

# Contents

	Reference	
	Paragraph	Page No.
Preface	-	vii
Executive Summary	-	ix
<b>CHAPTER 1: FINANCES OF THE STATE GOVERNMENT</b>		
Profile of Jharkhand		1
Introduction	1.1	1
Summary of fiscal transactions in 2014-15	1.1.1	2
Review of the fiscal situation	1.1.2	3
Budget estimates and actuals	1.1.3	4
Gender Budgeting	1.1.4	5
Resources of the State	1.2	5
Resources of the State as per Annual Finance Accounts	1.2.1	5
Funds transferred to State Implementing Agencies outside the State Budget	1.2.2	8
Revenue Receipts	1.3	8
State's Own Resources	1.3.1	9
Grants-in-aid from Government of India	1.3.2	11
Central Tax transfer	1.3.3	12
Optimisation of the Thirteenth Finance Commission grants	1.3.4	12
Forgone Revenue	1.3.5	13
Capital Receipts	1.4	13
Recoveries from loans and advances	1.4.1	14
Debt receipts from internal sources	1.4.2	14
Loans and advances from Government of India (GOI)	1.4.3	15
Public Accounts Receipts	1.5	15
Application of resources	1.6	15
Growth and Composition of Expenditure	1.6.1	15
Revenue Expenditure (RE)	1.6.2	16
Committed Expenditure	1.6.3	17
Major programmes	1.6.4	20
Devolution of funds and functions of Urban Local Bodies and Panchayati Raj Institutions	1.6.5	21
Quality of Expenditure	1.7	23
Adequacy of Public Expenditure	1.7.1	23
Efficiency of expenditure use	1.7.2	24
Financial analysis of Government expenditure and investments	1.8	26
Financial results of completed Irrigation projects	1.8.1	27
Incomplete projects	1.8.2	27
Investment and returns	1.8.3	27
Loans and Advances given by State Government	1.8.4	28
Cash Balances and Investment of Cash Balances	1.8.5	28
Assets and Liabilities	1.9	29
Growth and Composition of Assets and Liabilities	1.9.1	29
Fiscal Liabilities	1.9.2	29
Overstatement of Assets of the State	1.9.3	31

## Contents

	Reference	
	Paragraph	Page No.
Transaction under Reserve Fund	1.9.4	31
Status of Guarantees – Contingent liabilities	1.9.5	32
Debt Management	1.10	32
Debt Profile	1.10.1	32
Debt Sustainability	1.10.2	32
Fiscal Imbalances	1.11	33
Trends in deficits	1.11.1	34
Composition of Fiscal Deficit and its financing pattern	1.11.2	35
Quality of Deficit/Surplus	1.11.3	35
Conclusion and Recommendations	1.12	36
<b>CHAPTER 2: FINANCIAL MANAGEMENT AND BUDGETARY CONTROL</b>		
Introduction	2.1	39
Mechanism for Budget Management	2.2	39
Summary of Appropriation Accounts	2.3	39
Financial Accountability and Budget Management	2.4	40
Appropriations vis-a-vis Allocative Priorities	2.4.1	40
Anticipated savings not surrendered	2.4.2	42
Persistent savings	2.4.3	42
Avoidable/excessive Supplementary Provision	2.4.4	45
Advances from Contingency Fund	2.4.5	45
Excess over provisions during 2014-15 requiring regularisation	2.4.6	46
Excess over provisions in previous years requiring regularisation	2.4.7	46
Persistent Excess in Grants	2.4.8	47
Excessive/Insufficient re-appropriation of funds	2.4.9	47
Substantial surrender of funds	2.4.10	47
Rush of expenditure	2.5	47
Non-reconciliation of Departmental figures	2.6	48
Compliance Audit on Budgetary Process for Grant No. 36- Drinking Water and Sanitation Department	2.7	48
Introduction	2.7.1	48
Budgetary Position of the Department for last three years	2.7.2	49
Organisational Set-Up	2.7.3	49
Delay in submission of Budget Estimates	2.7.4	49
Unrealistic Budget Estimate	2.7.5	50
Avoidable Supplementary Provision	2.7.6	50
Excess expenditure over budgetary provision	2.7.7	50
Surrender on the last day of the financial year	2.7.8	50
Rush of expenditure	2.7.9	51
Blockage of funds in shape of materials	2.7.10	51
Non-reconciliation of departmental expenditure figures	2.7.11	51
Discrepancy in figures of IMIS and Monthly Accounts	2.7.12	52

	Reference	
	Paragraph	Page No.
Implementation of schemes announced in budget speech	2.7.13	52
Conclusion and Recommendations	2.8	53
<b>CHAPTER 3: FINANCIAL REPORTING</b>		
Compliance Audit of outstanding Utilisation Certificates against the grants	3.1	55
Introduction	3.1.1	55
Outstanding Utilisation Certificates against the grants	3.1.2	56
Delay in submission of Utilisation Certificates	3.1.3	57
Delay in release of grants	3.1.4	57
Blocking and non-utilisation of grants	3.1.5	57
Submission of accounts and audit of Autonomous Bodies, Authorities and Grantee institutions	3.2	58
Audit under Sections 14 and 15 of CAG's (DPC) Act, 1971	3.2.1	58
Audit under section 19 of CAG's (DPC) Act, 1971	3.2.2	58
Compliance Audit of funds drawn on Abstract Contingent bills by Drinking Water and Sanitation Department	3.3	59
Introduction	3.3.1	59
Delay in submission of Detailed Contingent bills	3.3.2	60
Repeated drawal of funds on Abstract Contingent bills	3.3.3	61
Reporting of cases on misappropriation, losses etc.	3.4	61
Classification between Revenue and Capital	3.5	61
Funds drawn and kept in Personal Ledger (PL) Accounts	3.6	62
Booking under Minor Head "800"	3.7	63
Follow up on Audit Report on State Finances	3.8	63
Compliance Audit of State Disaster Response Fund	3.9	63
Introduction	3.9.1	63
Financial Management	3.9.2	64
Funding pattern	3.9.2.1	64
Delayed/non-credit of contributions in SDRF	3.9.2.2	65
Utilisation and investment of fund	3.9.2.3	65
Blocking of fund	3.9.2.4	66
Diversion/Unauthorised expenditure of SDRF	3.9.2.5	67
Implementation through SDRF	3.9.3	68
Delayed/non assistance to affected persons	3.9.3.1	68
Inadmissible execution of works through SDRF	3.9.3.2	68
Non-submission of Utilisation Certificates	3.9.4	69
Non-maintenance of Subsidiary Accounts	3.9.5	69
Conclusion and Recommendations	3.10	69

## Contents

Appendix No.	Description	Page No.
Appendix 1.1 Part-A	Profile of Jharkhand	73
Appendix 1.1 Part-B	Structure and Form of Government Accounts	74
Appendix 1.1 Part-C	Layout of Finance Accounts	74
Appendix 1.2	Methodology Adopted for Assessment of Fiscal Position	75
Appendix 1.3	Time series data on the State Government finances	76
Appendix 1.4 Part-A	Abstract of Receipts and Disbursements for the year 2014-15	79
Appendix 1.4 Part-B	Summarised financial position of the Government of Jharkhand as on 31 March 2015	82
Appendix 1.5 Part-A	Details of functions of ULBs as per the 74 <sup>th</sup> Constitutional Amendment Act (Schedule XII)	84
Appendix 1.5 Part B	Details of functions of PRIs as per the 74 <sup>th</sup> Constitutional Amendment Act (Schedule XII)	85
Appendix 2.1	Statement of various grants/appropriations where savings exceeded ₹ 10 crore in each case and also by 20 <i>per cent</i> or more of the total provision	86
Appendix 2.2	Sub-head wise details where substantial savings (₹ 20 crore and above) occurred during the year 2014-15	88
Appendix 2.3	Details of saving of ₹ one crore and above not surrendered	93
Appendix 2.4	Cases of surrender of funds in excess of ₹ five crore on 31 March 2015	95
Appendix 2.5	Cases where supplementary provision (₹ 20 lakh or more in each case) proved unnecessary	96
Appendix 2.6	Excess over provisions of previous years requiring regularisation	98
Appendix 2.7	Excess/insufficient re-appropriation of funds	99
Appendix 2.8	Results of review of Substantial Surrenders made during the year	101
Appendix 2.9	Rush of expenditure at the end of the year	104
Appendix 2.10	List of Controlling Officers where expenditure remained un-reconciled during 2014-15	105
Appendix 2.11	Excess Expenditure over Budgetary Provisions	106
Appendix 2.12	Surrender of the last day (State level)	106
Appendix 2.13	Surrender on fag end of financial year	107
Appendix 2.14	Cent <i>per cent</i> Savings	108
Appendix 2.15	Rush of Expenditure (State Level)	108
Appendix 2.16	Rush of Expenditure (Test checked divisions/districts)	109
Appendix 2.17	Blockage of funds in shape of materials	110
Appendix 2.18	Non-reconciliation of Departmental Expenditure figures	112
Appendix 2.19	Discrepancy in figures of IMIS and Monthly Accounts	112
Appendix 2.20 (a)	Physical Progress of schemes announced in budget speech	113
Appendix 2.20 (b)	Financial progress of schemes announced in budget speech	114
Appendix 3.1	Utilisation certificates outstanding as on 31 March, 2015	115
Appendix 3.2	Outstanding Utilisation Certificate (field units)	116
Appendix 3.3	Delay in release of Grants	117
Appendix 3.4	Blocking of Grants	118
Appendix 3.5	List of auditable units identified u/s 14 of CAG's DPC Act	119

## Contents

---

Appendix No.	Description	Page No.
Appendix 3.6	Controlling Officer of top 50 outstanding DC bills	121
Appendix 3.7	Grant-wise Controlling Officer of outstanding DC bills as on 31 March 2015	122
Appendix 3.8	Delay in submission of Detailed contingent Bills	125
Appendix 3.9	Major Work under Revenue Section	126
Appendix 3.10	Operation of Minor Head '800 – Other expenditure' ( 30 per cent and above )	126
Appendix 3.11	Operation of Minor Head '800 – Other Receipts' ( 50 per cent and above )	127
Appendix 3.12	Regularisation of Excess over provisions of previous years	128
Appendix 3.13	Delay assistance	129
Appendix 3.14	Non assistance	131
Appendix 4.1	Glossary of terms, basis of calculations and acronyms used in the Report	132