reported to be 'nil' during the last five years, while the Government paid an average interest rate of 7.83 *per cent* on its borrowings during 2005-10.

**Debt sustainability:** The quantum spread together with the primary deficit, had been fluctuating during 2005-10. It was negative during the period except during 2006-07. The quantum spread, together with the primary deficit, decreased from (-) 1011 in 2008-09 to (-) 535 during 2009-10, which was indicative of a fall in the debt-GSDP ratio, leading the State to a debt sustainable position.

**Financial management and budgetary control:** During 2009-10, there was an overall saving of ₹ 6279.97 crore, which was the result of savings of ₹ 4656.17 crore in 46 grants and five appropriations under the Revenue Section and savings of ₹ 1740.51 crore in 25 grants under the Capital Section offset by excess of ₹ 116.71 crore in one grant and one appropriation under the Capital Section. This excess required 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 Contingent Bills:** Detailed Contingent Bills for ₹ 6366 crore were to be submitted as on 13 October 2010 against \Abstract Contingent Bills for ₹ 11131 crore.

**Non-closure of Personal Deposit Accounts:** Personal Deposit Accounts are required to be closed at the end of the financial year but were not closed and had balances of ₹ 69.28 crore at the end of the year.

**Non-reconciliation of expenditure:** Expenditure of ₹ 14975.52 crore was not reconciled by the Controlling Officers of different departments with the books of the Accountant General (A & E) during the year.

**Review of Grant No. 42- Rural Development Department:** The department had persistent savings during the last five years, which indicated failure of budgetary control and preparation of budget without ascertaining the actual requirements.

**Financial reporting:** The State Government's compliance with various rules, procedures and directives was inadequate which was evident from the non-submission of 2802 utilisation certificates amounting to ₹ 3920.49 crore against loans and grants received by departmental undertakings/institutions up to 2008-09. Submission of Annual Accounts was delayed in the case of 60 autonomous bodies and departmental undertakings. Out of grants-in-aid amounting to ₹2332.94 crore paid out from the Consolidated Fund of the State, a sum of ₹934.64 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.

## 1.1 Introduction

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Jharkhand, the 28<sup>th</sup> 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. The State has higher poverty levels as compared to the all-India average as indicated in **Appendix-1.1**. Density of its population (338 persons per sq. Km.) as per the 2001 census was higher than the all-India density (325 persons per sq. Km.). The infant mortality rate of the State was 46 (per 1000 live births) which was lower than the all-India average of 53. The inequality of income distribution in the case of rural areas as well as urban areas of Jharkhand was less than the all-India average **Appendix-1.1**. The State has shown a relatively lower economic growth in the past decade as the compound annual growth rate (CAGR) of its Gross State Domestic Product (GSDP) for the period 2000-01 to 2009-10 has been 11.33 *per cent* as compared to 12.54 *per cent* in other General Category States. During this period, its population has grown by 14.59 *per cent* against 13.42 *per cent* in other General Category States.

The annual accounts of the State Government consist of Finance Accounts and Appropriation accounts. The Finance Accounts of the Government of Jharkhand are laid out in 19 Statements, the structure and layout of which are depicted in **Appendix-1.1 (A) and (B)**.

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

### 1.1.1 Summary of Current Year's Fiscal Transactions

**Table 1.1** presents the summary of the State Government's fiscal transactions during the current year (2009-10) *vis-a-vis* the previous year while **Appendix 1.4** provides details of receipts and disbursements as well as the overall fiscal position during the current year.

**Table 1.1 Summary of Current Year's Fiscal Operations.** (₹ in crore)

2008-09	Receipts	2009-10	2008-09	Disbursements	2009-10		
Section-A: Revenue					Non-plan	Plan	Total
13212.84	Revenue Receipts	15118.47	12876.90	Revenue expenditure	11369.96	3758.28	15128.24
3753.21	Tax revenue	4500.12	4923.99	General Services	6465.87	139.49	6605.36
1951.74	Non-tax revenue	2254.15	5385.18	Social Services	3403.24	2207.06	5610.30
5392.11	Share of Union Taxes/ Duties	5547.57	2532.48	Economic Services	1500.45	1411.93	2912.38
2115.78	Grants from Government of India	2816.63	35.25	Grants-in-aid and Contributions	0.20	-	0.20
Section-B: Capital							
	Misc. Capital Receipts		3051.27	Capital Outlay	21.00	2682.04	2703.04
18.90	Recoveries of Loans and Advances	21.79	418.19	Loans and Advances disbursed	27.93	292.05	319.98
2436.56	Public debt receipts *	3369.44	863.40	Repayment of Public Debt	-	-	1190.21
-	Transfers to Contingency Fund	-	-	Expenditure from Contingency Fund	-	-	-
8335.16	Public Account Receipts	8241.68	7185.19	Public Account Disbursements	-	-	7290.30
1174.88	Opening Cash Balance	637.52	145.87	Inter State Settlement	-	-	-
			637.52	Closing Cash Balance	-	-	757.13
25178.34	<b>Total</b>	<b>27388.90</b>	<b>25178.34</b>	<b>Total</b>			<b>27388.90</b>

(Source: Finance Accounts for the years 2008-09 and 2009-10).

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

The significant changes during 2009-10 as compared to the previous year are given below:

- Revenue receipts of the State increased by ₹ 1906 crore (14 per cent) over the previous year. The increase was due to increase in tax revenue by ₹ 747 crore (20 per cent), non-tax receipts by ₹ 302 crore (15 per cent), State's share of Union taxes and duties by ₹ 155 crore (three per cent) and grants-in-aid by ₹ 701 crore (33 per cent).
- Against the normative assessment made by the Twelve Finance Commission (TFC) the tax revenue of the State was less by ₹ 417 crore (eight per cent), whereas, non-tax revenue was more by ₹ 495 (28 per cent).
- Revenue expenditure increased by ₹ 2251.34 crore (17 per cent) mainly due to increase in expenditure on General Services (₹ 1681 crore), Social Services (₹ 225 crore) and Economic Services (₹ 380 crore).
- Capital expenditure decreased by ₹ 348 crore (11 per cent) over the previous year.
- Recovery of loans and advances increased by ₹ three crore (16 per cent) and disbursement decreased by ₹ 98 crore (23 per cent) in 2009-10 over the previous year.
- Public Debt receipts and repayment increased by ₹ 933 crore (38 per cent) and ₹ 327 crore (38 per cent) respectively over the previous year.
- Public Account receipts decreased by ₹ 93 crore (one per cent) while disbursements increased by ₹ 105 crore (one per cent).

- The net impact of these transactions was an increase of ₹ 120 crore in the cash balance at the end of the year of the State over the previous year.

### Review of the fiscal position

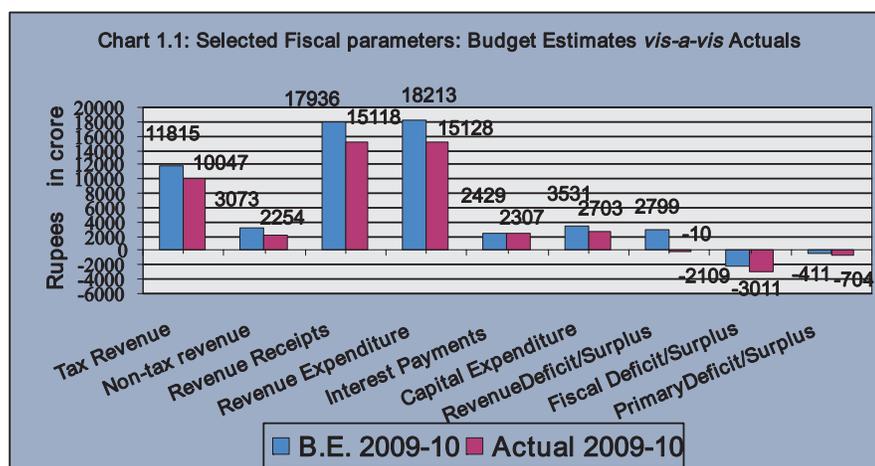
As per the Jharkhand Fiscal Responsibility and Budget Management (FRBM) Act, 2007, in line with the recommendation of the TFC, the State Government was to eliminate the revenue deficit by the end of March 2009 and reduce the fiscal deficit to not more than three *per cent* of the estimated Gross State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

The State had achieved the target set in the FRBM Act by eliminating the revenue deficit in 2006-07 by turning the deficit into a huge revenue surplus (₹ 946 crore), which further improved to ₹ 1195 crore in 2007-08. However, the surge in revenue expenditure *vis-a-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 revenue deficit of ₹10 crore.

### Budget analysis

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

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



- Revenue receipts, revenue expenditure and capital expenditure were less than the budget estimates by ₹ 2818 crore (16 *per cent*) ₹ 3085 crore (17 *per cent*) and ₹ 828 crore (24 *per cent*) respectively.
- Against an estimated target of revenue surplus of ₹ 2799 crore set in the Fiscal

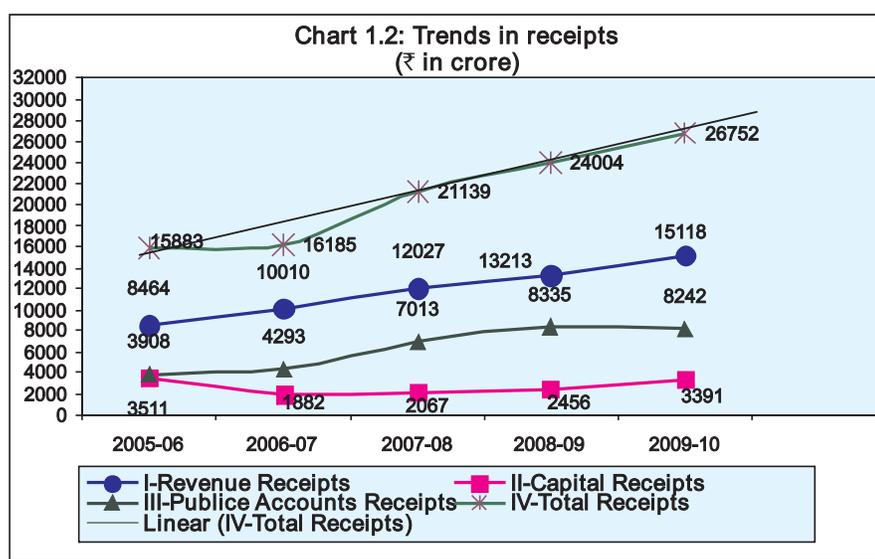
Correction Path (FCP) and revised in the Mid Term Fiscal Plan (MTFP) 2010-11 to ₹ 2614 crore, the financial year ended with a revenue deficit of ₹ 10 crore.

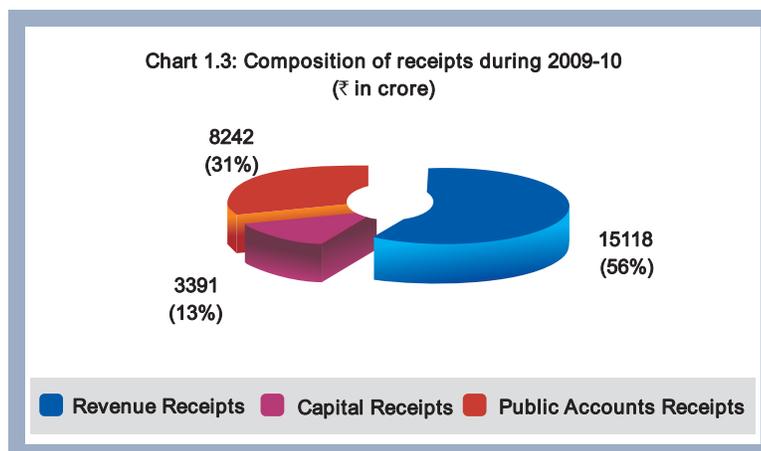
- The revenue deficit of the State stands understated due to expenditure of ₹ 226.84 crore on grants-in-aid classified under the 'capital section' instead of the 'revenue section' and overstated due to the expenditure of ₹ 54.48 crore on major works being classified under the 'revenue section' instead of the 'capital section'.
- The fiscal deficit (FD) and primary deficit (PD) increased by ₹ 902 crore (43 per cent) and ₹ 293 crore (71 per cent) respectively against the budget estimates.

## 1.2 Resources of the State

### 1.2.1 Resources of the State as per Annual Finance Accounts

Revenue and capital are the two streams of receipts that constitute the resources of the State Government. Revenue receipts consist of tax revenues, non-tax revenues, State's share of Union taxes and duties and grants-in-aid from the Government of India (GOI). Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/ commercial banks), loans and advances from GOI as well as accruals from the Public Account. **Table-1.1** presents the receipts and disbursements of the State during the current year as recorded in its Annual Finance Accounts and **Chart 1.2** depicts the trends in various components of the receipts of the State during 2005-10. **Chart 1.3** depicts the composition of resources of the State during the current year.





- The total receipts of the State increased from ₹ 15883 crore in 2005-06 to ₹ 26751 crore in 2009-10. The growth rate of total receipts decreased from 14 *per cent* (₹ 2865 crore) in 2008-09 to 11 *per cent* (₹ 2748 crore) in 2009-10 due to decrease in public accounts receipts.
- Share of revenue receipts of the State to total receipts increased from 53 *per cent* in 2005-06 to 57 *per cent* in 2009-10. However, during 2006-07, it was at 62 *per cent*.
- The debt capital receipts (capital receipts minus recovery of loans and advances) increased from ₹ 2437 crore in 2008-09 to ₹ 3369 crore in 2009-10. Its growth rate was 38 *per cent* in 2009-10 in comparison to 20 *per cent* in the previous year.
- Public Account receipts increased steadily from ₹ 3908 crore (25 *per cent* of total receipts) in 2005-06 to ₹ 8242 crore (31 *per cent* of total receipts) in 2009-10.

### 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 agencies<sup>1</sup> for the implementation of various schemes/programmes in social and economic sectors recognised 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**.

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

**Table 1.2: Funds transferred directly to State Implementing Agencies**

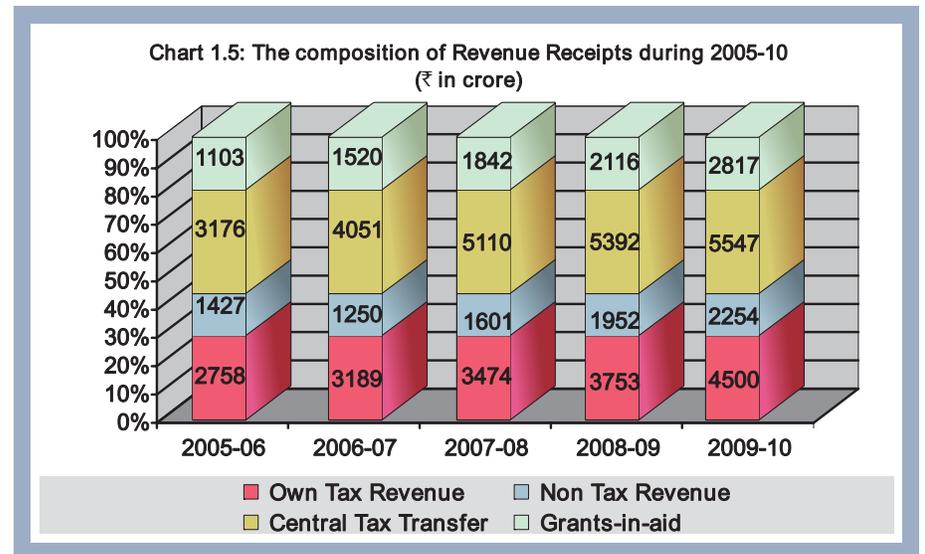
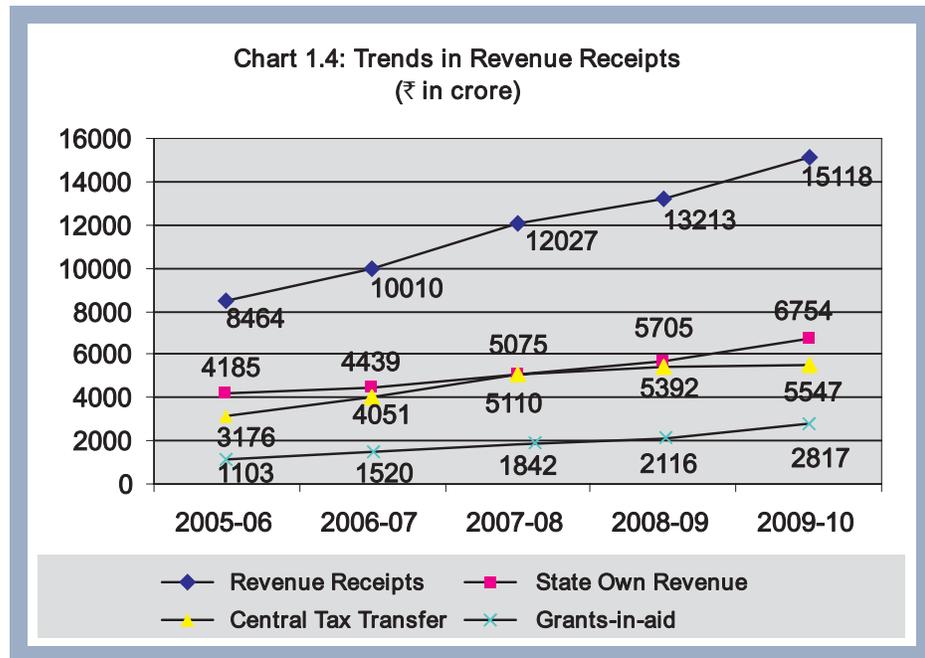
(₹ in crore)

Programme/scheme (indicate Centre: State share)	Implementing agency in the State	2008-09	2009-10
National Rural Employment Guarantee Act, Swarnjayanty Gram Swarojgar Yojana Indira Awas Yojana (New construction), Indira Awas Yojana (Upgradation), District Rural Development Agency (Administration)	District Rural Development Agency	256.92	1205.31
Member of Parliament Local Area Development	District Magistrates	10.50	37.50
Sarva Shiksha Abhiyan	Jharkhand Education Project Council	541.91	717.12
National Rural Health Mission	(i) Jharkhand Rural Health Mission Society, Leprosy Control Society, TB Control Society and Blind Control Society; (ii) Jharkhand States AIDS Control Society;	135.55	178.97
Schemes implemented by NGOs and other societies	NGOs and other Societies	153.65	523.74
<b>Total</b>		<b>1098.53</b>	<b>2662.64</b>
<i>Source: Controller General of Accounts, Government of India. However, the data was not reconciled with the figures of implementing agencies. Excluded ₹ 140.51 crore and ₹ 100.96 crore respectively released for the years 2008 -09 and 2009-10 to the organisations outside the purview of the Government of Jharkhand.</i>			

During 2009-10, ₹ 2662.64 crore was transferred directly to State implementing agencies to execute specific Central programmes in the State, out of which, a significant amount of ₹ 1205.31 crore and ₹ 717.12 crore was transferred to the District Rural Development Agencies and the Jharkhand Education Project Council respectively. Direct transfer of funds from the Union to State implementing agencies is fraught with the risk of improper utilisation. It would be difficult to monitor the end use of these direct transfers unless uniform accounting policies are followed by all these agencies with proper documentation and timely reporting of expenditure.

### 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 2005-10 are presented in **Appendix 1.3** and also depicted in **Charts 1.4** and **1.5** respectively.



- The revenue receipts of the State steadily increased by 79 per cent from ₹ 8464 crore in 2005-06 to ₹ 15118 crore in 2009-10. However, the share of the State's own resources to total revenue receipts steadily declined from 49 per cent in 2005-06 to 45 per cent in 2009-10. On the other hand, the share of both Central tax transfers and grants-in-aid showed an increasing trend during 2005-10. On an average, while around 45 per cent of the revenue in 2009-10 came from the State's own resources, central tax transfers and grants-in-aid together contributed about 55 per cent of the total revenues.
- During the year the total revenue receipts (₹15118 crore) comprised State's own tax revenue ₹ 4500 crore (30 per cent), non-tax revenue ₹ 2254 crore (15 per cent), central tax transfer ₹ 5547 crore

(37 *per cent*) and grants-in-aid ₹ 2817 crore (19 *per cent*) with a growth rate of 20 *per cent*, 15 *per cent*, three *per cent* and 33 *per cent* respectively over the previous year.

- The growth rate of non-tax revenue and central taxes declined by seven *per cent* and three *per cent* respectively while the growth rate of grants-in-aid increased by 18 *per cent* over the previous year.
- The State received debt relief of ₹ 131.91 crore during 2008-09 and ₹ 104.96 crore during 2009-10 due to enactment of the FRBM Act (May 2007).

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

**Table 1.3: Trends in Revenue Receipts relative to GSDP**

	2005-06	2006-07	2007-08	2008-09	2009-10
<b>Revenue Receipts (RR) (₹ in crore)</b>	8464	10010	12027	13213	15118
Rate of growth of RR ( <i>Per cent</i> )	27.1	18.3	20.1	9.9	14.4
R R/GSDP ( <i>Per cent</i> )	15.4	15.8	17.4	17.5	18.2
<b>Buoyancy Ratios<sup>2</sup></b>					
Revenue Buoyancy w.r.t GSDP	3.93	1.20	2.12	1.06	1.48
State's Own Tax Buoyancy w.r.t GSDP	2.26	1.03	0.94	0.86	2.05

- The growth rate of revenue receipts decreased significantly from 27.1 *per cent* in 2005-06 to 14.4 *per cent* in 2009-10. However, it showed improvement during 2009-10 (14.4 *per cent*) against the growth rate (9.9 *per cent*) in 2008-09.
- The revenue receipts increased from ₹13213 crore in 2008-09 to ₹15118 crore in 2009-10 with a growth rate of 10 *per cent* and 14 *per cent* respectively.
- Revenue buoyancy with respect to GSDP showed wide fluctuations ranging between 1.06 and 3.93 during 2005-10. In 2005-06, it was highest (3.93) due to very low growth of GSDP (6.9 *per cent*) during the year. In 2009-10, it slightly increased to 1.48 against 1.06 in 2008-09 due to high growth of revenue receipts.
- The State's own tax buoyancies showed wide variations between 0.86 and 2.26 during 2005-10, due to wide fluctuation in the growth rate of both GSDP and own tax revenue. However, it increased sharply to 2.05 in 2009-10 against 0.86 in 2008-09 due to a sharp increase in the growth rate of the States own tax revenue (20 *per cent*) in comparison to the growth rate of GSDP during the year.
- The growth rate of GSDP of the State recorded wide variation from 6.9 *per cent* to 15.2 *per cent* during 2005-10. Its growth rate decreased significantly from 15.2 *per cent* in 2006-07 to 9.5 *per cent* in 2007-08 and 9.3 *per cent* in 2008-09,

<sup>2</sup> 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*.

which slightly increased to 9.7 *per cent* during 2009-10.

### 1.3.1 State's Own Resources

As the State's share in Central taxes and grants-in-aid are determined on the basis of recommendations of the Finance Commission, collection of Central- tax receipts and Central assistance for Plan schemes etc. the State's performance in mobilisation of additional resources should be 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 ₹ 2758 crore in 2005-06 to ₹ 4500 crore in 2009-10, but its growth rate showed wide fluctuation between eight *per cent* to 20 *per cent* during 2005-10. Of the total tax revenue in 2009-10, sales tax contributed 80 *per cent* followed by State excise (seven *per cent*), taxes on vehicles (five *per cent*), stamp duty and registration (five *per cent*) and other taxes (three *per cent*).

During 2009-10, the collection of the States own tax revenue was ₹ 4500 crore against the Fiscal Correction Path (FCP) target of ₹ 6311 crore and the normative projection made by TFC of ₹ 4917 crore. The main reason for non-achievement of the FCP and TFC targets was lesser collection of sales tax than estimated (actual collection ₹ 3597 crore against budget estimate ₹ 6052 crore) during the year. The own tax to GSDP ratio was only 5.42 *per cent* against the Medium Term Fiscal Plan (MTFP) 2010-11 target of 7.40 *per cent* for the year 2009-10.

**Table 1.4: Cost of collection of revenue**

(₹ in crore)

Sl. No.	Head of revenue	Year	Gross collection	Expenditure on collection	Percentage of expenditure to gross collection	All-India average 2009-10
1	Taxes /VAT on sales, trade etc.	2008-09	2996.20	24.88	0.83	0.88
		2009-10	3597.20	31.17	0.87	
2	State excise	2008-09	205.46	10.38	5.05	3.66
		2009-10	322.75	13.75	4.26	
3	Stamp duty and registration fees	2008-09	192.16	9.91	5.16	2.77
		2009-10	238.20	10.98	4.81	
4	Taxes on vehicles	2008-09	201.57	4.03	2.00	2.93
		2009-10	234.21	5.02	2.14	

During 2008-09 and 2009-10, the percentage of cost of collection to the gross collection of the State was higher than the all-India average percentage of cost of collection for the year 2008-09 in respect of State excise and stamp duty and registration fees, whereas, it was at par in respect of taxes on sales and trade and taxes on vehicles as detailed in **Table 1.4** above.

### **Non-tax Revenue**

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The share of non-tax revenue constituted 12 to 17 *per cent* of the total revenue receipts during 2005-10. Its growth rate remained constant during 2008-09 and 2009-10. Non-ferrous Mining and Metallurgical Industries was the major contributor (77 *per cent*) to non-tax revenue.

#### **1.3.2 Loss of Grants-in-aid due to non-fulfilment of NPRE levels**

Specific grants amounting to ₹ 77.51 crore and ₹ 44.35 crore for the education and health sectors respectively were included in the total grants-in-aid transferred to the State during 2009 -10, which were significantly lower than the amounts of ₹155.01 crore and ₹ 88.70 crore respectively, recommended by TFC for the year. The precondition for release of grants-in-aid to these sectors was that budget estimates under Non Plan Revenue Expenditure (NPRE) should not be less than the projected 'total NPRE' for 2009-10 and the actuals of 2007-08 for NPRE of the relevant heads should not be less than the total of normal expenditure as prescribed by TFC plus the actual release of the grant for 2007-08. As there was a shortfall in the actual NPRE of 2007-08 in the education and health sectors by ₹ 255 crore and ₹ 95 crore respectively, the State received grants during 2009-10 which were lesser than what was recommended by TFC for the year.

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

During 2009-10, 5716 cases of under-assessment/short levy/losses etc. involving ₹ 4241.97 crore were pointed out in audit during test check of records of 112 units of commercial tax, State excise, motor vehicles, forests and other departments, out of which the Government accepted 4636 cases amounting to ₹ 82.38 crore (3970 cases involving ₹ 58.17 crore were pointed out during 2009-10 and the rest in earlier years). The amount of under-assessment, short levy, etc. pointed out by Audit accounted for 28 *per cent* of the total revenue receipts during the year.

#### **1.3.4 Revenue Arrears**

As on 31 March 2010, revenue arrears amounted to ₹ 2029 crore out of which ₹ 457.33 crore were outstanding for more than five years. The revenue arrears as on 31 March 2010 of the State's own resources was 30 *per cent* as against 36 *per cent* at the end of 2008-09. The major portion of the revenue arrears related to the Finance (Commercial Taxes) Department (₹ 1856.26 crore), Mining and Geology Department (₹ 285.58 crore) and the Excise and Prohibition Department (₹ 30.94 crore). Out of

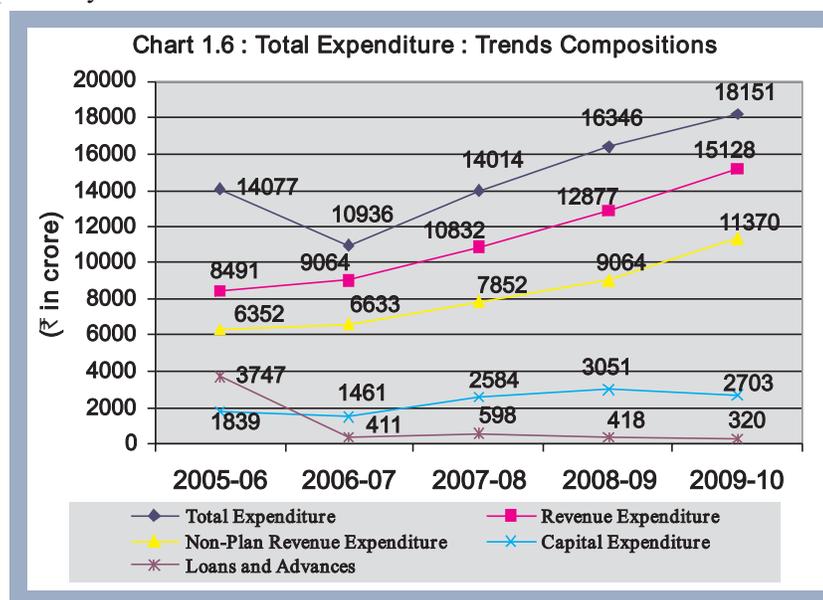
the total arrears of these departments, recovery proceedings for ₹ 1065.49 crore were stayed by judicial authorities while arrears of ₹ 348.90 crore were certified for recovery.

## 1.4 Application of resources

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

### 1.4.1 Growth and composition of expenditure

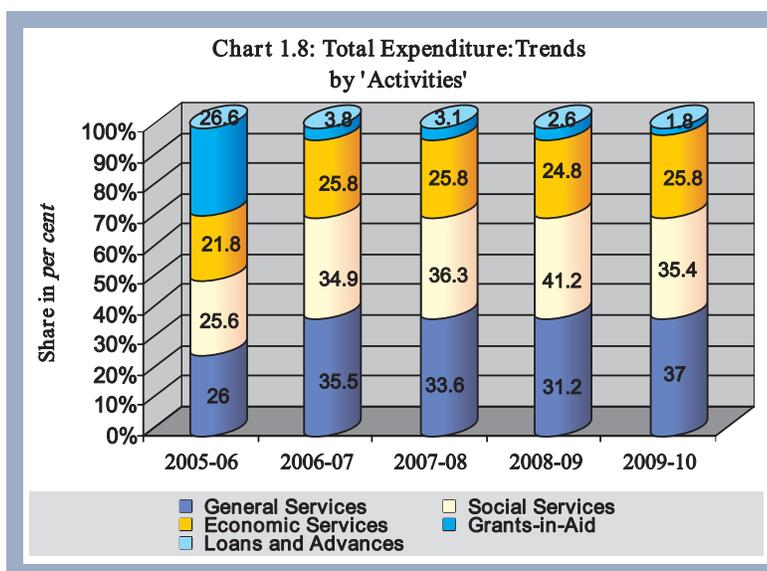
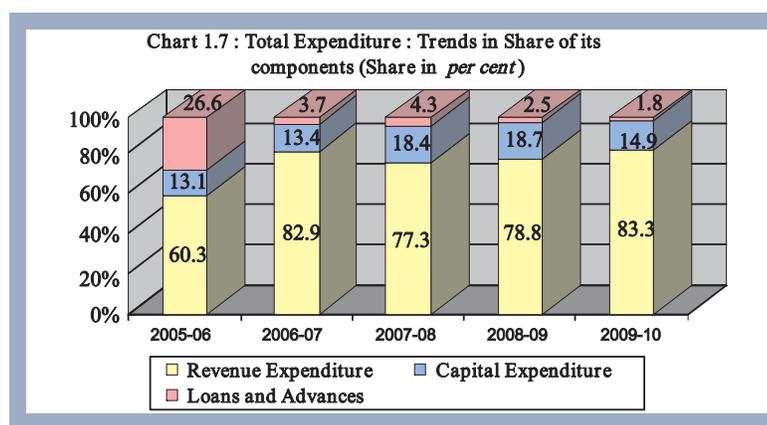
Chart 1.6 presents the trends in total expenditure during 2005-06 to 2009-10. Its composition both in terms of 'economic classification' and 'expenditure by activities' is depicted respectively in Charts 1.7 and 1.8, respectively.



- The total expenditure of the State increased from ₹ 16346 crore in 2008-09 to ₹ 18151 crore in 2009-10. The increase in total expenditure during 2009-10 was due to increase in revenue expenditure by ₹ 2251 crore (17 per cent), which was partly offset by decrease in capital expenditure and loans and advances by ₹ 348 crore (11 per cent) and ₹ 98 crore (23 per cent) respectively over the previous year. Capital expenditure decreased mainly due to decrease in expenditure on Education, Sports, Art and Culture (₹ 262 crore), Health and Family Welfare (₹ 131 crore), Water Supply Sanitation, Housing and Urban Development (₹ 101 crore) and Police (₹ 63 crore), which was partly offset by excess expenditure on Transport (₹ 295 crore) and

Rural Development (₹ 66 crore). The decrease in loans and advances was mainly due to decrease in loans to power projects for distribution (₹ 120 crore), which was partly offset by increase in loans for payment of interest on power bonds (₹ 26 crore) during 2009-10.

- The trend in total expenditure in the form of Non-Plan and Plan expenditure during 2009-10 revealed that Non-Plan expenditure and Plan expenditure constituted 63 and 37 *per cent* respectively as against 57 *per cent* and 43 *per cent* respectively in 2008-09. Moreover, increase of ₹ 1805 crore in total expenditure was due to increase in Non-Plan expenditure (₹ 2155 crore) which was partly offset by less Plan expenditure (₹ 351 crore). The percentage of NPRE to the total expenditure oscillated between 45 and 63 during 2005-10. The percentage of NPRE to total expenditure remained constant (56) during 2007-08 and 2008-09 which sharply increased to 63 during 2009-10.



- Revenue expenditure had a dominant share in total expenditure and accounted for 83 *per cent* of the total expenditure during 2009-10

against 79 *per cent* during 2008-09. The increase was mainly due to increase in expenditure on General Services, also termed as unproductive expenditure, by ₹ 1681 crore, (32 *per cent*), whereas expenditure on Social Services and Economic Services remained nearly the same during 2008-09 and 2009-10.

- Revenue expenditure increased from ₹ 8491 crore in 2005-06 to ₹15128 crore in 2009-10.
- Plan revenue expenditure decreased from 30 *per cent* of the total revenue expenditure in 2008-09 to 25 *per cent* in 2009-10, while the rate of growth of NPRES showed wide fluctuation between 4.4 *per cent* and 27.1 *per cent* during 2005-10. The growth rate of NPRES increased sharply from 15.4 *per cent* in 2008-09 to 25.4 *per cent* in 2009-10.
- The buoyancy of revenue expenditure with GSDP and revenue receipts decreased from 2.03 and 1.91 respectively in 2008-09 to 1.80 and 1.22 respectively in 2009-10. The growth rate of revenue expenditure stood at nearly double of the growth rate of GSDP during the year.
- Capital expenditure accounted for 13 to 19 *per cent* of the total expenditure during 2005-10. Though the percentage of capital expenditure to the total expenditure remained more or less constant (19 *per cent*) during 2007-08 and 2008-09, it decreased to 15 *per cent* in 2009-10.
- The capital expenditure was 3.25 *per cent* of GSDP and was slightly higher than the TFC assessment of three *per cent* for 2009-10. However, it was significantly low in comparison to the projection made in MTFP 2010-11 (5.40 *per cent*).
- Loans and advances accounted for two to four *per cent* of the total expenditure during 2005-10. It decreased from ₹ 418 crore in 2008-09 to ₹ 320 crore in 2009-10, mainly due to decrease in loans to power projects by ₹ 83 crore during the current year.
- During 2005-10, expenditure on General Services was almost at par with the expenditure on Social Services, whereas it was much higher than the expenditure on Economic Services. This was indicative of more expenditure on non-developmental/less productive services.

#### 1.4.2 Committed expenditure

The committed expenditure of the State Government on revenue account mainly consists of interest payments, expenditure on salaries and wages, pensions and subsidies. **Table 1.5** and **Chart 1.9** present the trend in the expenditure on these components during 2005-10.

**Table 1.5: Components of Committed Expenditure**

(₹ in crore)

Components of Committed Expenditure	2005-06	2006-07	2007-08	2008-09	2009-10	
					BE#	Actuals
Salaries* & Wages , <i>Of which</i>	2547 (30)	2744 (27)	2985 (25)	3948 (30)	6010	5342 (35)
Non-Plan Head	2326 (27)	2518 (25)	2802 (23)	3801 (29)	5859	5154 (34)
Plan Head**	221 (3)	226 (2)	183 (2)	147 (1)	151	188 (1)
Interest Payments	1420 (17)	1613 (16)	1758 (15)	1887 (14)	2429	2307(15)
Expenditure on Pensions	657 (8)	679 (7)	818 (7)	988 (7)	1531	1681(11)
Subsidies	469 (6)	211 (2)	77 (1)	37 (0.3)	366^	41(0.3)
<b>Total</b>	<b>5093(60)</b>	<b>5247 (52)</b>	<b>5638 (47)</b>	<b>6860(52)</b>		<b>9371(62)</b>

Figures in parentheses indicate percentage of Revenue Receipts

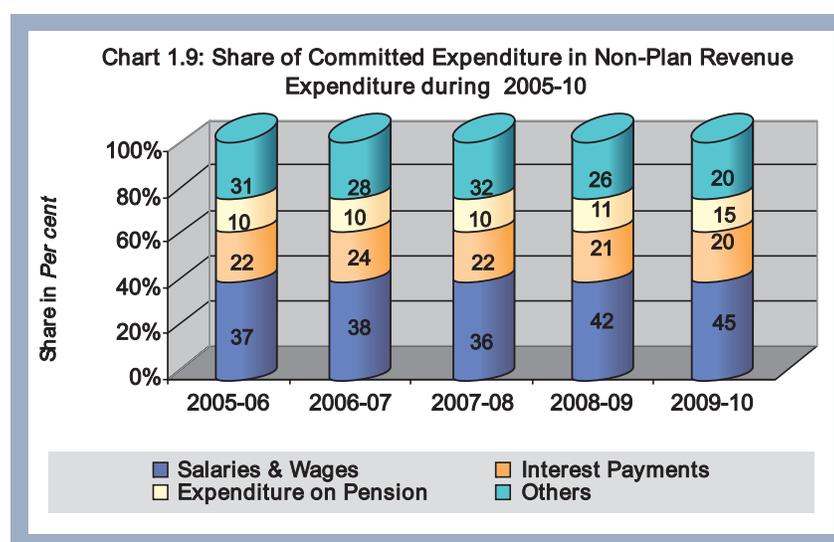
^ Figures taken from Fiscal Correction Path of the State.

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

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

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

(Source: Finance Accounts of Government of Jharkhand)



- Salary (₹ 5342 crore), interest (₹ 2307 crore) and pension (₹ 1681 crore) alone accounted for 51 *per cent* of the total expenditure and consumed 62 *per cent* of the revenue receipts during 2009-10. Expenditure on salary under the Non-Plan revenue head as a percentage of Non-Plan revenue expenditure was 45 *per cent* during 2009-10.
- The expenditure on salaries under the revenue head as a percentage of revenue expenditure, net of interest payment and pension payment was 47 *per cent* during 2009-10 against the TFC norm of 35 *per cent*.
- 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 2005-10. However, in 2009-10, it was 35 *per cent* of both the revenue expenditure and revenue receipts of the State.

- The salary expenditure during 2009-10 was less by ₹ 668 crore against the budget provisions, while in comparison to the FCP target, it was lower by ₹ 185 crore.
- The salary expenditure under the Non-Plan head was less by ₹ 705 crore against the budget provisions, while under the Plan head, it was in excess of ₹ 37 crore of the budget provision (₹ 151 crore) during the year.
- Expenditure on salaries under the Non-Plan heads during 2009-10 increased by ₹1353 crore (36 *per cent*) over the previous year, whereas the salary expenditure under Plan heads increased by ₹ 41 crore (28 *per cent*) over the previous year.
- The expenditure on pension increased by 156 *per cent* from ₹ 657 crore in 2005-06 to ₹ 1681 crore in 2009-10. It exceeded by ₹ 150 crore (10 *per cent*) of the budget estimate for 2009-10.
- Pension payments (₹ 693 crore) increased by 70 *per cent* during 2009-10 over the previous year against TFC norms of 10 *per cent*. With the increase in the number of pensioners, the pension liability was likely to increase in future.
- Though interest payments increased by ₹ 420 crore (22 *per cent*) during 2009-10 over the previous year, against a seven *per cent* increase during 2008-09, as a percentage of revenue receipts, interest payments increased from 14 *per cent* in 2008-09 to 15 *per cent* in 2009-10 which was at par with the TFC norms of 15 *per cent*.
- TFC while projecting NPRI for the State for the award period (2005-10) had assigned a growth rate of 8.5 *per cent* in interest payment if the ratio of interest payment to total revenue receipt was less than 23 *per cent* in the base year 2004-05. In the case of Jharkhand, since this ratio was 17 *per cent*, interest payments should have increased at an average rate of 8.5 *per cent*. However, during 2009-10, its growth rate was 22 *per cent*, which was much higher than the TFC norms.
- The State considerably curtailed expenditure on subsidies from ₹ 469.19 crore in 2005-06 to ₹ 37 crore in 2008-09, as reflected in the FCP. Subsidy of ₹ 469.19 crore, ₹ 211.35 crore and ₹ 77.27 crore was given to the power sector alone during 2005-06, 2006-07 and 2007-08 respectively. In 2008-09 and 2009-10, subsidy of ₹ 36.58 crore and ₹ 40.70 crore respectively was given for Agriculture and Allied Activities, while ₹ 0.07 crore and ₹ 0.18 crore was given to Industries and Minerals respectively. No subsidy was given for food during 2005-10 and for power sector during 2009-10.

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

The quantum of assistance provided by way of grants and loans to local bodies and others during the current year relative to the previous years is presented in Table 1.6.

**Table 1.6: Financial Assistance to Local Bodies etc.**

	(₹ in crore)				
Financial Assistance to Institutions	2005-06	2006-07	2007-08	2008-09*	2009-10*
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	363.95	419.59	402.16	636.87	560.07
Municipal Corporations and Municipalities	77.28	109.58	146.07	236.87	114.27
Zilla Parishads and Other Panchayati Raj Institutions	93.09	151.27	79.43	-	-
Development Agencies	551.39	422.54	142.45	408.58	463.35
Other Institutions	69.79	528.20	496.01	1083.53	1195.25
<b>Total</b>	<b>1155.50</b>	<b>1631.18</b>	<b>1266.12</b>	<b>2365.85</b>	<b>2332.94</b>
Assistance as percentage of RE	14	18	12	16	15

*\*Prepared on the basis of New Statement 8 included in Finance Accounts 2009-10.*

Financial assistance to local bodies increased steadily from ₹ 1155.50 crore in 2005-06 to ₹ 2332.94 crore in 2009-10. The financial assistance in 2009-10 decreased mainly due to decrease in assistance to educational institutions (₹ 76.80 crore) and municipal corporations (₹ 122.60 crore). The total assistance to these bodies during 2009-10 stood at 15 per cent of revenue expenditure against 16 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. Improvement in the quality of expenditure basically involves three aspects, viz., adequacy of the expenditure (i.e. adequate provisions for providing public services); efficiency of expenditure use and its effectiveness (assessment of outlay-outcome relationship for select services).

### 1.5.1 Adequacy of Public Expenditure

The expenditure responsibilities relating to the social sector and the economic infrastructure assigned to the State Government are largely State subjects. Thus, in order to enhance social development levels in the States, it is essential to increase expenditure on key social services like education, health etc. Low level of spending on any sector by a particular State may be due to the low fiscal priority attached by the State Government. Low fiscal priority (ratio of expenditure category to aggregate expenditure) is attached to a particular sector if it is below the respective general category State's average. Table 1.7 analyses the fiscal priority of the State Government with regard to development expenditure, social sector expenditure and capital expenditure during the current year.

Table 1.7: Fiscal Priority of the State in 2005-06 and 2009-10

(In per cent)

Fiscal Priority by the State	AE/GSDP	DE/AE	SSE/AE	CE/AE	Education/AE	Health/AE
*16 Other General Category States Average (Ratio) 2005-06	17.75	61.76	30.76	13.97	14.95	4.05
Jharkhand State's Average (Ratio) 2005-06	25.65	73.93	26.17	13.06	12.78	3.78
*16 other General Category States Average (Ratio) 2009-10	18.24	66.05	35.76	14.85	16.21	4.28
Jharkhand State's Average (Ratio) 2009-10	21.85	62.92	35.76	14.89	18.01	3.77

AE: Aggregate 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 collected from the State's Directorate of Economics and Statistics.  
 \*Excluding Goa, Delhi and Puduchery

Table 1.7 depicts the fiscal priorities given to various categories of expenditure of the State in 2005-06 (the first year of the award period of TFC) and in the current year i.e. 2009-10 (the terminal year of the TFC's award period).

The State Government's Aggregate Expenditure (AE) as a proportion of GSDP was more than the general category States' average during 2005-06 and 2009-10. The Government gave adequate fiscal priority to Development Expenditure (DE) during 2005-06 but did not give the same during 2009-10 since, DE/AE was higher than the general category States' average during 2005-06 but the same was lower in 2009-10.

The fiscal priority given to Social Sector Expenditure was, however, satisfactory during 2009-10 since SSE/AE was the same as the general category States' average.

The Capital Expenditure (CE) as a proportion of the aggregate expenditure was lower than the general category States during 2005-06 but the same increased during 2009-10 showing adequate priority given to capital expenditure during the year.

The expenditure on education as a proportion of the aggregate expenditure was lower during 2005-06 but the same was higher during 2009-10 showing adequate fiscal priority given to education. However, the priority given on health was lower during 2005-06 and 2009-10. The Government should consider giving greater fiscal priority to health.

### 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 rationalisation measures and lay emphasis on provision of core public and merit goods<sup>3</sup>. Apart from improving the

<sup>3</sup>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.

allocation towards development expenditure<sup>4</sup>, 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 1.8** presents the trends in development expenditure relative to the aggregate expenditure of the State during the current year *vis-a-vis* budgeted amounts and expenditure during the previous years, **Table 1.9** provides the details of capital expenditure and the components of revenue expenditure incurred on the maintenance of selected Social and Economic services.

**Table 1.8: Development Expenditure**

(₹ in crore)

Components of Development Expenditure	2005-06	2006-07	2007-08	2008-09	2009-10	
					BE*	Actuals
<b>Development Expenditure (a to c)</b>						
a. Development Revenue Expenditure	4913 (34)	5252 (46)	6224 (42)	7918 (46)	4564	8523(47)
b. Development Capital Expenditure	1763 (12)	1389 (12)	2476 (17)	2875 (17)	3354	2591(14)
c. Development Loans and Advances	3731 (26)	397 (3)	586 (4)	411 (2)	374	308(2)
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)

The Development Expenditure (DE) of the State comprised revenue and capital expenditure including loans and advances on socio-economic services. Development revenue expenditure constituted the major share of this expenditure and ranged between 42 and 47 *per cent* of AE, except in 2005-06 (34 *per cent*). Capital expenditure had a lesser share and ranged from only 12 to 17 *per cent* of the AE of the State during 2005-10. The loans and advances by the State ranged from two to four *per cent* of AE except in 2005-06 (26 *per cent*). The low percentage of revenue expenditure to AE, during 2005-06 was due to high percentage of disbursement of loans and advances to the Jharkhand State Electricity Board for making repayments of outstanding interest against bonds issued by the Board. The growth rate of developmental revenue expenditure decreased sharply from 27 *per cent* in 2008-09 to eight *per cent* in 2009-10, while the growth rate of developmental capital expenditure decreased from 16 *per cent* in 2008-09 to (-) 10 *per cent* in 2009-10. Developmental loans and advances decreased from ₹ 586 crore in 2007-08 to ₹ 411 crore in 2008-09, which further decreased to ₹ 308 crore in 2009-10. Moreover, as depicted in the above table, all the above-mentioned expenditure was much below the budgeted amounts.

<sup>4</sup>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 1.9 –Efficiency of Expenditure Use in Selected Social and Economic Services**

Social/Economic Infrastructure	2008-09			2009-10		
	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
<b>Social Services (SS)</b>						
General Education	1.28	46.98	00	0.41	58.95	00
Health and Family Welfare	27.56	49.38	0.06	12.40	65.83	0.05
WS, Sanitation, & HUD	69.68	28.86	7.53	66.48	28.23	17.49
<b>Total (SS)</b>	<b>20.10</b>	<b>33.70</b>	<b>0.47</b>	<b>12.82</b>	<b>45.47</b>	<b>0.95</b>
<b>Economic Services (ES)</b>						
Agri. & Allied Activities	1.93	47.46	0.14	0.94	41.61	0.01
Irrigation and Flood Control	52.12	93.73	2.18	43.80	95.82	1.27
Power & Energy	-	-	00	00	00	00
Transport	62.23	18.87	11.34	71.61	22.99	8.77
<b>Total (ES)</b>	<b>37.51</b>	<b>31.02</b>	<b>1.72</b>	<b>37.75</b>	<b>29.53</b>	<b>1.83</b>
<b>Total (SS+ES)</b>	<b>26.63</b>	<b>32.84</b>	<b>0.87</b>	<b>23.32</b>	<b>40.03</b>	<b>1.25</b>

TE: Total Expenditure of that sector; CE: Capital Expenditure; RE: Revenue Expenditure; S&W: Salaries and Wages; O&M: Operations & Maintenance \*.

\* As per Finance Accounts it represents actual expenditure booked under detailed head -05- Maintenance and Repairs..

(Source: Finance Accounts of Government of Jharkhand)

### Expenditure on Social Services

- Expenditure on Social Services increased steadily by 78 per cent from ₹ 3607 crore in 2005-06 to ₹ 6435 crore in 2009-10, ranging between 26 and 41 per cent of the total expenditure during 2005-10 and accounted for 56 per cent of total expenditure on DE (₹ 11421 crore).
- During 2009-10, the expenditure on Social Services decreased by five per cent (₹ 305 crore) over the previous year. Decrease in expenditure of ₹ 305 crore on Social Services during 2009-10 was mainly due to decrease in capital expenditure on all the social services.
- Out of the total expenditure on Social Services during 2005-10, 50 to 52 per cent was incurred on Education, Sports, Arts and Culture, 10 to 16 per cent on Health and Family Welfare and 9 to 15 per cent on Water Supply and Sanitation, Housing and Urban Development.

### Expenditure on Economic Services

- The expenditure on Economic Services increased by 56 per cent from ₹ 3069 crore in 2005-06 to ₹ 4679 crore in 2009-10, ranging between 22 per cent and 29 per cent of the total expenditure in 2005-10. It constituted 41 per cent of the developmental expenditure during 2009-10.
- Out of the total expenditure on Economic Services, the percentage of expenditure on Agriculture and Allied Activities decreased from 16 per cent in 2008-09 to 14 per cent in 2009-10, whereas the expenditure on Energy and Transport increased significantly from four and 22 per cent in 2008-09 to 10 and 25 per cent in 2009-10 respectively.
- The percentage of sector-wise capital expenditure to sector-wise total expenditure on Social Services and Economic Services decreased

during 2009-10 over the previous year except on transport, which recorded an increase of 9.38 *per cent* in 2009-10 over the previous year.

- The salary component in Revenue Expenditure in different sectors of Social and Economic Services increased during 2008-09 and 2009-10, except in Agriculture and Allied Activities, where it decreased by ₹ 32.45 crore (5.85 *per cent*).
- During 2009-10, the State Government spent only ₹ 161.09 crore under the revenue account under the detailed head- “05- Maintenance and Repairs to maintain public assets”. The corpus of assets, being maintained with ₹ 161.09 crore was large and the limited allocation of funds may not suffice to keep the assets in a state of good repair.

## 1.6 Financial analysis of Government expenditure and investments

In the post-FRBM framework, the State is expected to keep its fiscal deficit (and borrowings) not only at low levels but also 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-a-vis* the previous years.

### 1.6.1 Incomplete projects

Department-wise information pertaining to incomplete projects as on 31 March 2010 is given in **Table 1.10**.

**Table 1.10: 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 31.3.2010
Road Construction Department	156	943.75	56.33	-	500.61
Drinking Water and Sanitation Department	51	568.92	30.50	-	312.05
Water Resources Department	49	860.79	832.81	-	644.57
Building Department	6	19.42	-	-	8.75
<b>Total</b>	<b>262</b>	<b>2392.88</b>	<b>919.64</b>	<b>-</b>	<b>1465.98</b>

\* 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 262 incomplete projects pertained to the Road Construction Department (156), Drinking Water and Sanitation Department (51), Water Resources Department (49) and Building Construction Department (6).

- Target dates for completion of the incomplete projects given in **Table 1.10** were from March 2003 to March 2010. Revised dates for completion of the projects had not been provided by the Government.
- The investment in total 262 incomplete projects as on 31.03.2010 amounted to ₹ 1465.98 crore against the estimated cost of ₹ 2392.88 crore.

### 1.6.2 Investment and returns

As of 31 March 2010, the Government had invested ₹ 128.73 crore in nine Government companies (₹ 20.55 crore) and 15 co-operatives, banks and societies (₹ 108.18 crore) since the inception of the State (**Table 1.11**). The average return on this investment was reported to be 'nil' during the last five years while the Government paid an average interest rate of 7.83 *per cent* on its borrowings during 2005-2010.

**Table 1.11: Returns on investment**

Investment/Return/Cost of Borrowings	2005-06	2006-07	2007-08	2008-09	2009-10
Investment at the end of the year (₹ in crore)	25.05	28.70	98.96	112.47	128.73
Return (₹ in crore)	Nil	Nil	Nil	Nil	Nil
Return ( <i>per cent</i> )	Nil	Nil	Nil	Nil	Nil
Average rate of interest on Govt. borrowing ( <i>per cent</i> )	7.55	8.20	7.97	7.42	8.03
Difference between interest rate and return ( <i>per cent</i> )	7.55	8.20	7.97	7.42	8.03

(Source: Finance Accounts of Government of Jharkhand)

The investment of ₹ 16.26 crore (13 *per cent*) made during 2009-10 was mainly in the Regional Rural Bank (₹ 12.06 crore) and Integrated Child Development Programme, financed by the National Co-operative Development Corporation (₹ 1.50 crore). In the absence of up to date accounts of major companies, it is difficult to make comments/observations on their financial position especially regarding their accumulated losses. Investments in these institutions as well as statutory corporations and joint stock companies up to 14 November 2000 by the composite Bihar State had not been apportioned between the successor States of Bihar and Jharkhand.

### 1.6.3 Departmental Commercial Undertakings

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

There were 31 such units under various departments *viz* Agriculture (22), Forest (5), Animal Husbandry (2), Health (1) and Finance (1) in the State which were required to prepare proforma accounts annually. However, information regarding proforma accounts had not been provided by the State's departments as of October 2010.

### 1.6.4 Loans and advances by State Government

In addition to investments in co-operative societies, corporations and companies, the Government has also been providing loans and advances to many of these institutions/organisations. **Table 1.12** presents the outstanding loans and advances as on 31 March 2010, and interest receipts *vis-a-vis* interest payments during the last five years.

**Table 1.12: Average Interest Received on Loans Advanced by the State Government.**

	(₹ in crore)				
Quantum of Loans/Interest Receipts/ Cost of Borrowings	2005-06	2006-07	2007-08	2008-09	2009-10
Opening Balance	1330	5067	5462	6016	6415
Amount advanced during the year	3747	411	598	418	320
Amount repaid during the year	10	16	44	19	22
<b>Closing Balance</b>	<b>5067</b>	<b>5462</b>	<b>6016</b>	<b>6415</b>	<b>6713</b>
Net addition	3737	395	553	399	298
Interest Receipts	71	38	87	110	153
Interest Receipts as a percentage of outstanding Loans and advances	2.24	0.72	1.52	1.77	2.33
Interest Payments as a percentage of outstanding fiscal liabilities of the State Government.	9.20	8.77	8.57	8.26	9.00
Difference between Interest Payments and Interest Receipts ( <i>per cent</i> )	(-) 6.96	(-)8.05	(-)7.05	(-) 6.5	(-)6.67

(Source: Finance Accounts of Government of Jharkhand)

- The quantum of loans advanced to co-operative societies, companies etc. by the State decreased from ₹ 418 crore in 2008-09 to ₹ 320 crore in 2009-10. The decrease was mainly due to decrease in loans and advances by ₹ 83 crore to the Jharkhand State Electricity Board during 2009-10.
- The total interest receipts during 2009-10 were in the form of interest income which accrued to the Government on the cash balances held with the Reserve Bank of India (₹ 145.55 crore). Interest receipts on loans advanced by the Government to institutions/organizations was 'nil' while the Government borrowed funds at the rate of 8.03 *per cent* during the current year. The interest receipts stood at only 2.33 *per cent* of the outstanding loans against the TFC recommendation of seven *per cent* by the end of 2009-10.
- 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 2005-10. The Jharkhand State Electricity Board (JSEB) was the major defaulter in re-payment of debt-service obligations. Out of the total outstanding loans of ₹ 6713 crore at the end of March 2010, ₹ 6143 crore (92 *per cent*) was outstanding against JSEB and ₹ 502 crore was outstanding against urban local bodies.

### 1.6.5 Cash balances and investment of cash balances

Details of cash balances and investments made by the State Government during the year are shown in **Table 1.13**.

Table-1.13: Cash Balances and Investment of Cash balances

(₹ in crore)

Particulars	As on 1 <sup>st</sup> April 2009	As on 31 <sup>st</sup> March 2010	Increase/Decrease
Cash Balances			
Investments from Cash Balances (a to d)	978.99	1359.39	380.40
a. GOI Treasury Bills	974.58	1354.98	380.00
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	109.05	145.55	36.50

(Source: Finance Accounts of Government of Jharkhand)

- During 2009-10, the major part of the cash balances (99.7 per cent) was invested in GOI Treasury Bills at an interest rate of five per cent, which was lesser than the interest paid (8.03 per cent) by the State, on its borrowings. Therefore, had the cash balances been invested at market rates, the State could have benefited in the shape of interest receipts which could have been more than 50 per cent of the interest earned on investments in GOI treasury bills during the period. Moreover, it would have been prudent on the part of the State to repurchase the high cost market loans of the State on which the State Government had to bear interest up to 13 per cent per annum instead of investing the cash balances in GOI treasury bills.
- Although, the State had a cash balance of ₹ 1359.39 crore at the end of March 2010 invested in GOI treasury bills, it borrowed ₹ 1844 crore at an average interest rate of 8.03 per cent during the year.

## 1.7 Assets and Liabilities

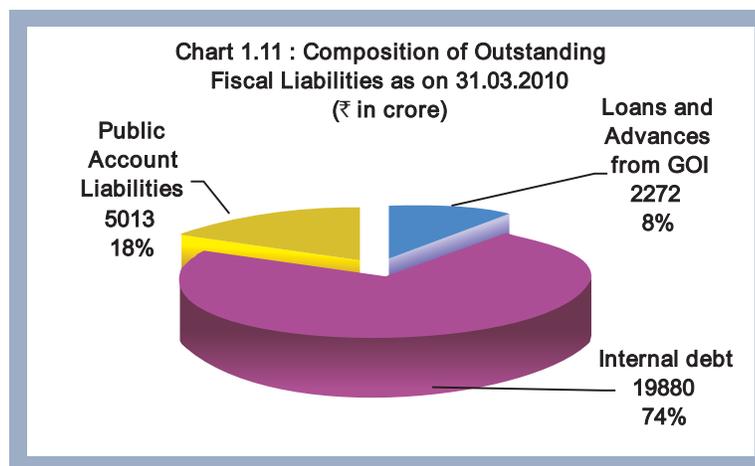
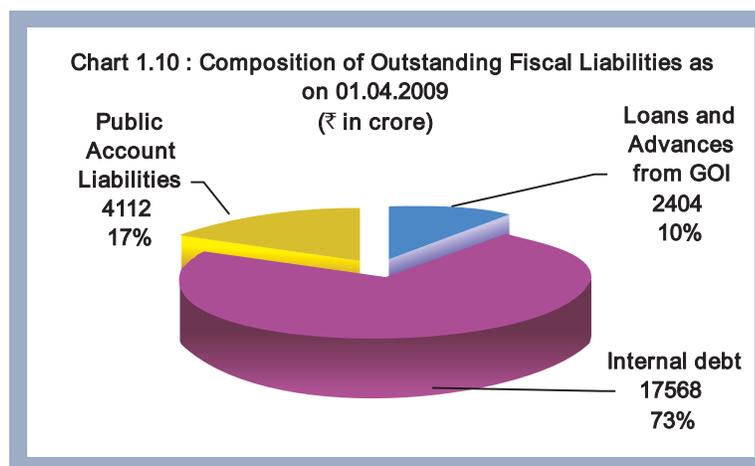
### 1.7.1 Growth and composition of assets and liabilities

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** gives an abstract of such liabilities and assets as on 31 March 2010, compared with the corresponding position on 31 March 2009. 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.

### 1.7.2 Fiscal Liabilities

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



- The overall fiscal liabilities of the State increased by 56 per cent from ₹ 17360 crore in 2005-06 to ₹ 27165 crore in 2009-10. The growth rate of fiscal liability was 12.79 per cent during 2009-10 against 11.42 per cent in 2008-09.
- Increasing liabilities raises the issue of sustainability of State Government finances. The ratio of fiscal liabilities to GSDP increased steadily from 31.6 in 2005-06 to 32.7 per cent in 2009-10. These liabilities remained almost constant in comparison to the revenue receipts (1.8 times) and of the State's own resources (4.02 times) during 2008-09 and 2009-10. The Thirteenth Finance Commission has recommended that all States should reduce their fiscal liabilities to 25 per cent of GSDP by 2014-15. The Government may consider taking steps to achieve this outcome.
- Apportionment of fiscal liabilities of undivided Bihar between the successor States of Bihar and Jharkhand had not been done so far (September 2010).

### 1.7.3 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 2009-10 and even earlier. However, the FCP of the State revealed that at the end of March 2010, ₹ 500 crore was outstanding in the shape of guarantees given by the Government. No further details were made available.

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

No off-budget borrowings under Article 293 of the Constitution of India were made by the State during the last 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 sustainability<sup>5</sup> of the State. This section assesses the sustainability of debt of the State Government in terms of debt stabilisation<sup>6</sup>; sufficiency of non-debt receipts<sup>7</sup>; net availability of borrowed funds<sup>8</sup>; burden of interest payments (measured by interest payments to revenue receipts ratio) and the maturity profile of State Government securities. **Table 1.14** analyses the debt sustainability of the State according to these indicators for the period of four years beginning from 2005-06.

<sup>5</sup> 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.

<sup>6</sup> 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.

<sup>7</sup> 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.

<sup>8</sup> 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 1.14: Debt Sustainability: Indicators and Trends**

Indicators of Debt Sustainability	2005-06	2006-07	2007-08	2008-09	2009-10
Debt Stabilisation (Quantum Spread + Primary Deficit)	(-4494)	1814	(-10)	(-1011)	(-535)
Sufficiency of Non- debt Receipts (Resource Gap)	(-3386)	4693	(-1033)	(-1171)	103
Net Availability of Borrowed Funds	2429	444	439	583	3081
Burden of Interest Payments (IP/RR Ratio)	17	16	15	14	15
Maturity Profile of State Debt (In Years)					
0 – 1	*	*	5	775(4)	1183(5)
1 – 3	*	*	1850(10)	2508(13)	2885(13)
3 – 5	*	*	2689(15)	2829(14)	3263(15)
5 – 7	*	*	2771(15)	2635(13)	2569(12)
7 and above	*	*	11084(60)	11225(56)	12252(55)
<b>Total</b>	<b>*</b>	<b>*</b>	<b>18399</b>	<b>19972</b>	<b>22152</b>

*\* Figures not available.*

*Percentage to total are shown in brackets.*

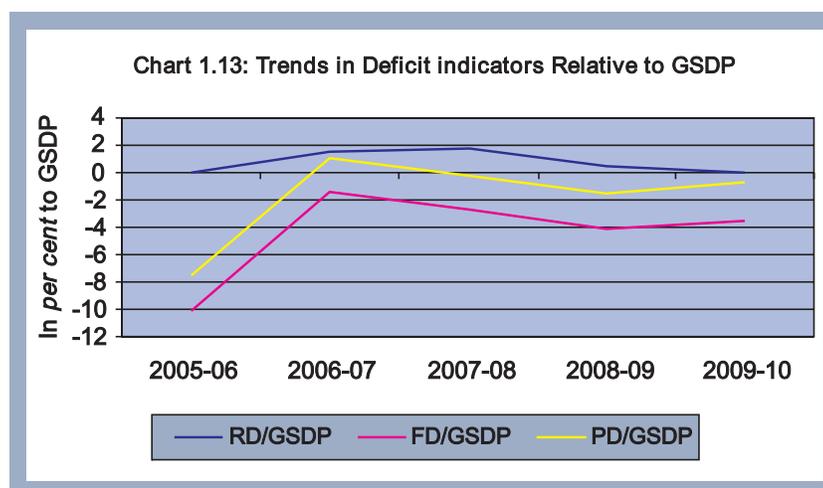
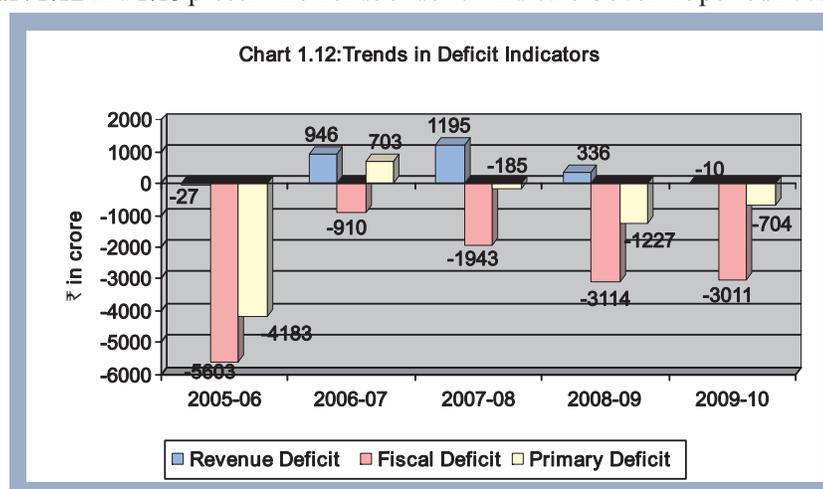
- As may be seen from the above table, the quantum spread together with the primary deficit has been fluctuating during 2005-10. It was negative during 2005-06, 2007-08, 2008-09 and 2009-10 except during 2006-07. The quantum spread together with the primary deficit, decreased from (-) ₹ 1011 in 2008-09 to (-) ₹ 535 during 2009-10, which was indicative of a fall in the debt-GSDP ratio, leading to an improvement in the debt sustainable position. However, as long this indicator shows a negative value, debt stabilisation will continue to be a concern.
- The ratio of fiscal liabilities to GSDP increased from 31.6 in 2005-06 to 31.8 in 2008-09 and to 32.7 in 2009-10. In 2005-06, the quantum spread was negative and the primary deficit was at its highest level, whereas, during 2009-10, the quantum spread was positive, though it was very low (₹ 169 crore) and the primary deficit was also low to ₹ 704 crore, resulting in slight improvement in debt-GSDP ratio in the year.
- As far as the resource gap is concerned, against a positive resource gap of ₹ 4693 core in 2006-07, the resource gap of the State during 2007-08 was (-) ₹ 1033 crore, which further increased to (-) ₹ 1171 crore in 2008-09, which indicated an unstable fiscal position of the State. However, in 2009-10, the position improved with a positive resource gap of ₹ 103 crore.
- The ratio of interest payments to revenue receipts showed some improvement as it declined from 17 *per cent* in 2005-06 to 15 *per cent* in 2009-10. However, when compared with the previous year it increased by one *per cent* during 2009-10.
- 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 and FCP.

## 1.9 Fiscal imbalances

Three key fiscal parameters - revenue, fiscal and primary deficits - indicate the extent of the overall fiscal imbalances in the finances of the State 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-a-vis* the targets set under the FRBM Act/Rules for the financial year 2009-10.

### 1.9.1 Trends in deficits

Chart 1.12 and 1.13 present the trends of deficit indicators over the period 2005-10.



- The State had a revenue surplus during 2006-09. However, the amount of revenue surplus decreased from ₹ 1195 crore in 2007-08 to ₹ 336 crore in 2008-09. But during 2009-10, the State had a revenue deficit of (-) ₹ 10 crore. Though the State had 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, it failed to sustain the position. Also, the State failed to achieve the revenue surplus of ₹ 2614 crore estimated in its MTFP 2010-11. Revenue surplus-GSDP percentage as estimated in MTFP 2010-11 (3.69 *per cent*) had also not been achieved during 2009-10.

- The fiscal deficit of the State increased from ₹ 910 crore in 2006-07 to ₹ 3114 crore in 2008-09 which slightly decreased to ₹ 3011 crore during 2009-10. The percentage of fiscal deficit to GSDP was 3.62 *per cent* at the end of March 2010 against the FRBM target and TFC norm of three *per cent* at the end of March 2009 which was further revised to 1.82 *per cent* for 2009-10 in MTFP 2010-11 of the State.
- Against the primary surplus of ₹ 704 crore in 2006-07, there was a primary deficit of ₹ 185 crore in 2007-08, which further increased to ₹ 1227 crore at the end of 2008-09. However, during 2009-10, it showed improvement and decreased to ₹ 704 crore. The primary deficit was 0.8 *per cent* of GSDP against the estimate of primary surplus of three *per cent* of GSDP, starting from the end of March 2008 depicted in the FRBM Act, 2007. However, as per the revised estimate in MTFP 2010-11, it was targeted at 1.01 *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 1.15**.

**Table 1.15: Components of Fiscal Deficit and its Financing Pattern**

		(₹ in crore)				
	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
<b>Decomposition of Fiscal Deficit</b>						
1	Revenue Deficit	(-)27	946	1195	336	(-)10
2	Net Capital Expenditure	1839	1461	2584	3051	2703
3	Net Loans and Advances	3737	395	554	399	298
<b>Financing Pattern of Fiscal Deficit*</b>						
1	Market Borrowings	241	262	921	1238(1.64)	1674(2.01)
2	Loans from GOI	(-)145	(-)145	(-)161	(-)136	(-)133
3	Special Securities Issued to NSSF	1634	1214	125	54 (0.1)	670(0.81)
4	Loans from Financial Institutions	47	143	602	1348(1.78)	180(0.22)
5	Small Savings, PF etc	212	229	162	200(0.26)	272(0.33)
6	Deposits and Advances	358	396	625	799(1.06)	273(0.33)
7	Suspense and Miscellaneous	1790	(-)722	(-)447	709(0.94)	(-)258
8	Remittances	(-)89	(-)85	(-)146	(-)11	(-)39
9	Others	(-)9651	(-)2201	(-)3624	(-)7315	(-)5650
10	Overall Surplus/Deficit	(-)5603	(-)910	(-)1943	(-)3114	(-)3011
<p>Figures in brackets indicate the percentage with respect to GSDP.                      *All these figures are net of disbursements/outflows during the year                      (Source: Finance Accounts of Government of Jharkhand)</p>						

During 2009-10, the fiscal deficit of ₹ 3011 crore was mainly met from market borrowings ( ₹ 1674 crore), Small Savings Provident Fund ( ₹ 272 crore) and Deposits and Advances ( ₹ 273 crore), thereby increasing the interest burden in the future. However, borrowings in the shape of loans from other institutions, deposit and advances and suspense and miscellaneous had sharply decreased during the year, which indicated improvement in the financial position of the State.

### 1.9.3 Quality of Deficit/Surplus

The ratio of revenue deficit to fiscal deficit and the decomposition of primary deficit into primary revenue deficit and capital expenditure (including loans and advances) would indicate the quality of deficit in the States' finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. Further, a persistently high ratio of revenue deficit to fiscal deficit also indicates that the asset base of the State was continuously shrinking and a part of the borrowings (fiscal liabilities) did not have any asset backup. Bifurcation of the primary deficit (**Table 1.16**) would indicate the extent to which the deficit has been on account of enhancement in capital expenditure which may be desirable for improving the productive capacity of the State's economy.

**Table 1.16: 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)
2005-06	8474	7071	1839	3747	12657	(+)1403	(-) 4183
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

(Source: Finance Accounts of Government of Jharkhand)

- During 2005-06 to 2009-10, the non-debt receipts of the State increased from ₹ 8474 crore to ₹ 15140 crore against a corresponding increase in primary revenue expenditure and primary expenditure. However, capital expenditure showed fluctuations during the period.
- The surplus receipts were not enough to meet the expenditure requirement under the capital account, resulting in primary deficits during the period 2005-10 (except 2006-07).
- 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 increase the productive capacity of the State.

### 1.10 Conclusion

The State achieved the target of reducing its revenue deficit to zero, much before the time line given in FRBM Act but it failed to sustain the position during 2009-10 and had a revenue deficit of ₹ 10 crore in 2009-10 as against the estimate of ₹2614 crore given in MTFP 2010-11 of the State. The primary deficit increased from ₹ 185 crore in 2007-08 to ₹ 1227 crore in 2008-09. However, it decreased to ₹ 704 crore in 2009-10. The State also failed to achieve the target set for fiscal deficit as the fiscal deficit of the State was four *per cent* of the GSDP at the end of March 2010 against the FRBM target and TFC norm of three *per cent* by the end of March 2009.

Non-Plan Revenue Expenditure constituted 75 *per cent* of the revenue expenditure. It significantly exceeded both the normative projection of TFC and the FCP target.

The revenue expenditure on salaries constituted 35 *per cent* of both revenue receipts and revenue expenditure during 2009-10, which was within the limits of the FCP target of 37 *per cent*, while the total salary expenditure relative to revenue expenditure, net of interest and pension payment was 47 *per cent* during 2009-10 against the TFC norm of 35 *per cent*. The expenditure on pension increased by ₹ 693 crore (70 *per cent*) in 2009-10 over the previous year as against the TFC norm of 10 *per cent*. Subsidy of ₹ 40.71 crore and ₹ 0.17 crore was given in 2009-10 for Agriculture and Allied Activities and Industries and Minerals respectively.

Although, the State had a cash balance of ₹ 1359.39 crore at the end of March 2010 invested in Government of India treasury bills, it borrowed ₹ 1844 crore at an average interest rate of 8.03 *per cent* during the year.

### 1.11 Recommendations

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- The State should strictly adhere to the Fiscal Correction Path prepared to achieve the financial target in the light of TFC recommendation as the revenue surplus during the last three years turned to revenue deficit in 2009-10. Also the State should put in concrete efforts to maintain its fiscal deficit within the FRBM target.
- There is a need to initiate suitable measures to compress Non-Plan Revenue Expenditure and to mobilise additional resources, both through tax and non-tax sources and to collect the arrears of revenue.
- The higher percentage of capital expenditure to GSDP during the year, against the TFC norms of three *per cent*, indicates that adequate fiscal priority to capital expenditure has been given by the State. However, financial outlays on capital expenditure need to be converted to physical assets in a timely manner so that the intended outcomes are actually realised.
- Regarding returns on Government investments, the Government should seek better value for money in investments. Otherwise, increasing fiscal liabilities accompanied by negligible rates of return on investments, might lead to a situation of unsustainable debt.
- The State has to address the issues of incomplete projects and make efforts to overcome further cost and time overruns related to the same.

## 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-a-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 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2009-10 against 52 grants/appropriations is as given in Table 2.1:

**Table 2.1: Summarised Position of Actual Expenditure *vis-a-vis* Original/Supplementary Provisions**

(₹ in crore)						
	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure*	Saving (-)/ Excess (+)
<b>Voted</b>	I Revenue	15735.26	1829.15	17564.41	13037.94	(-)4526.47
	II Capital	3530.66	585.18	4115.84	2764.87	(-)1350.97
	III Loans and Advances	439.26	270.27	709.53	319.98	(-)389.55
<b>Total Voted</b>		<b>19705.18</b>	<b>2684.60</b>	<b>22389.78</b>	<b>16122.79</b>	<b>(-)6266.99</b>
<b>Charged</b>	IV Revenue	2477.69	0.61	2478.30	2348.60	(-)129.70
	V Capital	0	0	0	0	0
	VI Public Debt & Repayment	809.50	264.00	1073.50	1190.22	(+)116.72
<b>Total Charged</b>		<b>3287.19</b>	<b>264.61</b>	<b>3551.8</b>	<b>3538.82</b>	<b>(-)12.98</b>
<b>Grand Total</b>		<b>22992.37</b>	<b>2949.21</b>	<b>25941.58</b>	<b>19661.61</b>	<b>(-)6279.97</b>

\* The expenditure figures are gross without taking into account the recoveries adjusted in the accounts as reduction of revenue voted expenditure (₹ 258.31 crore) and capital voted expenditure (₹ 61.8 crore).

The overall saving of ₹ 6279.97 crore was the result of savings of ₹ 4656.17 crore in 46 grants and five appropriations under the Revenue Section and ₹ 1740.51 crore in 25 grants under the Capital Section, offset by

excess of ₹ 116.71 crore in one grant and one appropriation under the Capital Section.

The head-wise expenditure status was provided monthly to the State Government through Monthly Civil Accounts, in spite of which appropriate steps were not taken to maintain an uniform flow of expenditure during the year.

## 2.3 Financial Accountability and Budget Management

### 2.3.1 Mechanism for 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, to meet new specific items of expenditure or to cover probable excesses in the voted grant, supplementary grants should be in consultation with the Finance Department.

### 2.3.2 Appropriations vis-a-vis Allocative Priorities

The outcome of appropriation audit revealed that in 34 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 ₹ 6396.68 crore, savings of ₹ 5913.75 crore (92 per cent)<sup>1</sup> occurred in 29 cases relating to 21 grants and one appropriation as indicated in **Table 2.2**.

**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
	<b>Revenue-Voted</b>					
1	1- Agriculture Department	386.32	19.09	405.41	227.30	178.11
2	2- Animal Husbandry Department	202.95	1.55	204.50	150.29	54.21
3	10- Energy Department	775.58	100.00	875.58	477.84	397.74
4	15- Pension	1525.01	654.89	2179.90	1675.33	504.57
5	18- Food Supply and Commercial Department	327.59	30.73	358.31	259.63	98.69
6	19- Forest and Environment Department	267.32	0	267.32	205.71	61.61
7	20- Health, Medical Education and Family Welfare Department	1046.67	24.37	1071.04	590.49	480.56
8	21- Higher Education Department	461.06	40.61	501.67	341.95	159.72

<sup>1</sup> Exceeding ₹ 50 crore in each case.

9	22- Home Department	2031.66	55.60	2087.26	1774.54	312.71
10	23- Industry Department	154.55	77.54	232.09	158.82	73.27
11	26- Labour Employment and Training Department	687.74	24.87	712.61	550.22	162.39
12	35- Planning and Welfare Department	88.01	0.10	88.11	16.09	72.02
13	39- Disaster Management Department	234.27	368.78	603.05	326.10	276.95
14	41- Road Construction Department	179.19	21.36	200.55	118.38	82.17
15	42- Rural Development Department	1048.72	55.99	1104.71	840.03	264.69
16	43- Science and Technology Department	106.92	4.25	111.17	45.10	66.06
17	44- Secondary, Primary and Mass Education Department	3227.09	133.53	3360.63	2845.60	515.03
18	48- Urban Development and Housing Department	205.00	2.33	207.33	116.81	90.51
19	49- Water Resources Department	266.99	0	266.99	209.13	57.85
20	51- Welfare Department	1041.04	67.04	1108.08	803.32	304.76
	<b>Capital-Voted</b>					
21	10- Energy Department	361.00	268.50	629.50	245.83	383.67
22	20- Health, Medical Education and Family Welfare Department	162.31	0	162.31	84.87	77.44
23	22- Home Department	140.24	0.17	140.41	79.56	60.84
24	36- Drinking Water and Sanitation Department	457.09	0	457.09	274.96	182.13
25	41- Road Construction Department	634.45	102.84	737.29	507.10	230.19
26	48- Urban Development and Housing Department	621.21	3.45	624.66	346.48	278.18
27	49- Water Resources Department	498.20	0	498.20	220.71	277.49
28	51- Welfare Department	115.38	19.55	134.93	45.79	89.14
	<b>Revenue-Charged</b>					
29	13- Interest Payment	2428.51	0	2428.51	2307.45	121.06
						<b>5913.75</b>

(Source: Appropriation Accounts of Government of Jharkhand)

### 2.3.3 Persistent Savings

In 18 cases, during the last five years, there were persistent savings of more than ₹ 10 crore in each case and also by 10 per cent or more of the total grants (Table 2.3).

**Table 2.3: List of Grants indicating Persistent Savings during 2005-10**

(₹ in crore)

Sl. No.	No. and Name of the grant	Amount of savings				
		2005-06	2006-07	2007-08	2008-09	2009-10
	<b>Revenue-Voted</b>					
1	1- Agriculture Department	31.55(19)	47.02(24)	165.37(44)	499.65(70)	178.10(44)
2	2- Animal Husbandry Department	17.54(22)	67.42(49)	70.40(39)	58.61(29)	54.21(27)
3	10-Energy Department	87.69(16)	191.09(44)	576.18(82)	234.46(53)	397.74(45)
4	19-Forest and Environment Department	33.64(17)	34.73(16)	29.60(14)	40.34(16)	61.61(23)

5	20-Health, Medical Education & Family Welfare Department	359.07(43)	449.62(54)	301.92(44)	184.31(23)	480.56(45)
6	22- Home Department	275.13(24)	248.30(22)	116.12(10)	110.98(07)	312.71(15)
7	23- Industry Department	39.97(26)	48.89(29)	62.70(37)	83.42(42)	73.27(32)
8	26- Labour Employment and Training Department	17.10(11)	33.02(15)	46.10(10)	187.82(25)	162.39(23)
9	41- Road Construction Department	14.10(11)	20.10(16)	15.33(13)	29.26(15)	82.17(41)
10	42- Rural Development Department	564.20(53)	764.26(59)	343.70(33)	117.96(11)	264.69(24)
11	43- Science and Technology Department	32.57(25)	69.05( 59)	50.00(34)	76.74(50)	66.06(59)
12	44- Secondary, primary and Mass Education Department	148.00(10)	387.10(21)	185.11(09)	279.28(10)	515.03(15)
13	49- Water Resources Department	21.47(19)	21.34(14)	16.76(11)	17.52(09)	57.85(22)
14	51- Welfare Department	100.87(17)	206.71(28)	112.62(15)	219.46(23)	304.76(28)
	<b>Capital-Voted</b>					
15	36- Drinking Water and Sanitation Department	67.63(26)	159.56(52)	183.45(41)	89.15(22)	182.13(40)
16	41- Road Construction Department	56.92(19)	390.95(75)	241.24(44)	88.05(14)	230.19(31)
17	48- Urban Development and Housing Department	25.00(19)	65.51(50)	150.89(46)	168.73(29)	278.18(45)
18	49- Water Resources Department	81.62(21)	141.06(39)	148.08(20)	254.29(48)	277.49(56)

(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.

### 2.3.4 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 ₹ 275.57 crore was incurred in 16 cases as detailed in Table 2.5 without any provision in the original estimates/supplementary demand and without any re-appropriation orders to this effect.

**Table 2.5: Expenditure incurred without provision during 2009-10**

(₹ in crore)

Number and Name of Appropriation	Head of accounts	Amount of Expenditure incurred without provision	Reasons/Remarks
14-Repayment of Loans	6003-00-101-0020	0.01	No reasons given by the department
	6003-00-101-0041	101.14	No reasons given by the department
	6003-00-101-04	67.46	No reasons given by the department
	6003-00-101-11	.08	No reasons given by the department
	6003-00-101-12	.73	No reasons given by the department
	6003-00-101-29	.02	No reasons given by the department
	6003-00-101-37	.01	No reasons given by the department
	6003-00-101-42	.10	No reasons given by the department
	6003-00-101-96	.63	No reasons given by the department
	6004-02-105-01	104.96	No reasons given by the department
	6004-03-329-01	.20	No reasons given by the department
	6004-04-284-01	.08	No reasons given by the department
	6004-04-307-01	.03	No reasons given by the department
	6004-04-337-01	.01	No reasons given by the department
	6004-04-402-01	.02	No reasons given by the department
	6004-04-404-01	.09	No reasons given by the department
<b>Total</b>		<b>275.57</b>	

(Source: Appropriation Accounts of Government of Jharkhand)

### 2.3.5 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 ₹ 7685.52 crore for the years 2001-09 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 2.6**. Non-regularisation of the excess over grants/appropriations over the years is a breach of legislative control over appropriations.

**Table 2.6: Excess over provisions relating to previous years requiring 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
<b>Total</b>			<b>7685.52</b>	

(Source: Appropriation Accounts of Government of Jharkhand)

### 2.3.6 Excess over provisions during 2009-10 requiring regularisation

**Table 2.7** contains the summary of total excess over authorisation amounting to ₹116.71 crore in grant no-14 during 2009-10, which requires regularisation under Article 205 of the Constitution.

**Table 2.7: Excess over provisions requiring regularisation during 2009-10**

(₹ in crore)

Sl.	Number and title of		Total grant	Expenditure	Excess
<b>Charged Appropriation</b>					
1	14	Repayment of Loans	1073.50	1190.21	116.71
<b>Total</b>			<b>1073.50</b>	<b>1190.21</b>	<b>116.71</b>

(Source: Appropriation Accounts of Government of Jharkhand)

Excess expenditure in grant no. 14, amounting to ₹ 116.71 crore, was incurred without budget provision under some sub-heads of Major Head '6003- Internal Debt of Government' which was offset by savings under other sub-heads.

### 2.3.7 Unnecessary/Excessive/Inadequate supplementary provision

Supplementary provisions aggregating ₹1017.19 crore obtained in 32 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. Supplementary provisions were made on ad hoc basis without assessing the actual demand for completion of the scheme.

### ***2.3.8 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 ₹ 3370.97 lakh in 34 sub-heads as detailed in **Appendix 2.4**. Under some schemes/sub-heads excess expenditure occurred and the funds were also re-appropriated to other schemes/sub-heads. Similarly, under some schemes/sub-heads, additional funds were provided through re-appropriation in spite of savings under the same.

### ***2.3.9 Substantial surrenders***

Substantial surrenders (cases where more than 50 *per cent* of the total provisions were surrendered) were made in respect of 100 sub-heads on account of either non-implementation or slow implementation of schemes/ programmes. Out of the total provisions amounting to ₹ 3029.69 crore in respect of these schemes, ₹2581.88 crore (85 *per cent*) was surrendered, which included cent *per cent* surrender in 48 schemes (₹ 1169.94 crore). The details of selected cases are given in **Appendix 2.5**.

### ***2.3.10 Surrenders 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 ₹ 437.57 crore, the amount surrendered was ₹ 473.61 crore, resulting in excess surrender of ₹ 36.04 crore. Details are given in **Appendix 2.6**.

### ***2.3.11 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. No part of the savings of ₹ 1.32 crore out of the provision made for Animal Husbandry Department had been surrendered even at the close of the year 2009-10.

Similarly, out of total savings of ₹ 5383.81 crore under 35 grants/ appropriations (savings of ₹ one crore and above were indicated in each grant/ appropriation) a total of ₹ 1800.29 crore (33 *per cent* of the total savings) were not surrendered, details of which are given in **Appendix 2.7**. Besides, in 68 cases, where the surrender of funds was in excess of ₹ 10 crore each, ₹ 2244.61 crore was (**Appendix 2.8**) surrendered on the last two working days of March 2010, indicating inadequate and poor financial control, resulting in non-utilisation of these funds for other developmental purposes.

### 2.3.12 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 14 heads listed in **Appendix 2.9**, expenditure (exceeding ₹ 10 crore in each case) incurred in March 2010 was more than 50 *per cent* of the total expenditure for the year. **Table 2.8** also presents the Major Heads where more than 50 *per cent* and even 100 *per cent* expenditure was incurred either during the last quarter or during the last month of the financial year.

**Table 2.8: Cases of Rush of Expenditure towards the end of the Financial Year 2009-10**

(₹ in crore)

Sl. No.	Major Head	Total expenditure during the year	Expenditure during last quarter of the year		Expenditure during March 2010	
			Amount	Percentage of total expenditure	Amount	Percentage of total expenditure
1	2053	159.52	110.44	69.23	85.44	53.56
2	2401	152.76	122.57	80.24	106.48	69.70
3	2404	52.51	44.07	83.93	41.32	78.69
4	2425	57.09	40.18	70.38	36.31	63.60
5	2505	225.95	193.23	85.52	143.51	63.51
6	2515	433.07	293.56	67.79	259.32	59.88
7	2801	483.17	354.55	73.38	266.33	55.12
8	2852	95.04	91.10	95.85	89.64	94.32
9	3075	73.70	68.70	93.22	68.70	93.22
10	4202	98.24	79.82	81.25	68.83	70.06
11	4217	291.45	235.53	80.81	222.92	76.49
12	5075	320.67	320.67	100.00	320.67	100.00

(Source: Appropriation Accounts of Government of Jharkhand)

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

## 2.4 Non-reconciliation of Departmental figures

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

As per Rule 318 and Form-38 of the Jharkhand Treasury Code Volume-I & II, every drawing officer has to certify in each abstract contingent (AC) bill that detailed bills for all contingent charges drawn by him prior to the first of the current month have been forwarded to the respective controlling officers for countersignature and their onward transmission to the Accountant General. The total amount for which detailed countersigned (DC) bills were received was ₹ 4765 crore against the total value of AC bills of ₹ 11131 crore drawn during 2000-10, leading to an outstanding balance of DC bills worth ₹ 6366 crore as on 13 October 2010. Year-wise details are given in **Table 2.9**

**Table 2.9: 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 DC bills
Upto 2004-05	2845	1268	44.57	1577
2005-06	1084	435	40.13	649
2006-07	1466	814	55.53	652
2007-08	1795	877	48.86	918
2008-09	2933	1184	40.37	1749
2009-10	1008	187	18.55	821
<b>Total</b>	<b>11131</b>	<b>4765</b>	<b>42.81</b>	<b>6366</b>

As given in **Table 2.9**, the average amount for which DC bills were received against the total AC bills drawn during 2000-10 was only 42.81 *per cent*. In 2009-10, only 19 *per cent* of DC bills was received against the total amount drawn on AC bills during the year. Moreover, due to non-submission of DC bills, the expenditure during the period was overstated to the extent of the advance received on abstract contingent bills and shown as expenditure for the year.

#### 2.4.2 Unreconciled Expenditure

To enable Controlling Officers of Departments to exercise effective control over expenditure to keep it within the budget grants and to ensure accuracy of their accounts, Financial Rule 475 (viii) stipulate that expenditure recorded in their books should be reconciled by them every month during the financial year with that recorded in the books of the Accountant General (A&E). Even though non-reconciliation of departmental figures is pointed out regularly in Audit Reports, lapses on the part of Controlling Officers in this regard continued to persist during 2009-10. A total expenditure of ₹ 14975.52 crore was not reconciled by the Controlling Officers with the books of the Accountant General (A&E) during 2009-10. Of the total number of Controlling Officers, 30 Controlling Officers failed to reconcile expenditure exceeding ₹ 10 crore or more in each case amounting to ₹ 11802.24 crore during 2009-10 as detailed in **Table 2.10**.

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

(₹ in crore)

Sl. No.	Controlling Officers	Amount not reconciled
1	Secretary, Law Department, Jharkhand, Ranchi	137.12
2	Electoral Commissioner, Election Department, Jharkhand, Ranchi	109.42
3	Commissioner of Commercial Taxes, Jharkhand, Ranchi	14.34
4	Secretary, Finance Department, Revenue & Land Revenue, Jharkhand, Ranchi	2219.69
5	Secretary, Board of Personnel & Administrative Reforms, Jharkhand	159.66
6	Additional Secretary, Home (Police) Department Section IV Village Police, Jharkhand Commissioner, North C.N. Division .Hazaribagh Commissioner, South C.N. Division, Ranchi	1683.62
7	I.G. (Prison) Home Department, Jharkhand, Ranchi	64.39
8	Finance Commissioner, Jharkhand, Ranchi	1680.83
9	Dy. Secretary, Primary & Adult Education Department, Ranchi Dy. Secretary, Higher Education Department, Jharkhand, Ranchi	3246.11

10	Dy. Secretary, Art Culture and Youth Department, Jharkhand, Ranchi	16.17
11	Director, Health Services, Jharkhand, Ranchi	309.02
12	Under Secretary, Health & Family Welfare Department, Jharkhand, Ranchi	65.82
13	Secretary, Department P.H.E.D., Jharkhand, Ranchi	49.27
14	Secretary, Housing Department, Jharkhand, Ranchi Chief Engineer, Housing Department, Jharkhand, Ranchi	89.99
15	Secretary, Urban Development, Jharkhand, Ranchi	319.92
16	Secretary, Welfare Department, Jharkhand, Ranchi Secretary, Minority Welfare Department, Jharkhand, Ranchi	384.72
17	Commissioner of Labour, Jharkhand, Ranchi Director, Employment & Training Department, Jharkhand, Ranchi Director, Directorate of Social Security, Jharkhand, Ranchi	110.82
18	Secretary, Natural Calamity Department, Jharkhand, Ranchi	146.07
19	Secretary, Agriculture Department, Jharkhand, Ranchi	116.78
20	Dy. Secretary, Rural Development Department, Jharkhand, Ranchi	230.81
21	Director, Panchayati Raj Department, Jharkhand, Ranchi	446.73
22	Commissioner Cum Secretary, Water Resources (Irrigation), Water (Irrigation ) Department, Jharkhand, Ranchi Joint Secretary, Water Resources Department, Jharkhand	200.94
	<b>Total</b>	<b>11802.24</b>

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 Accountant General (A&E) for last five years. The unreconciled expenditure of the State was ₹ 9017.10 crore and ₹ 11496 crore against 75 and 79 Controlling Officers during 2007-08 and 2008-09 respectively.

## 2.5 Advances from Contingency Fund

The Contingency Fund of the State has been established under Section 4 of Jharkhand Contingency Fund Act 2001 in terms of the provisions of Article 267 (2) and 283 (2) of the Constitution of India. Advances from the Contingency Fund are to be given only for meeting expenditure of unforeseen and emergent character, postponement of which, till authorisation by the Legislature, would be undesirable. The Contingency Fund is in the nature of an imprest and its corpus is ₹ 150 crore. A review of relevant records revealed that the advances from Contingency Fund were made for meeting expenditure which neither seemed to be unforeseen nor of emergent nature, such as, purchase of bicycle for distribution among school students ( ₹ 26.40 crore under Major Head 2225 and 4225), repair and maintenance of State roads ( ₹ 20.00 crore under Major Head 3054), women self-employment programme ( ₹ 50.00 crore under Major Head 2501), leave travel concession, office expenditure, fuel ( ₹ 0.12 crore under Major Head 2070) etc.

## 2.6 Personal Deposit Accounts

Personal Deposit (PD) Accounts are created for parking funds by debit to the Consolidated Fund of the State and should be closed at the end of the financial year by minus debit to the relevant service heads. Scrutiny of accounts revealed PD accounts were not closed at the end of the financial year and ₹ 69.28 crore was the balance at the end of March 2010.

## 2.7 Outcome of Review of Selected Grants

### 2.7.1 *Review of Grant no. 42- Rural Development Department revealed the following discrepancies:*

- (i) The budget estimates of 2009-10, required to be submitted in the months of September and October were submitted by the Controlling Officer of the Rural Development Department in the month of January, *i.e.* after a delay of more than three months.
- (ii) According to Rule 57 of the Budget Manual, “over estimate is a fault” and should be avoided. However, review of Appropriation Accounts 2009-10 revealed that the provisions of the Budget Manual were not followed by the departmental authorities which resulted in a savings of 24 *per cent* of the total provisions under the revenue section.
- (iii) The department had persistent savings during the last five years which was indicative of failure of budgetary control and preparation of budget without ascertaining the actual requirements from district units. This also showed that the budgets were not prepared on the basis of expenditure of the last three years as required under provisions of the budget manual.
- (iv) During 2009-10, ₹ 202.16 crore was drawn on AC Bill by the DDOs of the Department of which DC Bills for ₹ 15.03 crore only were submitted during the period.

### 2.7.2 *Performance of various schemes under the Department*

#### (i) **Backward Region Grant Fund (BRGF)**

- (a) According to Rule 340 of the Jharkhand Financial Rules, grants-in-aid can be given to a person or body independent of the Government. One department of the Government cannot give grants-in-aid to another department of the same Government. Para 4.6 of the guidelines of Backward Region Grant Fund clearly envisages that BRGF funds should be transferred to the bank accounts of Panchayats, Municipalities and other implementing authorities within 15 days of their receipt in the Consolidated Fund of the State. Further, as per para 4.1.1 of the BRGF guidelines, the Panchayats, Municipalities and District Planning Committee constituted in accordance with Part IX and IX-A of the constitution would undertake the management of the programme. No special bodies, management committees, societies etc shall be set up for implementing the scheme at any Panchayat level or ULB level. Scrutiny disclosed that BRGF funds were transferred to different Deputy Commissioners of the States after delays of 22 to 155 days.
- (b) Out of the total available funds of ₹ 397.26 crore, the department could utilised only ₹ 151.85 crore (38.22 *per cent*)

due to poor progress of execution of schemes. Only 1749 schemes were completed out of 4049 schemes.

- (c) Out of ₹ 322.56 crore to be released by GOI during 2009-10, ₹130.52 crore was not released to the State due to non utilisation of amount of first instalment, non-receipt of proposals for new schemes etc.

**(ii) National Rural Employment Guarantee Act (NREGA)**

- (a) Out of the total available funds of ₹ 1916.29 crore for this scheme at the end of 2009-10 only ₹ 1379.70 crore was spent. Further, out of total 160813 schemes, only 75767 (47 *per cent*) schemes completed at the end of 2009-10.
- (b) Rupees 188.05 crore was released in the last month of the financial year which affected the progress of the schemes.

**(iii) Indira Awas Yojana**

Out of the total available fund of ₹ 647.12 crore for this scheme at the end of 2009-10, only ₹ 398.08 crore were spent. Further, out of 303684 schemes, only 94032 (31 *per cent*) schemes were completed at the end of 2009-10. Non-achievement of targets deprived people below the poverty line of the intended benefits despite available funds.

**(iv) Sampoorn Gramin Swarojgar Yojana (SGSY)**

Out of the total available funds of ₹ 178.63 crore for this scheme at the end of 2009-10, only ₹ 132.55 crore was spent. The State could tap only ₹ 69.03 crore out of the total Central allocation of ₹ 97.66 crore for the year 2009-10. Further, ₹ 14.66 crore was released in March 2010, which affected the progress of the schemes.

The above points showed financial mismanagement and failure of budgetary control in the department.

## **2.8 Conclusion**

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During 2009-10, out of the total budget of ₹ 25941.58 crore, savings of ₹ 6398.68 crore (25 *per cent*) occurred. Persistent savings for the last five years were also recorded in departments performing Social Services and Economic Services. Excess expenditure of ₹ 116.71 crore over provisions made under Appropriation no. 14 required regularisation under Article 205 of the Constitution of India.

During 2009-10, expenditure amounting to ₹ 14975.52 crore was not reconciled by the departmental Controlling Officers with the books of the Accountant General (A&E). The percentage of DC bills submitted against AC bills drawn during 2000-10 was 42.81 *per cent* as on 13 October 2010.

## **2.9 Recommendations**

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

A sound internal financial reporting system and the availability of relevant and reliable information significantly contributes to efficient and effective governance by 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

The Jharkhand Financial Rules provide that 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 Accountant General within 12 months from the date of their sanction. However, 2802 UCs due in respect of grants and loans aggregating ₹ 3920.49 crore paid up to 2008-09, were in arrears at the end of March 2010. 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)	1441	2093.66
2	2008-09 (GIA sanctioned during 2007-08)	566	649.09
3	2009-10 (GIA sanctioned during 2008-09)	795	1177.74
	<b>Total no of UCs awaited</b>	<b>2802</b>	<b>3920.49</b>

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

### 3.2 Non-submission/delay in submission of accounts

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

given to various institutions, the purpose of assistance granted and the total expenditure of the institutions.

The annual accounts of a total of 60 autonomous bodies/ authorities due up to 2008-09 had not been received as of 31 March 2010 by the Principal Accountant General (Audit). 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	20
1 – 3	8
3 – 5	31
5 – 7	1
7 – 9	Nil
<b>Total</b>	<b>60</b>

As given in **Table 3.2**, it can be seen that in respect of 28 autonomous bodies/ authorities submission of accounts were delayed between one to three years, whereas the accounts of 32 autonomous bodies/authorities were delayed by three to seven years.

### 3.3 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 ₹ 2332.94 crore in financial year 2009-10, a sum of ₹ 934.64 crore was drawn by officers of Government departments, instead of making payments to the grantee bodies directly.

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

Heads of Departments in the Government are to ensure that the undertakings prepare such accounts and submit the same to the Accountant General for audit within a specified time frame. As of 2009-10, there were 31 such undertakings, none of whom had submitted their accounts up to 2008-09 to the Principal Accountant General (Audit). The Comptroller and Auditor General of India has repeatedly commented on the arrears in preparation of accounts in State Audit Reports but there had been no improvement so far in preparation and submission of pro forma accounts by these undertakings.

### 3.5 Conclusion

Utilisation certificates and accounts were not submitted by State institutions/bodies on time and in complete form, which restricted the State Government from taking appropriate steps required for ensuring accountability and improving efficiency of operations. Departmental commercial undertakings did not submit their annual accounts in time

### 3.6 Recommendations

Heads of departments should initiate prompt action to submit utilisation certificates and ensure that all grantee institutions and the departmental commercial undertakings submit their annual accounts in time. Grants-in-aid should be given to grantee bodies directly to provide assistance in time

Ranchi  
The



(R.K. Verma)  
Principal Accountant General (Audit),  
Jharkhand

*Countersigned*

New Delhi  
The



(VINOD RAI)  
Comptroller and Auditor General of India

# Appendix 1.1

## STATE PROFILE OF JHARKHAND

(Reference: Paragraph 1.1; Page - 1)

STATE PROFILE OF JHARKHAND				
A. General Data				
S.L.NO.	Particulars			Figures
1	Area			79714 Sq km
Population				
2	a.	As per 2001 Census.		2.69 crore
	b.	2009-2010		3.08 crore
3	Density of Population (2001). (All India Density = 325 persons per Sq. Km )			338 Sq. km.
4	Population below poverty line. ( All India Average = 27.5 % )			40.3 per cent
5	Literacy (2001). (All India Average = 64.8% )			44 per cent
6	Infant mortality (per 1000 live births). (All India Average = 53 per 1000 live births )			46
Gini Coefficient <sup>1</sup>				
7	a.	Rural. ( All India = 0.30 )		0.22
	b.	Urban. ( All India = 0.37)		0.35
8	Gross State Domestic Product (GSDP) 2009-2010 at current prices			83078 crore
9	GSDP CAGR <sup>2</sup> (2000-01 to 2009-10)			11.15 per cent
10	Per capita GSDP CAGR (2000-01 to 2009-10)			9.48 per cent
11	GSDP CAGR ( 2000-01 to 2008-2009)		Jharkhand	11.33 per cent
			16 Other General Category States	12.54 per cent
12	Population Growth ( 2000- 2001 to 2009-2010 )		Jharkhand	14.59 per cent
			16 Other General Category States	13.42 per cent
B. Financial Data				
Sl. No.	Particulars		Figures (in Per cent)	
1	CAGR		2001-02 to 2008-09	2001-02 to 2009-10
			*16 other General Category States	Jharkhand
	a.	of Revenue Receipts.	16.01	16.66
	b.	of Own Tax Revenue.	14.79	13.11
	c.	of Non Tax Revenue.	14.70	12.58
	d.	of Total Expenditure.	13.47	15.78
	e.	of Capital Expenditure.	25.56	22.60
	f.	of Revenue Expenditure on Education.	11.17	17.30
	g.	of Revenue Expenditure on Health.	10.44	12.41
	h.	of Salary and Wages	9.37	16.96
	i.	of Pension,	12.34	9.76

Source: Financial data is based on figures in Finance Accounts. BPL (Planning Commission & NSSO data, 61st Round-<http://planningcommission.nic.in/data/database/Data0910/tab%202021.pdf>), Gini Coefficient ( Unofficial estimates of Planning Commission & NSSO data, 61st Round 2004-05 MRP), Life Expectancy at birth ( Office of the Registrar General of India; Ministry of Home Affairs; Economic Survey, 2009-10 ), Infant mortality rate (SRS Bulletin October, 2009), Density of population (Office of the Registrar General and census commissioner of India; Ministry of Home Affairs and Literacy (Office of the Registrar General of India; Ministry of Home Affairs). Excluding Goa, Delhi and Puduchery.

<sup>1</sup>It is a measure of inequality of income distribution where zero refers to perfect equality and one refers to perfect inequality.

<sup>2</sup>GSDP= Gross State Domestic Product.

**APPENDIX - 1.1**

(Reference: Paragraph 1.1; Page-1)

**Part A: Structure and Form of Government Accounts**

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

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

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

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

**PART B: Layout of Finance Accounts**

Statement	Layout
Statement No.1	Presents the 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 Public Accounts.
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 2009-10
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 2009-10
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 2010
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

### Part A

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

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

#### Trends in Gross State Domestic Product (GSDP)

	2005-06	2006-07	2007-08	2008-09	2009-10
Gross State Domestic Product (₹ in crore)	54879	63229(P)	69253(Q)	75711(A)	83078
Growth rate of GSDP	6.9	15.2*	9.5	9.3	9.7

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

\*Mainly due to significant rise in manufacturing (27 per cent) and Agriculture & Animal Husbandry (nine per cent) sectors.

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 <u>minus</u> all Plan grants and Non-plan Revenue Expenditure excluding expenditure recorded under the major head 2048 – Appropriation for reduction of avoidance of debt

## APPENDIX - 1.2

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

## Part B

## Outcome Indicators of Jharkhand State's Fiscal Correction Path

Sl. No.	Major Aggregates	2005-06	2006-07	2007-08	2008-09	2009-10
		Actual	Actual	Actual	Budget	
<b>A. STATE REVENUE ACCOUNT</b>		<i>(₹ in crore)</i>				
	Own Tax Revenue	2758.04	3188.50	3473.55	5535.65	6310.64
1.	<i>1a Growth rate</i>	15.75	15.61	8.94	59.37	14.00
	1b TAX/GDP	5.85%	5.96%	5.72%	8.03%	8.07%
2.	Own Non Tax Revenue	1426.52	1250.40	1601.40	2912.73	3320.51
3.	Own Tax + Non Tax Revenue (1+2)	4184.56	4438.90	5074.95	8448.38	9631.15
4.	Share in Central Taxes	3175.89	4050.90	5109.83	5275.77	5803.35
5.	Plan Grants	991.71	1260.31	1285.27	1484.05	1662.14
6.	Non Plan Grants	111.72	259.71	556.50	573.94	642.81
7.	Total Central Transfer (4+5+6)	4279.32	5570.92	6951.60	7333.76	8108.30
8.	Total Revenue Receipts (3+7)	8463.88	10009.82	12026.55	15782.14	17739.45
9.	Plan Expenditure	2138.43	2431.69	2979.88	5214.45	5735.90
	<i>9a Growth rate</i>	7.99	13.71	22.54	74.99	10.00
10.	Non-Plan Expenditure	6352.39	6632.25	7852.09	8367.41	9204.15
	<i>10a Growth rate</i>	27.16	4.41	18.39	6.56	10.00
11.	Salaries Expenditure	2547.37	3075.66	2951.47	4374.76	5526.79
	<i>11a Growth rate</i>	3.35	20.74	-4.04	48.22	26.33
12.	Pension	657.18	678.97	818.32	713.52	824.06
	<i>12a Growth rate</i>	5.98	3.32	20.52	-12.81	15.49
13.	Interest Payments	1419.55	1613.38	1758.03	2136.94	1698.40
	<i>13a Growth rate</i>	24.38	13.65	8.97	21.55	-20.52
14.	Subsidies-General					
15.	Subsidies-Power	469.19	211.35	77.27		365.55
16.	Total Revenue Expenditure	8490.82	9063.94	10831.97	13581.86	14940.05
17.	Salaries + Interest + Pension (11+12+13)	4624.10	5368.01	5527.82	7225.22	8049.24
18.	As % of Revenue Receipts (17/8)	54.63%	53.63%	45.96%	45.78%	45.37%
	Salaries as % of Total Revenue Exp.	30.00%	33.93%	27.25%	32.21%	36.99%
	Interest as % of Total Revenue Receipt (13/8)	16.77%	16.12%	14.62%	13.54%	9.57%
19.	Revenue Surplus/Deficit (8-16)	-26.94	945.88	1194.58	2200.28	2799.40
<b>B. CONSOLIDATED REVENUE ACCOUNT</b>						
1.	Power Sector Loss/Profit net of actual subsidy transfer (Loss (+))	469.19	211.35	77.27		365.55
2.	Increase in debtors during the year in power utility accounts (Increase(-))					
3.	Interest payment on off budget borrowings and SPV borrowing made by PSU/SPU outside budget					
4.	Total ( 1 to 3)	469.19	211.35	77.27	0.00	365.55
5.	Consolidated Revenue Deficit (A.19-B.4)	-496.13	734.53	1117.31	2200.28	2433.85
<b>C. CONSOLIDATED DEBT</b>						
1.	Outstanding debt and liabilities	16354.69	17843.34	19280.51	20823.27	22645.30

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

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

Source: Finance Department, Government of Jharkhand

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

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

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

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

# Appendix 1.3

## TIME SERIES DATA ON THE STATE GOVERNMENT FINANCES

(Reference: Paragraph 1.1, 1.3 & 1.7.2; Page - 1,6 & 24)

	(₹ in crore)				
	2005-2006	2006-2007	2007-2008	2008-09	2009-10
<b>Part A. Receipts</b>					
<b>1. Revenue Receipts</b>	<b>8464(71)</b>	<b>10010(83)</b>	<b>12027(85)</b>	<b>13213(84)</b>	<b>15118(82)</b>
<b>(i) Tax Revenue</b>	<b>2758(32)</b>	<b>3189(32)</b>	<b>3474(29)</b>	<b>3753(28)</b>	<b>4500(30)</b>
Taxes on Agricultural Income	-	-	-	-	-
Taxes on Sales, Trade, etc	2212(80)	2557(80)	2846(82)	2996(80)	3597(80)
State Excise	162(6)	130(4)	157(5)	205(6)	323(7)
Taxes on Vehicles	138(5)	218(7)	136(4)	202(6)	234(5)
Stamps and Registration fees	92(3)	122(4)	156(4)	192(5)	238(5)
Land Revenue	18(1)	36(1)	26(1)	53(1)	41(1)
Taxes on Goods and Passengers	97(4)	74(2)	71(2)	54(1)	13
Other Taxes	39(1)	52(2)	82(2)	51(1)	54(2)
<b>(ii) Non Tax Revenue</b>	<b>1427(17)</b>	<b>1250(12)</b>	<b>1601(13)</b>	<b>1952(15)</b>	<b>2254(15)</b>
<b>(iii) State's share of Union taxes and duties</b>	<b>3176 (38)</b>	<b>4051(41)</b>	<b>5110(42)</b>	<b>5392(41)</b>	<b>5547(37)</b>
<b>(iv) Grants in aid from Government of India</b>	<b>1103(13)</b>	<b>1520(15)</b>	<b>1842(15)</b>	<b>2116(16)</b>	<b>2817(18)</b>
<b>2. Miscellaneous Capital Receipts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>3. Recoveries of Loans and Advances</b>	<b>10</b>	<b>16</b>	<b>44</b>	<b>19</b>	<b>22</b>
<b>4. Total Revenue and Non debt capital receipts (1+2+3)</b>	<b>8474</b>	<b>10026</b>	<b>12071</b>	<b>13232</b>	<b>15140</b>
<b>5. Public Debt Receipts</b>	<b>3501(29)</b>	<b>1866(16)</b>	<b>2023(14)</b>	<b>2437(16)</b>	<b>3369(18)</b>
Internal Debt (excluding Ways and Means Advances and Overdrafts)	3495	1849	2009	2434	3379
Net transactions under Ways and Means Advances and Overdrafts	..	..	..	..	..
Loans and Advances from Government of India	6	17	14	3	-10
<b>6. Total Receipts in the Consolidated Fund (4+5)</b>	<b>11975</b>	<b>11892</b>	<b>14094</b>	<b>15669</b>	<b>18509</b>
<b>7. Contingency Fund Receipts</b>	<b>-</b>	<b>-</b>	<b>32</b>	<b>-</b>	<b>-</b>
<b>8. Public Account Receipts</b>	<b>3908</b>	<b>4293</b>	<b>7013</b>	<b>8335</b>	<b>8242</b>
<b>9. Total Receipts of the State (6+7+8)</b>	<b>15883</b>	<b>16185</b>	<b>21139</b>	<b>24004</b>	<b>26751</b>
<b>Part B. Expenditure/Disbursement</b>					
<b>10. Revenue Expenditure</b>	<b>8491(60)</b>	<b>9064(83)</b>	<b>10832(77)</b>	<b>12877(79)</b>	<b>15128(83)</b>
Plan	2139 (25)	2432(27)	2980(28)	3813(30)	3758(25)
Non Plan	6352(75)	6632(73)	7852(72)	9064(70)	11370(75)
General Services (including interest payments)	3578(42)	3810(42)	4607(43)	4924(38)	6605(44)
Social Services	3060(36)	3327(37)	4257(39)	5385(42)	5610(37)
Economic Services	1853(22)	1925(21)	1967(18)	2533(20)	2913(19)
Grants-in-aid and contributions	-	2	-	35	-
<b>11. Capital Expenditure</b>	<b>1839(13)</b>	<b>1461(13)</b>	<b>2584(19)</b>	<b>3051(19)</b>	<b>2703(15)</b>
Plan	1837(100)	1461(100)	2558(99)	3015(99)	2682(99)
Non Plan	2	-	26(1)	36(1)	21(1)
General Services	76(4)	72(5)	108(4)	176(6)	112(4)
Social Services	547(30)	495(34)	832(32)	1355(44)	825(31)
Economic Services	1216(66)	894(61)	1644(64)	1520(50)	1766(65)
<b>12. Disbursement of Loans and Advances</b>	<b>3747(27)</b>	<b>411(4)</b>	<b>598(4)</b>	<b>418(3)</b>	<b>320(2)</b>
<b>13. Total (10+11+12)</b>	<b>14077</b>	<b>10936</b>	<b>14014</b>	<b>16346</b>	<b>18151</b>
<b>14. Repayments of Public Debt</b>	<b>281</b>	<b>606</b>	<b>747</b>	<b>863</b>	<b>1190</b>
Internal Debt (excluding Ways and Means Advances and Overdrafts)	130(46)	444(73)	572(77)	716(83)	1068(90)
Net transactions under Ways and Means Advances and Overdraft	-	-	-	9(1)	-
Loans and Advances from Government of India	151(54)	162(19)	175(23)	138(16)	123(10)

15. Appropriation to Contingency Fund	-	-	-	-	-
16. Total disbursement out of Consolidated Fund (13+14+15)	14358	11542	14761	17209	19341
17. Contingency Fund disbursements	-	32	-	-	-
18. Public Account disbursements	2464	3552	6206	7185	7290
19. Total disbursement by the State (16+17+18)	16822	15126	20967	24394	26631
<b>Part C. Deficits</b>					
20. Revenue Deficit(-)/Revenue Surplus (+) (1-10)	(-)27	946	1195	336	(-)10
21. Fiscal Deficit (-)/Fiscal Surplus (+) (4-13)	(-)5603	(-)910	(-)1943	(-)3114	(-)3011
22. Primary Deficit (21+23)	(-)4183	703	(-)185	(-)1227	(-)704
<b>Part D. Other data</b>					
23. Interest Payments (included in revenue expenditure)	1420	1613	1758	1887	2307
24. Financial Assistance to local bodies etc.	1156	1631	1266	2366	2333
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) <sup>@</sup>	54879	63229(P)	69253(Q)	75711(A)	83078
28 Outstanding Fiscal liabilities (year end)	17360	19417	21615	24084	27165
29. Outstanding guarantees (year end) (including interest)	530	530	530	500	500
30. Maximum amount guaranteed (year end)	-	-	-	-	-
31. Number of incomplete projects	11	27	25	247	262
32. Capital blocked in incomplete projects	1310	1489	1616	1797	1466
<b>Part E: Fiscal Health Indicators</b>					
<b>I Resource Mobilization</b>					
Own Tax revenue/GSDP	5.0	5.0	5.0	5.0	5.4
Own Non-Tax Revenue/GSDP	2.6	2.0	2.3	2.6	2.7
Central Transfers/GSDP	5.8	6.4	7.4	7.1	6.7
<b>II Expenditure Management</b>					
Total Expenditure/GSDP	25.7	17.3	20.2	21.6	21.8
Total Expenditure/Revenue Receipts	166.3	109.3	116.5	123.7	120.1
Revenue Expenditure/Total Expenditure	60.3	82.9	77.3	78.8	83.3
Expenditure on Social Services (including L&A)/Total Expenditure	26.2	35.5	36.8	41.7	35.8
Expenditure on Economic Services (including L&A)/Total Expenditure	47.8	28.9	29.4	26.9	27.2
Capital Expenditure/Total Expenditure	13.1	13.4	18.4	18.7	14.9
Capital Expenditure on Social and Economic Services/Total Expenditure.	12.5	12.7	17.7	17.6	14.3
<b>III Management of Fiscal Imbalances</b>					
Revenue deficit (surplus)/GSDP	0.0	1.5	1.7	0.4	0.0
Fiscal deficit/GSDP	-10.2	-1.4	-2.8	-4.1	-3.6
Primary Deficit (surplus) /GSDP	-7.6	1.1	-0.3	-1.6	-0.8
Revenue Deficit/Fiscal Deficit	0.5	-104.1	-61.5	-10.8	-0.3
Primary Revenue Balance/GSDP	2.6	4.1	4.3	3.0	3.0

<b>IV Management of Fiscal Liabilities</b>					
Fiscal Liabilities/GSDP	31.6	30.7	31.2	31.8	32.7
Fiscal Liabilities/RR	205.1	194.0	179.7	182.3	179.7
Primary deficit vis-à-vis quantum spread	(-)4493.78	1815.04	(-)10.25	(-)1010.85	(-)535.41
Debt Redemption (Principal +Interest)/ Total Debt Receipts	-	-	-	5.4	3.1
<b>V Other Fiscal Health Indicators</b>					
Return on Investment	Nil	Nil	Nil	Nil	Nil
Balance from Current Revenue (₹ in crore)	1120	2117	2890	2625	2077
Financial Assets/Liabilities	64	73	81	84	85

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

# Appendix 1.4

## ABSTRACT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2009-10

(Reference: Paragraph 1.1.1 & 1.7.1 ; Page- 1 & 23)

(₹ in crore)

Part A: Abstract of Receipts and Disbursements for the year 2009 -10									
Receipts				Disbursements					
2008-09			2009-10	2008-09		Non- plan	Plan	Total	2009-10
	<b>Section-A: Revenue</b>								
13212.84	<b>I. Revenue Receipts</b>	15118.47	15118.47	12876.90	<b>I. Revenue Expenditure</b>	11369.76	3758.48	15128.24	15128.24
3753.21	Tax Revenue	4500.12		4923.99	General Services	6465.87	139.49	6605.36	
				5385.18	Social Services	3403.24	2207.06	5610.30	
1951.74	Non-tax Revenue	2254.15		3145.94	Education, Sports, Art and Culture	2378.48	792.45	3170.93	
				567.28	Health and Family Welfare	476.21	123.62	599.83	
5392.11	State's share of Union Taxes	5547.57		297.64	Water supply, Sanitation, Housing and Urban Development	214.46	79.71	294.17	
				34.85	Information and Broadcasting	23.62	10.16	33.78	
591.91	Non-plan Grants	1145.33		350.65	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	87.88	238.76	326.64	
1054.18	Grants for State Plan Schemes	982.97		113.84	Labour and Labour Welfare	38.51	75.03	113.54	
				863.11	Social Welfare and Nutrition	166.98	887.33	1054.31	
469.79	Grants for Central and Centrally Sponsored Plan Schemes	688.33		11.87	Others	17.10	-	17.10	
				2532.48	Economic Services	1500.45	1411.93	2912.38	
				623.46	Agriculture and Allied Activities	299.61	322.68	632.29	
				804.82	Rural Development	186.46	558.44	744.90	
				-	Special Areas Programmes	-	-	-	
				222.96	Irrigation and Flood Control	262.60	-	262.60	
				199.93	Energy	401.35	61.82	463.17	
				128.54	Industry and Minerals	39.51	134.06	173.57	
				333.84	Transport	255.95	79.38	335.33	
				-	Science, Technology and Environment	-	-	-	
				218.93	General Economic Services	54.96	245.56	300.52	
				35.25	Grants-in-aid and Contributions	0.20	-	0.20	
				12876.90	<b>Total</b>				15128.24
	<b>II Revenue Deficit carried over to Section B</b>			335.94	<b>II Revenue Surplus/Deficit carried over to Section B</b>				(-9.77)
13212.84	<b>Total</b>	15118.47		13212.84	<b>Total</b>				15118.47
	<b>Section B</b>								
1174.88	<b>III Opening Cash Balance including</b>		637.52		<b>III Opening Over Draft from Reserve</b>				

	Permanent Advances and Cash Balance Investment				Bank of India				
	<b>IV Miscellaneous Capital Receipts</b>			3051.27	<b>IV Capital Outlay</b>	21.00	2682.04	2703.04	2703.04
				176.07	General Services	21.00	91.61	112.61	
				1355.13	Social Services	-	824.50	824.50	
				360.23	Education, Sports, Art and Culture	-	98.24	98.24	
				215.77	Health and Family Welfare	-	84.87	84.87	
				683.98	Water supply, Sanitation, Housing and Urban Development	-	583.31	583.31	
				-	Information and Broadcasting	-	-	-	
				95.15	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	-	58.08	58.08	
	<b>Section B Others (concl.)</b>								
				-	Social Welfare and Nutrition	-	-	-	
				-	Others		-	-	
				1520.07	Economic Services	-	1765.92	1765.92	
				12.03	Agriculture and Allied Activities	-	6.41	6.41	
				625.07	Rural Development	-	690.81	690.81	
				-	Special Areas Programmes				
				242.69	Irrigation and Flood Control	-	205.23	205.23	
				-	Energy	-	-	-	
				1.48	Industry and Minerals		1.00	1.00	
				549.87	Transport	-	845.27	845.27	
				88.93	General Economic Services	-	17.20	17.20	
				3051.27	Total				2703.04
18.90	<b>V Recoveries of Loans and Advances</b>		21.79	418.19	<b>V Loans and Advances Disbursed</b>	27.93	292.05	319.98	319.98
	From Power Projects	-		329.08	For Power Projects		245.82	245.82	
18.35	From Govt. Servants	21.01		7.26	To Government Servants	12.29	-	12.29	
0.55	From Others	0.78		81.85	To Others	15.64	46.23	61.87	
335.94	<b>VI Revenue Surplus brought down</b>		-	-	<b>VI Revenue Deficit brought down</b>				9.77
2436.56	<b>VII Public Debt Receipts</b>		3369.44	863.40	<b>VII Repayment of Public Debt</b>				1190.21
	External Debt			-	External Debt	-			
2433.98	Internal Debt other than Ways and Means Advances and Over Draft	3379.47		715.83	Internal Debt other than Ways and Means Advances and Over Draft			1067.61	
	Net Transaction	-		8.86	Net transaction			-	

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	under Ways and Means Advances				under Ways and Means Advances				
	Net Transaction under Over Draft	-							
2.58	Loans and Advances from Central Government	(-)10.03		138.71	Repayments of Loans and Advances to Central Government			122.60	
	VIII Appropriation to Contingency Fund	-		-	VIII Appropriation to Contingency Fund			-	
-	IX Amount transferred to Contingency Fund	-		-	IX Expenditure from Contingency Fund			-	
8335.16	X Public Accounts Receipts		8241.68	7185.19	X Public Accounts Disbursements				7290.30
584.45	Small Savings and Provident Funds	686.66		384.83	Small Savings and Provident Funds			414.27	
85.99	Reserve Funds	489.36		133.53	Reserve Funds			175.98	
96.23	Suspense and Miscellaneous	303.82		-113.16	Suspense and Miscellaneous			171.88	
3318.62	Remittances	2612.36		3329.06	Remittances			2651.19	
4249.87	Deposits and Advances	4149.48		3450.93	Deposits and Advances			3876.98	
	XI Closing Over Draft from Reserve Bank of India				Inter-state Settlement			-	
				637.52	XI Cash Balance at the end of the Year				757.13
				-	Cash in Treasuries and Local Remittances	-			
				-482.49	Deposits with Reserve Bank			(-)753.09	
				24.80	Departmental Cash Balance including Permanent Advances			34.61	
				116.22	Investment of Earmarked Fund			116.22	
				978.99	Cash Balance Investment			1359.39	
<b>12301.44</b>	<b>Total</b>		<b>12270.43</b>	<b>12301.44</b>	<b>Total</b>				<b>12270.43</b>

**APPENDIX - 1.4 PART- B**  
Summarised Financial Position of the Government of Jharkhand as on 31 March 2010  
(Reference: Paragraph 1.1.1 & 1.7.1; Page 1&23)

(₹ in crore)

As on 31.03.2009	Liabilities	As on 31.03.2010
<b>17568.15</b>	<b>Internal Debt -</b>	<b>19880.00</b>
5971.74	Market Loans bearing interest	7647.11
1.76	Market Loans not bearing interest	0.17
6.30	Loans from Life Insurance Corporation of India	6.30
3158.56	Loans from other Institutions	3126.42
-	Ways and Means Advances	-
8429.79	Special securities issued to NSS Fund of Central Government	9100.00
	Overdrafts from Reserve Bank of India	-
<b>2404.14</b>	<b>Loans and Advances from Central Government-</b>	<b>2271.51</b>
1.32	Pre 1984-85 Loans	1.32
36.01	Non-Plan Loans	15.32
2329.50	Loans for State Plan Schemes	2218.61
1.63	Loans for Central Plan Schemes	1.42
21.14	Loans for Centrally Sponsored Plan Schemes	20.30
14.54	Other ways and means advances	14.54
<b>150.00</b>	<b>Contingency Fund</b>	<b>150</b>
<b>1081.02</b>	<b>Small Savings, Provident Funds, etc.</b>	<b>1353.41</b>
<b>2572.62</b>	<b>Deposits</b>	<b>2888.68</b>
<b>574.25</b>	<b>Reserve Funds</b>	<b>887.63</b>
-	<b>Remittance Balances</b>	
	<b>Suspense and Miscellaneous Balances</b>	<b>34.58</b>
<b>24350.17</b>		<b>27465.81</b>
	<b>Assets</b>	
<b>13004.21</b>	<b>Gross Capital Outlay on Fixed Assets -</b>	<b>15707.25</b>
29.02#	Investments in shares of Companies, Corporations, etc.	47.62
12975.19	Other Capital Outlay	15659.63
<b>6414.83</b>	<b>Loans and Advances -</b>	<b>6713.02</b>
5897.30	Loans for Power Projects	6143.13
501.45	Other Development Loans	562.53
16.08	Loans to Government servants and Miscellaneous loans	7.36
<b>(-31.82)</b>	<b>Advances</b>	<b>11.74</b>
<b>97.36</b>	<b>Suspense and Miscellaneous Balances</b>	<b>-</b>
<b>637.52</b>	<b>Cash -</b>	<b>757.13</b>
-	Cash in Treasuries and Local Remittances	-
-482.49	Deposits with Reserve Bank	(-)753.09
116.22	Reserve Fund Investments	116.22
24.80	Departmental Cash Balance including Permanent Advances	34.61

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987.99	Cash Balance Investments	1359.39	
<b>254.98</b>	<b>Remittance Balances</b>		<b>293.81</b>
<b>3973.09</b>	<b>Deficit on Government Account -</b>		<b>3982.86</b>
(+)335.94	(i) Revenue Deficit/surplus of the current year	(-)9.77	
-	(ii) Miscellaneous Deficit		
4309.03*	Accumulated deficit/surplus at the beginning of the year	3973.09	
<b>24350.17</b>			<b>27465.81</b>

# 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 ₹ 74.19 crore (Net debit) between the figures reflected in the Accounts and that intimated by the Reserve Bank of India under “Deposits with Reserve Bank” which was under reconciliation.

# Appendix 2.1

## STATEMENT OF VARIOUS GRANTS/APPROPRIATIONS WHERE SAVINGS EXCEEDED ₹10 CRORE EACH AND ALSO BY 20 PER CENT OR MORE OF THE TOTAL PROVISION (Reference: Paragraph 2.3.2; Page 32)

(₹ in crore)

Sl. No.	Grant No	Name of the Grant/Appropriation	Total Grant/Appropriation	Savings	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
		<b>Revenue</b>			
1	1	Agriculture Department	405.40	178.10	44
2	2	Animal Husbandry and Fisheries Department	204.50	54.21	27
3	4	Cabinet Secretariat and Co-ordination Department	36.59	24.65	67
4	8	Civil Aviation Department	25.30	25.06	99
5	9	Co-operative Department	98.45	40.21	41
6	10	Energy Department	875.58	397.74	45
7	18	Food Supply and Consumer Forum Department	358.31	98.69	28
8	19	Forest and Environment Department	267.32	61.61	23
9	20	Health, Medical Education and Family Welfare Department	1071.04	480.56	45
10	21	Higher Education Department	501.67	159.71	32
11	23	Industries Department	232.09	73.27	32
12	24	Information and Public Relation Departments	3.74	12.07	28
13	26	Labour Employment and Training Department	712.61	162.39	23
14	32	Legislature	40.86	14.83	36
15	35	Planning and Development Department	88.11	72.02	82
16	39	Disaster Management Department	603.05	276.95	46
17	41	Road Construction Department	200.55	82.17	41
18	42	Rural Development Department	1104.71	264.69	24
19	43	Science and Technology Department	111.17	66.06	59
20	48	Urban Development and Housing Department	207.33	90.51	44
21	49	Water Resources Department	266.99	57.85	22
22	51	Welfare Department	1108.08	304.76	28
23	52	Sports, Art ,Culture & Youth Affairs Department	51.88	28.67	55
		<b>Capital</b>			
24	3	Building Construction Department	83.39	33.48	40
25	10	Energy Department	629.50	383.67	61
26	20	Health, Medical Education and Family Welfare Department	162.31	77.44	48
27	22	Home Department	140.41	60.84	43
28	36	Drinking Water and Sanitation Department	457.09	182.13	40
29	41	Road Construction Department	737.29	230.19	31
30	46	Tourism Department	25.15	20.01	80
31	48	Urban Development and Housing Department	624.66	278.18	45
32	49	Water Resources Department	498.20	277.49	56
33	50	Minor Irrigation Department	84.20	37.84	45
34	51	Welfare Department	134.93	89.14	66

## Appendix 2.2

## EXCESS OVER PROVISIONS OF PREVIOUS YEARS REQUIRING REGULARISATION

(Reference: Paragraph 2.3.5; Page - 35)

(₹ in crore)

Year	Number of grants/ appropriations	Grant/ Appropriation name	Amount of excess	Stage of consideration by Public Accounts Committee (PAC)
2001-02	32	Legislature	0.04	No action taken
2002-03	10	Energy Department	7.00	No action taken
2002-03	13	Interest Payment	472.46	No action taken
2002-03	14	Repayment of Loans	761.96	No action taken
2002-03	32	Legislature	0.08	No action taken
2003-04	10	Energy Department	9.63	No action taken
2003-04	13	Interest Payment	191.28	No action taken
2003-04	14	Repayment of Loans	674.72	No action taken
2003-04	39	Relief and Rehabilitation Department	61.33	No action taken
2003-04	46	Tourism Department	0.29	No action taken
2004-05	13	Interest Payment	365.80	No action taken
2004-05	14	Repayment of Loans	133.44	No action taken
2004-05	23	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	*
2008-09	14	Repayment of Loans	91.76	*
<b>Total</b>			<b>7685.52</b>	

\*Information not available.

# Appendix 2.3

## CASES WHERE SUPPLEMENTARY PROVISION (₹10 LAKH OR MORE IN EACH CASE) PROVED UNNECESSARY (Reference: Paragraph 2.3.7; Page 35)

(₹ in thousands)

	Number and name of the grant	Original Provision	Actual Expenditure	Savings out of original provision	Supplementary provision
<b>A - Revenue (Charged)</b>					
1	28-High Court of Jharkhand	282536	249805	32731	6100
<b>Total for Charged</b>		<b>282536</b>	<b>249805</b>	<b>32731</b>	<b>6100</b>
<b>A- Revenue (Voted)</b>					
2	1-Agriculture Department	3863152	2273003	1590149	190897
3	2-Animal Husbandry and Fisheries Department	2029510	1502868	526642	15477
4	3-Building Construction Department	903422	821118	82304	3744
5	6- Election	1148283	1086088	62195	123868
6	7- Vigilance	94294	89283	5011	4552
7	9- Co-operative Department	924874	582394	342480	59600
8	10- Energy Department	7755777	4778425	2977352	1000000
9	12- Finance Department	618440	509476	108964	4249
10	17- Finance (Commercial Tax) Department	350944	314181	36763	1147
11	18- Food Supply and Consumer Forum Department	3275854	2596256	679598	307289
12	20- Health, Medical Education and Family Welfare Department	10466723	5904872	4561851	243722
13	21- Higher Education Department	4610591	3419543	1191048	406100
14	22- Home Department	20316602	17745414	2571188	555952
15	24- Information and Public Relation Department	417067	316369	100698	20000
16	26- Labour Employment and Training Department	6877356	5502180	1375176	248736
17	27- Law Department	1496531	1270654	225877	2800
18	33- Personal and Administrative Reforms Department	155444	107417	48027	5000
19	40- Revenue and Land Reform Department	2610161	2227818	382343	87700
20	41- Road Construction Department	1791907	1183809	608098	213600
21	42- Rural Development Department	10487245	8400274	2086971	559885
22	43- Science and Technology Department	1069151	451047	618104	42500
23	44- Secondary, Primary and Public Education Department	32270938	28456000	3814938	1335339
24	48- Urban Development and Housing Department	2050001	1168126	881875	23255
25	50- Minor Irrigation Department	627072	585938	41134	18000
26	51- Welfare Department	10410380	8033206	2377174	670377
<b>Total Voted</b>		<b>126621719</b>	<b>99325759</b>	<b>27295960</b>	<b>6143789</b>
<b>Total Revenue</b>		<b>126904255</b>	<b>99575564</b>	<b>27328691</b>	<b>6149889</b>
<b>B Capital</b>					
27	3- Building Construction Department	757000	499087	257913	76900
28	10- Energy Department	3610000	2458258	1151742	2685000
29	22- Home Department	1402408	795619	606789	1650
30	41- Road Construction Department	6344500	5071008	1273492	1028400
31	48- Urban Development and Housing Department	6212067	3464814	2747253	34537
32	51- Welfare Department	1153800	457928	695872	195493
<b>Total Capital</b>		<b>19479775</b>	<b>12746714</b>	<b>6733061</b>	<b>4021980</b>
<b>Grant Total</b>		<b>146384030</b>	<b>112322278</b>	<b>34061752</b>	<b>10171869</b>

# Appendix 2.4

## EXCESSIVE /UNNECESSARY/INSUFFICIENT RE-APPROPRIATION OF FUNDS

(Reference: Paragraph 2.3.8; Page- 36)

(₹ in lakh)

Sl. No.	Grant No.	Description	Head of Account	Plus re-appropriation	Minus Re-appropriation	Saving (-)/ Excess (+)
1	1	Scheme for training Inspection and publicity	2401-796-25	6.50	-	(-)87.71
2	3	Direction expenditure on secretariat building and other buildings taken from HEC	2059-80-001-06	11.22	-	(-)21.37
3	10	Directorate of Electricity, Land Acquisition and Rehabilitation, Koyalkaro Hydro Electricity Project	2059-80-001-07	27.82	-	(-)3.46
4	12	Finance Department House building advance to Government servants	2052-00-090-08 7610-00-201-01	7.75 137.50	-	(-)113.59 (-)37.50
5	13	Interest on loans taken from Rural Electrification Corporation Ltd. (REC)	2049-01-200-11	2300.00	-	(-)538.16
6	17	Superintendence District charges	2040-00-001-04 2040-00-101-02	9.20 -	- 9.20	(-)22.25 (+)4.38
7	19	Soil conservation and afforestation scheme	2406-01-101-06	1.48	-	(-)225.25
8	20	MGM Medical College Hospital, Jamshedpur. Patliputra Medical College Hospital, Dhandad. Plan for administration (Leprosy) MGM Medical College Hospital, Jamshedpur. Blindness Control Programme	2210-01-110-12 2210-01-110-05 2210-01-796-01 2210-01-796-12 2210-06-101-06	75.00 51.00 25.00 131.98 40.00	- - - - -	(-)153.98 (-)60.25 (-)8.29 (-)108.54 (-)34.20
9	22	Superintendence Jungle Warfare School, Netarhat. Criminal Investigation Department. Special branch.	2055-001-04 2055-003-02 2055-101-01 2055-101-06	89.09 5.50 33.00 70.00	- - - -	(-)296.18 (-)1.76 (-)288.54 (-)69.89
10	36	Swarnrekha Water Supply Scheme Rural Piped Water Supply Scheme Hand pump, Tanks and Wells -Hi pressure tube well.	2215-01-101-09 2215-01-102-02 2215-01-102-03	71.11 4.99 0.40	0.40 10.00 0.34	(-)187.98 (-)568.22 (+)75.29
11	40	General department	2052-099-01	0.85	-	(-)25.51
12	41	National Highway Project Wing Direction Bridges	3054-80-001-06 5054-03-796-03	2.00 400.00	- -	(-)37.30 (-)403.14
13	43	Diploma course including Sandwich course Department of Science and Technology	2203-105-01 3451-090-03	- 2.99	2.99 -	(+)50.19 (-)2.85

14	44	Merit Scholarships and Stipends for Government Primary and Middle Schools	2202-01-796-14	7.62	-	(-)5.30
		District Education officers and Sub Divisional Education Officers.	2202-02-101-02	57.00	-	(-)111.71
		Research and Poor-cum-Merit Scholarship under special integrated scheme for Jharkhand area.	2202-02-796-14	7.82	-	(-)5.37
		Intermediate Education (+2 including commercial education)	2202-03-103-01	240.00	-	(-)52.90
15	49	Headquarters Secretariat Establishment.	2701-80-001-01	86.55	-	(-)23.45
16	52	National Cadet Corps-Administration	2204-102-01	5.00	-	(-)2.46
		National Cadet Corps-Camp expenditure	2204-102-05	2.00	-	(-)2.57
		Power flying and Gliding and aero modeling	2204-102-06	2.00	-	(-)1.15
				<b>3912.37</b>	<b>22.93</b>	<b>(-)3370.97</b>

# Appendix 2.5

## RESULTS OF REVIEW OF SUBSTANTIAL SURRENDERS MADE DURING THE YEAR

(Reference: Paragraph 2.3.9; Page- 36)

Sl. No.	Number and title of grant	Name of the scheme (Head of Account)	Provision	Amount of Surrender (₹ in lakh)	Percentage of Surrender
1	3-Building Construction Department	4059-796-03- DC/DIG/Sub Division/ Newly Created Block- Executive Engineer, Building Division Collectorate etc. (P)	900.00	812.70	90
2	4-Cabinet Secretariat and Co-ordination Department	2070-115-01- State Guest House (N-P)	1130.06	1013.65	90
3	8-Civil Aviation Department	3053-80-003-02- grants-in-aid to Civil Aviation Authority (N-P)	1498.00	1498.00	100
4		3053-80-003-02-grants-in-aid to Civil Aviation Authority (P)	1000.00	1000.00	100
5	10-Energy Department	2801-01-789-02- Rural Electrification grants for RGRES (P)	1056.00	727.56	69
6		2801-01-796-02- Rural Electrification grants for RGRES (P)	6250.00	4306.56	69
7		2801-01-800-02- Rural Electrification grants for RGRES (P)	5194.00	3579.00	69
8		2801-02-800-01- Equity(grants) to Tenughat Electric Corporation Ltd. (P)	500.00	500.00	100
9		2801-80-800-07- Advisory and other works (including new technique) Grants for support to successor company of JSEB (P)	20700.00	20700.00	100
10		2810-01-101-02- Grants-in-aid to JREDA for non-conventional sources of energy (P)	1397.00	998.04	71
11		2810-01-796-02- Grants-in-aid to JREDA for Non Conventional Sources of Energy (P)	1750.00	1249.85	71
12		6801-201-11-Loans to JSEB for Birsa Agriculture Pump Urjanayan Programme (P)	1625.00	1625.00	100
13		6801-796-01- Credit to JSEB under Accelerated Power Development Programme (P)	600.00	600.00	100
14		6801-796-06- Loans to Jharkhand State Hydro Electricity (P)	962.00	962.00	100
15		6801-796-11- Loans to JSEB for Birsa Agriculture Pump Urjanayan Programme (P)	2000.00	2000.00	100
16		6801-800-01- Credit to JSEB under Accelerated Power Development Programme (P)	1700.00	1700.00	100
17	18-Food Supply and Consumer Forum Department	3456-796-07- Distribution of iodised salt on fair rate among BPL families (P)	2077.00	2077.00	100
18		3456-800-07- Distribution of Iodised Salt on fair rate among BPL families (P)	1163.00	1163.00	100
19		3456-800-14- Establishment of JSFC Limited (P)	1500.00	1496.43	100
20	19-Forest and Environmental Department	2406-01-796-13- Road Side Farms- cum- Urban Forestry (P)	1755.53	1040.46	59
21		2406-800-13-Road Side Farms -cum -Urban Development (P)	787.65	567.27	72
22	20-Health, Medical Education and Family Welfare Department	2210-01-001-07- Purchase of machinery equipment and tools for various hospitals of State (P)	3237.00	3237.00	100

23		2210-01-001-09- Health Contingent Management Fund-Mobile Health Clinic/Trauma Centre (P)	800.00	770.89	96
24		2210-01-001-13- Tobacco Control (P)	1000.00	1000.00	100
25		2210-01-110-19- Strengthening of medical structure in urban areas in the light of the recommendation of 12 <sup>th</sup> Finance Commission (N-P)	2223.00	2223.00	100
26		2210-01-200-01- Other dispensaries (T.B. Prevention Programme) (N-P)	680.84	680.84	100
27		2210-01-200-02- Other dispensaries (Leprosy Prevention Programme) (N- P)	1556.15	1556.15	100
28		2210-01-789-19- Purchase of machinery and equipment for various hospitals in the State and grants to Mass Health Mission Trust (P)	1000.00	1000.00	100
29		2210-01-796-19- Purchase of machine equipments and tool for various hospitals of State (P)	3000.00	3000.00	100
30		2210-103-06- Strengthening of primary health structure in the light of the recommendation of 12 <sup>th</sup> Finance Commission (N-P)	6647.00	4387.91	66
31		2210-800-01- State share to National Rural Health Mission (NRHM) (P)	10000.00	7000.00	70
32		2211-101-01- Health Sub- Centre Plan (CPS)	12721.24	8185.49	64
33		2211-105-01- Compensation for District Level Medical College Post Delivery Programme (CPS)	1318.20	1318.20	100
34		4210-02-110-24-Buildings Up- gradation of Sadar and Sub- Divisional Hospital (Including machine, equipments and tools) (P)	700.00	680.11	97
35		4210-02-796-36- Buildings Sadar Hospital (including machine and equipment) up-gradation of Sadar Hospital (P)	1000.00	987.48	99
36		4210-02-796-40- Buildings, Establishment of health sub- centres building, Establishment of health sub- centres (including machinery) (P)	700.00	539.02	77
37	21-Higher Education Department	2202-03-796-29- Grants-in-aid to Universities for special course/educational research work development & establishment in higher education. (P)	10000.00	10000.00	100
38	22-Home department	2055-110-02-Honour for Manki Munda Dakua (N-P)	1825.72	1272.87	70
39		2055-115-67-Modernisation of Police and Building Construction plan (CSS)	5000.00	3770.00	75
40		4055-800-45- Purchase of different equipments for Police Modernisation (P)	1760.00	1129.28	64
41	23-Industry Department	2851-102-01- Cluster Development Programme for Small Scale Industries (P)	650.00	650.00	100
42		2852-80-796-01- Grants-in-aid for central tools room facility (CSS)	900.00	900.00	100
43		2852-80-796-20- Grants-in-aid to central tools room facility (P)	800.00	800.00	100
44		2852-80-796-52- Capital investment incentive grants-in-aid to industrial units (P)	500.00	500.00	100
45		2852-80-102-52- Capital investment incentive grants-in-aid to industrial units (P)	500.00	500.00	100
46	26-Labour Employment and Training Department	2230-01-103-10- National Health Insurance Scheme (P)	1530.00	1386.37	91

47		2230-01-111-01-Jharkhand Bhawan and other construction work activity and administration of welfare board under labour employment and service regulation rules 2006 (N-P)	2000.00	2000.00	100
48		2230-01-789-10- National Health Insurance Scheme (P)	651.00	651.00	100
49		2230-01-796-10- National Health Insurance Scheme (P)	1530.00	1350.43	88
50		2230-03-003-31- Establishment of new industrial training institute in uncovered districts (P)	949.39	683.88	72
51		2235-03-789-05- Indira Gandhi national Widow Pension Scheme (P)	778.40	559.84	72
52	32- Legislature	2011-02-101-05- Members (N-P)	762.60	558.30	73
53	35- Planning & Development Department	2053-789-11- Uninterrupted Fund For District Plan (P)	621.00	621.00	100
54		2053-796-07- Greater Ranchi Development Agency Limited (P)	900.00	800.00	89
55		2053-796-11- Uninterrupted fund or district plan (P)	3500.00	3500.00	100
56		2053-800-11- Uninterrupted fund for district plan (P)	1800.00	1800.00	100
57	36- Drinking Water and sanitation Department	4215-01-102-05- Accelerated Rural Water Supply Scheme (CSS)	8259.50	6968.42	84
58		4215-01-102-05- Accelerated Rural Water Supply Scheme (P)	4873.50	2584.91	53
59		4215-01-789-01- Accelerated Rural Water Supply Scheme (CSS)	774.17	774.17	100
60		4215-01-796-05- Accelerated Rural Water Supply Scheme (CSS)	6452.33	5841.08	91
61	39- Disaster Management Department	2245-01-800-03- Agricultural input grant for damaged crops ( More than 50 <i>per cent</i> )(N-P)	1500.00	1500.00	100
62		2245-02-113-02- Repair/ restoration of houses damaged by flood, cyclones, thunder storm and other natural calamities (N-P)	2000.00	1909.04	95
63		2245-02-114-01-Agricultural input grant for damaged groups (N-P)	1000.00	996.93	100
64		2245-80-800-02- Supply of equipments related to essential investigation, safety and evacuation with communication equipments (N-P)	1300.00	1300.00	100
65	41- Road Construction Department	3054-03-337-21- Repairs and maintenance of roads and bridges under the recommendation of 12 <sup>th</sup> Finance Commission (N-P)	5407.34	4219.70	78
66		5054-03-337-08- Major roads- loans from the Asian Development Bank for widening and strengthening up to 2-4 lane of State Highways (P)	5000.00	4624.44	92
67	42- Rural Development Department	2505-02-796-04- Overall Rural Employment Scheme- National Rural Employment Guarantee Act (P)	7128.00	4130.15	58
68		2501-06-800-05- Swarnajayanti Gram Swarojgar Yojna Scheme for General (P)	3413.00	1750.60	51
69		2505-02-101-04- Overall Rural Employment Scheme- National Rural Employment Guarantee Act (P)	6072.00	3139.26	52

70		2505-02-789-04 Overall Rural Employment Scheme- National Rural Employment Guarantee Act (P)	1800.00	991.28	55
71		3054-80-800-11- Maintenance and repair of rural roads and bridges in the light of the recommendation of 12 <sup>th</sup> Finance Commission (N-P)	4818.66	4385.35	91
72	43-Science and Technology Department	2203-796-23- Computerisation of land records (E-Khatiyar) (P)	700.00	700.00	100
73		2203-800-08- Common service centre (additional central assistance) (P)	600.00	600.00	100
74		2203-800-35- IT/ Computer Networking, JHARNET (additional central assistance) (P)	520.00	520.00	100
75	44-Secondary, Primary and Public Education Department	2202-01-101-20- Strengthening of primary education infrastructure in the light of the recommendation of the 12 <sup>th</sup> Finance Commission (N-P)	16576.00	16576.00	100
76		2202-01-112-01- Government Primary and Middle School for Jharkhand State- Saraswati Wahini (Mid Day Meal Programme) (P)	7280.00	5175.00	71
77		2202-02-109-10- Strengthening of Government Secondary School infrastructure in the light of the recommendation of the 12 <sup>th</sup> Finance Commission (N-P)	2809.00	2613.55	93
78	47-Transport Department	5055-190-03- Strengthening of transport Directorate- construction of check post (P)	1130.73	1082.49	96
79		5055-796-03- Strengthening of Transport Directorate- construction of check post (P)	1700.00	1700.00	100
80	48-Urban Development and Housing Department	2217-80-800-04- Grants-in-aid to urban local bodies under local bodies grants on the recommendation of the 12 <sup>th</sup> Finance Commission (N-P)	7800.00	7800.00	100
81		4217-60-789-25- Central grant to JNNURM/UIDSSMT/IHDP/BSUP/ Scheme (CSS)	4000.00	4000.00	100
82		4217-60-796-25- Central Grant to JNNURM/UIDSSMT/IHDP/BSUP/ Scheme (CSS)	13000.00	11792.83	91
83		4217-60-796-29- Construction of Assembly (P)	5000.00	5000.00	100
84	49-Water Resources Department	2711-01-001-01- Flood protection work on the right embankment of the river Ganga (N-P)	500.00	500.00	100
85		4701-80-789-46- Re-Establishment of Irrigation Scheme (P)	1000.00	806.11	81
86		4701-80-789-62- Construction of current scheme under medium irrigation project (P)	3290.00	2711.58	82
87		4701-80-789-63- Construction of new scheme under medium irrigation project (P)	1020.00	822.00	81
88		4701-80-789-64- Construction of current scheme under Chhotanagpur and Santhal Pargama Irrigation Project (P)	8000.00	7608.00	95
89		4701-80-796-54- ERM of Complete Irrigation Scheme (P)	800.00	800.00	100
90		4701-80-796-62- Construction of current schemes under medium irrigation project (P)	6720.00	4145.72	62
91		4701-80-800-46-Re-Establishment of Irrigation Schemes (P)	1000.00	741.48	74
92		4701-80-800-54- ERM of Complete Irrigation Scheme (P)	1200.00	650.40	54
93		4711-01-796-01- Flood protection anti erosion civil works (CSS)	3000.00	2700.00	90

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94		4711-01-796-57- Implementation of flood control/ anti erosion works (P)	1000.00	600.00	60
95	50-Minor Irrigation Department	4702-101-18- Construction of Minor Irrigation Scheme (P)	2203.00	1131.69	51
96	51-Welfare Department	2225-02-796-01- Education grants for special central assistance under tribal area sub-plan (P)	8793.00	8615.53	98
97		2225-02-796-04- Development programme of tribes (CPS)	1068.00	1068.00	100
98		4225-02-796-06- Construction of house for schedule tribes (P)	1400.00	1400.00	100
99		4225-80-800-10- Post entrance scholarship for minority classes (CPS)	1474.00	1097.01	74
100	52-Sports, Art, Culture and Youth Affairs Department	2204-796-08- Government Sports Institute and Organisation (New Scheme) (P)	500.00	500.00	100
<b>Total</b>			<b>302969.01</b>	<b>258188.30</b>	

## Appendix 2.6

## SURRENDERS IN EXCESS OF ACTUAL SAVINGS (₹ 50 LAKH OR MORE IN EACH CASE)

(Reference: Paragraph 2.3.10; Page - 36)

(₹ in crore)

Sl. No.	Number and name of the grant/ appropriation	Total grant/ appropriation	Saving	Amount surrendered	Amount surrendered in excess
	<i>Revenue – voted</i>				
1	4-Cabinet Secretariat and Co-ordination Department	36.59	24.65	25.26	0.61
2	11-Excise and Prohibition Department	17.13	3.09	3.90	0.81
3	12-Finance Department	62.27	11.32	13.52	2.20
4	18-Food Supply and Consumer Forum Department	358.31	98.69	128.68	29.99
5	27-Law Department	149.93	22.87	24.12	1.25
6	39-Disaster Management Department	603.05	276.95	278.13	1.18
	<b>Total</b>	<b>1227.28</b>	<b>437.57</b>	<b>473.61</b>	<b>36.04</b>

# Appendix 2.7

## DETAILS OF SAVING OF ₹ 1 CRORE AND ABOVE NOT SURRENDERED

(Reference: Paragraph 2.3.11; Page- 36)

(₹ in crore)

Sl. No.	Number and Name of Grants/Appropriation	Saving	Surrender	Savings not surrendered
1	2	3	4	5
	<b>Revenue</b>			
1	1- Agriculture Department	178.10	82.63	95.47
2	2- Animal Husbandry and Fisheries Department	54.21	49.63	4.58
3	9- Co- operative Department	40.21	19.34	20.87
4	10- Energy Department	397.74	342.58	55.16
5	13- Interest Payment	121.06	33.19	87.87
6	15- Pension	504.57	16.71	487.86
7	19- Forest and Environment Department	61.61	51.82	9.79
8	20- Health, Medical Education and Family Welfare Department	480.56	422.30	58.26
9	22- Home Department	312.71	288.78	23.93
10	23- Industries Department	73.27	67.82	5.45
11	26- Labour Employment and Training Department	162.39	151.98	10.41
12	40- Revenue and Land Reforms Department	47.00	45.52	1.48
13	41- Road Construction Department	82.17	76.17	6.00
14	42- Rural Development Department	264.69	236.44	28.25
15	43- Science and Technology Department	66.06	62.03	4.03
16	44- Secondary, primary and Public Education Department	515.03	304.49	210.54
17	48- Urban Development and Housing Department	90.51	81.26	9.25
18	49- Water Resources Department	57.85	52.36	5.49
19	50- Minor Irrigation Department	5.91	4.86	1.05
20	51- Welfare Department	304.76	142.60	162.16
21	52- Sports, Art, Culture and Youth Affairs Department	28.67	27.28	1.39
	<b>Capital</b>			
1	3- Building Construction Department	33.48	31.63	1.85
2	10- Energy Department	383.67	165.17	218.50
3	20- Health, Medical Education and Family Welfare Department	77.44	69.50	7.94
4	22- Home Department	60.84	45.84	15.00
5	30- Minorities Welfare Department	1.79	0.03	1.76
6	41- Road Construction Department	230.19	48.21	181.98
7	42- Rural Development Department	3.67	2.10	1.57
8	44- Secondary, primary and Public Education Department	3.70	1.63	2.07
9	46- Tourism Department	20.00	18.75	1.25
10	47- Transport Department	37.30	36.20	1.10
11	48- Urban Development and Housing Department	278.18	276.63	1.55
12	49- Water Resources Department	277.49	244.58	32.91
13	50- Minor Irrigation Department	37.84	33.68	4.16
14	51- Welfare Department	89.14	49.78	39.36
	<b>Total</b>	<b>5383.81</b>	<b>3583.52</b>	<b>1800.29</b>

# Appendix 2.8

## CASES OF SURRENDER OF FUNDS IN EXCESS OF ₹ 10 CRORE ON 30 AND 31 MARCH 2010

(Reference: Paragraph 2.3.11; Page - 36)

(₹ in crore)				
Sl. No.	Grant No.	Major Head	Amount of Surrender	Percentage of total Provision
1	2	3	4	
1	6	2015-106-01	11.61	17.86
2	10	2801-01-796-02	43.07	68.91
3		2801-01-800-02	35.79	68.91
4		2801-80-800-07	13.50	6.52
5		6801-796-03	64.53	23.13
6		6801-800-01	17.00	100.00
7		6801-800-03	22.05	22.76
8	13	2049-01-200-08	22.33	21.46
9	14	6003-109-01	42.45	10.77
10	18	3456-796-13	26.11	23.37
11		3456-800-13	16.66	25.41
12		3456-800-14	14.96	99.73
13	20	2210-01-001-07	32.37	100.00
14		2210-01-110-19	22.23	100.00
15		2210-01-789-19	10.00	100.00
16		2210-01-796-19	30.00	100.00
17		2210-03-103-06	43.88	66.01
18		2211-101-01	81.85	64.34
19		2211-105-01	13.18	100.00
20	21	2202-03-102-02	22.50	45.00
21	22	2055-001-12	56.65	43.64
22		2055-104-02	25.57	6.31
23		2055-109-01	60.07	6.70
24		2055-110-01	21.87	15.97
25		2055-110-02	12.73	69.72
26		2055-115-01	22.35	29.80
27		2055-115-67	37.70	75.40
28		4055-800-45	11.29	64.15
29		4055-800-67	15.00	41.67
30	26	2230-01-111-01	20.00	100.00
31	27	2014-105-01	14.90	11.63
32	36	4215-01-102-05	69.68	84.36
33		4215-01-102-05	20.85	42.78
34	39	2245-01-800-03	15.00	100.00
35		2245-02-113-02	19.09	95.45
36		2245-05-101-01	70.87	33.66
37		2245-80-102-01	135.95	44.28
38		2245-80-800-02	13.00	100.00
39	40	2029-102-15	10.62	30.30
40		2029-104-01	20.22	16.12
41	41	3054-03-337-01	20.58	41.16
42		3054-03-337-21	42.20	78.05
43	42	2501-06-796-05	14.44	35.57

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44		2501-06-800-05	17.51	51.30
45		2505-02-101-04	31.39	51.70
46		2505-02-796-04	41.30	57.94
47		2515-796-15	18.52	15.08
48		2515-800-15	10.61	22.88
49		3054-80-800-11	43.85	90.99
50	44	2202-01-101-20	165.76	100.00
51		2202-02-109-01	11.05	3.91
52		2202-02-109-10	26.14	93.06
53	47	5055-190-03	10.82	95.67
54		5055-796-03	17.00	100.00
55	48	2217-80-800-04	78.00	100.00
56		4217-60-190-14	19.45	24.31
57		4217-60-789-25	40.00	100.00
58		4217-60-796-03	14.00	20.00
59		4217-60-796-25	117.93	90.72
60		4217-60-796-29	50.00	100.00
61	49	2701-03-001-06	18.07	30.60
62		2701-03-001-07	10.88	13.18
63		4701-80-796-62	16.47	24.51
64		4711-01-796-01	27.00	90.00
65	50	4702-101-18	11.32	51.38
66	51	2225-02-796-01	86.16	97.99
67		2225-02-796-04	10.68	100.00
68		4225-02-796-06	14.00	100.00
		<b>Total</b>	<b>2244.61</b>	

# Appendix 2.9

## RUSH OF EXPENDITURE AT THE END OF THE FINANCIAL YEAR

(Reference: Paragraph 2.3.12; Page - 37)

(₹ in crore)

Sl. No	Grant Number and Name	Head of account Scheme/Service	Expenditure incurred during Jan-March 2010	Expenditure incurred in March 2010	Total expenditure	% of total expenditure incurred during Jan-March 2010	March 2010
1	1- Agriculture Deptt.	2401- Crop Husbandry	122.57	106.48	152.76	80.24	69.70
2	2- Animal Husbandry and fisheries Deptt.	2404- Dairy Development	44.07	41.32	52.51	83.93	78.69
3	9- Co-operative Deptt.	2425- Co-operation	40.18	36.31	57.09	70.38	63.60
4	10- Energy Deptt.	2801- Power	354.55	266.33	483.17	73.38	55.12
		2810- Non Conventional Source of Energy	10.00	10.00	10.00	100.00	100.00
5	23- Industries Deptt.	2852- Industries	91.10	89.64	95.04	95.85	94.32
6	26- Labour, Employment and Training Deptt.	2230- Labour and Employment	75.00	61.56	113.54	66.05	54.22
7	42- Rural Development Deptt.	2505- Rural Employment	193.23	143.51	225.95	85.52	63.51
		2515- Other Rural Development Programme	293.56	259.32	433.07	67.79	59.88
8	47- Transport Department	3055- Road Transport	84.83	83.10	140.07	60.56	59.33
		3075- Other Transport Services	68.70	68.70	73.70	93.22	93.22
		5075- Capital Outlay on Other Transport Services	320.67	320.67	320.67	100.00	100.00
9	48- Urban Development and Housing Deptt.	2217- Urban Development	23.20	19.28	24.69	93.97	78.09
		4217- Capital Outlay on Urban Development	235.53	222.92	291.45	80.81	76.49

# Appendix 3.1

## UTILISATION CERTIFICATES OUTSTANDING AS ON 31 MARCH, 2010

(Reference: Paragraph 3.1; Page- 43)

(₹ in crore)

Department	Up to 2008-09 ( GIA sanctioned up to 2007-08)		During the 2009-10 ( GIA sanctioned up to 2008-09)		Total No. of UCs awaited	
	Items	Amount	Items	Amount	Items	Amount
Industry	162	829.36	41	55.29	203	884.65
Animal Husbandry	56	10.39	04	6.50	60	16.89
Co-operative	37	123.11	12	7.71	49	130.82
Medical	06	17.63	03	3.34	09	20.97
Welfare	69	79.50	54	6.52	123	86.02
Agriculture	07	10.10	01	3.00	08	13.10
Land Revenue	02	0.63	-	-	02	0.63
Education	135	873.72	33	422.87	168	1296.59
Urban Development	1356	358.14	532	178.44	1888	536.58
Others	177	440.17	115	494.07	292	934.24
<b>Total</b>	<b>2007</b>	<b>2742.75</b>	<b>795</b>	<b>1177.74</b>	<b>2802</b>	<b>3920.49</b>

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 <b>minus</b> 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 stabilisation	A necessary condition for stability states that if the rate of growth of economy exceeds the interest rate or cost of public borrowings, the debt-GSDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate – interest rate) and quantum spread (Debt*rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would be constant or debt would stabilize eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling.
Sufficiency of non-debt receipts	Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. Debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.

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

Terms	Basis of calculation
Gaurantee Redemption Fund	Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended. As per the terms of the Guarantee Redemption Fund, the State Government was required to contribute an amount equal to atleast 1/5 <sup>th</sup> 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
DC 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