सत्यमेव जयते

Report of the Comptroller and Auditor General of India on General, Social, Economic and Revenue Sectors including SPSEs For the year ended 31 March 2020

भारतीय लेखापरीक्षा और लेखा विभाग
INDIAN AUDIT AND ACCOUNTS DEPARTMENT
सत्यमेव जयते

लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

झारखण्ड सरकार
GOVERNMENT OF JHARKHAND
सत्यमेव जयते

Government of Jharkhand

Report No. 1 of the year 2022

Report of the

Comptroller and Auditor General of India

On

General, Social, Economic and Revenue Sectors including SPSEs

For the year ended 31 March 2020

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PREFACE

PREFACE

This Report for the year ended 31 March 2020 has been prepared for submission to the Governor of Jharkhand under Article 151 of the Constitution of India.

This Report contains significant results of audit of departments of the Government of Jharkhand under General, Social and Economic sectors; departments and entities under the Revenue Sector and State Public Sector Enterprises.

The instances mentioned in this Report are among those which came to notice in the course of test audit for the period 2019-20 as well as those which came to notice in earlier years but could not be reported in previous Audit Reports. Instances relating to the period subsequent to year 2019-20 have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards and Regulations on Audit and Accounts issued by the Comptroller and Auditor General of India.

OVERVIEW

OVERVIEW

The Report comprises three sections:

SECTION-A deals with the results of audit of the departments/entities under General, Social and Economic sectors of the Government of Jharkhand;

SECTION-B deals with the results of audit of the Departments/Entities under Revenue sector; and

SECTION-C deals with the results of audit of State Public Sector Enterprises.

SECTION-A: GENERAL, SOCIAL AND ECONOMIC SECTORS

This section comprises two chapters. Chapter I presents the planning and extent of audit along with responses of Government to the Audit Inspection Reports/Audit Reports and action taken on these. Chapter II deals with the findings of one Compliance Audit of procurement of machines, equipment and accessories for Dental Institute, Rajendra Institute of Medical Sciences (RIMS), Ranchi. The audit findings included in this section have total money value of ₹ 29.15 crore covering systemic deficiencies, loss, wasteful/ unfruitful/ idle expenditure, avoidable extra expenditure, undue favour, excess payments etc.

The audit has been conducted in conformity with the Auditing Standards of the Comptroller and Auditor General of India. Audit samples have been drawn based on statistical sampling methods. The specific audit methodology adopted has been mentioned in the Compliance Audit Report. The audit conclusions have been drawn and recommendations have been made taking into consideration the views of the State Government.

2.1 Audit of procurement of machines, equipment and accessories for Dental Institute, Rajendra Institute of Medical Sciences (RIMS), Ranchi

The Rajendra Institute of Medical Sciences (RIMS), Ranchi is an autonomous medical institute of the Government of Jharkhand (GoJ) under the administrative control of the Health, Medical Education & Family Welfare Department (the Department). A Dental Institute, with a capacity of 50 annual intakes in Bachelor of Dental Surgery (BDS) course, was started from the Academic year 2017-18 in RIMS for which 176 types of dental equipment worth ₹ 37.17 crore was procured. On the request of the Secretary of the Department, audit of procurement of equipment for Dental Institute, RIMS was conducted between July 2019 and May 2020 for the period 2014-15 to 2018-19 to assess whether the tendering process was regular and equipment were procured economically. Main audit findings are summarised below:

➢ Against an original proposal of ₹ 5.80 crore for procurement of dental equipment as approved by the Governing Council, the Director, RIMS submitted detailed budget of ₹ 9.29 crore to the State Government. However, RIMS procured dental equipment valued at ₹ 37.17 crore during 2014-19 which was 400 *per cent* of the budget.

(Paragraph 2.1.2)

➢ In a tender invited in January 2016, technical and financial evaluation was not done on combined scoring pattern as per terms of the NIT giving weightage to the technical qualification and financial offers without recording any reasons. The purchase and technical committees approved the lowest rates from the rates quoted by technically qualified bidders without giving scores at any stage. Against this tender, 20 items valued at ₹ 18.52 crore were procured.

(Paragraph 2.1.3.1)

➢ Though instructed by the Health Minister, the Director, RIMS neither cross-verified the compliance submitted by the accused supplier nor surveyed the market price or procurement price of similar equipment in other medical institutions prior to payment of outstanding bill of ₹ 5.40 crore and further procured equipment valued ₹ 11.40 crore from the same supplier without obtaining the approval of the Health Minister.

(Paragraph 2.1.3.2)

➢ The Finance and Accounts Committee did not decide the tenders though required under the Regulations of RIMS. Instead two different committees (Purchase Committee and Technical Committee) having no defined role in the Regulations were entrusted with the decision of tender by RIMS.

(Paragraph 2.1.3.3)

➢ There was absence of uniformity and transparency in technical evaluation of bids besides arbitrariness in deciding technical qualification in favour of a bidder with respect to procurement of basic and advance dental chairs, mobile dental van and 15 other items valued at ₹ 25.70 crore.

(Paragraph 2.1.4)

➢ RIMS incurred avoidable expenditure of ₹ 14.25 crore on procurement of dental equipment (Chairs, Mobile dental van and RVG) compared to the rates given in the budget estimates.

(Paragraph 2.1.5)

➢ Attachments and accessories with basic dental chairs, advanced dental chairs and Mobile Dental Van were either missing or of lower specifications. Two out of ten supplied Radiovisiography systems were of different model. RIMS also failed to impose penalty of ₹ 2.37 crore for delayed supply.

(Paragraphs 2.1.6 and 2.1.7)

➢ Dental equipment worth ₹ 12.02 crore supplied to the Dental Institute was not found entered in inventory and was thus fraught with the risk of misuse.

(Paragraph 2.1.8)

➢ Equipment worth ₹ 1.94 crore purchased (August 2016) for laboratory and the operation theatre (OT) was found lying idle in the store as laboratories and OT had not been set up as of May 2020. Disinfectants worth ₹ 17.85 lakh purchased in August 2016 for use in the OT had expired.

(Paragraph 2.1.8)

SECTION-B: REVENUE SECTOR

This section contains an Audit on GST refunds and 10 paragraphs relating to taxes on sales, trade etc., in Commercial Taxes Department, state excise in Excise and Prohibition Department and mining receipts in Mines and Geology Department. The total financial implication of Section-B of this Report is ₹ 1,138.20 crore which constitutes 4.46 *per cent* of tax and non-tax revenue of the year 2019-20. Out of the above, the concerned departments accepted audit observations involving ₹ 338.73 crore. Some of the major findings are summarised below:

1.1 General

The total receipts of the Government of Jharkhand for the year 2019-20 was ₹ 58,417.14 crore. The revenue raised by the State Government was ₹ 25,521.43 crore (43.69 *per cent* of the total receipts). The share of receipts from the Government of India amounting to ₹ 32,895.71 crore (56.31 *per cent* of the total receipts) comprised of State's share of divisible Union taxes of ₹ 20,593.04 crore (35.25 *per cent* of the total receipts) and grants-in-aid of ₹ 12,302.67 crore (21.06 *per cent* of the total receipts). Tax revenue raised by the State Government increased by 13.69 *per cent* in 2019-20 over 2018-19, whereas non-tax revenue increased by 5.96 *per cent* over the same period.

(Paragraph 1.2)

Arrears of revenue as on 31 March 2020 in respect of taxes on sales, trade etc., taxes on vehicles, state excise, land revenue and mining receipts amounted to ₹ 12,179.30 crore, of which ₹ 2,898.27 crore was outstanding for more than five years.

(Paragraph 1.3)

COMPLIANCE AUDIT

Commercial Taxes Department

The Audit on GST refunds contains the following observations:

The proper officers did not adhere to the prescribed timelines and issued acknowledgment of refund applications in 19 cases with delays ranging between nine and 246 days beyond the prescribed period of 15 days of filing the claim. Besides, acknowledgments in 12 cases were not issued till date.

(Paragraph 2.3.6.1)

The proper officers did not adhere to the prescribed period of 15 days of filing of claim to communicate the deficiencies in Form GST RFD-03 in 12 cases resulting in issuance of memos with delays ranging between three and 215 days.

(Paragraph 2.3.6.2)

In the absence of a mechanism for monitoring of refund processing claims at different stages, sanctioned amount of ₹ 5.97 lakh in nine cases was not paid to the claimants while payment in 33 refund cases were made with delays beyond the prescribed timeline of 60 days and consequently the department was liable to pay interest of ₹ 5.48 lakh.

(Paragraph 2.3.6.3)

The proper officer did not adhere to the prescribed period and sanctioned provisional refund in eight cases with a delay ranging between 7 and 99 days beyond the prescribed period of seven days of issue of acknowledgment.

(Paragraph 2.3.6.4)

The proper officer failed to cross verify the monthly return in GSTR-3B available with the Department which resulted in incorrect allowance of refund of ₹ 0.15 lakh to the claimant.

(Paragraph 2.3.6.5)

In the absence of a mechanism to synchronize the dues of JGST Act and earlier repealed Acts, dues of ₹ 0.42 lakh were not adjusted from the refund claim of two cases resulting in excess payment of refund of ₹ 0.42 lakh.

(Paragraph 2.3.6.6)

Other observations

The Assessing Authorities while finalising the assessments did not scrutinise the information furnished by the dealers which led to non-detection of concealment of turnover of ₹ 3,271.08 crore by 39 dealers and consequential under assessment of tax and penalty of ₹ 812.99 crore.

(Paragraph 2.4)

The Assessing Authorities enhanced turnover of nine dealers on account of suppression of sale and levied additional tax of ₹ 43.84 crore but did not levy penalty of ₹ 131.51 crore.

(Paragraph 2.5)

The Assessing Authorities of 14 circles disallowed exemptions, concessions and adjustment of ITC of ₹ 2,264.96 crore. However, interest of ₹ 102.24 crore was not levied as per the provisions of the Act.

(Paragraph 2.6)

The Assessing Authorities while finalising the assessments in case of 29 dealers, allowed ITC of ₹ 109.51 crore instead of ₹ 85.70 crore. This resulted in allowance of excess ITC of ₹ 23.81 crore.

(Paragraph 2.7)

The Assessing Authorities determined GTO/ TTO of ₹ 1,962.03 crore instead of ₹ 2,407.40 crore in case of seven dealers, which resulted in short determination of GTO by ₹ 445.37 crore and consequential under assessment of tax of ₹ 22.33 crore.

(Paragraph 2.8)

The Assessing Authorities, while finalising the assessments levied the incorrect rates of tax on taxable turnover resulting in short levy of tax of ₹ 14.53 crore.

(Paragraph 2.9)

The Assessing Authorities levied concessional rate of two *per cent* CST on turnover of ₹ 92.59 crore instead of applicable rates of five *per cent* CST and 14 *per cent* under JVAT. This resulted in under assessment of CST of ₹ 10.64 crore.

(Paragraph 2.11)

Mines and Geology Department

Failure of the Department to verify the rate of royalty in accordance with provisions of the Act/Rules resulted in short levy of royalty of ₹ 15.42 crore.

(Paragraph 2.15)

Excise and Prohibition Department

The Department did not take action to ensure lifting of minimum guaranteed quota which resulted in short lifting of liquor and non-levy of penalty equivalent to loss of excise duty of ₹ 2.07 crore.

(Paragraph 2.18)

SECTION-C: STATE PUBLIC SECTOR ENTERPRISES

This section deals with the results of audit of Government Companies for the year ended 31 March 2020 and has been prepared for submission to the Government of Jharkhand under Section 19A of the Comptroller and Auditor General's (Duties, Power and Conditions of Services) Act, 1971 as amended form time to time. This section comprises two chapters. Chapter-1 deals with the functioning of the Government companies of Jharkhand. Chapter-II contains results of Compliance Audit on "Marketing, sales and inventory management by Jharkhand State Forest Development Corporation Limited".

1.1 Functioning of State Public Sector Enterprises

This Chapter presents the summary of financial performance of Government Companies and Government controlled other Companies of the Government of Jharkhand (GoJ) and within the audit jurisdiction of the Comptroller and Auditor General of India (CAG). These SPSEs were established to carry out activities of commercial nature and to contribute in economic development of the State.

A Government Company or any other Company owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments or partly by Central Government and partly by one or more State Governments is subject to audit by the CAG.

As on 31 March 2020, there were 31 SPSEs (including 03 inactive SPSEs) in Jharkhand. The financial performance of the SPSEs, drawn up on the basis of latest finalised accounts as on 31 August 2021, is covered in this section.

The working SPSEs registered an annual turnover of ₹ 7,739.34 crore i.e., increase of 17.43 *per cent* in 2019-20 over 2018-19 as per their latest finalised accounts as on 31 August 2021. This turnover was equal to 2.36 *per cent* of Gross State Domestic Product (GSDP) for the year 2019-20 (₹ 3,28,598 crore). The working SPSEs incurred a loss of ₹ 1,354.20 crore as per their latest finalised accounts.

Framework of Power Sector SPSEs

Power is a core component to operate any industrial activity to boost the economy of any State. The State Government formulated (06 January 2014) the Jharkhand State Electricity Reforms Transfer Scheme, 2013 (JSERTS 2013) for unbundling of Jharkhand State Electricity Board (JSEB) and transfer of assets, properties, liabilities, obligations, proceedings and personnel of JSEB to four power sector companies (i.e., Jharkhand Urja Vikas Nigam Limited, Jharkhand Bijli Vitran Nigam Limited, Jharkhand Urja Sancharan Nigam Limited and Jharkhand Urja Utpadan Nigam Limited). These four power sector companies came into existence with effect from 06 January 2014 and all the assets and liabilities of JSEB excluding State Government liability were distributed among these companies according to the provisions of the JSERT Scheme 2013.

Besides these four companies, four other power sector companies were incorporated prior to the JSERT Scheme, 2013. Out of above four companies, one company *i.e.*, Tenughat Vidyut Nigam Limited is a power generating company and other three companies *i.e.*, Karanpura Energy Limited, Jharbihar Colliery Limited and Patratu Energy Limited are the subsidiaries of Jharkhand Urja Utpadan Nigam Limited (November 1987 to October 2012). Of these eight Power Sector companies, three companies did not commence commercial activities till 2019-20.

Framework of Non-Power Sector SPSEs

State Public Sector Enterprises (Non-Power Sector) consist of State Government Companies, Government-controlled other Companies and subsidiary Companies as of 31 March 2020, operating in the Non-Power Sector. These included all working Government Companies, one working other Government-controlled Company and one working subsidiary company.

(Paragraph 1.1.1)

Investment in Government Companies

Aggregate investment in SPSEs with sector-wise summary

As on 31 March 2020, the investment (capital and long-term loans) in 31 SPSEs was ₹ 19,696.52 crore as per accounts of 2019-20 or information from SPSE. This total investment consisted of 23.40 *per cent* towards paid-up capital and 76.60 *per cent* in long-term loans.

Investment in Power Sector SPSEs

As on 31 March 2020, the total investment (equity and long term loans) in eight Power Sector SPSEs was ₹ 19,281.29 crore. The investment consisted of ₹ 4,244.02 crore (22.01 *per cent)* towards equity and ₹ 15,037.27 crore

(77.99 *per cent*) as long-term loans.

The aggregate investment in the Power Sector SPSEs over the period from 2015-16 to 2019-20 had increased by 43.90 *per cent.*

The Power Sector constituted the major share of equity at 92.06 *per cent* (₹ 4,244.02 crore) and loans at 99.67 *per cent* (₹ 15,037.27 crore) from the Government of Jharkhand, banks and financial institutions.

Investment in SPSEs (Non-Power Sector)

As on 31 March 2020, the total investment (equity and long-term loans) in 23 SPSEs (Non-Power Sector) was ₹ 415.23 crore. The investment consisted of ₹ 365.84 crore (88.11 *per cent)* towards equity and ₹ 49.39 crore (11.89 *per cent*) in long-term loans.

(Paragraph 1.1.2)

Return from Government Companies

Performance of Power Sector SPSEs

Net worth of the Power Sector SPSEs was positive during the years 2015-16 and 2016-17. The net worth has decreased significantly from ₹ 2,083.29 crore in 2015-16 to (-) ₹ 4,022.13 crore in 2019-20 due to increase in accumulated losses.

Performance of Non -Power Sector SPSEs

The combined net worth of the working SPSEs was positive during the five-year period. The net worth has decreased from 2015-16 to 2019-20 in spite of increase in share capital.

(Paragraph 1.1.3)

Submission of accounts by SPSEs

Accounts for the year 2019-20 were required to be submitted by all the Power Sector SPSEs by 30 September 2020. No Government Company in Jharkhand submitted their accounts for the year 2019-20 for audit by CAG on or before 30 September 2020. Five SPSEs submitted their Financial Statements for the year 2019-20 by 31 August 2021.

During the period from 01 January 2020 to 31 December 2020, 11 of the 23 SPSEs had finalised 18 annual accounts which included one accounts for the year 2019-20 and 17 accounts for previous years. Thus, 66 accounts of 21 SPSEs were in arrears.

In the absence of finalisation of accounts for 2019-20 as well as earlier years, no assurance could be given on whether the investments and expenditure incurred had been properly accounted for and the purpose for which the amount was invested was achieved.

(Paragraph 1.1.8)

2.1 Audit of "Marketing, sales and inventory management by Jharkhand State Forest Development Corporation Limited"

Jharkhand State Forest Development Corporation Limited (JSFDCL), a public sector undertaking of Government of Jharkhand, was incorporated to promote production, collection, processing and marketing of minor forest produce (MFP) commercially and was to undertake scientific exploitation of forest products to get maximum financial returns. The Company was mainly engaged in marketing of Kendu Leaves (KLs). A Compliance Audit of "Marketing, sales and inventory management by JSFDCL" covering the period 2015-16 to 2019-20 was conducted with the objective to assess whether an effective and efficient system was in place for marketing, sales and inventory management in the Company. The major audit findings are summarised below:

There was no provision of coppicing or other suitable mechanism in the Jharkhand State Kendu Leaves Policy or in other statutes required to ensure enhancement in quantity and quality of KLs. The Company had, however, instructed (February 2008) the field offices for coppicing of kendu bushes but could not continue the practice later on. As such, average yield of 232 (77 *per cent*) out of 300 KLs lots (specific identified area) was less than the notified yield which included 123 lots where actual yield was less by 30 to 89 *per cent*.

(Paragraph 2.1.2.1)

The quantum of notified yield of KL lots was not re-assessed for more than 36 years as of July 2021. Out of 1499 KL lots, 495 (33 *per cent*) lots with notified yield of 12.63 lakh standard bags (SBs) remained unsold during 2015 to 2019 KL seasons. The reserve price of these unsold lots was ₹ 74.38 crore.

(Paragraph 2.1.2.1)

In test-checked Divisions (Daltonganj, Dhalbhum, Hazaribag and Ranchi), the Company could only realise ₹ 8.57 crore (for 50 *per cent* of excess collected quantity) during the KL season 2015 to 2019 against the realisable amount of ₹ 17.14 crore. Besides, additional collection cost of ₹ 5.82 crore were not paid to the primary collectors (PCs) as of March 2021 for excess collection of 1.01 lakh SBs during the season 2016 to 2019.

(Paragraphs 2.1.2.3 and 2.1.3.2)

During the KL seasons 2016 to 2019, 333 lots with notified yield of 8.52 lakh SBs remained unsold. The Department did not release ₹ 61.93 crore though demanded (April 2016 and February 2019) by the Company to facilitate departmental collection. The Company also did not explore the possibilities of bidding of these lots on actual basis and thus the lots remained unharvested and as such the prime objective of KL trade i.e., income generation for the PCs could not be achieved.

(Paragraph 2.1.3.1)

Out of development fund of ₹ 15.58 crore released to 149 Collectors Committees (CCs) for the KL seasons 2016 to 2018, ₹ 15.16 crore remained unutilised and was lying with the CCs as of March 2020.

(Paragraph 2.1.3.3)

Out of 39 godowns, seven godowns were in good condition, 23 needed major repairs and nine were in dilapidated condition. The Company did not initiate renovation of godowns despite it being a source of revenue as ₹ 28.12 lakh was realised as rent during 2015-18.

(Paragraph 2.1.4.1)

The core objective of the Company was to promote, develop and carry on projects and activities by accelerating forest production and productivity besides developing industries based on forest products. The Company was to also promote and manage the sale and process of minor forest produce (MFP) commercially. The Company did not expand its activities as of March 2020 and had forgone the opportunity to generate employment for forest dwellers besides enhance its own earnings.

(Paragraph 2.1.5.2)

The Company did not remit cess of ₹ 1.25 crore and sale proceeds of timber worth ₹ 42.14 crore into Government accounts.

(Paragraphs 2.1.5.3 and 2.1.5.4)

SECTION A

General, Social and Economic Sectors

CHAPTER-I

INTRODUCTION

1.1 About this Section

This section of the Report contains the results of Compliance Audit of various departments under General, Social and Economic Sectors of the Government of Jharkhand conducted during 2019-20 in compliance with the CAG's audit mandate. This section contains the following chapters:

Chapter I: General information about the auditee departments.

Chapter II: Compliance Audit of procurement of machines, equipment and accessories for Dental Institute, Rajendra Institute of Medical Sciences (RIMS), Ranchi.

1.2 Auditee Profile

Twenty-seven out of the total 32 Departments in Jharkhand fall under the General, Social and Economic Sectors (GSES). These departments are headed by Additional Chief Secretaries/ Principal Secretaries/ Secretaries, who are assisted by Commissioners/ Directors and subordinate officers under them.

1.3 Audit Coverage

Principal Accountant General (Audit), Jharkhand conducted audit of 324 units out of 367 planned units under 17 Departments during 2019-20. Besides, one compliance audit of procurement of machines, equipment and accessories for Dental Institute, Rajendra Institute of Medical Sciences (RIMS), Ranchi (Health, Medical Education and Family Welfare Department) was also conducted.

1.4 Response of the Government to Audit

Inspection Reports (IRs)

A detailed review of IRs issued up to March 2020 pertaining to 27 Departments revealed that 33,429 paragraphs contained in 4,858 IRs were outstanding for want of suitable compliance as on 31 March 2021. Of these, even initial replies were not furnished in respect of 25,933 paragraphs contained in 3,576 IRs.

Table 1.1: Outstanding IRs and paragraphs (issued up to 31 March 2020) as on 31 March 2021

SL. No.	Period	No. of outstanding IRs	No. of outstanding paras
1	2019-20	357	2,750
2	1 year to 3 years	1,058	7,024
3	3 years to 5 years	1,014	6,070
4	More than 5 Years	2,429	17,585
Total		**4,858**	**33,429**

Recoveries at the instance of Audit

At the instance of Audit, four units recovered (between September 2019 and March 2021) ₹ 2.85 crore out of ₹ 2.85 crore pointed out as detailed below:

1. Audit noticed (October 2019) that the intended date of completion of widening and strengthening of Deo to Diyajori road was extended up to February 2018 from November 2017. The positive price adjustment (PA) was not admissible for the extended period. The Executive Engineer (EE), Road Division (RD), Godda, however, had paid (March 2019) PA of ₹ 84.88 lakh for the extended period in anticipation of grant of extension. On being pointed out (March 2021) by Audit, the EE recovered (March 2021) ₹ 84.88 lakh from the contractor.
2. Audit noticed (March 2021) that EE, RD, Khunti paid (February 2019) ₹ 41.65 crore to a contractor without adjusting PA in reconstruction of the Kandra-Bero road. The recoverable PA of ₹ 1.75 crore was worked out and recorded (August 2019) in the measurement book but recovery was not affected. On being pointed out (March 2021) by Audit, the EE recovered/ adjusted (March 2021) ₹ 1.86 crore from the contractor.
3. Audit noticed (January 2018) that EE, RD, Ranchi did not recover ₹ 15.09 lakh being difference in cost of bitumen in a road work as required under the contract. On being pointed out, the EE adjusted (February 2021) ₹ 15.51 lakh from the security deposit of the contractor.
4. Audit noticed (July 2019) that ₹ 10.45 lakh had been collected as admission fee, exam fee, tuition fee etc., by the officials of the Nilamber-Pitamber University, Medininagar during 2013-14 to 2016-17. The amount was reflected in receipt-books but were neither accounted for in the daily collection register nor remitted into bank account. On this suspected embezzlement being pointed out (July 2019) by Audit, the amount was remitted (September 2019) in the bank account of the University. However, the Department should initiate a detailed enquiry and take action against the erring officials.

1.5 Compliance Audits

The draft Compliance Audit Report on procurement of machines, equipment and accessories for Dental Institute, Rajendra Institute of Medical Sciences (RIMS), Ranchi was forwarded (September 2021) to the Additional Chief Secretary, Health, Medical Education and Family Welfare Department. However, replies have not been received (October 2021).

1.6 Action taken on earlier Audit Reports

According to the rules of procedure for the internal working of the Committee on Public Accounts, the Administrative departments were to initiate *suo moto* action on all Audit paragraphs and Reviews featuring in the Comptroller and Auditor General's Audit Reports (ARs), regardless of whether these are taken up for examination by the Public Accounts Committee (PAC) or not. The Departments were to furnish detailed Action Taken Notes (ATNs), duly vetted by Audit, indicating the remedial action taken or proposed to be taken by them. Further, as per instructions issued (August 1993) by the Chairperson, Bihar Legislative Assembly, Patna, Government departments are required to submit explanatory notes within three months and action taken notes (ATNs) on recommendations made by the Committee should be submitted within six months.

The Audit Reports on GSES for the years 2008-09 to 2018-19 have 214 outstanding paragraphs. Of these, PAC has taken up 70 paragraphs for discussion and made one recommendation in respect of **paragraph 1.3.6.1** of the Audit Report 2008-09. However, no ATN on this sub-paragraph has been received.

Further, the Audit Reports of 2000-01 to 2007-08 which were left to the Departments for follow-up, had 201 outstanding paragraphs of which 94 paragraphs were taken up for discussion by PAC. Against this, PAC had made recommendations in respect of seven paragraphs and eight sub-paragraphs of which, ATNs were received in respect of two paragraphs and six sub-paragraphs as detailed in **Table 1.2** below:

Table 1.2: Status of PAC discussion

Status	Audit Report (Civil) for the year 2000-01 to 2007-08	Audit Report (Civil) for the year 2008-09 to 2018-19
No. of outstanding Audit paras	201	214
Taken up by PAC for discussion	94	70
Not taken up for PAC discussion	107	139
Recommendation made by PAC	07 Para and 08 Sub Para	01 Sub para
ATN received	02 Para and 06 sub para	Nil
Action taken by the department	02 Para and 06 sub para	Nil

CHAPTER-II

COMPLIANCE AUDIT

DEPARTMENT OF HEALTH, MEDICAL EDUCATION AND FAMILY WELFARE

2.1 Audit of procurement of machines, equipment and accessories for Dental Institute, Rajendra Institute of Medical Sciences (RIMS), Ranchi

2.1.1 Introduction

The Rajendra Institute of Medical Sciences (RIMS), Ranchi[1] is an autonomous medical institute of the Government of Jharkhand (GoJ) under the administrative control of the Health, Medical Education & Family Welfare Department (the Department). A Dental Institute, with a capacity of 50 annual intakes in Bachelor of Dental Surgery (BDS) course, was started from the Academic year 2017-18 in RIMS for which 176 types of dental equipment worth ₹ 37.17 crore were procured (between March 2016 and June 2018). Against these procurements, there were complaints of irregular award of tender based on fake documents and supply of medical equipment at higher rates by two agencies[2]. To enquire into the complaints, the Department constituted (August 2018) a committee which found the complaints true ***(Appendix 2.1.1)*** and recommended further detailed examination by a competent agency**.**

Prior to that, the Minister of Health, GoJ had directed (September 2016) the Director, RIMS to examine complaints of mutual collusion between the above mentioned two agencies in getting supply orders for equipment. He also issued directions to verify their addresses, quoted and approved price with the cost of similar equipment in other hospitals/medical colleges/dental colleges and suggested not to issue further purchase order to these agencies till detailed examination is concluded. However, the order of the Health Minister was not complied with and the Director, RIMS awarded tenders and issued purchase orders to the said agencies as discussed in **paragraph 2.1.3.2**.

Further, the Secretary of the Department requested (June 2019) the Accountant General to conduct audit of tenders floated by RIMS from 2014-15 to 2018-19 for procurement of machines, equipment and accessories (hereinafter called equipment). Accordingly, audit of procurement of equipment for Dental Institute, RIMS was undertaken (between July 2019 and May 2020) to assess whether tendering process was regular and equipment were procured economically. For this, audit scrutinised tender and related documents, inventory of equipment and conducted (September-October 2019 and May

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1 RIMS was established in the year 2002 through an Act by merging the erstwhile Rajendra Medical College and Hospital (established in 1959), the College of Nursing and the Nursing School.

2 M/s Sreenath Engineering Sales and Services Pvt. Ltd., Kolkata (M/s Sreenath) and M/s D K Medicals, Kolkata (M/s DK).

2020) joint physical verification to ascertain the latest status of the procured equipment.

An exit conference was held (October 2021) with the Additional Secretary of the Department to discuss the audit findings and recommendations. The Additional Secretary stated that the Director, RIMS had already been instructed (February 2021) to initiate suitable action on the Special Audit Report and to implement corrective measures. In response, Director, RIMS issued (September 2021) show-cause to concerned officers in the light of decision taken (February 2021) in the meeting of the Finance and Accounts Committee of RIMS. Further action is awaited.

Audit noticed instances of deviation from the approved budget, issue of purchase orders defying the order of the higher authority, irregular approval of tenders, absence of transparency in tender evaluation, purchase of equipment at much higher rates, issue of wrong installation certificates, supply of below specification items and lower number of items. All these indicated absence of an effective internal control mechanism in RIMS apart from extending undue favour to some suppliers. As a result 125 Basic and Advanced Dental Chairs, one Mobile Dental Van (MDV) and 10 Radiovisiography (RVG) systems worth ₹ 26.34 crore were procured at higher rates. Besides, RIMS failed to impose penalty of ₹ 2.37 crore on defaulting suppliers for delayed supply of medical equipment as discussed in the succeeding paragraphs.

2.1.2 Fund Management

As per section 7 and 12 of RIMS Act, 2002, the Governing Council (GC) is responsible for approval of the annual budget for RIMS.

The GC, in its 34th meeting (August 2013) approved an outlay of ₹ 5.80 crore for purchase of dental equipment viz., Dental Chairs, Mobile Dental Van, RVG systems etc., as per Dental Council of India (DCI) norms for the Dental Institute, RIMS. The Director, RIMS, however, submitted (October 2013) detailed budget of ₹ 9.29 crore to the GoJ which included cost of major items viz., 200 Basic Dental Chairs (BDCs) at the rate of ₹ 2 lakh each, 50 Advanced dental chairs (ADCs) at the rate of ₹ 4 lakh each, one MDV at the rate of ₹ 50 lakh and three RVG systems at the rate of ₹ 2 lakh each.

Audit noticed that RIMS procured dental equipment worth ₹ 37.17 crore which included 110 BDCs at ₹ 14.29 lakh each, 15 ADCs at ₹ 42.86 lakh each, one MDV at ₹ 1.48 crore and 10 RVG systems at ₹ 9.50 lakh each (excluding taxes).

Thus, RIMS did not adhere to its own budget in procuring dental equipment. The deviation of ₹ 27.88 crore (400 *per cent*) was possible because the Department released consolidated funds for development works of RIMS as a whole without earmarking stream/department-wise funds. GC also did not discuss the reasons for the deviation in its meetings, despite allegations of irregularities in the procurement process.

The Director, RIMS stated (July 2020) that during the initial planning of the Dental Institute, an estimate was prepared based on requirements of instruments as per DCI norms but later on, after inspection of the Dental College building, it was found that there were several major flaws in the construction and hence the need was felt to purchase instruments on turnkey basis with extended warranty of five years which resulted in increased estimated budget.

The reply is not acceptable as any document showing flaws in construction of building of Dental Institute was neither available in the concerned files nor attached with the reply. Further, Audit noticed that only civil work for compressor room and plumbing and electrical work were done by the supplier for installation of dental chairs which was as per terms of NIT. Further, subsequent budgets or minutes of meetings of GC did not record any justification for such deviation.

2.1.3 Bid evaluation

2.1.3.1 Arbitrary evaluation of tender

Rule 131 R(x) of Jharkhand Financial Rules (JFR) states that bids received should be evaluated in terms of the conditions already incorporated in the bidding documents and no new condition which was not incorporated in the bidding documents, should be brought in for evaluation of the bids. Besides, Rule 126(v), ibid, states that at each stage of procurement, the concerned procuring authority must place on record, in precise terms, the considerations which weighed with it while taking the procurement decision. Further, as per CVC guidelines issued (July 2003 and April 2014), pre-qualification criteria should be made explicit at the time of inviting tender and the acceptance/ rejection of any bid should not be arbitrary but on justified grounds as per the laid down criteria.

RIMS invited (January 2016) a tender for procurement of dental equipment where technical and financial evaluation was to be linked with score giving weightage of 60 *per cent* to technical qualification and 40 *per cent* to financial offers. Technical scoring was to be done on the basis of specifications and performance of the quoted equipment and price scoring was to be done on the basis of quoted rates compared to the rate of the lowest bidder. Final decision was to be taken on the basis of the combined score.

Audit noticed that the technical committee did not adopt score based technical evaluation and instead declared bidders as technically qualified/ disqualified on the basis of comparative examination of specifications, documents and practical demonstration. The purchase committee also did not award any combined technical and financial score for approval of rates and approved the lowest rate amongst the technically qualified bidders. Reason for not adopting score based evaluation was not recorded in the evaluation reports.

Thus, the tender was not decided as per the terms of the NIT and 20 items worth ₹ 18.52 crore were procured against this tender. Purchase committee members and the Director, RIMS, who accepted the committee's recommendations and approved the purchase are responsible for arbitrary evaluation of tender in violation of financial rules.

The Director, RIMS stated that qualification of the bidders were decided on the basis of technical and specification evaluation and that the technical evaluation of high-end equipment *inter-alia* included practical demonstration.

The reply is not acceptable as score based bid evaluation was not done as required in NIT and reasons for the deviation were not recorded.

2.1.3.2 Irregular award of work

In response to the instructions of the Health Minister, the Director, RIMS sought (September 2016) clarification from both agencies against which only one agency[3] responded (September 2016) denying all charges. The Director, however, without cross-verifying the contention of the agency and price of similar equipment procured by other institutions or market price as suggested by the Health Minister, paid (November 2016) outstanding bill of ₹ 5.40 crore to the agency against supply of 36 BDCs. Further, purchase orders for 50 more BDCs, five ADCs and ten RVG Systems were issued between January 2017 and December 2017 to the same agency and ₹ 11.40 crore were paid between July 2017 and August 2018. The Director, RIMS neither submitted the report of enquiry nor obtained the approval of the Health Minister before issuing further purchase orders to the agency.

Audit analysed eight types[4] of documents submitted with bids (June 2015 and January 2016) by these two bidders, tender evaluation process for items where only these two bidders were technically qualified, mechanism adopted by RIMS for furnishing installation certificate to these agencies for making payments and compliance to NIT conditions by these agencies and noticed the following irregularities:

(a) In the service tax registration certificates, land line number recorded by both suppliers was the same.

(b) The address of the proprietor of M/s DK in Income Tax (IT) return for 2014-15 and 2015-16 was the same as the address of M/s Sreenath shown in all his documents.

(c) The local address of M/s DK as mentioned in the Jharkhand commercial tax registration certificate was not traceable as it did not contain plot number or

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3 M/s Sreenath Engineering Sales and Services Pvt. Ltd. Kolkata

4 Bid form, affidavits regarding vigilance clearance and assurance of non-supply of items elsewhere at lower rates than quoted for, registration certificate of commercial tax department, certificate of import and export, professional tax registration certificate, income tax return, audited annual accounts, service tax registration certificate.

building/house number. The local address of M/s Sreenath was, however, traceable.

(d) M/s DK and M/s Sreenath submitted authorisation certificate of the same manufacturer or authorised dealer for bid of MDV.

(e) M/s DK did not supply BDCs though his rate was approved (December 2015) and ultimately the item was procured (between September 2016 and February 2018) from M/s Sreenath through second tender.

(f) In both the tenders (June 2015 and January 2016), against 22 out of 275 items, which covered the bulk of the cost, only M/s Sreenath and M/s DK were technically qualified and ultimately tender was awarded to M/s Sreenath.

(g) Further, irregularities in technical evaluation of bids (**paragraph 2.1.4**), approval of higher rates (**paragraph 2.1.5)** and issue of installation certificate in favour of M/s Sreenath despite shortcomings (**paragraph 2.1.6**) were noticed by audit.

Thus, collusion between these two suppliers and undue favour to a particular supplier by RIMS could not be ruled out.

In reply (July 2020), the Director, RIMS *inter-alia* stated that simply address being same, telephone number being same and floor being same etc., cannot be a reason to stop participation of a bidder who has got legal entity in open tender if the bidder follows all the due procedure. It was also stated that a company having all valid papers and who complies with all NIT terms is eligible. In one premises, multiple companies may be present and one telephone number can be used by multiple companies; it doesn't mean collusion. It was also stated that the bidder had provided Tax Registration Certificate which is issued only after completing all formalities including verification. Further, CVC has never barred a manufacturer to authorise multiple dealers across India.

The reply is not acceptable as bidders having the same telephone number and the same address as well as making identical bids, absence of uniformity, non-transparency and arbitrariness in technical evaluation of bids beyond the terms of NIT resulting in undue favour to the both bidders as detailed in **para 2.1.4** raises doubt about collusion and bid rigging. Collusion in the bidding process was also highlighted by the departmental committee. Further, despite the Hon'ble Minister flagging the issues, no steps were taken by the RIMS to ascertain prices of similar items procured by other institutions or market prices.

2.1.3.3 Tender evaluation in violation of RIMS regulations

As per Clause 6 of RIMS Regulations, 2014, the Finance and Accounts Committee[5] headed by the Secretary of the Department is responsible for disposal of a tender.

Audit noticed that the Governing Council of RIMS decided (August 2004) that in case of specialised instruments or machines, medicines and chemicals, the concerned Head of the Department (HoD) will be the member of the tender committee for the technical approval of the tender. However, RIMS formed a separate technical committee in the year 2006 for technical evaluation of bids. The committee was re-structured (June 2014) by the Director, RIMS with the Medical Superintendent as its chairman and HoDs of seven[6] departments as its members. The technical committee carried out technical evaluation of bids and declared bidders as technically qualified or disqualified. After that the purchase committee[7] decided the rates after opening financial bids of technically qualified bidders. Thus, committees with no defined role or limited role in the tender process were entrusted with tender decisions. The Finance and Accounts Committee was not at all involved in the tendering process though it was responsible for tender decisions as per the Regulations. Thus, RIMS did not ensure that tender decisions were taken by the body designated for the same.

The Director, RIMS stated (July 2020) that the fixation of technical specifications and evaluation of tenders by the technical committee has been a routine practice since 2006. He further stated that the purchase committee approved the bid in a joint meeting with the technical committee.

The reply confirms that the practice being embedded into the procurement system and followed by RIMS was not as per the provisions of the Regulations. The reply was silent about not involving the Finance and Accounts Committee in the tender process as required under the Regulations.

2.1.4 Irregular technical evaluation

Audit noticed absence of uniformity, non-transparency and arbitrariness in technical evaluation of bids beyond the terms of NIT. Instances are given in the succeeding paragraphs.

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5 (i) Secretary of the Department (Chairman); (ii) Director, RIMS (Member Secretary); (iii) Internal Financial Advisor of RIMS; (iv) Secretary, Finance Department or his representative; (v) Director, Medical Education, Directorate of Health; (vi) one SC/ST representative of Governing Council (vii) one medical expert of Governing Council and (viii) Technical Officer (Executive Engineer), Technical Cell of the Department as its members.

6 Ophthalmology, Medicine, Surgery, Gynaecology, Pathology, Concerned Department and Radiology.

7 Clause 6 (vi) of the RIMS Regulations, 2014 provides for a stores and purchase committee without defining its roles and responsibilities.

Basic Dental Chair (1st tender)

Two out of six bidders were declared (October 2015) technically qualified in the tender invited in June 2015. Audit noticed that:

- Three bidders[8] were disqualified with comments that the submitted catalogue did not show features of chairs as required in the NIT. However, another bidder (M/s D K Medical Systems, Kolkata) was technically qualified though he had neither specified the model of the chair in his bid nor submitted any catalogue.
- One bidder[9] was disqualified for the reason "incomplete information". However, Audit could not examine the veracity of this comment as the evaluation report did not specify what information could not be verified by the technical committee.

The Director, RIMS replied that the selection and rejection of bidders was not due to a single reason, rather several key factors contributed to this process. The factors enumerated inter alia included the technical information provided, compliance to US FDA norms, onsite visit, number of similar installations done by the bidder previously at different sites, ability to provide practical demonstration, post installation support etc.

The reply is not acceptable as the reasons for selection and rejection given by the Director, RIMS were not in the ambit of the NIT. Regarding other reasons mentioned in the reply, Audit did not find any refusal from disqualified bidders showing unwillingness for onsite visit or practical demonstration. The findings of the technical committee on onsite visit and practical demonstration with respect to successful bidders were also not on record. The reason of disqualified bidders not having US FDA certification was also not acceptable as either FDA, CE, UL or BIS certification of the product was acceptable as per the NIT. Further, one of the successful bidders (M/s DK) had neither specified the model of chair in his bid nor submitted any FDA certification of the product whereas another successful bidder (M/s Vishal Surgical Equipment Company Pvt. Ltd, Kolkata) had offered CE-certified and not FDA-certified chair.

Basic dental chair (2nd tender)

Tender was invited in January 2016 in which two out of three bidders were declared technically qualified in March 2016. Audit found that:

- As discussed in **paragraph 2.1.3.1**, the tender was to be decided on scoring pattern. Onsite practical demonstration of major items was also to be done by the technical committee as per NIT.

  Audit noticed that the Director, RIMS directed (17 March 2016) the technical committee to consult all three bidders for carrying out onsite

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8 M/s Confident Dental Equipment Ltd., Kolkata, M/s Kailash Surgical Private Ltd., Ranchi and M/s Ocean Enterprises, Jamshedpur.

9 M/s Sreenath.

practical demonstration and to conclude technical evaluation. However, the technical committee evaluated (28 March 2016) the technical capabilities of the bidders only on the basis of practical demonstration and did not adopt score based technical evaluation and thus ignored an objective evaluation. Further scrutiny revealed that one bidder[10] was disqualified with the comments that the bidder failed to do the demonstration and had informed that they have not undertaken any installation in India. However, no documents in support of this claim of the technical committee were on record. Moreover, no response of the two successful bidders showing details of their installation and arrangements for onsite practical demonstration were found on record. Findings of the technical committee, if any, with respect to practical demonstration of existing installation of successful bidders were also not found on record.

- The two technically qualified bidders[11] had not submitted the required authorisation letters of the original equipment manufacturer (OEM) of the product, literature leaflet and catalogues of the offered chairs though these were mandatory documents for evaluating technical capabilities as per the NIT. Instead, they had submitted authorisation letters obtained from the distributor which were considered valid by the technical committee.
- One of the successful bidders (M/s DK) had also participated in the earlier bid (June 2015) where he was declared (December 2015) the lowest bidder by the purchase committee with bid of ₹ 4.25 lakh per chair. Later on, the bidder expressed (11 January 2016) his inability to supply chairs due to flooding in the manufacturing company (in Finland) and suspension of manufacturing of the chair for an indefinite period. RIMS, however, issued purchase order (15 January 2016) to this bidder for supply of 25 chairs. The supplier failed to comply with the purchase order and should have been debarred. Instead, the supplier participated in the second tender and was declared technically qualified (March 2016) though he was liable to be blacklisted and debarred from participation in any further tender for the breach of contract as per the condition of NIT against which purchase order was issued.

The Director, RIMS stated (July 2020) that both the successful bidders had expressed their consent for practical demonstration. The technical committee submitted its report following which the bidders were selected. Regarding authorisation, it was stated that authorisation was provided by India Channel Partner of the manufacturing company along with letter of arrangement from the Principal manufacturing company ensuring post sales service.

Reply is not acceptable as the said report of the technical committee on practical demonstration was neither found on record nor furnished with the reply. The

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10 M/s Kailash Surgical Pvt. Ltd., Ranchi.
11 M/s Sreenath and M/s DK

reply was also silent about not carrying out score based evaluation and non-submission of literature, leaflet and catalogues of the offered chairs by the successful bidders. Further, authorisation from India Channel Partner and arrangement letter from the OEM (Olsen) was neither found enclosed with the bid nor furnished with the reply. Moreover, authorisation of the OEM was required as per NIT and any other mechanism adopted were deviations from the terms of the NIT.

Advance dental chair

Two out of six bidders were declared (October 2015) technically qualified in the tender invited in June 2015. Audit found that:

- Four bidders were technically disqualified citing absence of details of functional description and operational requirement though these were found by audit in Table 4A of the bid as required under NIT.
- Further scrutiny disclosed that, a successful bidder (M/s Sreenath) had not submitted information in Table 4A which was required for comparative analysis of specifications asked for in NIT. Rather, it had submitted varied specifications in its offer letter which was not in the prescribed format and more than 90 *per cent* of specifications were not comparable.
- One bidder (M/s Vishal Surgical Equipment Company Pvt. Ltd, Kolkata) was disqualified on the grounds that the compressor in his bid did not meet the requirement. It was seen that the bidder had participated in bids of both types (Basic and Advance) of chairs and had mentioned in Table 4A of both the bids that the required specification as per NIT (1200 to 1500 rpm) was not a feature of a compressor. He was declared technically qualified in the bid of BDCs and disqualified in the bid of ADCs by the same technical committee on the same day.

The Director, RIMS replied (July 2020) that there were multiple reasons for selection or rejection of the bidders, as stated in the case of BDCs. It was also stated that M/s Kailash Surgical Private Ltd., Ranchi did not provide US FDA certification details and as such the specification was not matching with conditions of NIT.

Reply is not convincing as the NIT mentions that the complete system should be either FDA, CE, UL or BIS approved. The Technical Committee had also not specified non-submission of FDA certification as a reason of disqualification in its evaluation report. Grounds for qualifying/ disqualifying bidders should be within the ambit of NIT and not at the discretion of the evaluation committee and should be recorded in detail in the evaluation report. Details of specifications which did not match requirement should have also been recorded by the committee in the technical evaluation report. Further, justification for deviation from the terms of NIT should have been documented in the evaluation report to ensure transparency in the tender process.

Mobile Dental Van

Two out of three bidders were declared (October 2015) technically qualified in the tender invited in June 2015. Audit found that:

- As per the Bachelor in Dental Surgery (BDS) Course Regulation, 2007 issued by the Dental Council of India (DCI), the MDV should have capacity for seating 15 to 20 people and should be equipped with two dental chair units[12] and 11 other dental equipment[13]. However, the Director, RIMS, without specifying the capacity of the van and other requirements as per DCI norms, invited (June 2015) tender where bidders were free to submit their own specifications and details regarding body fabrication, electrical fittings, water system and equipment.

  Audit noticed that the MDV offered by two successful bidders (M/s DK and M/s Sreenath) were identical and did not have facilities of two dental chairs and seating capacity of 15 to 20 persons as required under DCI norms. Further, the successful bidders did not offer four[14] out of 11 dental equipment and water tank of 150 litres was offered instead of 400 litres which were also pointed out by DCI during its inspection in December 2018. Additionally, some other items viz., RVG system, computer and colour printer, UV cleaner and a complete set of hand instruments, which were costly and not required as per DCI norms, were offered with the MDV. Make and model of the offered equipment was also not specified in the bid document. As such, RIMS did not adhere to DCI norms in procuring MDV.

- The successful bidders offered MDV having chassis of make 'Force Motors' model 'Traveler TD BS 3' with authorisation of a distributor/dealer of Force Motor instead of the OEM *viz.*, Force Motor as required under NIT.

- One successful bidder (M/s Sreenath) had offered installation of a *'Suchi'* make dental chair in the van. However, the same chair offered in the same tender against BDC by the same bidder was not found technically feasible by the technical committee on the same day. Thus, the bidder was extended undue favour by accepting a technically non-feasible item.

The Director, RIMS inter alia stated that DCI criteria of MDV were not practical as it required a large vehicle which would have caused difficulty in navigating in remote areas and that the technical committee decided to purchase a smaller van with single chair keeping other relevant specifications of the DCI intact. On

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12 Hydraulically operated with spittoon attachment, halogen light with 2 intensity, air-venturi suction, air-rotor, micro-motor, 3 way-scalar and light cure, X-ray viewer, instrument tray, operating stool.

13 One Autoclave, one Intra-oral portable X-ray machine, one glass bead steriliser, one compressor, one metal cabinet with wash basin, two portable dental chair (having suitcase unit with air-rotor, micro-motor, scalar and compressor), one stabilizer of 4 KV, one generator of 4KV, one water tank of 400 ltrs and one oxygen cylinder. Tender for two other items viz., one public address system and one demonstration model required under DCI norms was invited separately.

14 One glass bead steriliser, two portable dental chairs (having suitcase unit with air-rotor, micro-motor, scalar and Compressor), one stabiliser of 4 KV and one oxygen cylinder.

a later date, on request from the Ex. Principal, Dental Institute and with efforts of the supplier, a practical solution to meet DCI norms had been made by incorporating one additional chair, a portable bio-toilet and portable doctors' consultation chamber without any extra cost. Moreover, the supplier provided two units of upper version high quality chairs. The remaining deficiencies (pointed out by the DCI) were said to have been corrected, for which fresh tender were invited. It was further stated that the authorisation was provided by Force Motor which is a reputed company in manufacturing and fabricating.

The reply indicated that significant modifications and additions which were not considered at the time of purchase were done or were underway as per DCI norms. DCI approval of the modifications was also not furnished to Audit. Further, standardisation of features in the product was not possible through invitation of NIT without specifications and the technical committee was free to choose the model. The supplied chairs also were of lower version as discussed in **paragraph 2.1.6**. The reply was also silent as to why offer with insufficient dental equipment and with additional and costly items was accepted by the Technical Committee. Regarding authorisation, the reply is not acceptable as both the qualified bidders had submitted authorisation of the distributor of Force Motors and not of the manufacturer (Force Motors) itself.

Other equipment

- Tender invited in January 2016 included supply of 15 items[15]. The bidders were to quote make and model of items, submit literature leaflet along with catalogues, manufacturing certificate or authorisation certificate issued by the manufacturer and detailed specification in Table 4A of the bid. Specifications of eight[16] out of 15 items were given in the NIT. Audit noticed that two bidders (M/s Sreenath and M/s DK) quoted for these items but did not mention make and model of the items in their bid nor did they submit leaflet, catalogues, manufacturing or authorisation certificates as required. They also did not furnish details in Table 4A with the bids. However, the technical committee declared these two bidders as qualified and procured equipment worth ₹ 36.05 lakh in June 2017.

In reply, the Director, RIMS stated that the equipment purchased were not highly specialised but were rather market items. The authorisation as well as AMC for the equipment has been provided by the distributor.

The reply is not acceptable as the terms of NIT once fixed cannot be overlooked even if equipment does not fall under highly specialised category. Further, quality of an equipment cannot be ensured if equipment are offered without

15 Glass bead sterilizer, welder, hydro solder, pressure molding machine, welder with soldering attachment, pneumatic chisel, micro surveyor, curing presser pot, pulp tester, mechanical press, sand blasting machine, flask press, wax heater, wax carver and needle burner.

16 Glass bead sterilizer, pressure molding machine, welder with soldering attachment, pneumatic chisel, micro surveyor, pulp tester, sand blasting machine and needle burner.

specifying a particular make and model and the bidder was given the opportunity to supply inferior equipment. Further, the authorisation quoted by Director, RIMS was neither found on record nor furnished with the reply.

2.1.5 Purchase at higher rates and in excess of requirement

Rule 126 (iv) of JFR provides that the procuring authority should satisfy itself that the price of the selected offer is reasonable and consistent with the quality required.

Audit noticed procurement of dental equipment at higher rates beyond the budget estimates and without reference to rates offered in earlier bids or surveying market rates as discussed in the succeeding paragraphs:

Basic Dental Chairs

RIMS estimated the rate of BDC at ₹ two lakh each in its budget submitted (October 2013) to the Department. On tendering (June 2015), the purchase committee approved (December 2015) the basic rate (excluding tax) of ₹ 4.25 lakh each. However, RIMS again invited (09 January 2016) tender for BDCs with the same specification in anticipation of non-supply of chair by the bidder in the first tender. Based on second tender, RIMS procured (between September 2016 and February 2018) 110 BDCs at the basic price of ₹ 14.28 lakh each excluding taxes indicating intentional purchase of similar chair by RIMS at higher rates.

Audit analysed different rates to ascertain whether the procurement was done economically. It was noticed that the rate offered by the second lowest (L2) bidder in the first tender (June 2015) was ₹ 6.25 lakh per chair. Audit also collected purchase/contract rates of dental chairs from three Government institutes[17] which ranged between ₹ 2.35 lakh and ₹ 3.35 lakh per chair. Further, prices available (March 2020) on the internet/ GeM for the dental chair meeting the DCI norms ranged between ₹ two to ₹ 4.35 lakh. Thus, the chair was available at much lower rates than the rate of ₹ 14.28 lakh each paid by RIMS.

Compared with the second lowest quoted price of ₹ 6.25 lakh per chair in the previous tender, ₹ 8.83 crore plus taxes were spent (September 2016 and February 2018) in excess on purchase of 110 basic chairs.

The Director, RIMS stated that price was based on various factors like loading, configuration, accessories, attachments, turnkey works, warranty, quality certification and durability. In the first tender, the quoted L2 price of ₹ 6.25 lakh was without accessories and the price of accessories were quoted separately. Putting together, the final price would have been much more than the quoted price in the bid. It was also stated that the supplier has undertaken major turnkey

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[17] Bihar Medical Services and Infrastructure Corporation Ltd., Patna: ₹ 3.35 lakh; Director of Dental Health Services, Himachal Pradesh: ₹ 2.35 lakh; and Rajasthan Medical Services Corporation Ltd., Jaipur: ₹ 2.88 lakh.

job[18] for the entire Dental College building. It was asserted that the above should be viewed as a total turnkey job of a newly constructed hospital and not a simple basic chair purchase.

The reply is not acceptable as the specifications and other related works were similar in both tenders including turnkey jobs for successful installation of chairs. Bidders were required to quote the rate as a turnkey job for complete system with all accessories.

Advance Dental Chairs (ADCs)

The rate of ADC was estimated at ₹ four lakh per chair in the budget estimate. Price of such type of chairs meeting the DCI norms available (March 2020) on the internet ranged between ₹ 6.5 lakh and ₹ 15 lakh. The purchase committee ignored its own estimate of ₹ four lakh per chair and did not survey market price at that time and approved (December 2015) the price of ₹ 42.86 lakh for each chair.

Further, as per NIT, there were six additional features[19] in ADC compared to the BDC. These additional features were analysed by audit to find justification for the huge difference in approved rate of the ADC (₹ 42.86 lakh each) and BDC (₹ 14.29 lakh each). During physical verification (September and October 2019), audit noticed that four out of six additional features[20] were not available with the supplied ADCs whereas two additional features[21] were partially available. Thus, ADCs procured at three times the price of BDCs were almost identical to the BDCs.

Thus, on procurement (April 2016 and June 2018) of 15 ADCs, RIMS incurred extra expenditure of ₹ 4.29 crore[22] (excluding taxes) in comparison to the approved price (₹ 14.29 lakh) of BDCs.

The Director, RIMS stated that the reason shown for the purchase of BDCs equally applies to the ADCs. Besides, RIMS had asked for fully loaded Advanced Dental units with total turnkey project. Regarding absence of

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18 Involving (1) separate electrical lines for each department and chair with high range of servo stabiliser and bus bar (2) Total water pipelines and drainage system (3) Air suction gas pipelines (4) electrical fittings (5) False ceilings with false ceiling lights (6) Construction of special clinics in all departments (7) Construction of enclosed granite-finish sterilisation areas with modular furniture for storage (8) Civil construction of compressor room. (9) Two numbers high end centralised imported compressors. (10) Permanent stationing of dedicated staff for round the clock servicing and demonstration.

19 (1) Modular furniture with sink and tap as per the site requirement (12x2 sq.ft) (2) In-built Peizon LED (fibre optic) ultrasonic scalar (frequency 28-36 kHz) with 4 scalar tips and one set of periocutette tips (3)Warm Water Syringe (4) LED based x-ray viewer (5) LED OPG viewer and (6) 17 inch monitor (Original from the company) for RVG.

20 LED based x-ray viewer, LED OPG viewer, 17 inch monitor for RVG and Warm Water Syringe.

21 Peizon LED fibre optic ultrasonic scalar (but with two tips instead of four scalar tips and without periocutette tips) and Modular furniture with sink and tap (12x2 sq.ft) (only five provided for 15 chairs).

22 (₹ 42.86 lakh - ₹ 14.29 lakh) x 15

additional features, it was stated that the suppliers delivered as per offer letter which was approved by the technical and purchase committees.

The reply is not acceptable as similar in the case of BDCs, all stated additional works were within the scope of the NIT. Further, absence of additional features, found during joint physical verification, were certified by the concerned HoD. The claim that delivery by supplier was as per offer letter is also unacceptable as the supplier himself accepted (July 2019) non-supply of advanced features with the chairs in a clarification submitted to the Director, RIMS.

Mobile Dental Van

RIMS in its own budget estimate (June 2013) had projected ₹ 50 lakh as the price of the MDV. It was, however, noticed from information collected from other dental institutes[23] that the cost of MDV having higher wheel base than that offered by the successful bidder ranged between ₹ 29 lakh and ₹ 41 lakh.

Audit noticed that RIMS procured (February 2018) the MDV with accessories and equipment for ₹ 1.48 crore. Thus, the purchase committee did not consider its own estimate of ₹ 50 lakh or surveyed market price before approval of the rate in December 2015.

In reply, it was stated (July 2020) that the purchase committee had procured a fully loaded MDV with maintenance of five years. The various parts of the vehicle such as body, tyres, electrical parts, batteries, lubricants etc., are not covered under company warranty but the same has to be borne by the vendor.

The reply is not acceptable as the entire range of MDVs procured by other dental institutes were also fully loaded. Further, maintenance cost of five years would not inflate the price of a MDV by more than 300 to 400 *per cent*.

Radiovisiography System (RVG)

The rate of RVG system was estimated at ₹ two lakh each in the budget estimate. Audit found (March 2020) that the price of RVG system of same make with almost similar specifications on the internet ranged between ₹ 1.80 lakh and ₹ 1.90 lakh. Audit also found that the Director of Dental Health Services, Himachal Pradesh had approved (October 2016) the rate contract for RVG (Sirona XIOS-XG Select) of the same manufacturer at ₹ 1.75 lakh including a computer and a UPS with five years warranty.

It was noticed that the procurement of RVG system was approved (December 2015) at a basic price of ₹ 7.95 lakh each but the purchase order was never issued despite the request (11 January 2016) of the supplier. In the same bid (June 2015), the second lowest rate was ₹ 8.10 lakh for Sirona (XIOS-XG Supreme) make RVG system. However, another tender for RVG system with the same specifications was invited (9 January 2016) by RIMS on the basis of

[23] Post Graduate Institute of Dental Science, Rohtak, Haryana (a State Government institution):₹ 29 lakh and Bafna Healthcare Private Ltd (BHPL), Faridabad: ₹ 40.41 lakh.

which the basic price of ₹ 9.50 lakh each was approved (August 2016) and 10 RVG systems (Sirona XIOS-XG Supreme) were procured. Thus, the same RVG systems were procured at higher price ignoring the budget or the market price. Even considering the rate quoted in the earlier bid, the same RVG systems were procured at a higher price of ₹ 1.40 lakh each which led to excess expenditure of ₹ 14.40 lakh.

Director, RIMS stated that initially, tender of RVG was cancelled along with the tender of dental chairs as the bidder expressed his inability to execute the order of supplying chairs and re-tender was done. Further, it was stated that in the earlier bid, the price was quoted for RVG only. In the later tender, price was quoted and approved with accessories which included High End Computer Monitor and UPS and furniture like Computer Table.

The reply is not acceptable as the bidder had never expressed his inability to provide the RVG systems. Further, specifications of RVG systems with allied accessories in both the tenders were the same.

2.1.6 Supply of items of lower specification

During physical verification (September-October 2019), it was noticed that required attachments and accessories of BDCs/ADCs and MDVs as approved for supply were either missing or of lower specifications ***(Appendix 2.1.2)***. Against the supplied 110 ultrasonic scalars, 56 scalars worth ₹ 3.36 lakh were missing and RIMS had procured (April 2016) 20 ultrasonic scalars with accessories at the rate ₹ 2.29 lakh per unit. Out of ten RVGs supplied, two RVGs were different (XIOS-XG Select) than the approved model (XIOS-XG Supreme). Despite these shortcomings, satisfactory supply and installation certificate were issued by the HoD/Principal, Dental Institute, RIMS based on which payments were released to the suppliers.

The Director, RIMS accepted the observations regarding RVG system but was silent about shortcomings pointed out with respect to chairs. It was also stated that the excess purchase was to cater to the needs of the patients.

Reply regarding purchase of scalars is not acceptable as 41 scalars were lying idle in the stores for 30 to 48 months (August 2020) after supply and could be issued only after being pointed out by Audit.

2.1.7 Other points of interest

➢ RIMS paid (February 2016) the approved basic price of ₹ 5.02 crore to a supplier in advance for 10 ADCs, one Panoramic X-ray and two instruments for bone plating and other major surgeries on proforma invoice (February 2016). After supply (April and August 2016), the supplier submitted tax invoices of ₹ 5.27 crore including VAT of ₹ 25.09 lakh. The VAT was unpaid as of July 2020.

The Director, RIMS stated (July 2020) that payment would be made as per the tax invoice.

The reply is not convincing as non-claim of tax by the supplier for more than four years raises doubt about the genuineness of the tax invoice.

➢ The Director, RIMS issued (10 October 2017) purchase order to M/s Sreenath for supply of five ADCs at the approved basic price of ₹ 42.86 lakh each. These chairs were installed in June 2018 and ₹ 2.40 crore was paid (August 2018). Audit noticed that these five chairs were of INTEGO model of the company 'Dentsply Sirona' (Sirona merged with Dentsply) whereas the technical and purchase committees had approved the purchase of Sirona $C8^{+}$ model. Purchase orders for these chairs were issued on the request (January 2018) of the supplier stating that he was unable to supply the approved chairs due to discontinuation of that particular model. The bidder offered to supply another model of higher version of the same company. However, the Director, RIMS did not ensure approval of the tender committee on specifications and rates for this purchase.

In reply, it was stated that the five ADCs were purchased for use by the remaining Departmental Heads. The procured chairs are of higher version and have been delivered on the same terms and conditions as the approved version of chairs.

The reply is not acceptable as audit did not find any record to assess that the supplied chairs were of higher version. Further, one out of five chairs was found (May 2020) lying idle on the ground floor of the institute.

➢ Audit found that equipment were supplied with delays from the stipulated timeframe. However, RIMS authorities failed to impose penalty of ₹ 2.37 crore ***(Appendix 2.1.3)*** on the defaulting suppliers.

The Director, RIMS accepted the observation and stated that the particular clause was not strictly adhered to as RIMS had also failed in providing necessary infrastructure for installation of equipment.

The reply is not acceptable as there was no need for providing additional infrastructure for equipment other than the installation of chairs. Even 50 out of 110 BDCs were supplied and installed within time. Further, suppliers did not seek extension of time at all in any case to justify the delay on the part of RIMS in providing necessary infrastructural support.

2.1.8 Inventory Management

Audit noticed that equipment worth ₹ 12.02 crore supplied (between May 2016 and June 2018) to the Dental Institute was not entered in stock and was thus fraught with the risk of misuse ***(Appendix 2.1.4)***. During physical verification, Audit found equipment worth ₹ 9.00 lakh ***(Appendix 2.1.5)*** and six pieces of miniature contra angle hand-piece supplied with pedo chairs[24] missing. Further, specifications and numbers of hand instrument sets worth ₹ 2.87 crore ***(Appendix 2.1.6)*** purchased in April 2016, could not be verified as full particulars of these sets were not recorded in work orders, delivery *challans,* invoices or stock registers. Packets of these instruments were found in the store room in open carton boxes during joint physical verification.

➢ Equipment[25] worth ₹ 71.91 lakh were purchased (August 2016) for the Operation Theatre (OT) in the Dental institute. Though, HoD of Dentistry had issued (10 August 2016) 'Installation and satisfactory functioning certificate', it was found during joint physical verification (May 2020) that the OT was not established. In the proposed OT, frame of LED OT light was found hanging and the hall was occupied by security personnel, as shown in the photograph below:

Photograph taken on 04 October 2019 showing proposed Operation Theatre of the Dental Institute and incomplete installation of OT Light.

Disinfectants worth ₹ 17.85 lakh purchased in August 2016 for use in the OT had expired. The remaining OT equipment was found lying unopened in the stores.

➢ Further, in three departments[26], 115 laboratory equipment worth ₹ 1.22 crore, procured between April 2016 and June 2017, were found (May 2020) lying idle in departmental stores as the laboratories were not established.

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24 Purchased through work order no. 223 dated 15/01/2016, challan dated 20/04/2016, separate price of miniature contra angle hand piece not indicated in invoice/ bid offer.

25 A High-end electro-hydraulic OT table (₹ 16.48 lakh), two Multi-para-Monitor-Beneview T8 with accessories (₹ 29.74 lakh) and one LED OT light (₹ 25.69 lakh).

26 Prosthodontics, Conservative and Orthodontics

Photograph taken on 24/09/2019 showing equipment lying idle in Prosthodontics department.

Photograph taken on 26/09/2019 showing equipment lying idle in Orthodontics department.

Photograph taken on 11/05/2020 showing equipment lying idle in store at Ground floor.

Photograph taken on 04/10/2019 showing equipment lying idle in store at 2nd floor near Prosthodontics Department.

2.1.9 Conclusion and Recommendation

Audit noticed deviation of around 400 *per cent* from the proposed budget for procurement of dental equipment. Purchase orders were issued without examining suspected collusion between bidders. Bids were not decided by the designated body as per provisions of RIMS Regulation and arbitrariness was noticed in technical evaluation of bids. Procurement of 125 BDCs and ADCs, one MDV and 10 RVGs worth ₹ 26.34 crore were done at higher prices ignoring budget estimates and without surveying market rates. RIMS failed to impose penalty of ₹ 2.37 crore for delayed supplies. Short-supply of equipment along with supply of equipment of lower specification were noticed. OT and Lab-equipment were lying idle as OT and Labs were yet to be set up.

Recommendations:

- The Department should fix responsibility on erring officials for irregularities in tendering, procurement and inventory management;
- RIMS should ensure that bids are evaluated only by the designated Finance and Accounts Committee and all decisions taken during bid evaluation along with justification are recorded;

- Purchase prices should be finalised after market survey, internet survey and by referencing similar purchases done by other recognised institutions to ensure that good quality equipment are purchased at reasonable rates; and
- Inventory management should be strengthened to ensure that all purchased equipment are entered in the Stock registers and full specification of such equipment are recorded for future tracking and physical verification.

SECTION B

Revenue Sector

CHAPTER-I: GENERAL

1.1 Introduction

This chapter presents the overview of trend of receipts raised by the Government of Jharkhand and arrears of taxes pending collection against the backdrop of audit findings.

1.2 Trend of receipts

1.2.1 The tax and non-tax revenue raised by the Government of Jharkhand, the State's share of net proceeds of divisible Union taxes and duties assigned to States and grants-in-aid received from the Government of India during 2019-20 and the corresponding figures for the preceding four years are presented in **Table – 1.1**.

Table – 1.1
Trend of revenue receipts

(₹ in crore)

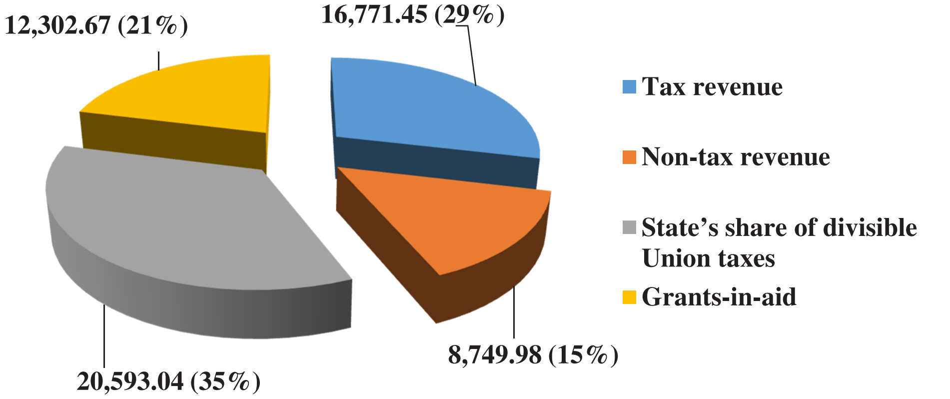
		2015-16	2016-17	2017-18	2018-19	2019-20
1	**Revenues raised by the State Government**					
	• Tax revenue	11,478.95	13,299.25	12,353.44	14,752.04	16,771.45
	Percentage of growth compared to previous year	**10.91**	**15.86**	**(-) 7.11**	**19.42**	**13.69**
	• Non-tax revenue	5,853.01	5,351.41	7,846.67	8,257.98	8,749.98
	Percentage of growth compared to previous year	**35.02**	**(-) 8.57**	**46.63**	**5.24**	**5.96**
	Total	**17,331.96**	**18,650.66**	**20,200.11**	**23,010.02**	**25,521.43**
2	**Receipts from the Government of India**					
	• State's share of divisible Union taxes and duties	15,968.75	19,141.92	21,143.63	23,906.16	20,593.04
	• Grants-in-aid	7,337.64	9,261.35	11,412.29	9,235.52	12,302.67
	Total	**23,306.39**	**28,403.27**	**32,555.92**	**33,141.68**	**32,895.71**
3	**Total receipts of the State Government (1 & 2)**	**40,638.35**	**47,053.93**	**52,756.03**	**56,151.70**	**58,417.14**
4	**Percentage of 1 to 3**	**43**	**40**	**38**	**41**	**44**

Source: Finance Accounts of the Government of Jharkhand.

The above table indicates that during the year 2019-20, the revenue raised by the State Government (₹ 25,521.43 crore) was just 44 *per cent* of the total revenue receipts. The balance 56 *per cent* of receipts during 2019-20 was from the Government of India. Tax revenue and non-tax revenue raised by the State Government increased by 13.69 *per cent* and 5.96 *per cent* respectively in 2019-20 over 2018-19.

The break-up of revenue receipts of the State for the year 2019-20 in terms of percentage is shown in **Chart - 1.1**.

Chart 1.1
Break-up of Revenue Receipts of the State



1.2.2 Details of tax revenue raised during the period 2015-16 to 2019-20 are given in **Table - 1.2**.

Table – 1.2
Details of Tax Revenue

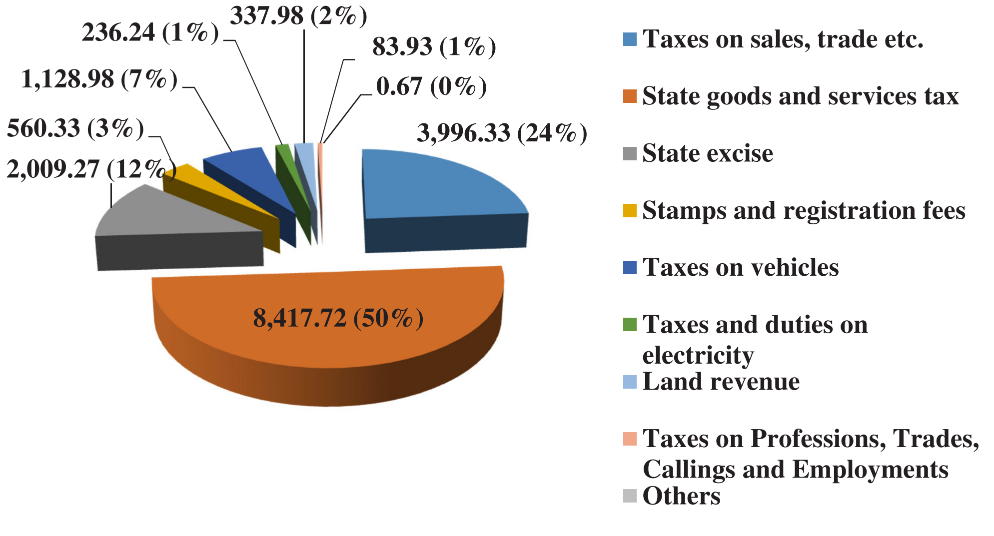
(₹ in crore)

Sl. No.	Head of revenue	2015-16	2016-17	2017-18	2018-19	2019-20	Percentage of increase (+) or decrease (-) in 2019-20 over 2018-19
1	Taxes on Sales, Trade etc.	8,998.95	10,549.25	5,714.69	3,474.96	3,996.33	(+) 15.00
2	State Goods and Services Tax	0.00	0.00	4,123.88	8,200.84	8,417.72	(+) 2.64
3	State Excise	912.47	961.68	840.81	1,082.82	2,009.27	(+) 85.56
4	Stamps and Registration Fees	531.64	607.00	469.34	451.04	560.33	(+) 24.23
5	Taxes on Vehicles	632.59	681.52	778.37	863.94	1,128.98	(+) 30.68
6	Taxes and Duties on Electricity	125.68	151.89	183.50	209.07	236.24	(+) 13.00
7	Land Revenue	164.35	240.26	156.01	389.38	337.98	(-) 13.20
8	Taxes on Professions, Trades, Callings and Employments	82.88	67.69	73.98	78.61	83.93	(+) 6.77
9	Others	30.39	39.95	12.86	1.38	0.67	(-) 51.45
Total		**11,478.95**	**13,299.25**	**12,353.44**	**14,752.04**	**16,771.45**	**(+) 13.69**

Source: Finance Accounts of the Government of Jharkhand.

The break-up of tax revenue for the year 2019-20 is shown in **Chart - 1.2**.

Chart 1.2
Break-up of Tax Revenue for 2019-20
(₹ in crore)



The reasons for variation in receipts in 2019-20 as compared to 2018-19 in respect of some principal heads of tax revenue were as under:

Taxes on Sales, Trade etc. and **State Goods and Services Tax:** The increase of 6.32 *per cent* was attributed (September 2021) by the Department to increase in rate of VAT on petroleum products and better tax administration.

State Excise: The increase of 85.56 *per cent* was attributed (December 2020) by the Department to increase in number of shops in 2019-20 over 2018-19 and implementation of new retail excise policy.

Stamps and Registration Fees: The increase of 24.23 *per cent* was attributed (September 2021) by the Department to 10 *per cent* approximate increase in minimum price of land due to revision in circle rate.

Taxes on Vehicles: The increase of 30.68 *per cent* was attributed (November 2020) by the Department to introduction (January 2019) of new tax structure, realisation of arrear tax from defaulter vehicle owners and increase in registration of new vehicles.

Taxes and Duties on Electricity: The increase of 13 *per cent* was attributed (September 2021) by the Department to better tax administration.

Land Revenue: The decrease of 13.20 *per cent* was attributed (September 2021) by the Department to Lok Sabha and Jharkhand Assembly elections in 2019.

1.2.3 Details of non-tax revenues raised during the period 2015-16 to 2019-20 are indicated in **Table - 1.3**.

Table – 1.3
Details of Non-Tax Revenue

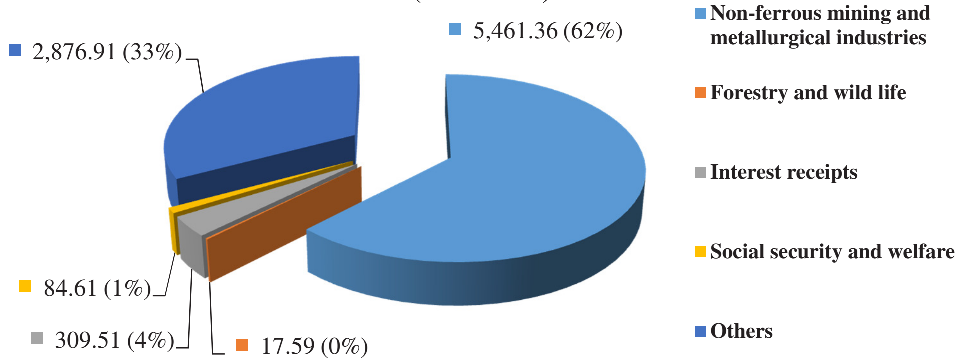
(₹ in crore)

Sl. No.	Head of revenue	2015-16	2016-17	2017-18	2018-19	2019-20	Percentage of increase (+) or decrease (-) in 2019-20 over 2018-19
1	Non-ferrous Mining and Metallurgical Industries	4,384.43	4,094.25	5,941.36	5,934.64	5,461.36	(-) 7.97
2	Forestry and Wild Life	4.13	4.48	4.44	14.79	17.59	(+) 18.93
3	Interest Receipts	122.44	121.34	168.88	47.20	309.51	(+) 555.74
4	Social Security and Welfare	3.73	36.79	135.78	8.46	84.61	(+) 900.12
5	Others[1]	1,338.28	1,094.55	1,596.21	2,252.89	2,876.91	(+) 27.70
Total		**5,853.01**	**5,351.41**	**7,846.67**	**8,257.98**	**8,749.98**	**(+) 5.96**

Source: Finance Accounts of the Government of Jharkhand.

The break-up of non-tax revenue for the year 2019-20 is shown in **Chart - 1.3**.

Chart 1.3
Break-up of Non-tax Revenue for 2019-20
(₹ in crore)



The reasons for variation in receipts in 2019-20 as compared to 2018-19 were as under:

Non-ferrous Mining and Metallurgical Industries: The decrease of 7.97 *per cent* was attributed (January 2021) by the Department to non-operation of new mining leases due to unavailability of statutory clearances like Forest Clearance, Environment Clearance, Consent to Operate etc., revenue collection stayed by court and shortage of man-power and infrastructure.

Other Departments did not furnish the reasons for variation in receipts in 2019-20 over 2018-19 despite several requests.

Interest Receipts: Receipts under Interest Receipts increased by 555.74 *per cent* in 2019-20 over the previous year. Audit noticed that during the year, interest realised on Investment of cash balance increased by ₹ 238.85 crore over 2018-19.

[1] Others include General Services, Social Services and Economic Services.

Social Security and Welfare: Receipts under the head "Social Security and Welfare" increased by 900.12 *per cent* in 2019-20 over the previous year. Audit noticed that the main reason for this increase was the unspent balances of grants-in-aid incorrectly shown as revenue receipts of the State under minor head '913 - Recoveries of unspent balances of grants-in-aid'.

1.3 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2020 in respect of five principal heads of revenue amounted to ₹ 12,179.30 crore, of which ₹ 2,898.27 crore was outstanding for more than five years as detailed in **Table-1.4**.

Table–1.4
Arrears of revenue

(₹ in crore)

Sl. No.	Head of revenue	Amount outstanding as on 31 March 2020	Amount outstanding for more than five years as on 31 March 2020	Remarks
1	Taxes on Sales, Trade etc.	6,081.95	1,881.27	Out of ₹ 6,081.95 crore, demands of ₹ 1,182.88 crore were certified for recovery as arrears of land revenue. Recovery of ₹ 1,007.76 crore and ₹ 457.03 crore was stayed by the Courts/ other judicial authorities and the Government respectively. Demands of ₹ 83.47 crore were held up due to rectification/ review application and ₹ 67.95 crore was held up due to dealers becoming insolvent. Specific action taken in respect of the remaining arrears of ₹ 3,282.86 crore has not been intimated (January 2022).
2	Taxes on Vehicles	119.12	0.00	Out of ₹ 119.12 crore, demands of ₹ 54.94 crore were certified for recovery as arrears of land revenue. Specific action taken in respect of the remaining arrears of ₹ 64.18 crore has not been intimated (January 2022).
3	State Excise	46.13	30.03	Out of ₹ 46.13 crore, demands of ₹ 18.03 crore were certified for recovery as arrears of land revenue. Recovery of ₹ 7.65 crore and ₹ 6.90 lakh was stayed by the Courts/ other judicial authorities and the Government respectively. Demands of ₹ 10.56 lakh were held up due to rectification/ review application and ₹ 16.08 lakh was likely to be written off. Specific action taken in respect of the remaining arrears of ₹ 20.12 crore has not been intimated (January 2022).
4	Land Revenue	320.02	249.23	Specific action taken in respect of the arrears has not been intimated (January 2022).

Table–1.4
Arrears of revenue

(₹ in crore)

Sl. No.	Head of revenue	Amount outstanding as on 31 March 2020	Amount outstanding for more than five years as on 31 March 2020	Remarks
5	Mining Receipts	5,612.08	737.74	Out of ₹ 5,612.08 crore, demands of ₹ 3,713.68 crore were certified for recovery as arrears of land revenue. Recovery of ₹ 1,243.62 crore and ₹ 2.44 lakh was stayed by the Courts/ other judicial authorities and the Government respectively. Demands of ₹ 8.31 crore and ₹ 2.44 crore were held up due to rectification/ review application and lessees becoming insolvent and ₹ 12.12 crore was likely to be written off. Specific action taken in respect of the remaining arrears of ₹ 631.89 crore has not been intimated (January 2022).
Total		**12,179.30**	**2,898.27**	

The position of arrears of revenue pending collection as on 31 March 2020 in respect of other revenue head was not furnished (January 2022) despite active pursuance by Audit.

1.4 Follow up on Audit Reports – summarised position

According to the rules of procedure for the internal working of the Committee on Public Accounts, the Administrative departments were to initiate *suo moto* action on all Audit paragraphs and Reviews featuring in the Comptroller and Auditor General's Audit Reports (ARs), regardless of whether these are taken up for examination by the Public Accounts Committee (PAC) or not. The Departments were to furnish detailed Action Taken Notes (ATNs), duly vetted by Audit, indicating the remedial action taken or proposed to be taken by them. Further, as per instructions issued (August 1993) by the Chairperson, Bihar Legislative Assembly, Patna, Government departments are required to submit explanatory notes within three months and action taken notes (ATNs) on recommendations made by the Committee within six months. Significant delays were, however, observed in submission of explanatory notes itself (replies of the departments), with average delays of three months in respect of 118 paragraphs (including performance audit) appearing in the CAG's Revenue Audit Reports for the years ended 31 March 2014, 2015, 2016, 2017 and 2018 placed before the State Legislative Assembly between March 2015 and September 2020. Details of pending explanatory notes pertaining to various departments[2] are given in **Table – 1.5**.

[2] Commercial Taxes (33 paragraphs), Excise and Prohibition (6 paragraphs); Transport (21 paragraphs); Revenue, Registration and Land Reforms (9 paragraphs) and Mines and Geology (6 paragraphs).

Table - 1.5

Sl. No.	Audit Report ending on 31 March	Date of presentation in the legislature	No. of paragraphs	No. of paragraphs where explanatory notes received	No. of paragraphs where explanatory notes not received
1	2014	26.03.2015	28	20	8
2	2015	15.03.2016	32	4	28
3	2016	02.02.2017	32	14	18
4	2017	20.07.2018	17	4	13
5	2018	21.09.2020	9	1	8
Total			**118**	**43**	**75**

Till 2019-20, the PAC has discussed 28 paragraphs pertaining to the Audit Reports for the years 2013-14 to 2017-18. During 2019-20, 11 paragraphs pertaining to Audit Reports 2013-14 and 2016-17 were discussed for the second or subsequent time. However, no recommendations have been made on these paragraphs.

1.5 Response of the Departments/ Government to Audit

On completion of audit of Government departments and offices, Audit issues Inspection Reports (IRs) to the concerned heads of offices, with copies to their superior officers for corrective action and their monitoring. Serious financial irregularities are reported to Heads of the Departments and the Government.

Review of IRs issued for the years 2008-09 to 2019-20 revealed that 9,274 paragraphs relating to 1,004 IRs remained outstanding at the end of September 2021. The potentially recoverable revenue as brought out in these IRs was as much as ₹ 17,176.92 crore whereas the revenue receipts of the State was ₹ 25,521.43 crore in 2019-20. Department-wise details relating to the revenue sector of the State Government are given in **Table - 1.6**.

Table - 1.6
Department-wise details of outstanding Inspection Reports

(₹ in crore)

Sl. No.	Names of Department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations	Money value involved
1	Commercial Taxes	Taxes on Sales, Trade etc.	250	5,003	7,835.76
		Entry Tax	5	5	9.54
		Taxes and Duties on Electricity	12	55	93.65
2	Excise and Prohibition	State Excise	157	775	820.49
3	Revenue, Registration and Land Reforms	Land Revenue	98	491	4,281.57
4	Transport	Taxes on Vehicles	164	1,202	542.81
5	Revenue, Registration and Land Reforms	Stamps and Registration Fees	140	642	36.73
6	Mines and Geology	Non-ferrous Mining and Metallurgical Industries	178	1,101	3,556.37
Total			**1,004**	**9,274**	**17,176.92**

Even the first replies, required to be submitted by the heads of offices within one month from the date of issue of the IRs, were not received for 156 IRs issued from 2008-09 onwards.

1.6 Results of audit

Position of local audit conducted during the year

Audit covered five departments[3] of the State Government and test-checked the records of 103 (17.46 *per cent*) out of 590 auditable units relating to taxes on sales, trade etc., state excise, land revenue, taxes on vehicles, stamps and registration fees and mining receipts during the year 2019-20. In these five departments, revenue of ₹ 20,397.62 crore was collected during 2018-19, out of which 103 audited units collected ₹ 12,422.22 crore (60.90 *per cent*). In the 103 audited units, Audit noticed under-assessment, non/short levy of tax/interest/penalty, loss of revenue etc., aggregating ₹ 3,838.60 crore (30.90 *per cent* of revenue collected by units) in 74,878 cases. Audit also conducted an Audit on GST refunds which revealed irregularities amounting to ₹ 11.57 lakh. The departments concerned accepted under-assessment and other deficiencies of ₹ 755.44 crore (19.68 *per cent* of total audit observation) in 74,119 cases pointed out by audit and effected recovery of ₹ 13.30 crore in 231 cases.

1.7 Coverage of this Section

This Section contains 10 selected paragraphs from the local audits conducted during the year including those of earlier years which could not be included in the previous reports and an Audit on GST refunds with a total financial implication of ₹ 1,138.20 crore.

The Department/Government have accepted audit observations involving ₹ 338.73 crore and recovered ₹ 1.60 crore.

The errors/omissions pointed out are on the basis of a test audit. The Department/Government may, therefore, undertake a thorough review of all units to check whether similar errors/omissions have taken place elsewhere and, if so, to rectify them and to put a system in place that would prevent such errors/omissions.

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[3] Commercial Taxes Department, Excise and Prohibition Department, Revenue, Registration and Land Reforms Department, Transport Department and Mines and Geology Department.

CHAPTER–II: COMPLIANCE AUDIT

COMMERCIAL TAXES DEPARTMENT

2.1 Tax administration

The levy and collection of Sales Tax/Value Added Tax and Central Sales Tax are governed by the Jharkhand Value Added Tax (JVAT) Act, 2005, the Central Sales Tax (CST) Act, 1956 and Rules made thereunder. Since 1 July 2017, State Goods and Services Tax is governed by the Jharkhand Goods and Services Tax (JGST) Act, 2017 and Rules made thereunder. Principal/Chief Commissioner of State Tax is responsible for administration of these Acts and Rules in the Commercial Taxes Department (CTD) and is assisted by an Additional Commissioner and Joint Commissioners of State Tax (JCST), Joint Commissioners of State Tax of Bureau of Investigation (IB), Vigilance and Monitoring, along with other Deputy/Assistant Commissioners of State Tax.

The State is divided into five commercial taxes divisions[4], each under the charge of a Joint Commissioner (Administration) and 28 circles[5], each under the charge of a Deputy/Assistant Commissioner of State Tax (DCST/ACST). The DCST/ACST of the circle, who is responsible for levy and collection of tax due to the Government, besides survey, is assisted by State Tax Officers. A Deputy Commissioner of IB is posted in each division to assist the JCST (Administration) and a DCST (Vigilance and Monitoring) is posted under the control of Headquarters in each division and carries out inspection of warehouses or godowns of taxpayers, search and seize goods or documents, inspects goods in movement, arrests a person for an offence punishable under this Act, etc.

2.2 Results of audit

Audit test-checked the records of 22[6] out of 44 auditable units (50 *per cent*) of the Commercial Taxes Department during the year 2019-20. During the period covered in audit, a total of 2,28,771 assessees were registered in the State, out of which 89,294 assessees were registered in the test-checked units. Audit examined 2,247 assessment records in these test checked units. In addition an audit on GST refunds was also conducted. The Department collected revenue of ₹ 11,675.96 crore during 2018-19 (Taxes on Sales, Trade etc.: ₹ 3,474.96 crore and State Goods and Services Tax: ₹ 8,200.84 crore) out of which the

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4 Dhanbad, Dumka, Hazaribag, Jamshedpur and Ranchi.

5 Adityapur, Bokaro, Chaibasa, Chirkunda, Deoghar, Dhanbad, Dhanbad Urban, Dumka, Giridih, Godda, Gumla, Hazaribag, Jamshedpur, Jamshedpur Urban, Jharia, Katras, Koderma, Lohardaga, Pakur, Palamu, Ramgarh, Ranchi East, Ranchi South, Ranchi Special, Ranchi West, Sahibganj, Singhbhum and Tenughat.

6 Office of the DCST, Adityapur, Bokaro, Chaibasa, Chirkunda, Deoghar, Dhanbad, Giridih, Hazaribag, Jamshedpur, Jamshedpur Urban, Jharia, Katras, Koderma, Pakur, Ranchi East, Ranchi South, Ramgarh, Ranchi Special, Ranchi West, Singbhum and Tenughat; and Secretary-cum-Commissioner of State Tax.

audited units collected ₹ 10,931.09 crore (94 *per cent*). Audit identified irregularities amounting to ₹ 1,827.67 crore in 534 cases as detailed in **Table –2.1**.

Table –2.1

(₹ in crore)

Sl. No.	Categories	No. of cases	Amount
1	GST refunds	1	0.12
2	Non/short levy of tax due to concealment of turnover	150	1,051.51
3	Non/short levy of interest	97	307.10
4	Irregular allowance of exemption from tax	77	149.45
5	Interest/Penalty not levied	17	128.25
6	Non/short levy of tax due to incorrect determination of turnover	25	64.13
7	Incorrect allowance of Input Tax Credit	80	56.82
8	Application of incorrect rates of tax	40	23.76
9	Other cases	47	46.53
Total		**534**	**1,827.67**

The Department accepted under-assessment and other deficiencies of ₹ 335.76 crore (18 *per cent*) in 81 cases (15 *per cent*).

Audit findings relating to GST refunds have been discussed in Paragraph 2.3. Further, irregularities involving 157 cases worth ₹ 1,120.59 crore related to Value Added Tax (VAT) and Central Sales Tax have been illustrated in paragraphs 2.4 to 2.11. Such cases which have been repeatedly reported during the last five years are detailed in **Table –2.2**.

Table – 2.2

(₹ in crore)

Nature of observations	2014-15		2015-16		2016-17		2017-18		2018-19		Total	
	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount
Concealment of sale/ purchase turnover	69	169.03	18	284.10	108	405.37	1	1.10	3	25.99	199	885.59
Non/short levy of interest/ penalty on enhanced turnover	17	60.73	15	53.14	-	-	2	3.93	2	1.60	36	119.40
Non-levy of interest on disallowed exemption/ concessions	52	72.58	19	119.92	62	142.00	6	10.95	2	3.97	141	349.42
Irregularities in grant of input tax credit	24	8.35	11	5.76	26	3.36	-	-	-	-	61	17.47
Incorrect determination of gross/taxable turnover	6	4.39	18	10.22	24	41.20	-	-	-	-	48	55.81
Application of incorrect rate of tax	22	6.96	22	15.44	21	11.07	-	-	1	4.39	66	37.86
Short levy of tax	13	6.27	-	-	-	-	-	-	-	-	13	6.27
Under assessment of Central Sales Tax	-	-	5	0.52	1	0.35	-	-	-	-	6	0.87

It was observed that though the CTD ordered (May 2015) Assessing Authorities (AAs) to ensure non-recurrence of similar type of audit observations and provided assurance (August 2016) to take appropriate action on audit observations, similar nature of irregularities persisted. Thus, it is evident that the State Government and the Commercial Taxes Department have not taken adequate measures to address the persistent irregularities pointed out year after year by Audit.

2.3 Audit of GST refunds

2.3.1 Introduction

Timely refund mechanism constitutes a crucial component of tax administration, as it facilitates trade through release of blocked funds for working capital, expansion and modernisation of existing business. The provisions pertaining to refund contained in the Goods and Services Tax (GST) laws aim to streamline and standardise the refund procedures under GST regime. Due to non-availability of electronic refund module on the common portal, the refund applications filed prior to 26 September 2019 were processed in electronic-cum-manual procedure where the applicants were required to file the refund applications in Form GST RFD-01A on the common portal, take a print out of the same and submit it physically to the jurisdictional tax office along with all supporting documents. Further, processing of those refund applications, i.e., issuance of acknowledgement, issuance of deficiency memo, passing of provisional/final refund orders, payment advice etc., was done manually. For the applications filed on or after 26 September 2019, a fully electronic procedure is being followed, wherein all the steps from submission of applications to processing thereof was being undertaken electronically, also called automation of refund process.

2.3.2 Audit objectives

Audit of refund cases under JGST Act was conducted to assess:

- the adequacy of Act, Rules, notifications, circulars etc., issued in relation to grant of refund;
- the compliance of extant provisions by the tax authorities and the efficacy of the systems in place to ensure compliance by taxpayers; and
- whether effective internal control mechanism exists to check the performance of the departmental officials in disposing the refund applications.

2.3.3 Audit criteria

The audit criteria were derived from the following sources:

- Section 54 to 58 and Section 77 of JGST Act, 2017;
- Rule 89 to 97A of JGST Rules, 2017;
- Section 15, 16 and 19 of Integrated Goods and Services Tax Act, 2017; and
- Notifications and circulars, executive and Departmental orders and instructions issued by the Department from time to time.

2.3.4 Audit scope and coverage

The Audit of "GST Refunds" covering the period July 2017 to July 2020 was conducted between November 2020 and July 2021. Pan India Refund Data for the said period was obtained from Goods and Services Tax Network (GSTN). The refund applications filed before 26 September 2019 were sorted in descending order of refund amount claimed by tax payers and were divided into four quartiles and sample drawn by selecting 60 *per cent*, 25 *per cent*, 10 *per cent* and five *per cent* cases from each quartile. For the applications filed on or after 26 September 2019, a composite risk score was devised using risk parameters such as refund amount claimed (60 *per cent* weightage), delay in sanctioning refund (15 *per cent*), refund sanctioned/refund claimed ratio (10 *per cent*) and deficiency memo issued (15 *per cent*). Accordingly, 144 refund cases (74 filed before 26 September 2019 and 70 filed after 26 September 2019) processed in the 25 Commercial Taxes Circles[7] were selected.

2.3.5 Audit methodology

The audit methodology included scrutiny of records relating to filing of refund application in GST RFD-01A, issue of acknowledgement/ deficiency in GST RFD-02/GST RFD-03, issue of provisional refund in GST RFD-04, orders relating to sanction/rejection of refund in GST RFD-06, payment advice in GST RFD-05, documents[8] in support of the claim to ascertain correctness of the refund claim and adherence to the prescribed timelines[9] by the tax authorities while processing and crediting refund claim. Besides, the backend system of GSTN was also accessed for verification of correctness of the refund claims filed after 26 September 2019. An initial meeting was held on 22 July 2021 with the Secretary, Commercial Taxes Department, Government of Jharkhand in which the audit objectives, scope of audit and audit methodology were discussed in detail. An exit conference was held on 04 October 2021 with the Secretary, Commercial Taxes Department, Government of Jharkhand in which the findings, conclusion and recommendations were discussed. The views of Government/ Department have been suitably incorporated in the Report.

Acknowledgment

The Indian Audit and Accounts Department acknowledges the co-operation of the Commercial Taxes Department, Government of Jharkhand in providing the necessary information and records to Audit.

2.3.6 Audit findings

Audit evaluated the system of processing of refund claims and noticed certain deficiencies in compliance to provisions prescribed in the JGST Act/Rules that resulted in delay in communication of acknowledgment of refund application, delay in issuance of deficiency notice, delay in sanction/ rejection of refund

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[7] Adityapur, Bokaro, Chaibasa, Chirkunda, Deoghar, Dhanbad, Dhanbad Urban, Giridih, Godda, Hazaribag, Jamshedpur, Jamshedpur Urban, Jharia , Koderma, Lohardaga, Pakur, Palamu, Ramgarh, Ranchi East, Ranchi South, Ranchi Special, Ranchi West, Sahibganj, Singhbhum and Tenughat.

[8] Statement containing the number and date of invoices, Statement containing the number and date of shipping bill/Bill of export, Details of payment alongwith proof, self-declaration, certificate issued by a Chartered Accountant as prescribed under Rules 89 of JGST Rules as supporting evidences in support of respective type of claim.

[9] Form GST RFD-01A – before expiry of two years, GST RFD-02/03 – within 15 days from filing of claim, GST RFD-04- within 07 days of issue of acknowledgment, GST RFD-05/06 – within 60 days of filing of claim.

application, interest liability due to delay in sanction of refund application, incorrect allowance of refund, allowance of refund without verification of dues etc., both in manual as well as automated processed refund applications. The reasons for these irregularities were non-existence of monitoring at the apex level and non-formulation of check-list for verification of refund claims which were uniformly utilised by the proper officers[10].

The extent of deficiencies noted during the audit of refund cases, selected for detailed audit are shown in **Table – 2.3**.

Table- 2.3

(₹ in lakh)

Nature of audit findings	Audit sample		Number of deficiencies noticed		Deficiencies in percentage of sample
	Number	Amount	Number	Amount	
Delay in issue of acknowledgment	144	3,152.90	19	0	13.19
Non-issue of acknowledgment	144	3,152.90	12	0	8.33
Delay in communication of deficiency memo in Form GST RFD-03	144	3,152.90	12	0	8.33
Delay in sanction of refund application and interest liability thereof	144	3,152.90	33	5.48	22.92
Delay in rejection of refund application	144	3,152.90	12	0	8.33
Non-sanction of final refund in case of provisional refund	48	362.70	7	5.01	14.58
Non-payment of sanctioned refund claims	144	3,152.90	2	0.51	1.39
Delay in sanction of provisional refund	48	362.70	8	0	16.67
Incorrect allowance of refund	144	3,152.90	1	0.15	0.69
Sanction of refund claims without verification of dues	144	3,152.90	2	0.42	1.39

As evident from the table above, Audit noticed delay in issuance of acknowledgment in 13 *per cent* cases, non-issue of acknowledgment in 8 *per cent* cases, delay in communication of deficiency memo in Form GST RFD-03 in 8 *per cent* and delay in sanction of refund application and interest liability thereof in 23 *per cent* cases. Further, Audit also noticed other deviations from provisions of the Acts and Rules which resulted in non-sanction of final refund in case of provisional refund in 15 *per cent* cases and delay in sanction of provisional refund in 17 *per cent* cases.

Audit findings and the lapses identified based on these cases are included in the subsequent paragraphs.

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10 Proper officer means the Commissioner or the officer of the State tax who is assigned a function by the Commissioner. In refund cases, above ₹ 2 lakh DCST and upto ₹ 2 lakh ACST has been assigned as proper officer by the Commissioner.

2.3.6.1 Deficiencies in issue of acknowledgment in Form GST RFD-02

The proper officers did not adhere to the prescribed timelines and issued acknowledgment of refund applications in 19 cases with delays ranging between nine and 246 days beyond the prescribed period of 15 days of filing the claim. Besides, acknowledgments in 12 cases were not issued till date.

Rule 90 (1) and (2) of JGST Rules, 2017 stipulates that where the application related to claim for refund from the Electronic Cash Ledger (ECL), an acknowledgement in Form GST RFD-02 shall be made available to the applicant through the common portal electronically, clearly indicating the date of filing of the claim for refund and the time period, i.e., 60 days specified for processing of refund application. For the application related to refund other than ECL, the application shall be forwarded to the proper officer within a period of 15 days of filing of the said application who shall scrutinize the application for its completeness. An acknowledgment in Form GST RFD-02 shall be made available to the applicant within 15 days from date of filing of refund application through common portal. The acknowledgement shall clearly indicate the date of filing claim and the time period, i.e., 60 days specified for processing of refund. Further, Rule 90 (3) of JGST Rules 2017 read with circular No. 17/17/2017-GST dated 15 November 2017 stipulates that if any deficiency is noticed, the proper officer shall communicate the deficiency to the applicant in Form GST RFD-03 within 15 days through the common portal electronically, requiring him to file a fresh refund application after rectification of such deficiencies.

Audit examined 144 sampled refund cases (74 cases filed prior to 26 September 2019 and 70 cases filed on or after 26 September 2019) and noticed irregularities in issue of acknowledgment which are discussed in the succeeding paragraphs.

Delay in issue of acknowledgment

Audit test checked (between November 2020 and March 2021) the records of 74 refund cases filed prior to 26 September 2019 and it was noticed in 14 refund cases at five CTCs[11] in four Divisions[12], that there was delay in issue of acknowledgement ranging from nine to 246 days beyond the prescribed timeline of 15 days of filing of the claim. Of these, six cases were delayed by one to three months and eight cases beyond three months.

Further, Audit test checked (between November 2020 and March 2021) the records of 70 refund cases filed on or after 26 September 2019 and it was noticed in five refund cases (filed between September 2019 and June 2020) at the five

[11] Adityapur, Jharia, Koderma, Palamu and Ranchi South.
[12] Dhanbad, Hazaribag, Jamshedpur and Ranchi.

CTCs[13] in four Divisions[14], that acknowledgements in Form GST RFD-02 were issued (October 2019 and July 2020) with a delay ranging from three to 87 days beyond prescribed timeline of 15 days from filing of refund claim. Of these five cases were delayed by one to three months. This resulted in non-observance of the provisions of Rule 90 of the JGST Rules 2017.

The CTD stated (October 2021) that the concerned commercial taxes circles are being instructed to take appropriate action to prevent delay in issue of acknowledgment.

Non-issue of acknowledgment

Audit test checked (between November 2020 and March 2021) the records of 74 refund cases filed prior to 26 September 2019 and noticed in 12 refund cases (filed between November 2018 and July 2019) at six CTCs[15] in three Divisions[16] that acknowledgements in Form GST RFD-02, which were required to be issued within 15 days of filing the claim, had not been issued till date (July 2021). This resulted in non-observance of the provisions of Rule 90 of the JGST Rules 2017.

The CTD stated (October 2021) that the concerned commercial taxes circles are being directed to issue acknowledgment within prescribed time-lines.

2.3.6.2 Delay in communication of deficiency memo in Form GST RFD-03

The proper officers did not adhere to the prescribed period of 15 days of filing of claim to communicate the deficiencies in Form GST RFD-03 in 12 cases resulted in issuance of memos with a delay ranging between three and 215 days.

Rule 90 (3) of JGST Rules 2017 read with circular No.17/17/2017-GST dated 15 November 2017 stipulates that if any deficiency is noticed, the proper officer shall communicate the deficiency memo to the applicant in Form GST RFD-03 within 15 days through the common portal electronically, requiring him to file a fresh refund application after rectification of such deficiencies.

Audit test checked (between November 2020 and March 2021) the records of 74 refund cases filed prior to 26 September 2019 and noticed in 12 refund cases (filed between October 2018 and September 2019) at six CTCs[17] in three Divisions[18] that there was delay in communication of deficiency memos in Form GST RFD-03 ranging from three to 215 days beyond the prescribed period of 15 days from filing of the refund application. Of these, 11 cases were delayed

13 Bokaro, Chaibasa, Dhanbad Urban, Giridih and Ranchi South.
14 Dhanbad, Hazaribag, Jamshedpur and Ranchi.
15 Chaibasa, Chirkunda, Dhanbad Urban, Lohardaga, Ranchi West and Singhbhum.
16 Dhanbad, Jamshedpur and Ranchi.
17 Adityapur, Chirkunda, Dhanbad, Jamshedpur Urban, Palamu, and Ranchi East.
18 Dhanbad, Jamshedpur and Ranchi.

by one to three months and one case beyond three months. This resulted in non-observance of the provisions of Rule 90 of the JGST Rules 2017.

The CTD stated (October 2021) that the concerned commercial taxes circles are being instructed to adhere to prescribed timelines in issue of deficiency memo, in refund cases where deficiency had been noticed by the proper officers.

2.3.6.3 Irregularities in sanction/ rejection/ payment of refund claims

In the absence of a mechanism for monitoring of refund processing claims at different stages, sanctioned amount of ₹ 5.97 lakh in nine cases was not paid to the claimants while payment in 33 refund cases were made with delays beyond the prescribed timeline of 60 days and consequently the department was liable to pay interest of ₹ 5.48 lakh.

Section 54 (7) of JGST Act 2017 prescribes that the proper officer shall issue the order of refund within 60 days from the date of receipt of application complete in all respects. Rule 92 of the JGST Rules 2017 stipulates that upon submission of refund application, the officer shall examine if the refund claim is due and payable to the applicant then he shall make an order in Form GST RFD-06 sanctioning the amount of refund within 60 days of receipt of application and mention therein the amount refunded to him on a provisional basis.

Further, Section 56 of JGST Act 2017 prescribes that if the tax is not refunded within 60 days from the date of receipt of application, interest at the rate not exceeding six *per cent* shall be payable from the date immediately after the expiry of 60 days from the date of receipt of application till the date of refund of such tax.

Audit examined 144 sampled refund cases (74 cases filed prior to 26 September 2019 and 70 cases filed on or after 26 September 2019) in 25 CTCs and noticed irregularities in sanction/ rejection and non-payment of refund and interest amounting to ₹ 11.45 lakh in 54 cases as discussed in the succeeding paragraphs.

Delay in sanction of refund application and interest liability thereof

Audit test checked (between November 2020 and March 2021) the records of 74 refund cases filed prior to 26 September 2019 and it was noticed in 20 refund cases (filed between November 2018 and September 2019) at 10 CTCs[19] in four divisions[20] that an amount of ₹ 1.51 crore was claimed as refund. The proper officers on scrutiny of these claims, sanctioned (between March and November 2019) the aforesaid amount and issued RFD-06; however, payment of these sanctioned refund claims was made (between April 2019 and November 2020)

[19] Adityapur, Chaibasa, Giridih, Jamshedpur, Jamshedpur Urban, Jharia, Koderma, Lohardaga, Ranchi South and Ranchi Special.

[20] Dhanbad, Hazaribag, Jamshedpur and Ranchi

after delays ranging from one to 445 days beyond the prescribed period of 60 days from the date of filing of refund application. Of these, seven cases were delayed by one to three months and 13 cases beyond three months. This resulted in non-observance of the provisions of Section 54 (7) of the JGST Act 2017 read with Rule 92 of the JGST Rules 2017 and consequently the department was liable to pay interest of ₹ 3.85 lakh to the claimants.

The CTD stated (October 2021) that the concerned commercial taxes circles are being instructed to take appropriate action and sanction the claims within the prescribed timelines.

The mechanism of payment and reasons for the delay in payment was analysed and it was noticed that:

SGST claims

In seven out of 20 cases at Jamshedpur and Koderma CTCs, payment of the SGST part of the refund claim were made after delays ranging between 10 days and 239 days from the date of sanction of refund claims. The delay was further analysed and it was noticed that non-adherence by proper officers as well as absence of mechanism to monitor the processing of claims within the prescribed period at the apex level accounted for the delay. Request for allotment of fund was made by the proper officer with delays upto 149 days from the date of sanction and the funds were allotted by the CTD after a delay ranging from eight to 19 days from date of request. Thus, lack of diligence at the apex and circle levels resulted in failure to adhere to the prescribed period for payment of refund. Further, the refunds were paid to the claimants after delays ranging between 30 and 82 days from the date of allotment of funds.

CGST/IGST claims

In 20 cases of CGST/IGST claims, it was noticed that payment of CGST part was made after delays ranging between 28 days and 419 days from the date of sanction of refund claim. The delay was further analysed and it was noticed that:

- In 12 cases, sanction orders were communicated by the SGST nodal officer to the counterpart CGST nodal officer after delays ranging between 14 and 205 days from the date of sanction of refund, though the prescribed period for communication of sanction order to counterpart tax authorities was seven working days from the date of sanction of refund as per circular No. 24/24/2017 GST dated 21 December 2017.

- In the remaining eight cases, though the sanctioned orders were communicated by the SGST nodal officer within the prescribed period, the payment was made by the CGST authorities after delays ranging between 25 and 419 days of sanction of refund and after delays ranging between nine and 411 days beyond the prescribed timeline of 60 days of filing of refund application.

Audit observed that in the absence of a mechanism to adequately monitor each stage of refund claims as per the prescribed period, the Department remained unaware of the delays in disposal of the refund claims.

Recommendation:

The Department may devise a mechanism to monitor the processing of refund applications at the apex level so as to ensure compliance to the prescribed timelines by the proper officers.

- Audit test checked (between December 2020 and March 2021) the records of 70 refund cases filed on or after 26 September 2019 and noticed in 13 refund cases (filed between October 2019 and March 2020) of the nine CTCs[21] in all five divisions[22], that an amount of ₹ 1.52 crore was claimed as refund. The proper officers on scrutiny of these claims, sanctioned and paid (between February and July 2020) the aforesaid amount; after delays ranging from four to 221 days beyond the prescribed period of 60 days from the date of filing of refund application. Audit further observed that there was no mechanism in the refund module of the back-end system of the Department to auto-populate the amount of interest in the payment advice in Form GST RFD-05 where payment is made beyond the prescribed period. This resulted in non-observance of the provisions of Section 54(7) of the JGST Act 2017 read with Rule 92 of the JGST Rules 2017 and consequently the department was liable to pay interest of ₹ 1.63 lakh to the claimants.

The CTD stated (October 2021) that the concerned commercial taxes circles are being instructed to take appropriate action and sanction the claims within the prescribed timelines.

Delay in rejection of refund application

Audit test checked (between November 2020 and March 2021) 74 refund cases filed prior to 26 September 2019 and noticed that in 12 refund cases (filed between November 2018 and August 2019) at five CTCs[23] in Jamshedpur and Ranchi divisions, an amount of ₹ 46.59 lakh was claimed as refund. These claims were rejected by the proper officers (between September 2019 and January 2020) as the claims were not in accordance with the relevant Act/Rules, after delay ranging between 45 and 256 days beyond the prescribed period of 60 days for sanction/rejection of refund claim without assigning reason for delay on record. This resulted in non-observance of the provisions of Section 54(7) of the JGST Act 2017 read with Rule 92 of the JGST Rules 2017.

The CTD stated (October 2021) that the concerned commercial taxes circles are being instructed to take appropriate action and adhere to prescribed timelines while processing the refund claims.

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[21] Adityapur, Deoghar, Dhanbad Urban, Godda, Hazaribag, Jamshedpur, Palamu, Sahibganj and Singhbhum.

[22] Dhanbad, Dumka, Hazaribag, Jamshedpur and Ranchi.

[23] Adityapur, Chaibasa, Jamshedpur Urban, Ranchi South and Ranchi Special.

Non-sanction of final refund in case of provisional refund

Audit test checked (between November 2020 and March 2021) records of 74 refund cases filed prior to 26 September 2019 and noticed in seven refund cases (filed in December 2018) at Ranchi West CTC in Ranchi division that these suppliers had claimed refund of ₹ 50.09 lakh on account of IGST paid against zero rated supply made under bond/ Letter of Undertaking (LUT) and the provisional refund of ₹ 45.08 lakh, being 90 *per cent* of the total claim was sanctioned in Form GST RFD-04 and paid (January 2019); however, final refund of the remaining 10 *per cent* for ₹ 5.01 lakh was neither sanctioned nor rejected till date (July 2021). Audit further observed that due to absence of mechanism to monitor the processing of refund applications at the apex/division level, non-sanction of final refund claim remained undetected. This resulted in non-observance of the provisions of Section 54(7) of the JGST Act 2017 read with Rule 92 of the JGST Rules 2017 and consequential refund liability of ₹ 5.01 lakh along with interest of ₹ 0.45 lakh for non-payment of final refund till July 2020.

The CTD stated (October 2021) that the concerned commercial taxes circle is being instructed to take appropriate action and sanction the final claims of the taxpayers.

Non-payment of sanctioned refund claims

Audit test checked (between November 2020 and March 2021) the records of 74 refund cases filed prior to 26 September 2019 and noticed in two cases at Dhanbad Urban and Singhbhum CTCs in Dhanbad and Jamshedpur divisions that though the refund relating to IGST/CGST claim of ₹ 0.51 lakh was sanctioned (between May and September 2019) by the proper officers of the State Tax Department, the claim was not paid to the claimant till July 2021. Audit observed that non-communication of sanction orders by the SGST nodal officer to the counterpart CGST nodal officer resulted in non-payment of refund. Further, in absence of a mechanism to monitor the processing of refund claims the Department remained unaware of the non-compliance of provisions by SGST nodal officer.

The CTD stated (October 2021) that the concerned commercial taxes circles are being instructed to take appropriate action to make payment to these sanctioned refund claims.

2.3.6.4 Delay in sanction of provisional refund

The proper officer did not adhere to the prescribed period and sanctioned provisional refund in eight cases with a delay ranging between seven and 99 days beyond the prescribed period of seven days of issue of acknowledgment.

Rule 91 (2) of JGST Rules 2017 provides that the proper officer, on scrutiny of application and evidence submitted, being *prima facie* satisfied, shall make a provisional refund order in Form GST RFD-04 sanctioning the amount of refund due, not exceeding 90 *per cent* of the total refund claim on provisional basis within a period of seven days from the date of acknowledgement.

Audit test checked (between November 2020 and March 2021) the records of 74 refund cases filed prior to 26 September 2019 and noticed in eight cases (filed between November and December 2018) of Giridih and Ranchi West CTCs in Hazaribag and Ranchi divisions that provisional refund was sanctioned (between January and March 2019) with a delay ranging from 7 to 99 days beyond the prescribed period of seven days of issue of acknowledgment, without assigning any reason on record. This resulted in non-observance of the provisions of Section 54(6) of the JGST Act 2017 read with Rule 91(2) of the JGST Rules 2017.

The CTD stated (October 2021) that the concerned commercial taxes circles are being instructed to take appropriate action and adhere to prescribed timelines while sanctioning provisional refund claims.

2.3.6.5 Incorrect allowance of refund

The proper officer failed to cross verify the monthly return in GSTR-3B available with the Department which resulted in incorrect allowance of refund of ₹ 0.15 lakh to the claimant.

Rule 89 (1) and (2) (k) of JGST Rules 2017 prescribes that any person, claiming refund of any tax, interest, penalty, fees or any other amount paid by him, may file an application electronically in FORM GST RFD-01 through the common portal, which shall be accompanied by a statement showing the details of the amount of claim on account of excess payment of tax; to establish that a refund is due to the applicant.

Audit test checked (between November 2020 and March 2021) the records of 70 refund cases filed on or after 26 September 2019 and noticed that one taxpayer of Dhanbad Urban CTC in Dhanbad division had claimed (January 2020) refund of an amount of ₹ 0.15 lakh on account of excess payment of tax for the month of September 2019. The claim was sanctioned (April 2020) and payment advice in GST RFD-05 (April 2020) was issued. Further scrutiny of GSTR-3B for the month of September 2019 indicated that the supplier had not paid excess amount of tax, instead there was outstanding liability. Audit observed that a check-list incorporating procedures to be followed and documents to be verified at each stage of refund processing was not formulated; consequently, the proper officer failed to cross verify the fact, resulting in incorrect refund of ₹ 0.15 lakh to the taxpayer.

The CTD stated (October 2021) that the concerned commercial taxes circles are being instructed to take appropriate action.

2.3.6.6 Sanction of refund claim without verification of dues

In absence of a mechanism to synchronize the dues of JGST Act and earlier repealed Acts, dues of ₹ 0.42 lakh were not adjusted from the refund claim of two cases resulting in excess payment of refund of ₹ 0.42 lakh.

Rules 92 of JGST Rules 2017 stipulated that upon submission of refund application, the proper officer shall examine if the refund claimed is due and payable to the claimant and then he shall make an order in Form GST RFD-06 sanctioning the amount of refund within 60 days of receipt of application. Further, any outstanding demand under this Act or under any existing law is to be adjusted from the claimed refund and the balance amount is refundable. However, in cases where the amount of refund is completely adjusted against any outstanding demand, adjustment shall be issued in Part A of Form GST RFD-07.

Audit test checked (between November 2020 and March 2021) the records of 70 refund cases filed on or after 26 September 2019 and noticed in two refund cases at Godda and Bokaro CTCs in Dumka and Dhanbad divisions, that the tax payers had claimed (between November 2019 and February 2020) refund of ₹ 2.87 lakh on account of excess balance in cash ledger. The proper officers sanctioned the claim and issued payment advice (between February and July 2020) in Form RFD-05. Further scrutiny of records in one case of Bokaro CTC revealed that there was outstanding liability of ₹ 1.40 lakh under JGST Act 2017 against the claim of ₹ 0.40 lakh accordingly claim was not admissible. Further, in case of Godda CTC there was outstanding liability of ₹ 1,500 under JVAT Act, 2005 against the claim of ₹ 2.47 lakh, which was not adjusted. Audit observed that there was no effective mechanism to set off past dues against refund payable under GST.

The CTD stated (October 2021) that the concerned commercial taxes circles are being instructed to take appropriate action and to verify the dues outstanding while processing the refund claims.

Recommendation:

The Department may formulate a check-list incorporating procedures to be followed and documents to be verified at each stage of refund processing.

2.3.7 Evaluation of Internal Control

Internal controls are intended to provide reasonable assurance of proper enforcement of law, rules and departmental instructions. These also help in the prevention and detection of frauds and other irregularities. Internal controls also help in creation of reliable financial as well as management information systems for prompt and efficient services and for adequate safeguards against evasion of taxes and duties. It is, therefore, the responsibility of the Department to ensure that a proper internal control structure is instituted, reviewed and updated from time to time to keep it effective. During evaluation of internal controls, the following discrepancies were noticed which are discussed in the succeeding paragraph:

2.3.7.1 Non-monitoring of refund claims at apex level

Audit observed that there was no mechanism in the department to adequately monitor each stage of refund claims as per the prescribed periods. Hence the Department also remained unaware of the delays in disposal of the refund claims. The Department stated (July 2021) that the process of filing and processing of refund applications are disposed at the circle level. A periodic (quarterly, annually) report of refund cases filed and sanctioned/ rejected was required to be obtained from circles at the apex level to monitor/ track the finalisation of refund process and adherence of time-lines by the proper officer at circle level.

It was, further, noticed that there was no mechanism to monitor the adherence of aforesaid timelines at the Division or Apex level.

2.3.8 Conclusion

CTD did not formulate a mechanism to monitor the processing of refund applications, as such, it remained unaware of the delays in disposal of refund claims which resulted in non-sanction/non-payment of refund claims amounting to ₹ 5.97 lakh in nine cases.

The acknowledgement for refund applications received required to be issued/communicated within 15 days of filing the claim were delayed between nine and 246 days. Further, acknowledgement in 12 refund cases had not been issued till the date of audit and provisional refund required to be sanctioned within seven days of issue of acknowledgement was sanctioned with delays ranging between seven and 99 days.

Non-compliance of the existing provisions of Acts/rules by the proper officers and absence of mechanism to auto-populate the amount of interest in the payment advice resulted in non-payment of interest on refund amounting to ₹ 5.48 lakh in 33 cases.

Other observations

2.4 Concealment of sales/purchase turnover under JVAT Act

The AAs while finalising the assessments did not scrutinise the information furnished by the dealers which led to non-detection of concealment of turnover of ₹ 3,271.08 crore by 39 dealers and consequential under assessment of tax and penalty of ₹ 812.99 crore.

Under the provisions of Section 40(1) of JVAT Act, 2005, if the prescribed authority has reason to believe that the dealer has concealed, omitted or failed to disclose wilfully, or has furnished incorrect particulars of turnover and thereby the returned figures are below the real amount, the prescribed authority shall proceed to assess or reassess the amount of tax due from the dealer in respect of such turnover. The Act, further, empowers the assessing authorities (AAs) to levy besides the tax assessed on concealed turnover, by way of penalty, a sum equivalent to thrice the amount of the additional tax assessed.

Audit test checked (between July 2019 and March 2020) the assessment records of 1,610 dealers out of 66,822 dealers registered in 15 commercial taxes circles[24] and noticed that 39 dealers had disclosed purchase/sales turnover of ₹ 38,165.20 crore during the period 2013-14 to 2016-17 through periodical returns and VAT audit report in Form JVAT 409 on which the assessments were finalised (between May 2016 and March 2019). Further scrutiny of records[25] by Audit indicated that the actual purchase/sales turnover was ₹ 41,436.28 crore. Thus, failure of the AAs to cross verify the returns with the relevant information available in the records resulted in concealment of turnover of ₹ 3,271.08 crore and consequential under-assessment of tax of ₹ 812.99 crore including penalty of ₹ 609.42 crore.

After the cases were pointed out (between July 2019 and March 2020), the AAs of eight CTCs[26] raised an additional demand (between February 2020 and September 2021) of ₹ 243.71 crore in 17 cases and the remaining AAs stated (between July 2019 and March 2020) that the cases would be reviewed.

The matter was reported to the Government/Department (August 2021); their reply is awaited (January 2022).

2.5 Non-levy of penalty/interest on enhanced turnover

The AAs enhanced turnover of nine dealers on account of suppression of sale and levied additional tax of ₹ 43.84 crore but did not levy penalty of ₹ 131.51 crore.

Under the provisions of Section 40(2) of the JVAT Act 2005, if the assessing authority in the course of any proceeding or upon any information, which has come into his possession before assessment or otherwise and is satisfied that any registered dealer has concealed any sales or purchases or any particulars thereof, with a view to reduce the amount of tax payable by him, the prescribed authority shall direct that he shall, in addition to additional tax on suppressed or concealed turnover, pay by way of penalty a sum equal to thrice the additional tax assessed.

Audit test checked (between September 2019 and February 2020) the assessment records of 663 dealers out of 28,165 dealers registered in six commercial taxes

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[24] Adityapur, Bokaro, Chaibasa, Chirkunda, Giridih, Hazaribag, Jamshedpur, Jamshedpur Urban, Katras, Koderma, Pakur, Ranchi South, Ranchi Special, Ranchi West and Singhbhum.

[25] Annual returns, Trading accounts, ER-1 filed by the dealers with Central Excise Department, JVAT 506 and Annual audited accounts.

[26] Adityapur, Giridih, Hazaribag, Jamshedpur, Katras, Ranchi Special, Ranchi West and Singhbhum.

circles[27] and noticed that nine dealers had disclosed gross turnover of ₹ 4,995.52 crore for the period 2014-15 and 2015-16. The AAs while finalising assessments (between March 2018 and March 2019), enhanced the turnover to ₹ 5,863.76 crore on account of suppression in turnover made by the dealers in order to evade tax. Though the AAs enhanced the turnover by ₹ 868.24 crore and assessed additional tax of ₹ 43.84 crore, they did not levy penalty of ₹ 131.51 crore on additional tax assessed on enhanced turnover without assigning any reason.

After the cases were pointed out (between September 2019 and February 2020), AAs of three CTCs[28] raised (between October 2020 and September 2021) an additional demand of ₹ 2.47 crore in five cases, AAs of remaining CTCs stated that the cases would be reviewed.

The matter was reported to the Government/Department in August 2021; their reply is awaited (January 2022).

2.6 Non/short levy of interest on disallowed exemptions and concessions

The AAs of 14 circles disallowed exemptions, concessions and adjustment of ITC of ₹ 2,264.96 crore. However, interest of ₹ 102.24 crore was not levied as per the provisions of the Act.

The JVAT Act, 2005 provides for levy of interest applicable under this Act on account of disallowance of ITC, exemptions and deductions and any other concessions or rebates not supported by requisite evidence as required under the Act, Central Sales Tax Act or Rules framed thereunder. The Act further prescribes payment of simple interest on the additional tax assessed at the rate of two *per cent* per month from the date of such default for so long as the assessee continues to make default in the payment of the said tax.

Audit test-checked (between July 2019 and March 2020) the assessment records of 1,464 dealers out of 58,045 dealers registered in 14 commercial taxes circles[29] and noticed that AAs disallowed (between July 2016 and March 2019) claims of 40 dealers for exemptions and concessions of ₹ 2,195.65 crore and adjustment of ITC of ₹ 69.31 crore for the period 2014-15 and 2015-16. Additional tax including ITC of ₹ 152.81 crore was levied by the AAs on the aforesaid disallowed turnovers. However, AAs failed to levy penal interest amounting to ₹ 102.24 crore on the disallowed claims. It was further observed that the levy of interest on disallowed adjustment of ITC in course of assessment was not being levied uniformly in the above commercial taxes circles.

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[27] Bokaro, Chaibasa, Giridih, Hazaribag, Koderma and Ranchi West.

[28] Chaibasa, Hazaribag and Koderma.

[29] Bokaro, Chaibasa, Dhanbad, Hazaribag, Jamshedpur, Jamshedpur Urban, Jharia, Katras, Koderma, Pakur, Ranchi South, Ranchi Special, Ranchi West and Tenughat.

After the cases were pointed out (between July 2019 and March 2020), the AAs of 10 CTCs[30] raised (between June and September 2021) an additional demand of ₹ 52.33 crore in 26 cases, the AAs of remaining CTCs stated (between July 2019 and March 2020) that the cases would be reviewed.

The matter was reported to the Government/Department in August 2021; their reply is awaited (January 2022).

2.7 Irregularities in grant of Input Tax Credit (ITC)

The AAs, while finalising the assessments in case of 29 dealers, allowed ITC of ₹ 109.51 crore instead of ₹ 85.70 crore. This resulted in allowance of excess ITC of ₹ 23.81 crore.

Under the provisions of Section 18(8) (xv) of JVAT Act 2005, Input Tax Credit (ITC) shall not be allowed to registered dealer on the purchase of goods sold as such or used in manufacture of other goods and sold in course of inter-State trade or commerce falling under sub-section (2) of Section 8 of Central Sales Tax Act, 1956. Further, ITC shall be allowed proportionately in case of stock transfer of goods outside the State on the tax paid in excess of five *per cent* of such materials used in the manufacture of the finished goods. Clause (xviii) was inserted to Section 18(8) of this Act vide notification dated 23 September 2015 which prescribes that ITC shall not be allowed in respect of goods consumed or burnt up in course of the manufacturing process and are not transferred into or existent in the finished product. The inserted provision was given retrospective effect from 01 April 2015. However, as per judicial pronouncement by Hon'ble Jharkhand High Court the provision was effective from the date of issue of notification i.e., 23 September 2015. Also, no ITC is admissible where value of taxable sales is five *per cent* or less of total turnover as per Rule 26(6) (b) of JVAT Rules.

Audit test checked (between July 2019 and March 2020) the assessment records of 1,346 dealers out of 59,500 dealers registered in 14 commercial taxes circles[31] and noticed that 29 dealers had claimed ITC of ₹ 127.03 crore for the period 2014-15 to 2016-17. The AAs while finalising the assessments (between January 2017 and March 2019) of these dealers had allowed ITC of ₹ 109.51 crore being supported by evidence[32]. However, on scrutiny, as mentioned below, it was noticed that these dealers were actually entitled for ITC amounting to ₹ 85.70 crore only. This resulted in allowance of excess ITC of ₹ 23.81 crore as detailed below:

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30 Chaibasa, Dhanbad, Hazaribag, Jamshedpur, Katras, Koderma, Pakur, Ranchi South, Ranchi Special and Tenughat.

31 Adityapur, Bokaro, Chaibasa, Deoghar, Dhanbad, Giridih, Katras, Pakur, Ramgarh, Ranchi East, Ranchi South, Ranchi West, Singhbhum and Tenughat.

32 Declaration in Form JVAT 404 issued by the registered selling dealer evidencing payment of tax by the purchasing dealer at the time of purchase of taxable goods under Rule 35 (2), 35 (3) and 35 (4) of JVAT Rules, 2006.

- The AAs of eight commercial tax circles[33], allowed ITC of ₹ 29.61 crore in case of 11 dealers for the period 2015-16. However, these dealers had made inter-State sales to unregistered dealers under Section 8 (2) of CST Act for ₹ 314.00 crore on which ITC of ₹ 29.61 crore was not apportioned by the AAs. After apportionment, allowable ITC was ₹ 27.84 crore. This resulted in allowance of excess ITC of ₹ 1.77 crore.

- The AAs of five commercial taxes circles[34], allowed ITC of ₹ 24.27 crore in case of 11 dealers for the period 2014-15 and 2016-17. These dealers had made stock transfer of goods valued at ₹ 5,347.41 crore, on which ITC was not/incorrectly apportioned by the AAs. After apportionment, allowable ITC was ₹ 20.94 crore. This resulted in allowance of excess ITC of ₹ 3.33 crore.

- The AAs of three commercial taxes circles[35], allowed ITC of ₹ 53.36 crore in case of five dealers for the period 2015-16 and 2016-17. However, it was noticed that ITC was allowed on purchase of materials which got burnt up during manufacturing process and were not transferred into finished goods. After disallowing ITC on these purchases, allowable ITC was ₹ 34.82 crore. This resulted in allowance of excess ITC of ₹ 18.53 crore.

- The AA of Commercial Tax Circle, Deoghar allowed ITC of ₹ 2.36 lakh in case of a dealer for the period 2015-16. However, it was noticed that taxable sales of the dealer was below five *per cent* and as such, the dealer was not entitled for ITC under provisions of the Act. Further, AA of Commercial Tax Circle, Ramgarh allowed ITC of ₹ 1.78 crore in case of a dealer for the period 2015-16. However, the dealer was actually entitled for ITC ₹ 1.62 crore only as one declaration in Form- JVAT 404 having ITC of ₹ 15.84 lakh produced by the dealer was of prior period. This resulted in allowance of excess ITC of ₹ 18.20 lakh in case of two dealers.

After the cases were pointed out (between July 2019 and March 2020), the AAs of eight CTCs[36] raised (between January and September 2021) an additional demand of ₹ 2.95 crore in 18 cases, the AAs of remaining CTCs stated that the cases would be reviewed.

The matter was reported to the Government/Department in August 2021; their reply is awaited (January 2022).

2.8 Incorrect determination of gross turnover (GTO)/ taxable turnover (TTO)

The AAs determined GTO/TTO of ₹ 1,962.03 crore instead of ₹ 2,407.40 crore in case of seven dealers, which resulted in short determination of GTO by ₹ 445.37 crore and consequential under assessment of tax of ₹ 22.33 crore.

Under the provisions of Section 2 (xxv) of JVAT Act, 2005 gross turnover is the aggregate of sale price received or receivable by a dealer. Further, taxable

[33] Adityapur, Chaibasa, Deoghar, Dhanbad, Pakur, Ranchi South, Ranchi West and Tenughat.
[34] Adityapur, Bokaro, Katras, Ranchi West and Singhbhum.
[35] Bokaro, Giridih and Ranchi East.
[36] Adityapur, Chaibasa, Deoghar, Katras, Pakur, Ranchi West, Singhbhum and Tenughat.

turnover means the turnover on which a dealer shall be liable to pay tax as determined after making such deductions from his gross turnover. Sub-rule 4 of Rule 25 of JVAT Rules prescribes that no registered VAT dealer shall sell his goods below his purchase or cost price as the case may be.

Audit test checked (between November 2019 and March 2020) the assessment records of 553 dealers out of 16,449 dealers registered in five commercial taxes circles[37] and noticed that the AAs had determined GTO/TTO of ₹ 1,962.03 crore for the period 2014-15 to 2016-17 in case of seven dealers. However, it was seen that the AAs, while determining the GTO did not consider the turnover of ₹ 445.37 crore shown in audited accounts in Form-JVAT 409, receipt from export incentive and sale of goods below purchase or cost price although forming part of gross turnover as per aforesaid provisions of the Act. Thus, the actual GTO/TTO of these dealers was ₹ 2,407.40 crore. This resulted in incorrect determination of GTO/TTO and consequential under assessment of tax of ₹ 22.33 crore.

After the matter was pointed out (between November 2019 and March 2020), the AAs of four CTCs[38] (between July 2020 and September 2021) raised an additional demand of ₹ 21.42 crore in six cases, AA of Deoghar CTC stated that the case would be reviewed.

The matter was reported to the Government/Department in August 2021; their reply is awaited (January 2022).

2.9 Application of incorrect rate of tax

The AAs, while finalising the assessments, levied incorrect rates of tax resulting in short levy of tax of ₹ 14.53 crore.

Under provisions of Schedule–II Part D of JVAT Act, 2005, spare parts of Heavy Earth Moving Machineries (HEMM) attracts levy of tax at the rate of 14 *per cent*. Further, Rule 22 (2) of JVAT Rules, 2006 prescribes that where the amount of charges towards labour, services, hire charges or all other like charges in any contract are not ascertainable, the amount of such charges shall be calculated at the rate of 30 *per cent* (in case of civil works) of the total consideration received or receivable and the taxable turnover arrived thereafter shall be taxable at the rate of 14 *per cent*. Further, as per notification issued in April 2015 read with notification issued in March 2016, tax at the rate of 2.5 *per cent* is to be levied on sale of pig iron, steel scrap, ferro alloys and sponge iron for use in manufacturing by Micro, Small and Medium Enterprises (MSME) on production of declaration in Form 'A' by the purchasing MSME. As per notification issued in November 2016, rate of tax on sale of iron and steel

37 Deoghar, Dhanbad, Pakur, Tenughat and Ranchi South.
38 Dhanbad, Pakur, Ranchi South and Tenughat

has been revised from five *per cent* to 5.5 *per cent* with effect from November 2016.

Audit test check (between July and December 2019) of assessment records of 577 dealers out of 23,632 dealers registered in five commercial taxes circles[39] revealed that:

- AAs of three commercial taxes circles[40] while finalising the assessments (between December 2017 and March 2019) in case of five dealers for the period 2014-15 and 2015-16, allowed 30 *per cent* of consideration received, in labour and other like charges due to non-furnishing of evidence in support of the claim. However, on the taxable turnover of ₹ 147.76 crore arrived thereafter, tax was levied incorrectly at the rate of five *per cent* instead of 14 *per cent* as per the provisions of the Rules. This resulted in short levy of tax of ₹ 13.30 crore.

- In Hazaribag commercial taxes circle, the AA while finalising the assessment in case of a dealer, levied tax of ₹ 6.34 lakh on sale of HEMM spare parts of ₹ 1.27 crore at the rate of five *per cent*. However, tax was leviable at the rate of 14 *per cent* amounting to ₹ 17.76 lakh. This resulted in short levy of tax of ₹ 11.42 lakh.

- AA of Hazaribag commercial taxes circle, while finalising the assessment (March 2019) of a dealer for the period of 2015-16, levied tax of ₹ 58.97 lakh at the rate of two and half *per cent* on sales of ₹ 23.59 crore made to MSME. However, the sales were not supported by requisite declarations in Form 'A' and thus, tax of ₹ 1.18 crore was leviable at the rate of five *per cent* on the above turnover. This resulted in under assessment of tax of ₹ 58.97 lakh.

- AA of Giridih commercial taxes circle while finalising the assessments (between December 2018 and March 2019) in case of three dealers for the period 2016-17 levied tax of ₹ 5.32 crore at the rate of five *per cent* on sale of iron and steel valued at ₹ 106.31 crore between November 2016 and March 2017. However, rate of tax leviable on these commodities was amended from five to five and half *per cent* with effect from November 2016. As such, tax of ₹ 5.85 crore was leviable on sale of these commodities, which resulted in short levy of tax of ₹ 53.16 lakh.

Audit observed that due to lack of diligence by the AAs in implementing the provisions of the Act, Rules and Government notifications, incorrect rate of tax was levied resulting in short levy of tax amounting to ₹ 14.53 crore.

After the cases were pointed out (between September and December 2019), AAs of five CTCs[41] raised (September 2021) an additional demand of ₹ 10.34 crore in six cases and stated that remaining cases would be reviewed.

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39 Giridih, Hazaribag, Koderma, Singhbhum and Tenughat.
40 Koderma, Singhbhum and Tenughat.
41 Giridih, Hazaribag, Koderma, Singhbhum and Tenughat.

The matter was reported to the Government/Department in August 2021; their reply is awaited (January 2022).

2.10 Short levy of tax

The AAs of two circles determined taxable turnover as ₹ 3,757.22 crore in case of three dealers. However, tax was erroneously levied on taxable turnover of ₹ 3,706.45 crore which resulted in short levy of tax of ₹ 2.54 crore.

The Assessing Authority (AA) has to finalise assessment with utmost care and efficiency under the provisions of CST/JVAT Act. The AAs should ensure that computation of tax has been done accurately.

Audit test checked assessment records of 200 dealers out of 11,236 dealers registered in Commercial Taxes Circles, Hazaribag and Jamshedpur Urban and noticed (between July and November 2019) that AAs while finalising the assessments (between March 2018 and March 2019) in case of three dealers for the period 2014-15 and 2015-16 determined taxable turnover as ₹ 3,757.22 crore. However, tax was erroneously levied on turnover of ₹ 3,706.45 crore. Hence, tax on turnover of ₹ 50.77 crore was not levied which resulted in short levy of tax of ₹ 2.54 crore.

After the cases were pointed out (between July and November 2019), the AAs of Jamshedpur Urban and Hazaribag CTCs raised (between August 2019 and June 2021), an additional demand of ₹ 2.54 crore in aforesaid three cases.

The matter was reported to the Department/Government in August 2021; their reply is awaited (January 2022).

2.11 Under assessment of Central Sales Tax

The AAs levied concessional rate of two *per cent* CST on turnover of ₹ 92.59 crore instead of applicable rates of five *per cent* CST and 14 *per cent* under JVAT. This resulted in under assessment of CST of ₹ 10.64 crore.

Under the provisions of Section 3 of the CST Act, 1956, a sale or purchase of goods shall be deemed to take place in the course of inter-State trade or commerce if the sales or purchase occasions the movement of goods from one State to another. Section 6(2) read with Rule 12(1) and 12(4) of CST Rules, 1957 provides that sale of any goods in the course of inter-State trade or commerce shall be exempt from tax under this Act provided the dealer effecting the sale furnishes to the prescribed authority a certificate in Form E1 or EII issued by the seller and a declaration in Form C from whom the goods were subsequently sold. Further, Sections 8(1) and 8(4); and Rule 12(4) provides that every dealer, who in course of inter-State trade or commerce, sells goods to a registered dealer, shall be liable to pay tax at the rate of two *per cent* of his turnover on furnishing of declarations in Form 'C' issued by the purchasing dealer.

Audit test check (between July and October 2019) of assessment records of 250 dealers out of 18,145 dealers registered in Commercial Taxes Circles, Hazaribag and Jamshedpur revealed the following.

- In Commercial Taxes Circle, Hazaribag, the AA levied (March 2019) concessional rate of tax at the rate of two *per cent* on turnover of ₹ 265.16 crore on production of Form 'C' in case of a dealer for the period 2015-16. However, all the Form 'C' were inclusive of tax. Scrutiny revealed that value of forms after deducting the tax of ₹ 5.21 crore comes to ₹ 259.96 crore. As the turnover of ₹ 5.21 crore was not supported by Form 'C', tax of five *per cent* was leviable instead of concessional rate of two *per cent.*

- In Commercial Taxes Circle, Jamshedpur, the AA levied (between February 2017 and March 2018) concessional rate of CST of two *per cent* on turnover of ₹ 87.39 crore in case of a dealer for the period 2013-14 and 2014-15 treating it as inter-State sale on the basis of production of Form 'C', instead of intra-State sale as both the receiving dealer (seller) and issuing dealer (purchaser) belonged to the State. As such, this turnover attracts levy of tax at the rate of 14 *per cent* under VAT Act.

This resulted in incorrect levy of concessional rate of tax on turnover of ₹ 92.59 crore and consequential under assessment of CST of ₹ 10.64 crore.

After the cases were pointed out by Audit (between July and October 2019), the AAs stated that the cases would be reviewed.

The matter was reported to the Government/Department in February 2020; their reply is awaited (January 2022).

MINES AND GEOLOGY DEPARTMENT

2.12 Status of mining receipts in Jharkhand

Jharkhand is a mineral rich State. The State has 40 *per cent* of total mineral resources of the country and more than 30 types of minerals are found in the State. The State occupies first position in coal reserves, second in iron ore reserves, third in copper ore reserves, seventh position in bauxite ore reserves and is the sole producer of prime coking coal.

The Department of Mines and Geology administers central legislations viz., the Mines and Minerals (Development and Regulation) (MMDR) Act, 1957, the Minerals (other than Atomic and Hydro Carbon Energy Minerals) Concession Rules, 2016 and the Mineral Conservation and Development Rules (MCDR), 1988 for major minerals. The Department also administers the Jharkhand Minor Mineral Concession Rules, 2004 for minor minerals.

As per available data/information on the Department's web-portal status of mining leases of the State as on September 2021 is depicted in **Table-2.4**.

Table-2.4
Circle-wise status of mining leases

Name of Mining Circle	Leases of major minerals			Leases of minor minerals		
	No. of total leases	No. of working leases	No. of non-working leases	No. of total leases	No. of working leases	No. of non-working leases
Dhanbad	138	61	77	519	124	395
Dumka	19	3	16	1,314	270	1,044
Hazaribag	52	20	32	538	65	473
Kolhan	97	11	86	429	86	343
Palamu	20	7	13	210	78	132
Ranchi	58	19	39	671	85	586
Total	**384**	**121**	**263**	**3,681**	**708**	**2,973**

From the table, it can be seen that total 384 leases of major minerals and 3,681 leases of minor minerals are there in the State. Out of these, 263 and 2,973 leases of major and minor minerals respectively are non-working. Reason for non-working of leases was not intimated by the Department, though called for (September 2021).

2.12.1 Details of revenue raised by Mines and Geology Department during the period 2015-16 to 2019-20 are given in the **Table-2.5**.

Table- 2.5
Mining receipts

(₹ in crore)

Year	Receipts	Percentage increase (+) or decrease (-) over previous years
2015-16	4,384.43	(+) 17.40
2016-17	4,094.25	(-) 6.62
2017-18	5,941.36	(+) 45.11
2018-19	5,934.64	(-) 0.11
2019-20	5,461.36	(-) 7.97

As depicted in the above table, mining receipts of the State was not consistent. Mineral receipts has been the highest contributor to non-tax receipts (72 *per cent*) and second highest contributor to State's own receipts (25 *per cent*) during the last five years.

2.13 Tax administration

The levy and collection of royalty in the State is governed by the Mines and Minerals (Development and Regulation) Act, 1957, the Mineral Concession Rules, 1960 and the Jharkhand Minor Mineral Concession Rules, 2004.

At the Government level, the Secretary, Mines and Geology Department and at the Directorate level, the Director of Mines is responsible for administration of the Acts and Rules. The Director of Mines is assisted by an Additional Director of Mines (ADM) and Deputy Director of Mines (DDM) at the headquarters' level. The State is divided into six circles[42], each under the charge of a DDM. The circles are further divided into 24 district mining offices, each under the charge of a District Mining Officer (DMO)/Assistant Mining Officer (AMO). The DMOs/AMOs are responsible for levy and collection of royalty and other mining dues. They are assisted by Mining Inspectors (MIs). DMOs and MIs are authorised to inspect the lease hold areas and review production and dispatch of minerals.

2.14 Results of audit

During 2019-20, Audit test checked the records of 17[43] out of 51 auditable units (33 *per* cent) of the Mines and Geology Department. Out of 1,424 mining leases (275 of major minerals and 1,149 of minor minerals) in the test checked units, Audit examined records of 272 mining leases (59 of major minerals and 213 of minor minerals). The receipts of the Department during 2018-19 was ₹ 5,934.64 crore of which the audited units collected ₹ 4,517.38 crore (76 *per cent*). Audit noticed irregularities amounting to ₹ 1,519.32 crore in 160 cases as detailed in **Table-2.6**.

Table-2.6

(₹ in crore)

Sl. No.	Categories	No. of cases	Amount
1	Non-levy of penalty for illegal mining (cases pending in court)	9	832.37
2	Short levy of royalty	9	64.11
3	Non-realisation of dead rent and interest	14	13.68
4	Non-levy of penalty for illegal operation of brick kilns	9	10.50
5	Non-levy of penalty for non-submission of monthly returns	9	0.62
6	Non-realisation of outstanding demand	2	0.11
7	Other cases	108	597.93
Total		**160**	**1,519.32**

The Department accepted underassessment and other deficiencies of ₹ 90.35 lakh in one case pointed out by Audit.

Irregularities involving eight cases worth ₹ 15.42 crore related to mining receipts are discussed below.

2.15 Application of incorrect rate of royalty

Failure of the Department to verify the rate of royalty in accordance with provisions of the Act/Rules resulted in short levy of royalty of ₹ 15.42 crore.

Under the provisions of Section 9 of the Mines and Mineral (Development and Regulation) Act, 1957, the holder of a mining lease shall pay royalty on any

42 Chaibasa, Daltonganj, Dhanbad, Dumka, Hazaribag and Ranchi.

43 Director of Mines, Ranchi; District Mining Offices, Chaibasa, Deoghar, Dhanbad, Dumka, Giridih, Godda, Gumla, Hazaribag, Jamshedpur, Lohardaga, Pakur, Ramgarh, Ranchi, Sahibganj and Saraikela-Kharsawan; Inspector of Mica Accounts, Koderma.

mineral removed or consumed from the leased area at the rate for the time being specified in 2nd Schedule of MMDR Act. Rate of royalty on coal is 14 *per cent* of price of coal, as reflected in the invoice, whereas, on bauxite, it is zero point six *per cent* of London Metal Exchange Aluminium metal price chargeable on the contained aluminium in the ore produced for those dispatched for use in aluminum metal extraction. As per price notification issued in January 2017, base price for Washed Prime Coking Coal was ₹ 13,187 per MT with guaranteed ash at 19 *per cent*. The base price so notified has also bonus/penalty clause which states that the base price would increase/decrease at the rate of 0.23 *per cent*, if the ash content increase/decrease by 0.11 *per cent* from the guaranteed ash content i.e., 19 *per cent*. Further, Rule 13(1) of the Mineral Conservation and Development Rule, 1988 provides that every holder of a mining lease shall carry out mining operations in accordance with the approved mining plan with such conditions as may have been prescribed under sub-rule (2) of Rule 9 or with such modifications, if any, as prescribed under Rule 10 or the mining plan or scheme approved under Rule-11 or 12, as the case may be.

Audit test checked (between October 2019 and February 2020) the monthly returns and other relevant records of 24 out of 128 major mineral leases in three district mining offices[44] and noticed that eight lessees engaged in extraction of minerals had dispatched 35.60 lakh MT minerals (33.77 lakh MT coal and 1.83 lakh MT bauxite) between April 2016 and March 2019. Though royalty of ₹ 119.18 crore was payable, the lessees paid ₹ 103.76 crore at the incorrect rates, which was accepted by the Department without verifying the rate in accordance with provisions of the Act/Rules. This resulted in short levy of royalty of ₹ 15.42 crore.

After the cases were pointed out (between October 2019 and February 2020) the District Mining officer, Hazaribag accepted (April 2020) the audit observation and intimated that demand notice has been issued. District Mining Officers, Dhanbad and Lohardaga stated (between October 2019 and February 2020) that necessary action would be taken after proper verification. Further, reply has not been received (January 2022).

The matter was reported to the Government (July 2020); their reply is awaited (January 2022).

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[44] Dhanbad, Hazaribag and Lohardaga.

EXCISE AND PROHIBITION DEPARTMENT

2.16 Tax administration

The levy and collection of excise duty is governed by the Bihar Excise Act, 1915 and the Rules made/ notifications issued thereunder, as adopted by the Government of Jharkhand. At the Government level, the Secretary of the Excise and Prohibition Department is responsible for administration of the State Excise laws. The Commissioner of Excise (EC) is the head of the Department and is primarily responsible for the administration and execution of state excise policies and programmes of the Government. He is assisted by a Joint Commissioner of Excise, Deputy Commissioner of Excise and Assistant Commissioner of Excise at the Headquarters' level. Further, the State of Jharkhand is divided into three excise divisions[45], each under the control of a Deputy Commissioner of Excise. The divisions are further divided into 24 excise districts each under the charge of an Assistant Commissioner of Excise/ Superintendent of Excise (ACE/ SE).

2.17 Results of audit

During 2019-20, Audit test-checked the records of 11[46] out of 31 auditable units (35 *per cent*) of the Department. During the year 2017-18, 1,111 retail excise shops were renewed in the State for the period April to July 2017. Thereafter, 679 shops were run departmentally. In 2018-19, 734 retail shops were run departmentally. In the test checked districts, Audit examined *cent per cent* retail excise shops, i.e., 232 retail excise shops renewed for April to July 2017 and 142 shops run departmentally during 2017-18 and 455 shops run departmentally during 2018-19.

The Department collected revenue of ₹ 1,082.82 crore during 2018-19 of which the audited units collected ₹ 858.44 crore (79.28 *per cent*). Audit noticed irregularities amounting to ₹ 186.54 crore in 534 cases as detailed in **Table – 2.7**.

Table-2.7

Sl. No.	Categories	No. of cases	Amount (₹ in crore)
1	Non-transfer of surcharge to local body	123	37.13
2	Non-levy of excise transport duty	234	8.42
3	Short realisation of licence fee	11	4.25
4	Non-operation of retail/approved shops	44	3.08
5	Short lifting by liquor retail vendors	26	2.07
6	Non-realisation of licence fee from JSBCL for retail shops	13	0.91
7	Other cases	83	130.68
	Total	**534**	**186.54**

[45] North Chotanagpur Division, Hazaribag, South Chotanagpur Division, Ranchi and Santhal Pargana Division, Dumka.

[46] Offices of ACE, Bokaro, Dhanbad, Hazaribag, Jamshedpur, Ramgarh and Ranchi; SE, Chaibasa, Deoghar, Dumka and Giridih; and Secretary, Excise and Prohibition Department, Ranchi.

The Department accepted all observations pointed out by Audit during the year 2019-20 and recovered ₹ 4.18 crore involved in 231 cases up to July 2021.

Irregularities involving 26 cases worth ₹ 2.07 crore have been illustrated in Para 2.18. This nature of irregularity had been repeatedly reported during the last five years as detailed in **Table-2.8**.

Table – 2.8

(₹ in crore)

Nature of observation	2014-15		2015-16		2016-17		2017-18		2018-19		Total	
	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount
Short lifting of liquor by retail vendors	542	4.67	447	5.57	695	23.20	132	2.86	496	22.46	2,312	58.76

2.18 Short lifting of liquor by retail vendors

The Department did not take action to ensure lifting of minimum guaranteed quota which resulted in short lifting of liquor and non-levy of penalty equivalent to loss of excise duty of ₹ 2.07 crore.

Under the provisions of Rule 17 of the Jharkhand Excise (Settlement of Liquor retail License) Rules, 2009 read with condition No. 20 of sale notifications, each licensed vendor of a retail excise shop is bound to lift minimum guaranteed quota (MGQ) of liquor of each kind fixed by the Department for the shop failing which revenue equivalent to loss of excise duty suffered by the Government shall be recoverable.

Audit test-checked the records of ACE, Ramgarh and noticed (October 2019) that 26 excise retail shops, out of 29 settled shops (grant of licenses to operate excise retail shops) were required to lift 18.63 lakh Bulk Litre (BL) of beer from Jharkhand State Beverage Corporation Ltd. between April 2016 and July 2017. However, these excise shops had lifted only 11.72 lakh BL of beer. It was observed that the MGQ of retail excise shops were fixed on annual basis which was divided into 12 parts and the vendors of retail shops lifted liquor monthly as per their requirement. The excise districts had prepared shop-wise reports regarding MGQ fixed, liquor lifted during the month and up to the month, and forwarded the reports to the Excise Commissioner. However, the Department did not take any action to ensure lifting of short lifted liquor in subsequent months so that the total MGQ fixed are lifted by the end of the year. This resulted in short lifting of 6.91 lakh BL of beer and consequential non-levy of penalty equivalent to loss of excise duty of ₹ 2.07 crore recoverable from the licensed vendors. The Department failed to recover the same from the licensed vendors as penalty.

After the cases were pointed out (October 2019), the Government/Department intimated (July 2021) that ₹ 1.60 crore was recovered from the security deposit of the concerned licensees and for the remaining amount, certificate cases had been instituted. Intimation regarding realisation of remaining amount is awaited (January 2022).

SECTION C

State Public Sector Enterprises

CHAPTER-I

1.1 Functioning of State Public Sector Enterprises

1.1.1 General

This Chapter presents the summary of the financial performance of Government Companies and Government controlled other Companies of the Government of Jharkhand (GoJ) and within the audit jurisdiction of the Comptroller and Auditor General of India (CAG). These State Public Sector Enterprises (SPSEs) were established to carry out activities of commercial nature and to contribute to the economic development of the State.

In the Chapter, the term State Public Sector Enterprises (SPSEs) encompasses those Government companies in which the direct holding of GoJ is 51 *per cent* or more and subsidiaries of such Government companies. There are no Statutory Corporations in Jharkhand.

According to Section 2 (45) of the Companies Act, 2013, a Government Company is any company in which not less than 51 *per cent* of the paid-up share capital is held by the Central Government, or by any State Government/ Governments, or partly by the Central Government and partly by one or more State Governments. This includes a company which is a subsidiary company of such a Government Company. Further, a Government-controlled company is any other company owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments.

Mandate

A Government Company or any other Company owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments or partly by Central Government and partly by one or more State Governments is subject to audit by the CAG.

Number of SPSEs

As on 31 March 2020, there were 31 SPSEs (including 03 inactive SPSEs) in Jharkhand. The financial performance of the SPSEs has been drawn up on the basis of latest finalised accounts as on 31 August 2021 and is covered in this section. The working SPSEs registered an annual turnover of ₹ 7,739.34 crore i.e., increase of 17.43 per cent in 2019-20 over 2018-19[1] as per their latest finalized accounts as on 31 August 2021. This turnover was equal to 2.36 *per cent* of State Gross Domestic Product (GSDP) for the year 2019-20 (₹ 3,28,598 crore). The working SPSEs incurred a loss of ₹ 1,354.20 crore as

[1] Turnover of working SPSEs as per their latest finalised accounts upto December 2019 was ₹ 6,590.43 crore.

per their latest finalised accounts. There are three inactive SPSEs[2] since inception having an investment of ₹ 51.91 crore towards capital (₹ 1.10 crore) and long term loans (₹ 50.81 crore). This is a critical area as the investments in inactive SPSEs do not contribute to the economic growth of the State. Initiation of winding up process of Patratu Energy Limited and Jharbihar Colliery Limited has been approved by their Boards[3].

Framework of Power Sector SPSEs

Power is a core component to operate industrial activities to boost the economy of any State. The State Government formulated (06 January 2014) the Jharkhand State Electricity Reforms Transfer Scheme, 2013 (JSERTS 2013) for unbundling of Jharkhand State Electricity Board (JSEB) and transfer of assets, properties, liabilities, obligations, proceedings and personnel of JSEB to four power sector companies (i.e., Jharkhand Urja Vikas Nigam Limited, Jharkhand Bijli Vitran Nigam Limited, Jharkhand Urja Sancharan Nigam Limited and Jharkhand Urja Utpadan Nigam Limited). These four power sector companies came into existence with effect from 06 January 2014 and all the assets and liabilities of JSEB excluding State Government liability were distributed among these companies according to the provisions of the JSERT Scheme 2013. The JSERT Scheme was revised by the State Government in November 2015 wherein it was clarified that the functions, business, rights, obligations, assets and liabilities of generation assets remain vested in the State Government and was to be administered by the State Government through Patratu Thermal Power Station (PTPS).

Besides these four companies, four[4] other power sector companies were incorporated prior to JSERTS, 2013. Out of above four companies, one company i.e., Tenughat Vidyut Nigam Limited (set up on 26 November 1987) is a power generating company and the other three companies *i.e.*, Karanpura Energy Limited (set up on 19 September 2008), Jharbihar Colliery Limited (set up on 18 June 2009) and Patratu Energy Limited (set up on 26 October 2012) are the subsidiaries of Jharkhand Urja Utpadan Nigam Limited. Jharbihar Colliery Limited and Patratu Energy Limited having investment of ₹ 24.38 crores (equity ₹ 1.05 crore and loans ₹ 23.33 crore) since its inception are in the process of winding up without even commencing production. Of these eight Power Sector companies, three[5] companies did not commence commercial activities till 2019-20. As of 31 March 2020, there were eight power-sector SPSEs in Jharkhand. Out of eight, only five power-sector SPSEs were working.

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2 Karanpura Energy Limited (KEL), Patratu Energy Limited (PEL) and Jharbihar Colliery Limited (JCL)

3 KEL: 5th AGM (15 Sep 2017), JCL: 15th meeting (15 May 2016) and 16th meeting (2 February 2018)

4 Tenughat Vidyut Nigam Limited, Karanpura Energy Limited, Jharbihar Colliery Limited and Patratu Energy Limited.

5 Karanpura Energy Limited, Jharbihar Colliery Limited and Patratu Energy Limited.

Framework of Non-Power Sector SPSEs

State Public Sector Enterprises (Non-Power Sector) consist of State Government Companies, Government-controlled other Companies and subsidiary Companies as of 31 March 2020, operating in the Non-Power Sector. These included all working Government Companies, one working other Government-controlled Company and one working subsidiary company.

Disinvestment and Restructuring of SPSEs

During the year 2019-20, no disinvestment, restructuring or privatisation was done by the State Government in the SPSEs.

1.1.2 Investment in Government Companies

Investment by the Government of Jharkhand

The Government of Jharkhand (GoJ) has high financial stakes in the SPSEs, which is mainly of three types:

- **Share capital and loans–** In addition to the share capital contribution, GoJ also provides financial assistance by way of loans to the SPSEs from time to time.
- **Special financial support–** GoJ provides budgetary support by way of grants and subsidies to the SPSEs as and when required.
- **Guarantees–** GoJ also guarantees the repayment of loans with interest availed by the SPSEs from Financial Institutions.

Aggregate investment in SPSEs with sector-wise summary

As on 31 March 2020, the investment (capital and long-term loans) in 31 SPSEs was ₹ 19,696.52 crore as per accounts of 2019-20 or information from SPSEs ***(Appendix-1.1.1)***. This total investment consisted of 23.40 *per cent* towards paid-up capital and 76.60 *per cent* in long-term loans. The sector-wise summary of investment in the SPSEs as on 31 March 2020 is given in **Table 1.1**.

Table 1.1: Sector-wise investment in SPSEs

Name of sector	Government Companies		Total	Investment (₹ in crore)		
	Working	Inactive		Equity	Long Term Loans	Total
(1)	(2)	(3)	(4)=(2)+(3)	(5)	(6)	(7)=(5)+(6)
Power	5	3	8	4,244.02	15,037.27	19,281.29
Finance	1	0	1	1.01	0	1.01
Service	8	0	8	49.33	43.96	93.29
Infrastructure	6	0	6	241.14	0	241.14
Others	8	0	8	74.36	5.43	79.79
Total	**28**	**3**	**31**	**4,609.86**	**15,086.66**	**19,696.52**

(Source: Compiled from information provided by SPSEs and accounts for 2019-20 received)

The major share of equity at 92.06 *per cent* (₹ 4,244.02 crore) and loans at 99.67 *per cent* (₹ 15,037.27 crore) from the Government of Jharkhand, banks and financial institutions was in the Power Sector.

Investment in Power Sector SPSEs

The activity-wise summary of investment in the Power Sector Enterprises as on 31 March 2020 is as shown in **Table 1.2**.

Table 1.2: Activity-wise investment in power sector SPSEs

Activity	No. of Power Sector SPSEs	Investment (₹ in crore)		
		Equity	Long term loans	Total
Generation of Power	2	145.13	715.90	861.03
Transmission of Power	1	975.06	3,735.22	4,710.28
Distribution of Power	1	3,111.03	10,529.55	13,640.58
Other[6]	4	12.80	56.60	69.40
Total	**8**	**4,244.02**	**15,037.27**	**19,281.29**

(Source: Information received from SPSEs)

As on 31 March 2020, the total investment (equity and long term loans) in eight Power Sector SPSEs was ₹ 19,281.29 crore. The investment consisted of ₹ 4,244.02 crore (22.01 *per cent)* towards equity and ₹ 15,037.27 crore (77.99 *per cent*) as long-term loans.

The aggregate investment in the Power Sector SPSEs over the period from 2015-16 to 2019-20 had increased by 43.90 *per cent*. Paid-up capital had remained constant and only long-term loans had increased. This resulted in increase in debt-equity ratio from 2.16:1 to 3.54:1 between 2015-16 to 2019-20 as shown in **Table 1.3.**

Table 1.3: Debt-Equity Ratios of Power Sector SPSEs

(₹ in crore)

Year	2015-16	2016-17	2017-18	2018-19	2019-20
Debt	9,155.12	10,419.84	12,218.40	14,561.42	15,037.27
Equity	4,244.02	4,244.02	4,244.02	4,244.02	4,244.02
Debt-Equity Ratio	2.16:1	2.46:1	2.88:1	3.43:1	3.54:1

Investment in SPSEs (Non-Power Sector)

The sector-wise investment in all SPSEs (Non-Power Sector) as on 31 March 2020 is as follows:

Table 1.4: Sector-wise investment in SPSEs (Non-power sector)

Sector	Number of SPSEs	Investment (₹ in crore)		
		Equity	Long term loans	Total
Social Sector	9	32.36	49.21	81.57
SPSEs in Competitive Environment	12	318.48	0.18	318.66
Others	2	15.00	0.00	15.00
Total	**23**	**365.84**	**49.39**	**415.23**

(Source: Compiled based on information received from SPSEs.)

** Includes paid-up capital, share application money and non-current component of principal amount of loans from the Central Government, State Governments and others including Public Financial Institutions and Commercial banks.*

[6] Jharkhand Urja Vikas Limited, Karanpura Energy Limited, Jharbihar Colliery Limited, and Patratu Energy Limited.

As on 31 March 2020, the total investment (equity and long-term loans) in 23 SPSEs (Non-Power Sector) was ₹ 415.23 crore. The investment consisted of ₹ 365.84 crore (88.11 *per cent)* towards equity and ₹ 49.39 crore (11.89 *per cent*) in long-term loans, as shown in ***Appendix-1.1.1***.

Budgetary support to SPSEs

The Government of Jharkhand provides financial support to SPSEs in various forms through the annual budget.

Power Sector SPSEs

The summarised details of budgetary outgo towards equity, loans, grants/ subsidies, loans written off and loans converted into equity in respect of working companies during the year in respect of Power Sector SPSEs for the last three years ending March 2020 are shown in **Table 1.5**.

Table 1.5: Details regarding budgetary support to Power Sector SPSEs

(₹ in crore)

Sl. No.	Particulars[7]	2017-18		2018-19		2019-20	
		No. of SPSEs	Amount	No. of SPSEs	Amount	No. of SPSEs	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(i)	Equity capital	0	0	0	0	0	0
(ii)	Loans	2	1,776.88	2	1,461.77	2	453.22
(iii)	Grants/ Subsidy	1	3,000	1	1,250	1	600
(iv)	Total outgo (i+ii+iii)	2	4,776.88	2	2,711.77	2	1,053.22
(v)	Loan repayment written off	-	-	-	-	-	-
(vi)	Loans converted into equity	-	-	-	-	-	-
(vii)	Guarantees issued[8]	-	-	1	450	-	-
(viii)	Guarantee commitment[9]	-	-	1	450	-	-

(Source: As per information furnished by SPSEs)

* *Some of the SPSEs received assistance from the State Budget under more than one of category.*

The annual budgetary assistance to the Power Sector SPSEs decreased from ₹ 4,776.88 crore in 2017-18 to ₹ 1,053.22 crore in 2019-20. The budgetary assistance for the year 2019-20 included ₹ 453.22 crore and ₹ 600 crore in the form of loans and grants respectively.

Government of Jharkhand extends guarantees as provided under Article 293(1) of the Constitution of India. JBVNL received guarantee commitment of ₹ 450 crore from GoJ to avail loans from banks/financial institutions during the year 2018-19. During the year 2019-20, no fresh guarantee was issued.

Non-Power Sector SPSEs

The summarised details of budgetary outgo towards equity, loans, grants/ subsidies, loans written off and loans converted into equity during the year in respect of Non-Power Sector SPSEs for the last three years ending March 2020 are shown in **Table 1.6**.

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7 Amount represents outgo from State Budget only.

8 Government guarantees issued to the SPSEs during a particular year.

9 Closing balance of amount outstanding against Government guarantee at the end of a particular year in respect of SPSEs.

Table 1.6: Details regarding budgetary support to SPSEs (Non-Power Sector)

(₹ in crore)

Sl. No.	Particulars[10]	2017-18		2018-19		2019-20	
		Number of SPSEs	Amount	Number of SPSEs	Amount	Number of SPSEs	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(i)	Equity Capital	2	70	3	67.08	1	0.92
(ii)	Loans		0		0		0
(iii)	Grants/ Subsidy		0		0		0
(iv)	**Total outgo (i+ii+iii)**	2	70	3	67.08	1	0.92
(v)	Loan repayment written off	-	-	-	-	-	-
(vi)	Loans converted into equity	-	-	-	-	-	-
(vii)	Guarantees issued	-	-	-	-	-	-
(viii)	Guarantee Commitment	-	-	-	-	-	-

(Source: As per information furnished by SPSEs)
**Some of the SPSEs received assistance from the State Budget under more than one of category.*

The annual budgetary assistance to Non-Power SPSEs declined from ₹ 70 crore in 2017-18 to ₹ 0.92 crore in 2019-20.

Analysis of Long-term Loans of the SPSEs

Analysis of the long-term loans of the SPSEs which had leverage during 2015-16 to 2019-20 was carried out to assess the ability of the companies to service the debt owed by the companies to the Government, banks and other financial institutions. This is assessed through the interest coverage ratio and debt turnover ratio.

Interest Coverage Ratio of Power Sector SPSEs

Interest coverage ratio is used to determine the ability of an SPSE to pay interest on outstanding debt and is calculated by dividing earnings before interest and taxes (EBIT) of an SPSE by interest expenses of the same period. The lower the ratio, the lesser is the ability of the SPSE to pay interest on debt. An interest coverage ratio below one indicates that the SPSE is not generating sufficient revenues to meet its expenses on interest. The details of interest coverage ratio (ICR) in respect of Power Sector SPSEs having interest burden during the period from 2015-16 to 2019-20 are given in **Table 1.7**.

Table 1.7: Interest Coverage Ratio relating to Power Sector SPSEs

(₹ in crore)

Year	Earnings before interest and tax (EBIT)	Interest	Number of SPSEs having liability of loans from Government and Banks and other financial institutions	Number of SPSEs having interest coverage ratio less than 1
2015-16	-1,066.28	250.28	3	3
2016-17	-1,656.84	310.94	3	3
2017-18	-138.49	645.85	3	3
2018-19	-1,028.70	687.17	3	3
2019-20	-1,514.60	793.59	3	3

(Source: Compiled based on latest available accounts of SPSEs for the respective years)

[10] Amount represents outgo from State Budget only.

The interest coverage ratio of all the five Power Sector SPSEs having liability of loans from Government as well as banks and other financial institutions during 2019-20 was negative as they are loss making.

Debt Turnover Ratio of Power Sector SPSEs

During the last five years,[11] the Compounded Annual Growth Rate (CAGR) of debt was 0.55 *per cent* while the CAGR of turnover of working five Power Sector SPSEs was 0.11 *per cent.* Consequently, the debt turnover ratio of the Power SPSEs to Gross State Domestic Product (GSDP) had shown an increasing trend during 2015-16 to 2017-18, decreased during 2018-19 and fell further during 2019-20 as shown in **Table 1.8**:

Table 1.8: Debt Turnover Ratio relating to the SPSEs

(₹ in crore)

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
Debt from Government and others (Banks and Financial Institutions)	9,155.12	10,419.84	12,218.40	14,561.42	15,037.30
Turnover	3,717.16	3,816.87	4,140.02	5,055.10	6,229.20
Debt-Turnover Ratio	2.46:1	2.73:1	2.95:1	2.88:1	2.41:1

(Source: Compiled based on information received from SPSEs)

Debt-turnover ratio measures the efficiency of a firm in managing and collecting the credit issued to the customers. The debt-turnover ratio ranged between 2.41 and 2.95 during the years 2015-16 to 2019-20 which was on the higher side.

Interest Coverage Ratio of Non-Power Sector SPSEs

No Interest bearing loans have been taken by Non-Power SPSEs since inception.

1.1.3 Return from Government Companies

Performance of Power Sector SPSEs

The financial position and working results of seven (four working and three non-working) Power Sector SPSEs as per their latest finalised accounts as on 30 December 2020 are detailed in ***Appendix-1.1.2***.

The performance of a company is traditionally assessed through percentage of turnover to Gross State Domestic Product (GSDP), Return on Investment, Return on Equity and Return on Capital Employed.

Percentage of turnover to GSDP

The details of turnover of Power Sector SPSEs as per their latest available accounts and GSDP of Jharkhand for a period of five years ending March 2020 are shown in **Table 1.9**.

[11] Base year 2014-15 – debt: ₹ 1,688.51 crore, turnover: ₹ 3,620.31 crore.

Table 1.9: Details of Turnover of Power Sector SPSEs *vis-à-vis* GSDP of Jharkhand

(₹ in crore)

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
Turnover of Power Sector SPSEs	3,717.16	3,816.87	4,140.02	5,055.10	6,229.20
Percentage change of turnover over previous year	2.68	2.68	8.47	22.10	23.23
GSDP of Jharkhand	2,06,613	2,36,250	2,69,816	2,97,204	3,28,598
Percentage change of GSDP over previous year	-5.45	14.34	14.21	10.15	10.56
Percentage of turnover to GSDP of Jharkhand	1.80	1.62	1.53	1.70	1.90

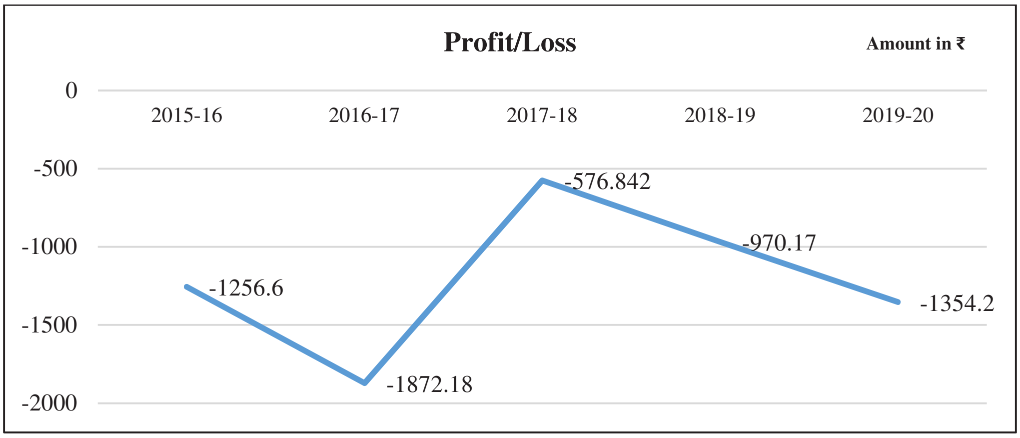
(Source: Compiled based on turnover figures of SPSEs and GSDP figures as per information in previous Audit Report and the Finance Accounts, Volume-I, 2019-20, GoJ)

The turnover of the SPSEs relative to GSDP was 1.90 *per cent* in 2019-20 and had gradually increased during the last three years. The Compounded Annual Growth Rate (CAGR) of GSDP was 8.50 *per cent* during the last five years, while the turnover of Power SPSEs recorded CAGR of 11.46 *per cent* during the same period.

Return on investment

The overall position of profits earned/ losses[12] incurred by the SPSEs during 2015-16 to 2019-20, as per the latest finalised accounts till 30 September of the respective years, is depicted below in **Chart 1.1**.

Chart 1.1: Profit earned/ losses incurred by SPSEs during the years



(Source: As per latest accounts as of 30 September following the respective financial years)

An aggregate loss of ₹ 6029.99 crore was incurred by the Power Sector SPSEs during 2015-16 to 2019-20.

Erosion of Net Worth/ capital

Net worth means the sum total of the paid-up capital and free reserves and surplus minus accumulated losses and deferred revenue expenditure. Essentially, it is a measure of what an entity is worth to the shareholders and is also referred to as shareholders' funds. A negative net worth indicates that

[12] Figures are as per the latest financial statements of the respective years.

the entire investment by the shareholders has been wiped out by accumulated losses and deferred revenue expenditure. **Table 1.10** below indicates total paid-up capital, total free reserves, total surpluses, total accumulated losses and net worth of the working Power Sector SPSEs during the period 2015-16 to 2019-20:

Table 1.10: Net Worth of working Power Sector SPSEs

(₹ in crore)

Year	No. of SPSEs	Paid up Capital	Free Reserves & Surplus	Accumulated profits (+)/losses (-)	Net worth
1	2	3	4	5	6=3+4+5
2015-16	7	4,131.42	0	-2,048.12	2,083.29
2016-17	7	4,131.42	0	-3,904.92	226.5
2017-18	7	4,131.52	0	-5,658.41	-1,526.89
2018-19	7	4,131.52	0	-7,014.83	-2,883.31
2019-20	7[13]	4,131.52	0	-8,153.65	-4,022.13

(Source: Compiled based on latest available accounts of SPSEs)

As can be seen, the combined net worth of the working Power Sector SPSEs was positive during the year 2015-16 to 2016-17. The net worth has decreased significantly from ₹ 2,083.29 crore in 2015-16 to (-) ₹ 4,022.13 crore in 2019-20 due to increase in accumulated losses.

Payment of dividend

The GoJ has not formulated any dividend policy. None of the Power Sector SPSEs had earned profit and hence had not declared dividend since incorporation.

Performance of SPSEs (Non-Power Sector)

The financial position and working results of the 23 SPSEs (Non-Power Sector) as per their latest finalised accounts as on 30 December 2020 are detailed in ***Appendix 1.1.2***. Their performance is analysed from the latest finalised accounts as on 30 December of the following year for each of the last five financial years ending 31 March 2020 and discussed hereafter.

The performance of a company is traditionally assessed through percentage of turnover to State GDP, return on investment, return on equity and return on capital employed.

Percentage of turnover to State GSDP

Table 1.11 provides the details of turnover of SPSEs (Non-Power Sector) and GSDP of Jharkhand for a period of five years ending March 2020:

[13] Financial Statements of Tenughat Vidyut Nigam Limited has been received up to financial year 2014-15 so only seven power sector SPSEs has been taken

Table 1.11: Details of Turnover of Non-Power SPSEs *vis-à-vis* GSDP of Jharkhand

(₹ in crore)

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
Turnover	1,349.21	1,431.3	1,502.24	1,535.33	1,510.14
Percentage change of turnover over previous year	9.49	6.08	4.96	2.20	-1.64
GSDP of Jharkhand	2,06,613	2,36,250	2,69,816	2,97,204	3,28,598
Percentage change of GSDP over previous year	-5.45	14.34	14.21	10.15	10.56
Percentage of turnover to GSDP of Jharkhand	0.65	0.61	0.56	0.52	0.46

(Source: Compiled based on turnover figures of SPSEs and State GSDP figures as per information in previous Audit Reports and the Finance Accounts, Volume-I, 2019-20 GoJ)

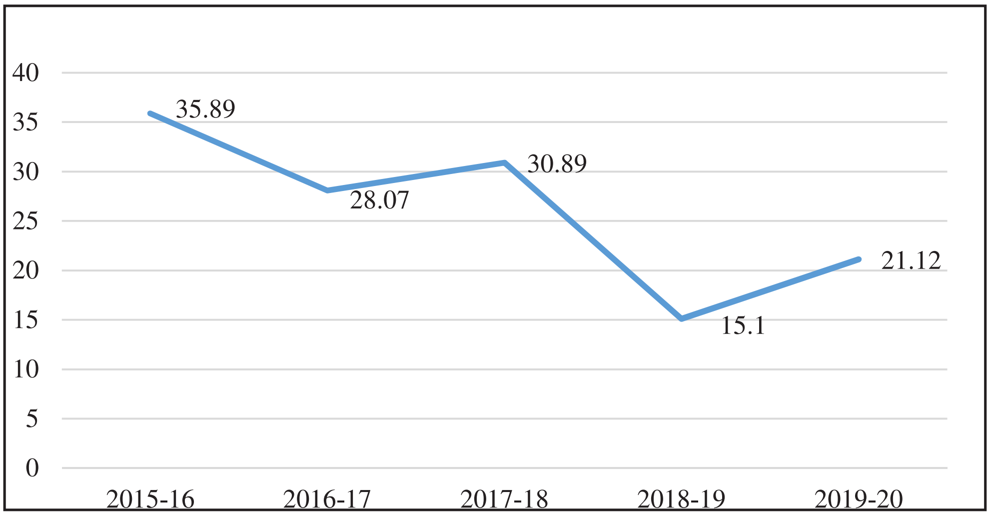
It can be seen from the above table that the turnover of the SPSEs (Non-Power Sector) relative to GSDP was 0.46 *per cent* in 2019-20 and had shown a gradually decreasing trend from 2015-16 to 2019-20. The compounded annual growth rate (CAGR) of State GSDP was 8.50 *per cent* during the last five years. Similarly, the turnover of Non-Power SPSEs had a CAGR of 4.15 *per cent* in the same financial year.

Return on Investment

Rate of Real Return on Investment is the percentage of profit or loss to the Present Value (PV) of total investment. The overall position of profits earned/ losses incurred by all 23 SPSEs (Non-Power Sector) during 2015-16 to 2019-20 is depicted below in **Chart 1.2**.

Chart 1.2: Profit/ Losses earned/ incurred by SPSEs (Non-Power Sector) during the years

(₹ in crore)



(Source: As per latest Accounts as of 30 September for respective financial years)

The profit of ₹ 35.89 crore earned by these SPSEs in 2015-16 decreased to ₹ 21.12 crore in 2019-20.

Erosion of Net worth/ capital

Net worth means the sum total of the paid-up capital and free reserves and surplus minus accumulated losses and deferred revenue expenditure. Essentially, it is a measure of what an entity is worth to the shareholders and is also referred to as shareholders' funds. A negative net worth indicates that the entire investment by the shareholders has been wiped out by accumulated losses and deferred revenue expenditure. The aggregate paid-up capital (including share application money), free reserves and surpluses of 13 working SPSEs in the Non-Power Sector as per their latest accounts[14] were ₹ 322.96 crore and ₹ 26.04 crore respectively while accumulated losses was ₹ Nil resulting in positive net worth of ₹ 349.00 crore. The net worth of each SPSE (Non-Power) is given at ***Appendix 1.1.2***.

Table 1.12 below indicates total paid- up capital, total free reserves, surpluses, accumulated losses and net worth of the working SPSEs (Non-power) during the period from 2015-16 to 2019-20:

Table 1.12: Net Worth of working SPSEs in Non-Power Sector

(₹ in crore)

Year	No. of SPSEs*	Paid up Capital (including share application money)	Free Reserves	Surplus	Accumulated losses	Net Worth
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*	*7=(3)+(4)+(5)-(6)*
2015-16	12	85.82	0	283.31	0	369.13
2016-17	13	151.15	0	106.38	0	257.53
2017-18	13	169.16	0	135.57	0	304.73
2018-19	13	154.02	0	52.05	0	206.07
2019-20	13	322.96	0	26.04	0	349.00

(Source: Compiled based on latest finalised Accounts received from SPSEs)
** SPSEs which had not submitted their first accounts since inception have been excluded.*

As can be seen from the table, the combined net worth of the working SPSEs was positive during the five-year period. However, the net worth has decreased from 2015-16 to 2019-20 despite increase in share capital.

Dividend Payout to Equity

The GoJ has not formulated any dividend policy. Out of 23 working SPSEs in the Non-Power Sector, none had declared dividends since incorporation, although two of them had earned profits during the year 2019-20.

1.1.4 Operating efficiency of Government Companies

The profitability of SPSEs is ascertained through three ratios, namely, Rate of Real Return (RORR) on Investment, Rate of Return on Equity or Shareholders' Funds and Rate of Return on Capital Employed as discussed below.

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[14] Figures are as per the latest year for which accounts of the SPSEs are finalised.

Profitability of Power Sector SPSEs

Rate of Real Return (RORR) on the basis of historical cost of investment

Rate of Real Return on Investment is the percentage of profit or loss to the historical or Present Value (PV) of total investment. For the purpose of calculation of the RORR the total figure of investment in working Power Sector SPSEs by the Government of Jharkhand, Government of India and others has been arrived at by considering equity, interest free loans and grants as well as subsidies for operational & management purpose.

As on 31 March 2020, equity of the Government of Jharkhand (GoJ), Government of India (GoI) and others in these seven SPSEs aggregated to ₹ 4,131.42 crore. Thus, the aggregate investment in these SPSEs on the basis of historical cost stood at ₹ 14532.86 crore. The rate of real return on investment on the basis of historical cost of investment in the Power Sector for the period 2015-16 to 2019-20 is given in **Table 1.13**.

Table 1.13: Annual Rate of Real Return on Investment on historical cost basis

(₹ in crore)

Year	Total Earnings for the year	Investment in the form of equity, interest free loans and grants/ subsidies for operational & management expenses on historical cost basis				Rate of Real Return on investment on historical cost basis (in *per cent*)
		Government of Jharkhand	Government of India	Funds invested by others	Total	
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)=(3)+(4) +(5)*	*(7)={(2)/(6)}* 100*
2015-16	-1,256.60	8,482.86	0	0	8,482.86	-14.81
2016-17	-1,872.18	9,682.86	0	0	9,682.86	-19.33
2017-18	-576.84	12,682.86	0	0	12,682.86	-4.55
2018-19	-970.17	13,932.86	0	0	13,932.86	-6.96
2019-20	-1354.2	14,532.86	0	0	14,532.86	-9.32

(Source: Compiled based on information received from SPSEs)

It can be seen from the above table that the rate of return in the Power Sector was negative in all the five years *viz.,* 2015-16 to 2019-20.

Return on Investment on the basis of Present Value of Investment

Traditional calculation of return based only on the basis of historical cost ignores the present value of money. Calculating RORR on the basis of PV is a more adequate method for assessment of return on investment. All Power Sector SPSEs had a negative return on investment during 2015-16 to 2019-20. Therefore, the return on investment could not be calculated on the basis of Present Value.

Return on Equity (RoE)

Shareholders' funds of a Company are calculated by adding paid- up capital including share application money and free reserves net of accumulated losses and deferred revenue expenditure. Shareholders' funds are also known as equity. A positive shareholders' fund implies that the company has enough assets to cover its liabilities while negative shareholder equity means that liabilities exceed assets.

RoE computed in respect of Power Sector SPSEs, which have earned profit or incurred loss, as per their latest annual financial statements is detailed in the **Table 1.14**.

Table 1.14: Profit and loss-wise Return on Equity on Power Sector SPSEs

(₹ in crore)

	Year	No. of SPSEs	Net Profit/ Loss after tax	Shareholders' funds	RoE in *per cent*
	(1)	*(2)*	*(3)*	*(4)*	*(5)={(3)/(4)}*100*
Loss incurring	2015-16	7	-1,256.60	2,083.29	--
	2016-17	7	-1,872.18	226.5	--
	2017-18	7	-576.84	-5,565.14	--
	2018-19	7	-970.17	-2,885.41	--
	2019-20	7	-1,354.20	-4,024.23	--

(Source: Compiled based on information received from SPSEs)

The RoE of Power Sector SPSEs were not worked out since either the net profit or shareholders' funds were negative.

Return on Capital Employed

Return on Capital Employed (RoCE) is a ratio that measures a company's profitability and the efficiency with which its capital is employed. RoCE is calculated by dividing a company's earnings before interest and taxes (EBIT) by the capital employed.[15]

The details of total RoCE of all the profit earning and loss incurring SPSEs during the period from 2015-16 to 2019-20 are given in **Table 1.15**.

Table 1.15: Profit and Loss-wise Return on Capital Employed of Power Sector SPSEs

(₹ in crore)

	Year	No. of SPSEs	EBIT	Capital Employed	RoCE (in *per cent*)
	(1)	*(2)*	*(3)*	*(4)*	*(5)={(3)/(4)}*100*
Loss incurring	2015-16	7	-1,005.5	19,145.93	-5.25
	2016-17	7	-1,560.7	17,379.12	-8.98
	2017-18	7	73.12	21,344.51	0.34
	2018-19	7	-283	21,036.76	-1.35
	2019-20	7	-560.61	25,273.61	-2.22

(Source: Compiled based on information received from SPSEs)

During 2015-16 to 2019-20, the RoCE of power-sector SPSEs ranged between (-) 8.98 *per cent* to 0.34 *per cent*.

[15] Capital employed = Paid up share capital + free reserves and surplus + long-term loans - accumulated losses - deferred revenue expenditure.

Profitability of Non-Power Sector SPSEs

Rate of Real Return on the basis of historical cost of investment

For the purpose of calculation of the Rate of Real Return (RORR) the total figure of investment in working Non-Power Sector SPSEs by the Government of Jharkhand, Government of India and others has been arrived by considering equity, interest free loans and grants as well as subsidies for operational and management purposes.

The sector-wise rate of real return on investment (RRoI) on the basis of historical cost of investment for the period 2015-16 to 2019-20 is given in **Table 1.16:**

Table 1.16 Sector wise Rate of Real Return on Investment on historical cost basis

(₹ in crore)

Year wise Sector-wise break-up	Total Earnings for the year	Investment in the form of equity, interest free loans and grants/ subsidies for operational & management expenses on historical cost basis				Rate of Real Return on investment on historical cost basis (in *per cent*)
		Govt. of Jharkhand	Govt. of India	Funds invested by others	Total	
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)=(3)+(4)+(5)*	*(7)={(2)/(6)}*100*
2015-16						
Social Sector	31.94	73.76	0	0	73.76	43.30
Competitive Sector	-0.79	134.64	0	0	134.64	-0.59
Others	4.74	2	0	0	2	237.00
Total	**35.89**	**210.40**	**0**	**0**	**210.40**	**17.06**
2016-17						
Social Sector	10.12	80.76	0	0	80.76	12.53
Competitive Sector	11.95	209.64	0	0	209.64	5.70
Others	6.02	2	0	0	2	301.00
Total	**28.09**	**292.4**	**0**	**0**	**292.4**	**9.61**
2017-18						
Social Sector	26.75	85.77	0	0	85.77	31.19
Competitive Sector	-0.19	279.64	0	0	279.64	-0.07
Others	4.33	2	0	0	2	216.50
Total	**30.89**	**367.41**	**0**	**0**	**367.41**	**8.41**
2018-19						
Social Sector	-0.29	96.94	0	0	96.94	-0.30
Competitive Sector	21.3	290.64	0	0	290.64	7.33
Others	4.81	15	0	0	15	32.07
Total	**25.82**	**402.58**	**0.00**	**0.00**	**402.58**	**6.41**
2019-20						
Social Sector	0.73	97.86	0	0	97.86	0.75
Competitive Sector	21.11	290.64	0	0	290.64	7.26
Others	-0.2	15	0	0	15	-1.33
Total	**21.64**	**403.50**	**0.00**	**0.00**	**403.50**	**5.36**

(Source: Compiled based on information received from SPSEs)

It would be seen from the above table that while SPSEs in the social sector had a negative return in the year 2018-19, the competitive sector had a negative return in the year 2015-16 & 2017-18 and the 'Others' sector had also a negative return in 2019-20.

These 23 SPSEs included five[16] working SPSE that had not even submitted first account up to September 2020. Out of 23 working SPSEs, there were 22 Government Companies and one Government controlled other Companies.

Return on Investment on the basis of Present Value of Investment

Traditional calculations of return based only on the basis of historical cost ignores the present value (PV) of money. Calculating RORR on the basis of PV is a more adequate method for assessment of return on investment. These 23 Non-Power SPSEs as a whole, had a positive rate of real return on investment in the years 2015-16 to 2019-20. The PV of the total investment in the working SPSEs (Non-Power Sector) was computed on the following assumptions:

- The equity infused minus disinvestment has been reckoned as investment for calculating the rate of real return on investments. Further, interest free long-term loans and assistance as grants/ subsidies have been considered as investment infusion. In case of either repayment of loans by the SPSEs or their subsequent conversion to equity/ interest bearing loans, the PV was calculated on the reduced balances of interest free loans over the period.

- The average rate of interest on government borrowings for the concerned financial year[17] was adopted as compounded rate for arriving at present value since they represent the cost incurred towards investment of funds for the year and therefore considered as the minimum expected rate of return on investments.

The sector-wise comparison of returns on funds at historical cost and at present value for the five years from 2015-16 to 2019-20 are given in **Table 1.17**.

[16] Jharkhand State Food and Civil Supplies Corporation Limited, Jharkhand Communication Network Limited, Adityapur Electronic manufacturing Cluster limited, Atal Bihari Innovation Lab & Ranchi Smart City Corporation Limited.

[17] The average rate of interest on government borrowings was adopted from the Reports of the C&AG of India on State Finances (Government of Jharkhand) for the concerned year wherein the average rate for interest paid = Interest Payment/[(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities)/2]*100.

Table 1.17: Sector wise Real Rate of Return on Investment at Present Value

(₹ in crore)

Year wise/ Sector-wise break-up	Total Earnings for the year	Total Investment in the form of equity, IFL and grants/ subsidies for operational & management expenses on historical cost basis	RRoI on historical cost basis (in *per cent*)	Present value of the total investment at the end of the year	RRoI on PV of the investments (in *per cent*)
1	*2*	*3*	*4=(2)/(3)*100*	*5*	*6=(2)/(5)*100*
2015-16					
Social Sector	31.94	73.76	43.30	121.33	26.32
Competitive Sector	-0.79	134.64	0.00	181.74	0.00
Others	4.74	2	237	5.99	79.13
Total	**35.89**	**210.4**	**17.06**	**309.07**	**11.61**
2016-17					
Social Sector	10.12	80.76	12.53	137.01	7.39
Competitive Sector	11.95	209.64	5.70	274.10	4.36
Others	6.02	2	301	6.40	94.06
Total	**28.09**	**292.4**	**9.61**	**417.50**	**6.73**
2017-18					
Social Sector	26.75	85.77	31.19	151.93	17.61
Competitive Sector	-0.19	279.64	0.00	368.12	0.00
Others	4.33	2	216.50	6.85	63.21
Total	**30.89**	**367.41**	**8.41**	**526.89**	**5.86**
2018-19					
Social Sector	-0.29	96.94	0.00	173.36	0.00
Competitive Sector	21.3	290.64	7.33	402.96	5.29
Others	4.81	15	32.07	21.09	22.81
Total	**25.82**	**402.58**	**6.41**	**597.41**	**4.32**
2019-20					
Social Sector	0.73	97.86	0.75	185.33	0.39
Competitive Sector	21.11	290.64	7.26	428.51	4.93
Others	-0.2	15.00	0.00	22.43	0.00
Total	**21.64**	**403.5**	**5.36**	**636.27**	**3.40**

(Source: Compiled based on latest finalised Accounts received from SPSEs)

The return earned on total investment on historical cost basis and present value was positive and ranged between 5.36 to 17.06 *per cent* and 3.40 to 11.61 *per cent* respectively during the years 2015-16 to 2019-20.

Return on Equity

Return on Equity (RoE) is a measure of financial performance to assess how effectively management is using shareholders' funds to earn profits and is calculated by dividing net income (*i.e.*net profit after taxes) by shareholders' funds, expressed as a percentage.

Shareholders' funds of a Company comprise of paid-up capital including share application money and free reserves net of accumulated losses and deferred revenue expenditure. A positive shareholders' fund implies that the company has enough assets to cover its liabilities while negative shareholder equity means that liabilities exceed assets. It is also known as net worth.

Sector wise RoE computed in respect of all Non-Power SPSEs as per their latest annual financial accounts are detailed in **Table 1.18**.

Table 1.18: Sector wise Return on Equity

(₹ in crore)

Year wise/ Sector-wise break-up	Net Profit/ (Loss) after Tax	Shareholders' funds	RoE in per cent
(1)	(2)	(3)	(4)={(2)/(3)}*100
2015-16			
Social Sector	31.94	265.37	12.04
Competitive Sector	-0.79	73.32	-1.08
Others	4.74	35.41	13.39
Total	**35.89**	**374.1**	**9.59**
2016-17			
Social Sector	10.12	65.48	15.46
Competitive Sector	11.95	148.64	8.04
Others	6.02	41.43	14.53
Total	**28.09**	**255.55**	**10.99**
2017-18			
Social Sector	26.75	91.5	29.23
Competitive Sector	-0.19	167.47	-0.11
Others	4.33	45.76	9.46
Total	**30.89**	**304.73**	**10.14**
2018-19			
Social Sector	-0.29	12.91	-2.25
Competitive Sector	21.3	200.46	10.63
Others	3.47	49.14	7.06
Total	**24.48**	**262.51**	**9.33**
2019-20			
Social Sector	0.73	14.71	4.96
Competitive Sector	21.11	282.44	7.47
Others	-0.20	17.87	-1.12
Total	**21.64**	**315.02**	**6.87**

(Source: Compiled based on latest finalised Accounts received from SPSEs)

During 2015-16 to 2019-20, the aggregate Return on Equity ranged between 6.87 *per cent* (2019-20) and 10.99 *per cent* (2016-17).

ROE computed in respect of working SPSEs in Non-Power Sector, which have earned profit or incurred loss, as per their latest annual financial statements is detailed in the **Table 1.19**.

Table 1.19: Return on Equity of Profit earning/ Loss Incurring working SPSEs

(₹ in crore)

	Year	No. of SPSEs	Net Profit/ Loss after tax	Shareholders' funds	RoE in *per cent*
	(1)	*(2)*	*(3)*	*(4)*	*(5)={(3)/(4)}*100*
Profit earning	2015-16	10	42.35	390.98	10.83
	2016-17	9	28.81	191.87	15.02
	2017-18	7	47.88	217.1	22.05
	2018-19	7	41.86	267.26	15.66
	2019-20	6	38.20	308.88	12.37
Loss incurring	2015-16	2	-6.46	-16.88	-
	2016-17	3	-0.72	16.29	-
	2017-18	6	-16.99	89.23	-
	2018-19	5	-17.38	-4.75	-
	2019-20	5	-16.56	6.14	-
Total*	2015-16	12	35.89	374.1	9.59
	2016-17	12	28.09	208.16	13.49
	2017-18	13	30.89	306.329	10.08
	2018-19	12	24.48	262.51	9.33
	2019-20	11	21.64	315.02	6.87

(Source: Compiled based on latest finalised Accounts received from SPSEs)

**** SPSEs which had not submitted their first accounts since inception have been excluded.***

For each of the five years up to 2019-20 in profit earning SPSE, as a whole had a positive Return on Equity (RoE) ranging from 10.83 *per cent* (2015-16) to 22.05 *per cents* (2017-18).

Return on Capital Employed

Return on Capital Employed (RoCE) is a ratio that measures a company's profitability and the efficiency with which its capital is employed. RoCE is calculated by dividing a company's earnings before interest and taxes (EBIT) by the capital employed.

The details of sector wise RoCE in respect of 13[18] Non-Power SPSEs during the period from 2015-16 to 2019-20 are given in **Table 1.20**.

Table 1.20: Sector wise Return on Capital Employed of 13 SPSEs in Non-Power Sector

(₹ in crore)

Year wise/ Sector-wise break-up	EBIT	Capital Employed	RoCE (in *per cent*)
(1)	(2)	(3)	(4)={(2)/(3)}*100
2015-16			
Social Sector	55.58	361.95	15.36
Competitive Sector	0.96	261.67	0.37
Others	6.86	35.41	19.37
Total	**63.4**	**659.03**	**9.62**
2016-17			
Social Sector	14.99	158.21	9.47
Competitive Sector	17.43	1181.35	1.48
Others	8.72	41.43	21.05
Total	**41.14**	**1380.99**	**2.98**
2017-18			
Social Sector	40.09	212.56	18.86
Competitive Sector	7.2	1883.55	0.38
Others	5.98	45.76	13.07
Total	**53.27**	**2141.87**	**2.49**
2018-19			
Social Sector	-0.28	13.62	-2.06
Competitive Sector	36.98	2250.89	1.64
Others	4.81	49.14	9.79
Total	**41.51**	**2313.65**	**1.79**
2019-20			
Social Sector	0.74	25.42	2.91
Competitive Sector	35.99	2274.29	1.58
Others	-0.19	438.41	-0.04
Total	**36.54**	**2,738.12**	**1.33**

(Source: Compiled based on latest finalised Accounts received from SPSEs)

During 2015-16 to 2019-20, the aggregate Return on Capital Employed ranged between 1.33 *per cent* (2019-20) and 9.62 *per cent* (2015-16).

The details of total RoCE of the profit earning and loss incurring working SPSEs (Non-Power) during the period from 2015-16 to 2019-20 are given in **Table 1.21**.

[18] Only those SPSEs are included whose Financial Statements are received up to financial year 2015-16.

Table 1.21: RoCE of Profit earning/ Loss incurring working SPSEs (Non-Power)

(₹ in crore)

	Year	No. of SPSEs	EBIT	Capital Employed	RoCE (in per cent)
	(1)	(2)	(3)	(4)	(5)={(3)/(4)}*100
Profit earning	2015-16	10	71	639.90	11.10
	2016-17	9	41.86	1,362.00	3.07
	2017-18	7	70.26	1,952.35	3.60
	2018-19	7	58.89	2,238.16	2.63
	2019-20	6	53.09	2,231.20	2.38
Loss incurring	2015-16	2	-7.6	19.13	-39.73
	2016-17	3	-0.72	18.99	-3.79
	2017-18	6	-16.99	189.52	-8.96
	2018-19	5	-17.38	75.49	-23.02
	2019-20	5	-16.55	506.92	-3.26
Total*	2015-16	12	63.4	659.03	9.62
	2016-17	12	41.14	1,381.00	2.98
	2017-18	13	53.27	2,141.87	2.49
	2018-19	12	41.51	2,313.65	1.79
	2019-20	11	36.54	2,738.12	1.33

(Source: Compiled based on latest finalised Accounts received from SPSEs)

** SPSEs which had not submitted their first accounts since inception have been excluded.*

From 2015-16 to 2019-20, the working SPSEs in the Non-Power Sector as a whole had a positive Return on Capital Employed (RoCE) ranging from 1.33 *per cent* (2019-20) to 9.62 *per cents* (2015-16).

1.1.5 Audit of Public Sector Enterprises

The process of audit of Government Companies is governed by relevant provisions of Sections 139 and 143 of the Companies Act, 2013 (the Act). Further, as per sub-section 7 of Section 143 of the Act, the CAG may, in case of any company covered under sub-section 5 or sub-section 7 of Section 139, by an order, conduct test audit on the accounts of such company, if considered necessary. The provisions of Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 shall apply to such Audit. An audit of the financial statements of a company in respect of the financial years upto 31 March 2014 shall continue to be governed by the provisions of the Companies Act, 1956.

1.1.6 Appointment of Statutory Auditors of Public Sector Enterprises

The financial statements of the Government Companies are audited by Statutory Auditors, appointed by CAG as per the provisions of Sections 139 (5) or 139 (7) of the Act, as applicable, who shall submit a copy of their audit report, including the financial statements of the Company, to the CAG, under Section 143(5) of the Act. These financial statements are subject to supplementary audit to be conducted by CAG within 60 days from the date of receipt of the audit report under the provisions of Section 143 (6) of the Act.

1.1.7 Reconciliation with the Finance Accounts of the Government of Jharkhand

The figures in respect of equity, loans and guarantees outstanding as per records of Power Sector SPSEs should agree with the figures appearing in the Finance Accounts of the Government of Jharkhand. In case the figures do not agree, the SPSEs concerned and the Finance Department should carry out reconciliation of the differences.

Power Sector SPSEs

The position in this regard for Power-Sector SPSES as on 31 March 2020 is stated in **Table 1.22**.

Table 1.22: Equity and loans outstanding as per Finance Accounts of GoJ for 2019-20 *vis-à-vis* records of SPSEs

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of SPSEs	Total Difference in 2019-20
(1)	(2)	(3)	(4) = (2)-(3)
Equity	5.00	4,242.92	-4,237.92
Loans	12,736.63	13,806.38	-1,069.75

(Source: Information furnished by Power Sector SPSEs and SFAR for the year ended March 2020)

Non- Power Sector SPSEs

The position in this regard for Non-Power SPSEs as on 31 March 2020 is stated in the **Table 1.23**.

Table 1.23: Equity and Loans outstanding as per Finance Accounts of Government of Jharkhand for 2019-20 *vis-à-vis* records of SPSEs

(₹ in crore)

In respect of	Amount as per Finance Accounts	Amount as per SPSEs	Total Difference in 2019-20
(1)	(2)	(3)	(4) = (2) – (3)
Equity	225.80	333.20	-107.40
Loans	0	49.21	-49.21

(Source: Information furnished by SPSEs and State Finance Audit Report for the year ended March 2020)

The differences between the figures are persisting since last many years. The issue of reconciliation of differences was also taken up with the SPSEs/Department from time to time.

1.1.8 Submission of accounts by SPSEs

Of the eight Power Sector SPSEs under the purview of CAG as on 31 March 2020. The status of timelines followed by the SPSEs in preparation of accounts is as detailed under:

Age-wise analysis of arrears in submission of accounts

Accounts for the year 2019-20 were required to be submitted by all the Power Sector SPSEs by 30 September 2020. However, in view of the prevailing pandemic related restrictions, the Ministry of Corporate Affairs, Government of India directed all Registrar of Companies to liberally grant, against applications submitted by companies, extension for holding Annual General Meetings, at which the audited accounts are adopted, up to 31 December 2020. No Government Companies submitted their accounts for the year 2019-20 for audit by CAG on or before 30 September 2020. Five[19] SPSEs submitted their Financial Statements for the year 2019-20 as of 31 August 2021.

Timeliness in preparation of accounts by the Power Sector SPSEs

Details of arrears in submission of accounts of Power Sector SPSEs as of 30 September of following year for each of the last five financial years ending 31 March 2020 are given at **Table 1.24**.

Table 1.24: Position relating to submission of accounts by the working SPSEs

Sl. No.	Particulars	2015-16	2016-17	2017-18	2018-19	2019-20[20]
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	Number of SPSEs	8	8	8	8	8
2.	Number of accounts submitted during current year	5	19	17	7	5
3.	Number of SPSEs which finalised accounts for the current year	0	1	3	0	0
4.	Number of previous year accounts finalised during current year	5	18	14	7	5
5.	Number of SPSEs with arrears in accounts	8	7	5	8	8
6.	Number of accounts in arrears	33	23	14	15	18
7.	Extent of arrears (in years)	1 to 8 years	1 to 8 years	1 to 5 years	1 to 4 years	1 to 5 years

(Source: Based on accounts of SPSEs received during the period October 2019 to September 2020)

During the period from 01 January 2020 to 31 December 2020, the Power Sector SPSEs had finalised five annual accounts comprising zero accounts for 2019-20 and five accounts for previous years. The Chief Secretary to the Government of Jharkhand is informed quarterly regarding arrears in accounts.

Timeliness in preparation of accounts by the Non- Power Sector SPSEs

One out of the 23 Government Companies submitted their accounts for the year 2019-20 for audit by CAG on or before 31December 2020. Further, details of arrears in submission of accounts of Non-Power Sector SPSEs as of 31 December of following year for each of the last five financial years ending 31 March 2020 are given at **Table 1.25**.

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[19] Jharkhand Bijli Vitran Nigam Limited, Jharkhand Urja Utppadan Nigam limited, Patratu Energy Limited Karanpura Energy Limited and Jharbihar Colliery Limited.

[20] General Circular No. 28/2020 (F. No. 2/4/2020-CL-V) of 17 August 2020.

Table 1.25: Position relating to submission of accounts by the working SPSEs

Sl. No.	Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	Number of SPSEs	14	19	21	22	23
2.	Number of accounts submitted during current year	6	13	11	14	18
3.	Number of SPSEs which finalised accounts for the current year	1	3	1	3	1
4.	Number of previous year accounts finalised during current year	5	10	10	11	17
5.	Number of SPSEs with arrears in accounts	13	16	20	19	22
6.	Number of accounts in arrears	40	46	54	62	66
7.	Extent of arrears (years)	1 to 10 years	1 to 08 years	1 to 09 years	1 to 09 years	1 to 10 years

(Source: Based on accounts of SPSEs received during the period 1st January 2020 to 31 December 2020)

During the period from 01 January 2020 to 31 December 2020, 11 of the 23 SPSEs had finalised 18 annual accounts, which included one accounts for the year 2019-20 and 17 accounts for previous years. Thus, 66 accounts of 21 SPSEs were in arrears. The Administrative Departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these SPSEs within the stipulated period. The Chief Secretary to the Government of Jharkhand is informed regarding arrears in accounts.

In absence of finalisation of accounts for 2019-20 as well as earlier years and their subsequent audit in 66 out of 21 SPSEs, no assurance could be given on whether the investments and expenditure incurred had been properly accounted for and the purpose for which the amount was invested was achieved. The GoJ investment in these SPSEs, therefore, remained outside the oversight of State Legislature to that extent.

1.1.9 Follow up action on Audit Reports

Power Sector SPSEs

Discussion of Audit Reports by Committee on Public Undertakings

Committee on Public Undertakings (COPU) was apprised of the pendency of Audit Report Paragraphs in the meeting held on August 2018. Further, during 2018-19, COPU in its three meetings discussed two paragraphs relating to Audit Reports of 2012-13 and 2015-16. During 2019-20, COPU had in its two meetings discussed five audit paras relating to Audit Reports 2012-13 to 2015-16 and during 2020-21 one audit para was discussed relating to Audit report of 2008-09.

Non- Power Sector SPSEs

Discussion of Audit Reports by COPU

Committee on Public Undertakings was apprised of the pendency of Audit Report. During 2018-19, COPU in its three meetings discussed three paragraphs relating to Audit Reports of 2008-09 to 2015-16. During 2019-20, COPU had in its two meetings discussed three audit paras relating to Audit Reports 2005-06 to 2013-14 and during 2020-21 two paras were discussed relating to Audit reports of 2007-08 & 2011-12.

Compliance to Reports of COPU

Out of nine recommendations in respect of paragraphs pertaining to Departments (Forest, Environment & Climate Change, Mines & Geology, Home, Jail & Disaster Management and Industry) in the five COPU reports for the year 2006-07, 2007-08, 2009-10, 2010-11 and 2012-13 presented to the State Legislature during 2013-21, no ATN had been received from SPSEs (Non-Power).

CHAPTER II: COMPLIANCE AUDIT

DEPARTMENT OF FOREST, ENVIRONMENT & CLIMATE CHANGE

2.1 Audit on "Marketing, sales and inventory management by Jharkhand State Forest Development Corporation Limited"

2.1.1 Introduction

Jharkhand State Forest Development Corporation Limited (the Company) was incorporated (March 2002) as a public sector undertaking of the Government of Jharkhand (GoJ) under the administrative control of the Forest, Environment & Climate Change Department (the Department). The Company was set up with the objective of increasing forest production and productivity and develop industries based on forest products. Further, it was to promote production and manage collection, processing and marketing of minor forest produce (MFP) commercially and undertake scientific exploitation of forest products to get maximum financial returns.

The management of the Company vests in the Board of Directors (BoD). The Additional Principal Chief Conservator of Forest (APCCF)-cum-Managing Director (MD) is the Chief Executive Officer of the Company and is assisted by Director (Marketing), Deputy Director (Headquarter), Deputy Director (Marketing) and General Managers of three Minor Forest Produce Project (MFPP) Circles[21]. The Company has six MFPP Divisions[22] headed by a Divisional Manager (DM) consisting of 44 Range Offices[23].

The Company was mainly engaged in marketing of Kendu Leaves[24] (KLs) which is collected from a specified forest area (called lots[25]) besides sale of timber obtained from different sources viz., forest divisions, individuals and construction projects.

Audit was conducted covering the period 2015-16 to 2019-20 at the Department and the Company including two[26] out of three Circle Offices, four[27] out of six MFPP Divisions and nine MFPP Ranges[28] to assess whether an effective and efficient system was in place for marketing, sales and inventory management in the Company. Divisions and Ranges were selected through Simple Random

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21 Ranchi circle (Ranchi and Dhalbhum Divisions), Hazaribag Circle (Hazaribag, Daltonganj and Garhwa Divisions), and Deoghar Circle (Giridih Division).

22 Daltonganj, Dhalbhum, Garhwa, Giridih, Hazaribag and Ranchi

23 Ranchi: 07 Range Offices, Hazaribag: 10 Range Offices, Garhwa: 07 Range Offices, Giridih: 09 Range Offices, Daltonganj: 05 Range Offices, and Dhalbhum: 06 Range Offices.

24 Dried kendu leaf is used for wrapping tobacco flakes to make *Beedi*, a thin cigarette.

25 The total forest area of the State is divided into 300 units (299 from 2019) which are called lots.

26 Hazaribag and Ranchi.

27 Daltonganj, Dhalbhum, Hazaribag and Ranchi.

28 Daltonganj division: Daltonganj and Manika; Dhalbhum division: Chaibasa and Mango; Hazaribag division: Hazaribag I, Pratappur and Simaria; Ranchi division: Lohardaga and Ranchi.

Sampling Without Replacement (SRSWOR) method. All 59 lots[29] in the sampled Ranges were test-checked in Audit.

An entry conference was held on 27 November 2020 with the Principal Secretary of the Department wherein Audit objectives, scope and methodology of Audit were discussed. An Exit conference was held on 26 October 2021 with APCCF-cum-MD where audit findings were discussed. Replies of the Department have been suitably incorporated in the Report.

Audit Findings

2.1.2 Marketing and sales management

The main business of the Company is Kendu Leaves (KL) trade and the prime objective of KL trade is welfare of Primary Collectors[30] (PCs) by way of raising their income and making the trade free of middlemen. KL trade is governed by the Bihar Kendu Leaves (Control of Trade) Act, 1973 as adopted by GoJ and Jharkhand State Kendu Leaves Policy, 2015 (JSKLP) as notified (January 2016) by GoJ. There are Collectors Committees[31] (CCs) at the village level which maintain bank accounts and pay collection cost[32] and incentives to PCs. CCs are assisted by the Company through Forest Produce Overseers (FPOs(who are Member Secretaries of CCs.

In erstwhile Bihar, the Bihar State Forest Development Corporation (BSFDC) was responsible for managing the KL trade. Till 1995, BSFDC was selling the actual collected quantity of KLs which was not profitable due to indiscipline in financial management. Thereafter, BSFDC adopted sale of KL lots on lump sum basis which is still in force. For the lump sum sale, the Company invites e-tender[33] in the month of November-December every year. The successful bidders execute agreements with the concerned Divisional Managers after finalisation of bids by the Sales Committee[34]. KLs are collected during April to July in the following year. After collection, KLs are dried and stored in the godowns and then supplied to the purchasers upon payment of sale price and collection cost as applicable. The purchasers also pay rent for godowns and supervision charges at specified rates prior to lifting KLs.

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29 Daltonganj: 6 lots, Manika: 7 lots, Chaibasa: 7 lots, Mango: 12 lots, Hazaribag I: 7 lots, Pratappur: 6 lots, Simaria; 5 lots, Lohardaga: 4 lots and Ranchi: 5 lots.

30 The locals who collect KLs and deliver it at collection centres. They are paid collection cost and other incentives through MFPP Divisions.

31 Committee of PCs registered under “Societies Registration Act, 1860” or “Self-supporting Co-operative Societies Act, 1996” authorised by JSFDC to collect KLs.

32 The Department every year notify Minimum Support Rate (MSR) per standard bag (containing 1,000 bundles with 50 KLs in each bundle) under section 7 of the Bihar Kendu Leave Act 1973, to be paid to PCs.

33 Started from the season 2016 after introduction of JSKLP.

34 Six members committee constituted by the Department which includes representatives from the Finance Department, the Vigilance Department, the Forest Department and the Corporation.

Further, for the timber trade, the Department notifies the rate of specified[35] timber annually under the Bihar Forest Produce (Regulation of Trade) Act 1984 as adopted by GoJ. For non-specified[36] timber, the Board of Directors (BoD) is competent to fix rates. The Company auctions the timber received in its divisional depots.

Audit observed that:

2.1.2.1 Yield and quality of kendu leaves was not maintained

- There is provision of coppicing[37] of kendu bushes in a phased manner in Odisha Kendu Leaves Manual, 1973 to ensure continuous flow of matured leaves.

Audit noticed that no provision of coppicing or other suitable mechanism to ensure quantity and quality of KLs was found in JSKLP or in other statutes. Though the Company issued instructions (February 2008) for coppicing of kendu bushes for the season 2008, it could not continue the practice thereafter. Coppicing was also not found done during the audit period covering five KL seasons from 2015 to 2019. As a result, average yield[38] of 232 (77 *per cent*) out of 300 KL lots was less than the notified yield[39] which included 123 lots where actual yield was less by 30 to 89 *per cent*.

The Department accepted the fact and stated (October 2021) that coppicing has been started from 2021 season to improve the quantity and quality of KLs. It was further stated that this has attracted the purchasers and there is significant jump in revenue in 2021 compared to earlier years.

- The quantum of notified yield of a KL lot, based on which the reserve price of that lot was being fixed annually for decision of lump sum sale price through e-tender, was not found re-notified for more than 36 years as of July 2021 after its notification on 28 November 1984 by the Government of Bihar. Audit further noticed that 495 (33 *per cent*) out of 1,499 KL lots with notified yield of 12.63 lakh standard bags (SB) remained unsold during 2015 to 2019 KL seasons either due to bids not being received (304[40] lots) or quoted price being below the reserve price (29 lots). The reserve price of the unsold lots was ₹ 74.38 crore.

The Department stated (October 2021) that KL lots mostly remain unsold due to poor demand in the market and was not directly linked to non-revision of notified yield. The reply is not fully acceptable as some of the lots could not be sold as quoted price of the bids received were lower than the reserve price.

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35 Sal, Teak, Bija, Gamhar, Asan, Karam, Salai and Khair woods.
36 Sisam (Dalbegiasiso) Jamun (Syzygium), Eucalyptus (Eucalyptus spp) etc.
37 Trimming of kendu bushes to get fresh leaves so as to maintain quantity and quality of KLs.
38 Average yield has been worked out taking actual collected quantity of sold KL lots divided by the numbers of times a lot sold in five KL seasons i.e., from 2015 to 2019.
39 The Government of Bihar notified (November 1984) separate units for KL areas (lots) and estimated production of each unit.
40 Pertaining to only 333 unsold lots of 2016-2019 as record/ information w.r.t. season 2015 was not furnished to Audit.

- There was huge variation in the reserve prices of different KL lots fixed for notified yields taking average sale prices per SB in the last three years. Lump sum price of a particular KL lot was decided based on the reserve price. In Jharkhand, sale prices of lots during 2015 to 2019, calculated with lump sum price with respect to notified yield, ranged between ₹ 497 and ₹ 1,512 per SB. It was, however, seen that in the neighbouring State of Chhattisgarh, it ranged between ₹ 2,656 and ₹ 7,945 per SB during 2015 to 2019 which was quite high compared to Jharkhand. Moreover, Audit noticed that sale prices of 46 lots of MFPP Division, Dhalbhum ranged between ₹ 166 and ₹ 8,885 per SB during season 2017. The Company did not analyse reasons for such huge variation in the sale prices of the lots even within the same Division.

The Department stated (October 2021) that the average sale price is not a constant feature and is mostly dependent on prevailing demand and assured that the Company will try to find ways to remove the aberrations in prices in future.

2.1.2.2 Irregularities in tendering process

E-tender for KL lots were invited and finalised in rounds i.e., bids for unsold lots were again invited in the next round. Details of lots sold during KL season 2016 to 2019 are depicted in **Table 2.1.1** below:

Table 2.1.1: Details of KLs lots sold during 2016 to 2019

Season	Total number of lots	Total number of lots sold	Lots sold in first round	Lots sold to single bidders in first round
2016	300	282	204	81 (40 %)
2017	300	300	272	29 (11 %)
2018	300	210	140	83 (59 %)
2019	299	74	18	18 (100 %)
Total	**1,199**	**866**	**634**	**211 (33%)**

(Source: Data compiled from the tender files of the company)

Audit noticed that 211 lots (33 *per cent*) were sold in the first round to single bidders by the Company on the recommendation of Sales Committee. However, no reasons were recorded by the Sales Committee for awarding lots to single bidders.

The Department stated (October 2021) that sale and purchase of KL is a specialised activity with limited number of purchasers and that sale of lots are decided by the Sales Committee. It was further stated that single bids were accepted to realise more revenue and payment of collection cost to PCs. The reply is not acceptable as in case of single bid, there should be re-tender as per the instructions (March 2007) of Finance Department.

2.1.2.3 Undue benefit to purchaser

As per agreement, the purchaser was to pay for 50 *per cent* of the excess KLs collected in comparison to the notified yield at the average sale price per standard bag (SB) considering approved lump sum sale price for the lot.

Audit noticed that in the four test-checked MFPP Divisions[41], 1.17 lakh SB KLs was collected in excess of the notified yield during the KL season 2015 to 2019 as shown in **Table 2.1.2** below:

Table 2.1.2: Details of excess collection of KLs than notified yield

Year	No of lots with excess KLs collected	Sum total of notified yield of lots (In SB)	Collected yield of lots (in SB)	Excess KLs collected (in SB)	Lump sum amount	Amount realised @ 50 *per cent* for additional collection	Undue benefit to the purchasers for remaining 50 *per cent* of additional collection
					(₹ in crore)		
2015	26	59,500	74,941.622	15,441.622	3.55	0.40	0.40
2016	41	89,750	101,569.857	11,819.857	11.42	0.51	0.51
2017	89	2,16,000	278,987.810	62,987.810	51.29	6.27	6.27
2018	40	93,250	111,111.149	17,861.149	15.61	0.97	0.97
2019	18	41,150	49,910.500	8,760.500	5.81	0.42	0.42
Total	**214**	**4,99,650**	**6,16,520.938**	**1,16,870.938**	**87.68**	**8.57**	**8.57**

As shown in the **Table 2.1.2**, the company realised only ₹ 8.57 crore for 50 *per cent* of excess collected quantity against the realisable amount of ₹ 17.14 crore. The company could not get the cost of remaining 50 *per cent* of the excess quantity as it did not re-notify the yield of lots after re-assessing the actual yields for more than 36 years and thereby extended undue benefit to the purchaser.

The Department stated (October 2021) that clause in the agreement was added to maximise the collection of KLs so that maximum benefit is extended to PCs in terms of cost of collection and attracts the KL purchasers to aim for higher collection thereby benefitting the rural economy. The reply is not tenable as the collection cost is directly linked with the collection of KLs and encouraging PCs for excess collection ultimately benefitted the purchasers. Moreover, PCs did not get additional benefit (**paragraph 2.1.3.2**) for excess collection.

2.1.2.4 Non-realisation of sale price

As per clause 11 of the agreement, if the purchaser fails to deposit the dues within due date or fails to comply with any condition of the agreement, the authorised officer may terminate the agreement after serving notice and giving opportunity of being heard. After termination, the officer may forfeit the security deposit (SD), seize the stock of KLs bags for which payments have not been made, sell the seized stock to recover the loss and initiate other action required for recovery of expenses made in the course of recovery of such loss.

In the four[42] test-checked MFPP divisions, agreements of 55 lots[43] pertaining to season 2015, 2017 and 2018 were terminated and security deposit (SD) of ₹ 5.98 crore[44] was forfeited by the divisions. Audit noticed that purchasers of 30 lots

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[41] Daltonganj, Dhalbhum, Hazaribag and Ranchi
[42] Daltonganj, Dhalbhum, Hazaribag and Ranchi
[43] Season 2015: 1, 2017: 30 and 2018: 24
[44] 2015: ₹ 33,750, 2017: ₹ 2.70 crore and 2018: ₹ 3.28 crore

of season 2017 could not pay their dues despite the Board of Directors (BOD) extending (between July 2018 and August 2019) the agreement period twice for realisation of dues up to July 2018 and March 2019 respectively.

Audit scrutiny further revealed that there was dues of ₹ 31.36 crore and the Forest Produce Inspector (FPI)/Range Officers filed (between October 2015 and September 2020) certificate cases for realisation of ₹ 23.46 crore[45] crore against defaulters of these 55 lots. However, in 49 out of the 55 lots, certificate cases were filed prior to re-sale of seized stocks. Though the divisions realised (between June 2019 and August 2020) ₹ 5.71 crore from re-sale of the seized stocks, revised certificate cases were not filed as of July 2021. It was also seen that the DMs were delegated (between July 2017 and September 2018) the power of the certificate officer for early disposal of cases and 54 out of 55 cases were with concerned DMs. However, timely action for disposal of pending certificate cases was not initiated. Thus, due to non-initiation of proper certificate proceedings, ₹ 17.75 crore remained unrealised as of October 2021.

The Department accepted the audit observation and stated (October 2021) that revised certificate cases shall be filed and efforts would be made to expedite the disposal of certificate cases.

2.1.3 Income generation

2.1.3.1 PCs deprived of collection cost

According to paragraph 13 of the JSKLP, in case of unsold lots, the Department will provide necessary funds to the Company to ensure payment of collection and other costs to PCs. Field staff of the concerned Territorial Forest Divisions were made responsible for collection and storage of KLs of appropriate quality.

Audit noticed that 333 out of 1,199 lots remained unsold during the seasons[46] of 2016 to 2019. The notified yield of unsold lots was 8.52 lakh SB and the notified collection cost ranged between ₹ 1,120 and ₹ 1,195 per SB during these seasons. Though the Company demanded (April 2016 and February 2019) ₹ 61.93 crore[47] from the Department as collection and other costs to facilitate departmental collection, the Department did not release funds for reasons not available on record. The Company also did not explore the possibility of calling for bids for these lots on actual basis as was done in 2015 when 22 out of 64 lots of three[48] test-checked MFPP Divisions were sold on rates per SB. By way of bidding, the liability of collection costs would have been shifted to purchasers. Thus, the Company could not achieve the primary objective of KL trade i.e., generate income for the PCs, by paying collection costs either through bid on actual basis or through departmental harvesting of KLs.

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[45] After adjusting SD of ₹ 5.98 crore and re-sale value of ₹ 1.92 crore (Daltonganj: ₹ 5.33 crore , Dhalbhum: ₹ 4.17 crore, Hazaribag: ₹4.51 crore and Ranchi: ₹ 9.45 crore)

[46] 2015 season has been excluded as JSKLP was notified in January 2016.

[47] For season 2016: ₹ 1.73 crore and for 2019: ₹ 60.20 crore.

[48] Daltonganj, Hazaribag and Ranchi

The Department stated (October 2021) that fund was not released as departmental collection also bear the risk of loss due to short shelf life of KLs and uncertainty in market demand. It was further stated that JSFDC shall explore the possibility of sale of unsold lots on actual basis in future. The reply was not acceptable as the prime objective of KL trade i.e., to generate income for PCs was not achieved.

2.1.3.2 Additional collection costs not paid to PCs

According to paragraph 11.4 of JSKLP, in case of excess collection of KLs over the notified yield, the Company is to pay 50 *per cent* of the collection cost for excess KLs collected to PCs as additional collection cost from the net profit accrued out of KLs trade.

In the four test-checked divisions[49], 1.01 lakh SBs of KLs were collected in excess of the notified yield in 188 KL lots by PCs during the season 2016 to 2019 for which additional collection cost of ₹ 5.82 crore[50] was payable as shown in **Table 2.1.3** below.

Table 2.1.3: Details of additional amount of wages

Year	No of lots	Notified yield (in SBs)	Actual yield (in SBs)	Excess (in SBs)	Collection cost per SB (in ₹)	Additional amount 50 *per cent* of Collection cost (in ₹)	Amount (₹ in crore)
2016	41	89,750	1,01,569.857	11,819.857	1,120	560	0.66
2017	89	2,16,000	2,78,987.810	62,987.810	1,140	570	3.59
2018	40	93,250	1,11,111.149	17,861.149	1,175	587.5	1.05
2019	18	41,150	49,910.500	8,760.500	1,195	597.5	0.52
Total	**188**	**4,40,150**	**5,41,579.316**	**1,01,429.316**			**5.82**

Audit noticed that additional collection cost were not paid to PCs as of March 2021 though the Company earned profits[51] from KL trade during these years. Further, it was seen that the collection cost in Chhattisgarh ranged between ₹ 1,500 and ₹ 4,000 per SB during season 2016-2019 which was much higher as compared to Jharkhand. Thus, the PCs were deprived of the higher collection cost and also the additional collection cost of ₹ 5.82 crore.

The Department accepted the audit observation and stated (October 2021) that provision for additional collection costs has been made in the Annual Accounts of F.Y. 2016-17 and will be transferred to PCs soon. Regarding difference in collection cost, it was stated that Chhattisgarh State Minor Forest Produce (Trading and Development) Co-operative Federation Ltd., will be requested to provide information about the factors considered to notify the rate of the collection cost.

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[49] Daltonganj, Dhalbhum, Hazaribag and Ranchi.

[50] Daltonganj: ₹ 3.26 crore, Dhalbhum: ₹ 23.97 lakh, Hazaribag: ₹ 1.65 crore and Ranchi: ₹ 67.44 lakh

[51] ₹ 44.38 crore in 2016, ₹ 57.59 crore in 2017, ₹ 20.67 crore in 2018 and ₹ 8.07 crore in 2019.

2.1.3.3 Non/mis-utilisation of development fund

As per paragraph 11.2 of JSKLP, 2015, the Company is to transfer 20 *per cent* of net profit obtained from the KL trade to CCs which are to be utilised by them for development schemes and promotion of Kendu bushes. The fund was to be kept in a saving bank account and was to be operated jointly by the Member Secretary (FPO) and the President of the CC. The Division was to review the bank accounts and assist the CCs in completion of the development schemes in time. The Company further issued (April 2018) guidelines to utilise development funds in such a way that forest dwellers can collect, process and market the forest produce on a regular basis and improve their income. For this, CCs were to select, in the general body meetings, beneficiary groups with identification of machines and equipment for establishing micro enterprises based on minor forest produce.

Audit noticed that development fund of ₹ 15.58 crore for the KL seasons 2016 to 2018 was released (between March 2017 and July 2019) to the four test-checked MFPP Divisions[52]. For the season 2019, ₹ 75.68 lakh was released in December 2020. Though funds pertaining to season 2016 to 2018 was transferred to 149 CCs, it was seen that ₹15.16 crore (97.30 *per cent*) remained unutilised and was lying with the CCs as of March 2020 as shown in **Table 2.1.4**.

Table 2.1.4: Receipt and utilisation of development fund for the seasons 2016 to 2018

(₹ in lakh)

Division	Fund received by CCs				Funds utilised				Unutilised funds			
	KL Season Year			Total	KL Season Year			Total	KL Season Year			Total
	2016	2017	2018		2016	2017	2018		2016	2017	2018	
Daltonganj	146.58	235.55	88.05	**470.18**	4.26	0.00	0.00	**4.26**	142.32	235.55	88.05	**465.92**
Dhalbhum	88.39	113.39	32.72	**234.5**	9.86	0.00	0.00	**9.86**	78.53	113.39	32.72	**224.64**
Hazaribag	187.04	287.14	73.50	**547.68**	28.25	0.00	0.00	**28.25**	158.79	287.14	73.50	**519.43**
Ranchi	107.07	151.42	47.20	**305.69**	0.00	0.00	0.00	**0.00**	107.07	151.42	47.20	**305.69**
Total	**529.08**	**787.50**	**241.47**	**1,558.05**	**42.37**	**0.00**	**0.00**	**42.37**	**486.71**	**787.50**	**241.47**	**1,515.68**

(Source: Information received from test-checked divisions)

Audit analysis revealed that:

- The MFPP Division, Dhalbhum sought (February 2018) directions from the MD on proposals submitted by 30 CCs related to installation of Sal/Mahua seed extraction machine, Chiraunjee seed crushing machine, renovation of ponds, purchase of diesel engine, Sal plate making machine, construction of platforms, wells, passenger shade, shade in cremation ground, installation of hand pump/tube well, deep bore well etc. However, neither the MD nor the DMs moved ahead on the proposals as of March 2020 even though the proposals submitted by 24 CCs were in accordance with the guidelines (April 2018) of the Company. Only three[53] CCs spent (between January and

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[52] Daltonganj, Dhalbhum, Hazaribag and Ranchi

[53] Kharswan: ₹ 3.83 lakh, Kundruguttu: ₹ 2.04 lakh and Santra: ₹ 3.78 lakh

March 2020) ₹ 9.65 lakh on procurement of machines with allied accessories.

- Five out of 27 CCs of MFFP Division, Daltonganj did not call for/conduct meetings for selecting development schemes. Proposals for constructions of roads, shades, platforms, ponds, water tanks, installation of hand pumps, tube wells etc., though resolved (between March 2017 and March 2020) in general meeting by 16 CCs, were not approved by the divisions as these proposals were not linked with activities of promotion and marketing of minor forest produce and similar schemes were being funded by other departments too. CCs did not submit revised proposals and the funds were lying unutilised with them.
- In MFPP Division, Daltonganj, CC of Mitar granted (January 2018) ₹19,000 to 38 PCs and CC of Serendag advanced ₹ 600 to a PC for purchase of bamboo as financial assistance/advance. Utilisation of Development fund is guided by JSKLP 2015/instructions of the Company (April 2018). JSKLP/instructions of the Company was silent about admissibility of such financial assistance under the scope of development schemes.
- Three CCs[54] of MFPP Division, Dhalbhum withdrew ₹ 2.21 lakh (between August 2018 and February 2020) from the bank accounts without passing any resolution in general body meetings. Two CCs[55] deposited back ₹ 75,000 (between February 2020 and December 2020) in the bank accounts after more than seven to 12 months after withdrawal. Even after lapse of more than two and half years, remaining balance of ₹ 1.46 lakh pertaining to two CCs was neither deposited back into the bank account nor shown in their accounts. Development fund account was to be operated jointly by the Member Secretary (FPO) and the President of the CC and no money can be withdrawn without their consent. Thus, possibility of misutilisation of development funds by the Member Secretary and the President of CCs could not be ruled out.
- There were only 60 FPOs (44 *per cent*) as of June 2021 as against 135 sanctioned posts. In the four test-checked divisions, there were 149 CCs which were assisted by only 36 FPOs. Shortage of FPOs caused delay in making feasible proposals for better and timely utilisation of development funds.

Thus, the CCs failed to select schemes or activities relating to promotion and marketing of minor forest produces so as to raise the income of PCs. Besides, FPOs and Divisions did not provide required support to the CCs for utilisation of unspent development funds amounting to ₹ 15.16 crore.

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54 Kandra (₹ 3,000 in August 2018), Narayanbera (₹ 8,040 in August 2018, ₹ 1.35 lakh in December 2018 and ₹ 50,000 in February 2020), Songra (₹ 25,000 in November 2019).

55 Songra (₹ 10,000 in February 2020 and ₹ 15,000 in December 2020) and Narayanbera (₹ 50,000 in September 2020)

The Department accepted the audit observation and stated (October 2021) that efforts will be made to utilise the unspent fund and divisions will be instructed to facilitate the CCs in formulating development schemes. Regarding irregular advance and withdrawal from development fund, it was stated that matter will be examined and necessary action will be taken. While attributing the shortage of FPOs to their superannuation, it was assured by the Department that fresh appointment of FPOs would be carried out.

2.1.4 Inventory Management

Inventory is tangible property held for sale in the ordinary course of business. Management of inventory ensures timely sale of KLs to avoid risk of deterioration in quality of the forest produce. Scrutiny of records in the test-checked divisions/ranges revealed the following:

2.1.4.1 Construction of KLs godowns

According to paragraph 14.1 of JSKLP, the Company was to construct godowns to increase storage capacity of KLs and the Department was to provide technical, administrative and financial assistance, if needed.

Audit noticed that after incorporation of the Company, no godowns were constructed and no proposal for construction of new godowns were submitted to the Department during 2015-20. Audit further noticed that there were 39 godowns with the Company, of which only seven godowns (3100 MT) were in good condition, 23 (8700 MT) needed major repairs and nine (2500 MT) were in dilapidated condition. However, the Company did not plan any repair or renovation of the damaged godowns during 2015-20. Further, it was seen that the Company had rented out its godowns to KL purchasers and had realised ₹ 28.12 lakh as rent during 2015-18. In the four test-checked divisions only 10 (29 *per cent*) out of 35 departmental godowns were functional as of August 2021.

The Department accepted the fact and stated (October 2021) that proposal for construction of new godowns shall be placed before the BOD and renovation/maintenance of existing godowns shall be carried on in the current year.

2.1.4.2 Short storage of KL bags

As per the agreement, the purchasers were to pay collection cost (50 *per cent* in advance and the balance after assessment of collection by the DM) prior to lifting of KLs. In case the purchaser fails to pay collection cost in time and does not take possession of the collected KLs, the Division would arrange for drying and packing of KLs in bags and such expense would be borne by the purchaser.

Audit observed that in the four MFPP Divisions[56], against the actual collection of 30,169 SBs in 20 lots pertaining to the season 2015 to 2018, only 26,195 SBs

[56] Daltonganj, Dhalbhum, Hazaribag and Ranchi

were shown as stored in godowns. As such, there was short storage of 3,974 SBs of KLs. These lots included two lots of MFPP Division, Dhalbhum where shortage was 601 SBs. Further scrutiny revealed that the PCs did not allow lifting of the 601 SBs collected in May and June 2018 because collection costs had not been paid to them. Collection cost was paid to the PCs in December 2018 after deposit (December 2018) of the remaining collection cost of ₹ 8.69 lakh by the purchasers. In the meanwhile, the 601 SB KLs decayed. Reasons for shortage in other lots could not be ascertained as requisite records were not produced to audit.

Thus, the division did not ensure timely payment of collection costs to PCs as was seen in case of two lots where 601 SB KLs decayed.

The Department accepted the audit observation and assured (October 2021) that payment of collection cost to PCs will, henceforth, be made in time.

2.1.5 Other points of interest

2.1.5.1 Working results

The Company had finalised its annual accounts only upto 2016-17. The annual accounts for the year 2017-18 was under process. Details of revenue and expenditure for 2015-16 to 2019-20 of the Company are depicted in **Table 2.1.5** below:

Table 2.1.5: Details of revenue, expenditure and net profit of the Company

(₹ in crore)

	Annual accounts			Revised budget estimates		Total
Particulars	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	
Revenue from sale of KLs	50.3	120.52	169.54	171.63	56.55	568.54
Revenue from sale of Timber	2.90	7.95	6.06	6.38	2.81	26.10
Sale of Tickets	0.42	0.51	0.45	0.03	0	1.41
Canteen Goods	0.13	0.12	0.16	0	0	0.41
Interest from Bank	7.08	7.30	16.82	4.74	7.55	43.49
Interest on overdue trade receivable	0.02	0.02	0.24	0.76	0.72	1.76
Miscellaneous income/ receipts	0.62	1.22	2.31	1.13	12.44	17.72
Total Revenue	**61.47**	**137.64**	**195.58**	**184.67**	**80.07**	**659.43**
Total Expenses	53.44	123.37	156.22	135.50	53.79	522.32
Net Profit	**8.03**	**14.27**	**39.36**	**49.17**	**26.28**	**137.11**
Tax expenses	2.65	4.85	13.33	14.75	7.88	43.46
Net Profit after tax	**5.38**	**9.42**	**26.03**	**34.42**	**18.40**	**93.65**
%age of Net profit after tax	8.75	6.84	13.31	18.64	22.98	14.20

(Source: Information furnished by the JSFDCL)

Audit observed that:

- During the 2015, 2016 and 2017 seasons, out of 300 KL lots, 138, 282 and 300 KL lots respectively were sold and thus revenue from the sale of KLs and the net profit showed an increasing trend during 2015-16 to 2017-18.

- During the 2018 season, 210 out of 300 KL lots were sold which was reflected as increase in revenue and profit in the revised estimates of 2018-19. However, actuals are awaited.
- During the 2019 season, only 74 out of 299 KL lots could be sold which is reflected in the sharp decline in estimated revenue and profit of 2019-20.

The Department stated (October 2021) that the supplementary Audit of Annual Accounts for the FY 2017-18 is under process and efforts are being made to finalise the accounts for the FYs 2018-19 to 2019-20 at the earliest.

2.1.5.2 Business opportunities not explored

Economic value of Minor Forest Produce (MFP) is more important for the forest dwellers as quite a good number of such products do not enter the market and are primarily consumed at the local level with little value addition. According to the Memorandum of Association (MoA) of the Company, the core objectives were to promote, develop and carry on projects and activities by accelerating forest production and productivity. The Company was to develop industries based on forest products and to promote and manage the sale and processing of MFP commercially. Additionally, the Company may cultivate, propagate or otherwise undertake silviculture, agriculture, horticulture, cultivation of fruits, fibers, grasses, medicinal plants and other species of economic value as its ancillary objectives. Ultimately, the Company was to undertake scientific exploitation of forest resources for better utilisation of forest products to get maximum financial return.

Audit noticed that in the neighboring State of Odisha, the Odisha Forest Development Corporation Limited explored and undertook other activities linked with forest produce like collection and marketing of bamboo and *saal* seeds, processing and trading of honey, plantation and marketing of rubber, cashew, manufacturing and marketing of pickles, bio-diesel etc. Similarly, Chhattisgarh Forest Corporation Limited undertook plantations of Sisal and Jatropha for making Sisal fiber/rope and bio-fuel respectively.

The Company did not explore any such expansion of its activities in order to increase its earnings as envisaged under MoA as of March 2020 and confined its activities to the sale of KLs and timber only even though it was resolved in the meeting (August 2019) of BoD to explore business opportunities by diversifying into other allied activities seeing the decreasing trend in revenue due to slump in the KL market.

Thus, the Company failed to adhere to its MoA regarding expansion of forest related business activities and had forgone the opportunity to generate employment for forest dwellers besides increasing its own earnings.

The Department accepted the fact and stated (October 2021) that there are different Government agencies working in the field of collection of MFP.

However, the Company will explore ways to expand its activities to improve livelihood of locals as resolved in the BoD meeting (August 2019).

2.1.5.3 Non-remittance of cess

As per the notification of August 1991 of the Revenue and Land Reforms Department, Government of Bihar, cess was leviable at the rate of three *per cent* of sale value in case of sale of timber.

Audit noticed that the Company collected ₹ 1.25 crore[57] on account of cess on the sale of timber during the period from 2007-08 to 2019-20. However, the Company treated the cess as revenue in its accounts and never transferred it to the concerned Department. Thus, the Company irregularly retained cess of ₹ 1.25 crore.

The Department stated (October 2021) that necessary action will be taken in this regard. The fact remains that the collected cess was not remitted into Government Account.

2.1.5.4 Non-remittance of sale proceeds in the government account

According to the instructions issued (February 2008) by the Department, 90 *per cent* of sale price of timber was required to be deposited in the Government Account and the remaining 10 *per cent* was to be retained by the Company as administrative charges.

Audit noticed that the Company received ₹ 24.62 crore from sale of timber including poles and firewood during 2015-16 to 2020-21. However, the Company did not remit ₹ 22.16 crore being 90 *per cent* of the sale price into Government Account as required. Instead, it was shown as liability payable in the accounts of the Company.

Retention of sale proceeds of timber pertaining to earlier periods could not be ruled out and Audit called for the details/records for the period from 2007-08 to 2014-15 to assess the liability. Details/records were, however, not provided by the Company. Audit further noticed that the four test-checked divisions[58] realised sale price of ₹ 22.20 crore during 2007-08 to 2014-15 from sale of timber including poles and firewood. As such, the Company created liability of ₹ 19.98 crore being 90 *per cent* of the sale value as the amount was not remitted into Government Account by the Company. Thus, the Company did not adhere to the instructions of the Department and retained Government revenue of at least ₹ 42.14 crore.

The Department stated (October 2021) that the amount has been kept as liability in the accounts of the Company and necessary action will be taken to dispose off the matter.

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[57] Figures from 2007-08 to 2017-18 from annual accounts and for 2018-19 and 2019-20 as figures given by the Company.

[58] Dhalbhum, Daltonganj, Hazaribag and Ranchi.

2.1.6 Conclusion

The Company did not adopt the practice of coppicing kendu bushes to ensure improvement in quantity and quality of KLs. This led to decrease in the notified yield of KL lots and 33 *per cent* of lots remained unsold either due to bids not being received or quoted price being below the reserve price. The Company did not re-assess the yields for its re-notification for more than 36 years since November 1984 to attract bidders. There were huge variations in sale price per SB of KLs which ranged between ₹ 166 and ₹ 8,885 for different lots of the same Division. In the four test-checked divisions, ₹ 17.75 crore remained unrealised due to non-filing of revised certificate cases for outstanding dues.

The Company did not ensure departmental harvesting of 333 KL lots having notified yield of 8.52 lakh SB and PCs were deprived of the notified collection cost ranging between ₹ 1,120 and ₹ 1,195 per SB during these seasons. PCs were also not provided additional collection cost of ₹ 5.82 crore for collection of excess KLs as compared to the notified yields. The Company could not ensure utilisation of ₹ 15.16 crore given to CCs for development schemes and promotion of kendu bushes and the amount was lying with CCs.

Thirty two out of 39 godowns were either in dilapidated condition or needed major repairs and the Company was deprived of the revenue that could be generated by letting these out to KL purchasers. The Company did not explore the possibility for expansion of its activities to increase its earnings as envisaged under MoA and confined its activities to the sale of KLs and timber only. The Company did not remit sale proceeds of timber amounting to ₹ 42.14 crore and cess of ₹ 1.25 crore into Government account.

2.1.7 Recommendations

- The Company should initiate immediate action on pending certificate cases to recover unrealised dues of ₹17.75 crore.

- The Company should ensure that unsold lots are harvested departmentally and collection costs are invariably paid to Primary Collectors.

- The Company should immediately remit ₹43.39 crore being the cess and sale proceeds of timber to Government account.

- The Company should coordinate with the Collectors Committees to design and implement development schemes or establish micro enterprises based on minor forest product to improve the income of forest dwellers.

Ranchi
The 19 April 2022

(INDU AGRAWAL)
Principal Accountant General (Audit)
Jharkhand

Countersigned

New Delhi
The 25 April 2022

(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

APPENDICES

APPENDICES (SECTION A)

Appendix – 2.1.1

(Referred to paragraph 2.1.1; page 5)

List of major findings of the committee constituted by the Secretary, Health, Medical Education and Family Welfare Department, Government of Jharkhand

(i) Being the same address, the control of both the companies (M/s Sreenath and M/s DK) were actually with the same person and M/s DK participated in the tender as a dummy firm to prevent the bid (for a particular item) from being declared as single bid as finalisation of a single bid required approval of the higher authority as well as the rate justification.

(ii) The authorisation letter of manufacturer submitted by M/s DK against the tender no. RIMS/STORE/ME(4)/3630 dated 04.06.2018 were found either fake or manipulated.

(iii) The rate quoted by M/s DK was always higher than the rate of M/s Sreenath because in case of selection of M/s DK it was not in a position to supply the equipment in the absence of genuine authorisation.

(iv) Against tender no. 8646 dated 12.12.2017, invited for purchase of 239 types of equipment for the Dental Institute, only the said two bidders were declared technically qualified for supply of 220 types of equipment. Though, the price evaluation of bid was not done, the Committee expressed the possibility of quoting lower rates by M/s Sreenath and that too would be much higher than the market rates.

(v) Against tender no. 3422 dated 02.06.2015 invited for purchase of equipment for the Dental Institute, where L1 was a bidder other than these two bidders, the rates of L1 were much lower than the rates quoted by these two bidders. Whereas, in other bids where only these two bidders qualified, the quoted rates were much higher and the differences in rates of these two bidders were on the lower side.

(vi) Dental Chairs for the Dental Institute had been procured at much higher rates which was more than twice the general market rates of approximately ₹ 3 to 4 lakh. Similarly, dental mobile van procured at ₹ 1.95 crore was found worth not more than ₹ 40 to 45 lakh.

Equipment like dental chair, RVG, panoramic x-ray, oral x-ray, ECG etc. were purchased in more numbers compared to immediate or present requirement.

Appendix-2.1.2

(Referred to in Paragraph 2.1.6; page 19)

Deficiencies noticed during physical verification of dental chairs, dental van and RVGs

(A) Basic dental chair

Supply and installation of 60 chairs with approved specification was certified (September and October 2016) by the HoD, Dentistry and 50 chairs by the Principal, Dental Institute, RIMS in February 2018. However, during physical verification of 106 Dental Chairs (September, 2019) audit noticed the following deficiencies:

(i) Automatic spittoon attachment was not available with chairs though approved. Instead manual system was found available.
(ii) Against approved two reservoir one each for water and disinfectant, one reservoir for disinfectant was not available with chairs
(iii) Approved specification of automatic hand piece selection facility through sensitive pneumatic valves was not available with chairs.
(iv) Instead of approved autoclavable pad, steel trays were provided with chairs.
(v) Against approved two stools per chair, only one stool per chair was provided.
(vi) Sensor based no touch system in operating light system was not available with chairs though approved. Instead manual light system was available.
(vii) Single foot control for all instruments along with demo and training for 232 C SERIAL INTERFACE for remote diagnostics was not found delivered.
(viii) Certificate of calibration of chairs and list of equipment needing periodic calibration and preventive maintenance was not provided by the supplier.

The supplier also accepted (July 2019) non-supply of automatic spittoon attachment being wrong specification; sensor based no touch system operating light and one stool per chair in a clarification submitted to the Director, RIMS. Regarding calibration, the supplier informed (July 2019) that it was completed before shipment of chairs by the manufacturing company. The supplier's justification regarding wrong specification could not be accepted as, in the bid the supplier had offered to provide automatic spittoon attachment and calibration certificate issued by the manufacturing company against each chair.

(B) Advance Dental Chair

Supply and installation of 10 chairs with approved specification were certified (March 2016) by the HoD, Dentistry and five chairs by the Principal, Dental Institute, RIMS (June 2018). However, during physical verification (September 2019) of the 15 chairs, audit noticed that:

(i) Integrated 17 inches LCD/TFT monitors were not provided with the chairs.
(ii) Automatic spittoon attachment was not provided with chairs and manual system was available.
(iii) Warm water syringe was not provided with the chairs.
(iv) Instead of two reservoirs, one reservoir for disinfectant was not provided.
(v) Automatic hand piece selection facility through sensitive pneumatic valves was not provided.
(vi) Against required controls from both sides of the chair, control system was available only from one side.
(vii) LED based x-ray and OPG viewer were not provided.
(viii) Against approved ultrasonic scalar with four scalar tips and one perio-curette tips, these were provided only with two scalar tips.
(ix) Modular furniture comprising sink was provided only with five chairs though the same was to be provided for each chair.

The supplier also accepted (July 2019) non-supply of LCD monitor, automatic spittoon attachment being wrong specification, warm water syringe being required in countries with low temperature, LED based x-ray and OPG viewer being outdated technology and the Institute was using digital system and ultrasonic scalar with two tips as offered.

(C) Mobile Dental Van

The supplier supplied (February 2018) a Mobile Dental Van with accessories and equipment against purchase order issued in January 2016. The installation certificate regarding supply of specified van with approved accessories and equipment was issued (February 2018) by the Principal, Dental Institute based on which the supplier was paid (July 2018) ₹ 1.65 crore including GST. However, during joint physical verification (October 2020), it was noticed that the supplier had not supplied approved items as detailed below:

(i) Two dental chairs of make-MECHTRIX with movement operation only by foot instead of one Suchi make dental chair with movement operation by hand and foot both.

(ii) The van was equipped with 10 different items[1]than quoted and approved for.

(iii) There was no cabin inside the supplied van, though doctor/consultation, patient and dental checkup cabins were to be erected with side wall paneling done in glass fiber reinforced polymer.

(iv) The supplier had not supplied/fitted 19 approved items[2] in the mobile van.

(D) RVG System

RIMS purchased (June 2017) ten RVG Systems of make- Sirona and model 'XIOS-XG Supreme' as per work order and installation certificate. However, during joint physical verification (September 2019), it was found that in case of two RVGs installed in the departments of 'Pedodontics' and 'Oral and Maxillofacial Surgery', model of the RVG was 'XIOS-XG Select' instead of approved model 'XIOS-XG Supreme'.

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1 One AC of EBER PASCHER model of one ton instead of VOLTAS/SAMSUNG make AC of 1.5 ton, laptop (Make- Dell) instead of computer, pressure curing pot instead of auto clave, 20 extraction forceps only instead of complete set of hand instruments, 5 KVA generator set of Ashok Leyland make instead of 5.5 KVA genset of Honda make, hand sensor operating light without foot control instead of operating light with hand and foot switches in the chair, porcelain wash basin without foot control instead of steel wash basin with electrically operated foot switch, two normal plastic dust bins instead of sensor operated steel bio-waste bins, iron stool instead of big foot rest for easy access into the cabin and iron roof carrier on the top of the van instead of fiber roof carrier.

2 Apron screen provision, two revolving stools, one each for dental and consultation cabin, one wall fan, one distilled water machine, one packeting machine, one foldable table, one inbuilt toilet cabin, multiple cell phone charger in all cabins, motor for lifting water to overhead tank, two fans in driver's cabin, air conditioning in driver's cabin, UPS of 2.5 KVA for interior lighting and equipment, color printer and UPS for computer, suction machine, control panel/touchpad controls on dental chairs and feather touch control for micro motor in dental chairs.

Appendix-2.1.3

(Referred to in Paragraph 2.1.7; page 20)

List showing non-levy of penalty for delayed supply of equipment

Sl. No.	Name of Equipment	Tender No.	Purchase Order no./ date	Amount as per work order	Name of supplier	Installed on / received on	To be deliverd within	Delay in weeks	Half percent per week for first four weeks	One percent for every week for fifth to eighth week	Two percent for every week for ninth to twelfth week	Total penalty to be levied
1	Advance Dental Chair (Sirona)	3422/2.6.15	224/15.1.16	42856500	Sreenath Engg. Sales & Services Pvt. Ltd., Kolkata	11/5/2016	8 weeks	8.71	857130	1714260	857130	3428520
2	Other multi types (11 types) of dental equipments	3422/2.6.15	221/15.1.16	10154400	Kailash Surgicals Pvt. Ltd., Ranchi	25/5/2016	8 weeks	10.71	203088	406176	609264	1218528
3	LED OT light (Martin)	8371/22.7.14	2017/31.3.16	2446333	Vishal Surgical Equipment Co. Pvt. Ltd.	10/8/2016	12 weeks	6.86	48927	73390	0	122317
4	High END electrohydraulic OT table	8371/22.7.14	2017/31.3.16	1570000	Vishal Surgical Equipment Co. Pvt. Ltd.	10/8/2016	12 weeks	6.86	31400	47100	0	78500
5	Perasafe Instrument Disinfectant	8371/22.7.14	2017/31.3.16	900000	Vishal Surgical Equipment Co. Pvt. Ltd.	10/8/2016	12 weeks	6.86	18000	27000	0	45000
6	Vikron surface Disinfectant	8371/22.7.14	2017/31.3.16	800000	Vishal Surgical Equipment Co. Pvt. Ltd.	10/8/2016	12 weeks	6.86	16000	24000	0	40000
7	Multipara Monitor (Beneview T8)+accessories	8371/22.7.14	2017/31.3.16	2832256	Vishal Surgical Equipment Co. Pvt. Ltd.	10/8/2016	12 weeks	6.86	56645	84968	0	141613
8	ECG Machine (Trivitron)	3422/2.6.15	224/15.1.16	238050	Sreenath Engg. Sales & Services Pvt. Ltd., Kolkata	6/7/2016	8 weeks	16.71	4761	9522	19044	33327
9	Various dental equpt (10 types)	3422/2.6.15	222/15.1.16	8295800	Confident Dental equipments Ltd., Kolkata	26/6/2016	8 weeks	15.29	165916	331832	663664	1161412
10	Basic Dental Chair (Olsen)	145/9.1.16	2016/31.3.16	34285200	Sreenath Engg. Sales & Services Pvt. Ltd., Kolkata	27/9/2016	12 week	13.71	685704	1371408	2742816	4799928
11	Basic Dental Chair (Olsen)	145/9.1.16	2016/31.3.16	51427800	Sreenath Engg. Sales & Services Pvt. Ltd., Kolkata	27/10/2016	12 week	18.00	1028556	2057112	4114224	7199892
12	R.V.G. machine (Sirona)	145/9.1.16	1174/16.2.17	9500000	Sreenath Engg. Sales & Services Pvt. Ltd., Kolkata	7/6/2017	12 weeks	3.86	190000	0	0	190000
13	18 types of dental equipments	145/9.1.16	1376/23.2.17	4925000	Sreenath Engg. Sales & Services Pvt. Ltd., Kolkata	21/6/2017	12 weeks	4.86	98500	49250	0	147750
14	Mobile Dental Van	3422/2.6.15	224/15.1.16	14761750	Sreenath Engg. Sales & Services Pvt. Ltd., Kolkata	28/2/2018	8 weeks	102.71	295235	590470	1180940	2066645
15	Advance Dental Chair (Sirona)	3422/2.6.15	6967/10.10.17	21428250	Sreenath Engg. Sales & Services Pvt. Ltd., Kolkata	29/6/2018	8 weeks	29.43	428565	857130	1714260	2999955
Total												**23673386**

Appendix-2.1.4

(Referred to in Paragraph 2.1.8; page 20)

List of dental equipment purchased during 2014-19 but not found entered in any stock register

Sl. No.	Name of Equipment	Total no. of equipment	Unit Rate (base price)	Unit rate with tax	Amount passed	Tender No.	P. C. approval date	Purchase Order no./ date	Name of supplier	No. of equipment not found entered in any stock register	Cost of equipment not found entered in any stock register
1	Basic Dental Chair (Olsen)	50	1428500	1599976	79998800	145/9.1.16	29.3.16	8904/28.12.17	Sreenath Engg. Sales & Services Pvt. Ltd., Kolkata	26	41599376
2	Advance Dental Chair (Sirona)	5	4285650	4799928	23999640	3422/2.6.15	16.12.15	6967/10.10.17	Sreenath Engg. Sales & Services Pvt. Ltd., Kolkata	3	14399784
3	Mobile Dental Van	1	14761750	16533160	16533160	3422/2.6.15	16.12.15	224/15.1.16	Sreenath Engg. Sales & Services Pvt. Ltd., Kolkata	1	16533160
4	LED OT light (Martin)	1	2446333	2568650	2568650	8371/22.7.14	16.10.15	2017/31.3.16	Vishal Surgical Equipment Co. Pvt. Ltd.	1	2568650
5	High END electrohydraulic OT table	1	1570000	1648500	1648500	8371/22.7.14	16.10.15	2017/31.3.16	Vishal Surgical Equipment Co. Pvt. Ltd.	1	1648500
6	Perasafe Instrument Disinfectant	1	900000	945000	945000	8371/22.7.14	16.10.15	2017/31.3.16	Vishal Surgical Equipment Co. Pvt. Ltd.	1	945000
7	Vikron surface Disinfectant	1	800000	840000	840000	8371/22.7.14	16.10.15	2017/31.3.16	Vishal Surgical Equipment Co. Pvt. Ltd.	1	840000
8	Multipara Monitor (Beneview T8)+accessories	2	1416128	1486934	2973869	8371/22.7.14	16.10.15	2017/31.3.16	Vishal Surgical Equipment Co. Pvt. Ltd.	2	2973869
9	Dental Elevators Set	1	94000	98700	98700	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	1	98700
10	Diagnostic Kit	100	2920	3066	306600	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	100	306600
11	Endo motor	9	41500	43575	392175	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	1	43575
12	Lab micro motor	8	13500	14175	113400	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	3	42525
13	Magnification loops	6	20000	21000	126000	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	6	126000
14	Rubber dam kits	10	20920	21966	219660	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	10	219660

Sl. No.	Name of Equipment	Total no. of equipment	Unit Rate (base price)	Unit rate with tax	Amount passed	Tender No.	P. C. approval date	Purchase Order no./ date	Name of supplier	No. of equipment not found entered in any stock register	Cost of equipment not found entered in any stock register
15	Semi adjustable articulator	10	45000	47250	472500	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	6	283500
16	Set of Pliers	4	168200	176610	706440	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	4	706440
17	Surgical instrument sets	4	199400	209370	837480	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	4	837480
18	Light Cure	25	7500	7875	196875	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	10	78750
19	Harrison mandible holding with speed lock	2	27400	28770	57540	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	2	57540
20	Asch Nasal septum foreceps	2	13500	14175	28350	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	2	28350
21	Walsham nasal septum	2	13500	14175	28350	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	2	28350
22	Bone and plate holding	2	11740	12327	24654	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	2	24654
23	Reduction bone holding	2	10930	11477	22953	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	2	22953
24	Chin segment	2	18500	19425	38850	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	2	38850
25	Maxillary bone graft holding	4	3300	3465	13860	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	4	13860
26	Mandible bone graft holding	4	3300	3465	13860	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	4	13860
27	TMJ spreader forceps	2	22900	24045	48090	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	2	48090
28	Czerny retractor	6	6340	6657	39942	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	6	39942
29	Mcindoe retractor	6	12500	13125	78750	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	6	78750
30	Channel Retractor	4	4900	5145	20580	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	4	20580

Sl. No.	Name of Equipment	Total no. of equipment	Unit Rate (base price)	Unit rate with tax	Amount passed	Tender No.	P. C. approval date	Purchase Order no./ date	Name of supplier	No. of equipment not found entered in any stock register	Cost of equipment not found entered in any stock register
31	Kilner retractor	10	3910	4106	41055	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	8	32844
32	Kilner skin retractor double ended	6	3730	3917	23499	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	6	23499
33	Malleable copper retractor	3	1570	1649	4946	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	3	4946
34	Austin tissue retractor	10	12500	13125	131250	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	10	131250
35	Smith Spreader retractor	3	25000	26250	78750	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	3	78750
36	Right Angle(Lengenback), retractor small medium, big	1	27200	28560	28560	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	1	28560
37	Condylar neck retractor	2	18400	19320	38640	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	2	38640
38	Brown lingual flap retractor	2	3190	3350	6699	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	2	6699
39	Volkman retractor	2	3910	4106	8211	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	2	8211
40	Rowe orbital floor retractor	4	16400	17220	68880	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	4	68880
41	Mcdonald dissector	2	3910	4106	8211	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	2	8211
42	Wards periosteal elevators	20	9400	9870	197400	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	20	197400
43	Bristow elevators (fan shaped)	10	4440	4662	46620	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	7	32634
44	Cryer elevator	10	3400	3570	35700	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	10	35700
45	Cryer x bar elevator with T handle pair	20	10000	10500	210000	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	20	210000
46	Warwick james elevator St. Rt. Lt.	30	2800	2940	88200	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	0	0

Sl. No.	Name of Equipment	Total no. of equipment	Unit Rate (base price)	Unit rate with tax	Amount passed	Tender No.	P. C. approval date	Purchase Order no./ date	Name of supplier	No. of equipment not found entered in any stock register	Cost of equipment not found entered in any stock register
47	Rowe zygomatic elevator	2	31000	32550	65100	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	2	65100
48	Kilner zygomatic elevator	2	4540	4767	9534	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	2	9534
49	Coupland Elevator	45	3500	3675	165375	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	44	161700
50	Alveolar dissector	1	4540	4767	4767	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	1	4767
51	Farabeuf Rugine	2	4270	4484	8967	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	2	8967
52	Zyggomatic bone awl	2	6500	6825	13650	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	2	13650
53	Mandibula awl	4	5800	6090	24360	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	4	24360
54	Harrison bone hook	4	3820	4011	16044	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	4	16044
55	Poswillo mallar hook	2	3820	4011	8022	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	2	8022
56	Bone cutting single action & double action	4	34600	36330	145320	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	4	145320
57	Bone nibblers	2	34440	36162	72324	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	2	72324
58	Doynes rib shear	2	13540	14217	28434	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	2	28434
59	Rib cutter	2	45400	47670	95340	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	2	95340
60	Rib raspatory	4	4500	4725	18900	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	4	18900
61	Fine chisel different size	25	3500	3675	91875	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	5	18375
62	Fine osteotome different size	20	2920	3066	61320	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	20	61320

Sl. No.	Name of Equipment	Total no. of equipment	Unit Rate (base price)	Unit rate with tax	Amount passed	Tender No.	P. C. approval date	Purchase Order no./ date	Name of supplier	No. of equipment not found entered in any stock register	Cost of equipment not found entered in any stock register
63	Nasal Septum osteotome with guard	10	4270	4484	44835	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	10	44835
64	Fine gouge	25	3820	4011	100275	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	25	100275
65	Tessier osteotome	35	12550	13178	461213	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	35	461213
66	Ramus striper	4	8500	8925	35700	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	4	35700
67	Pterigodi chiseal	2	11920	12516	25032	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	2	25032
68	Kilner dott mouth gag with 3 blades	2	76000	79800	159600	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	2	159600
69	Davis boyle mouth gag	2	49000	51450	102900	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	2	102900
70	Heister jaw opener	3	5800	6090	18270	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	3	18270
71	Plate pending	3	4540	4767	14301	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	3	14301
72	Screw driver	10	8900	9345	93450	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	10	93450
73	Drill bits	1	1347000	1414350	1414350	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	1	1414350
74	Screw holding x acion	6	2830	2972	17829	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	6	17829
75	Plate bender for recon plate	2	20920	21966	43932	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	2	43932
76	Reconstruction plates of different sices	1	380000	399000	399000	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	1	399000
77	Different sized & shaped of plates	1	120500	126525	126525	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	1	126525
78	Different dia & length of screws	1	47500	49875	49875	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	1	49875

Sl. No.	Name of Equipment	Total no. of equipment	Unit Rate (base price)	Unit rate with tax	Amount passed	Tender No.	P. C. approval date	Purchase Order no./ date	Name of supplier	No. of equipmen t not found entered in any stock register	Cost of equipment not found entered in any stock register
79	Skin graft blade (Humby's knife) with container	2	76000	79800	159600	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	2	159600
80	Fickling dental mallet	6	900	945	5670	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	1	945
81	Different sixe box for plate screw & drill bits instruments	2	49000	51450	102900	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	2	102900
82	Artery foreceps Forceps, pean, delicate etc.	240	1930	2027	486360	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	235	476228
83	Tooth & non tooth tissue holding	40	600	630	25200	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	34	21420
84	Adson dissecting forceps	10	1200	1260	12600	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	8	10080
85	Distraction Osteogenesis instrument set complate	1	12227100	12838455	12838455	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	1	12838455
86	Ultrasonic fixation set	1	1962200	2060310	2060310	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	1	2060310
87	Angled screw driver angulus set with complete accessories	1	373000	391650	391650	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	1	391650
88	Level one fixation set	1	890500	935025	935025	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	1	935025
89	Hand Instruments	20	370200	388710	7774200	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	20	7774200
90	Retractor set complete (klapp, volkmann, kocher, langenbeck)	1	903200	948360	948360	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	1	948360
91	Scaler	20	229000	240450	4809000	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	2	480900
92	Rows maxillary Disimpaction forceps (pair)	4	22500	23625	94500	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	4	94500
93	Hyton William Forceps (forward & Downward traction)	4	22500	23625	94500	3422/2.6.15	16.12.15	223/15.1.16	Vishal Surgical Equipment Co. Pvt. Ltd.	4	94500
94	Burnout furnace	10	52800	55440	554400	3422/2.6.15	16.12.15	221/15.1.16	Kailash Surgicals Pvt. Ltd., Ranchi	7	388080

Sl. No.	Name of Equipment	Total no. of equipment	Unit Rate (base price)	Unit rate with tax	Amount passed	Tender No.	P. C. approval date	Purchase Order no./ date	Name of supplier	No. of equipment not found entered in any stock register	Cost of equipment not found entered in any stock register
95	Induction casting machine	2	1175000	1233750	2467500	3422/2.6.15	16.12.15	221/15.1.16	Kailash Surgicals Pvt. Ltd., Ranchi	2	2467500
96	Restorative Insrument Kit for Amalgam & Composite	40	25500	26775	1071000	3422/2.6.15	16.12.15	221/15.1.16	Kailash Surgicals Pvt. Ltd., Ranchi	40	1071000
97	Chin Retractor (Medesey)	2	2800	2940	5880	3422/2.6.15	16.12.15	221/15.1.16	Kailash Surgicals Pvt. Ltd., Ranchi	2	5880
98	Forked Ramus Retractor (Medesey)	2	2800	2940	5880	3422/2.6.15	16.12.15	221/15.1.16	Kailash Surgicals Pvt. Ltd., Ranchi	2	5880
99	kilner Nasal Retractor (Medesey)	2	4500	4725	9450	3422/2.6.15	16.12.15	221/15.1.16	Kailash Surgicals Pvt. Ltd., Ranchi	2	9450
100	Howarth Elevator (Medesey)	20	4200	4410	88200	3422/2.6.15	16.12.15	221/15.1.16	Kailash Surgicals Pvt. Ltd., Ranchi	20	88200
101	Septum Elevator (Medesey)	2	1900	1995	3990	3422/2.6.15	16.12.15	221/15.1.16	Kailash Surgicals Pvt. Ltd., Ranchi	1	1995
102	Volkman Bone Scoop (Medesey)	2	4300	4515	9030	3422/2.6.15	16.12.15	221/15.1.16	Kailash Surgicals Pvt. Ltd., Ranchi	2	9030
103	Suction Cannula (Medesey)	10	800	840	8400	3422/2.6.15	16.12.15	221/15.1.16	Kailash Surgicals Pvt. Ltd., Ranchi	10	8400
104	Sponge Holder (Medesey)	10	2100	2205	22050	3422/2.6.15	16.12.15	221/15.1.16	Kailash Surgicals Pvt. Ltd., Ranchi	10	22050
105	Suture Cutting Scissor (Medesey)	20	2100	2205	44100	3422/2.6.15	16.12.15	221/15.1.16	Kailash Surgicals Pvt. Ltd., Ranchi	20	44100
106	Allies Tissue Holding (Medesey)	10	1900	1995	19950	3422/2.6.15	16.12.15	221/15.1.16	Kailash Surgicals Pvt. Ltd., Ranchi	10	19950
107	Towel Clips (Medesey)	20	1700	1785	35700	3422/2.6.15	16.12.15	221/15.1.16	Kailash Surgicals Pvt. Ltd., Ranchi	20	35700
108	Needle Holders (Medesey)	20	2300	2415	48300	3422/2.6.15	16.12.15	221/15.1.16	Kailash Surgicals Pvt. Ltd., Ranchi	20	48300
109	Intra Oral Camera	6	95000	100225	601350	145/9.1.16	2.8.16	1376/23.2.17	Sreenath Engg. Sales & Services Pvt. Ltd., Kolkata	1	100225
110	Sand blasting unit	2	45000	47475	94950	145/9.1.16	2.8.16	1376/23.2.17	Sreenath Engg. Sales & Services Pvt. Ltd., Kolkata	1	47475
	Total	**1,176**			**17,41,74,728**						**12,01,95,104**

Appendix-2.1.5

(Referred to in Paragraph 2.1.8; page 20)

List of equipment not found in joint physical verification

Sl. No.	Name of Equipment	Quantity purchased	Unit Rate with tax	Installation certificate issued on	Name of supplier	No. of equipment found during physical verification	Difference	Cost of missing items	Remarks (As per reply)
1	Intra Oral Camera	6	100225	21.06.17	Sreenath Engg.	5	1	100225	One Missing accepted
2	Sand blasting unit	2	47475	21.06.17	Sreenath Engg.	1	1	47475	One Missing accepted
3	Septum Elevator (Medesey)	2	1995	26.05.16	Kailash Surgicals	1	1	1995	One Missing accepted
4	Endo motor	9	43575	20.04.16	Vishal Surgical	8	1	43575	One Missing accepted
5	Chin segment	2	19425	20.04.16	Vishal Surgical	0	2	38850	Two Missing accepted
6	Wards periosteal elevators	20	9870	20.04.16	Vishal Surgical	18	2	19740	Two Missing accepted
7	Harrison bone hook	4	4011	20.04.16	Vishal Surgical	3	1	4011	One Missing accepted
8	Scalers (supplied with basic chairs)	110	6000		Sreenath Engg.	54	56	336000	56 missing accepted
9	Computers (Desktop and colour laser jet printer) supplied with Intra Oral Camera*	6	51401		Sreenath Engg.	0	6	308406	6 missing accepted
	Total						**71**	**900277**	

* Though the prices of computers were neither disclosed in the bid nor in the invoices, price of computer purchases separately for the Dental Institute has been considered for estimating its prices.

Appendix 2.1.6

(Referred to in Paragraph 2.1.8; page 21)

List of sets of equipment not found in the form of sets during physical verification

Sl. No	Name of Equipment	Qty. purchased	Unit Rate with tax	Amount in `	No. of pieces in a set as per work order	Reply of the RIMS
1	Diagnostic Kit Set	100	3066	306600	Not mentioned	Present in adequate quantity in various departments and store.
2	Surgical instrument sets	4	209370	837480	93 types	A total of 141 surgical instrument were found in the store and remaining instruments had been distributed to various departments, which had not been entered separately in the name of 'surgical instruments' by respective departments in their stock register making difficult to categorise into different headings of the supplied list of Hand Instruments
3	Drill bits	1	1414350	1414350	Not mentioned	Ten mini items not found
4	Distraction Osteogenesis instrument set complete	1	12838455	12838455	184 types of Distracters	32 mini items not found, 19 mini items found extra
5	Hand Instruments	20	388710	7774200	136 types of instruments	A total of 989 Hand instrument were found in the store and remaining instruments had been distributed to various departments, which had not been entered separately in the name of 'Hand Instruments by respective departments in their stock register making difficult to categorise into different headings of the supplied list of Hand Instruments
6	Retractor set complete (klapp, volkmann, kocher, langenbeck)	1	948360	948360	36 types of instruments	6 items not found
7	Extraction Forceps (Medesey)	40	29925	1197000	Not mentioned	40 found in Oral Surgery and Pedodontics departments.
8	Ultrasonic fixation set	1	2060310	2060310	Not mentioned	1 mini item not found
9	Angled screw driver angulus set with complete accessories	1	391650	391650	Not mentioned	3 mini item not found, 1 mini item extra
10	Level one fixation set	1	935025	935025	Not mentioned	15 mini items not found
	Total			**28703430**		

APPENDICES (SECTION C)

Appendix 1.1.1

(Referred to in Paragraph 1.1.2; pages 63 & 65)

Sl. No.	Sector & Name of the SPSE	Name of the Department	Month and year of incorporation	Equity at close of the year 2019-20				Long term loans outstanding at close of the year 2019-20				Manpower (No. of employees as on 31.03.2019)
				State	Central	Others	Total	State	Central	Others	Total	
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	7
I. Working Government Companies												
A. Social Sector												
1	Jharkhand Hill Area Lift Irrigation Corporation Limited	Water Resources	March 2002	5			5	5.25			5.25	84
2	Jharkhand State Minority Finance Development Corporation	Scheduled Tribe, Schedule Caste, Minority and Backward Class Welfare	March 2012	1.01			1.01	0			0	4
3	Jharkhand State Forest Development Corporation Ltd.(JSFDC)	Forest, Environment & Climate Change	March 2002	0.55			0.55				0	134
4	Jharkhand State Mineral Development Corporation Ltd. (JSMDC)	Mines & Geology	May 2002	2			2				0	243
5	Jharkhand State Beverage Corporation Ltd. (JSBCL)	Excise	November 2010	2			2				0	52
6	Jharkhand State Food and Civil Supplies Corporation Ltd.	Food, Public Distribution & Consumer Affairs	June 2010	5			5	43.96			43.96	277
7	Jharkhand Medical & Health Infrastructure Development & Procurement Corporation Limited	Health, Medical Education & Family Welfare	May 2013	5			5				0	5
8	Jharkhand Railway Infrastructure Development Corporation Ltd.	Industries	July 2018	5		4.8	9.8				0	
9	Jharkhand State Agriculture Development Corporation Limited	Agriculture & Farmers' Empowerment	January 2016	2			2				0	
	Social Sector total			**27.56**	**0**	**4.8**	**32.36**	**49.21**	**0**	**0**	**49.21**	

Sl. No.	Sector & Name of the SPSE	Name of the Department	Month and year of incorporation	Equity at close of the year 2019-20				Long term loans outstanding at close of the year 2019-20				Manpower (No. of employees as on 31.03.2019)
				State	Central	Others	Total	State	Central	Others	Total	
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	7
	B. Competitive Sector											
1	Jharkhand Communication Network Ltd.	Information Technology & e-Governance	January 2017	0			0				0	
2	Jharkhand Film Development Corp. Ltd.	Information Technology & e-Governance	September 2016	0			0				0	
3	Jharkhand Urban Infrastructure Development Company Ltd.	Urban Development & Housing	November 2013	45			45				0	104
4	Adityapur Electronic Manufacturing Cluster Limited	Industries	November 2016			27.83	27.83					
5	Jharkhand State Industrial Infrastructure Development Corporation Limited	Industries	December 2004	15			15				0	20
6	Jharkhand State Building Construction Corporation Limited	Urban Development & Housing	December 2015	2			2				0	70
7	Greater Ranchi Development Agency	Urban Development & Housing	January 2003	164.14			164.14				0	24
8	Atal Bihari Vajpayee Innovation Lab.	Industries	December 2018	0			0	0	0	0	0	
9	Jharkhand Plastic Park Limited	Industries	September 2016	0		0.01	0.01			0.18	0.18	2
10	Jharkhand Urban Transport Corporation Limited	Urban Development & Housing	September 2016	45			45				0	4
11	Jharkhand Silk Textile &Handicraft Development Corporation Ltd.	Industries	August 2006	10			10				0	283
12	Jharkhand Tourism Development Corporation Limited	Tourism, Arts, Culture, Sports & Youth Affairs	March 2002	9.5			9.5				0	107
	Competitive Sector Total			**290.64**	**0**	**27.84**	**318.48**	**0**	**0**	**0.18**	**0.18**	

Sl. No.	Sector & Name of the SPSE	Name of the Department	Month and year of incorporation	Equity at close of the year 2019-20				Long term loans outstanding at close of the year 2019-20				Manpower (No. of employees as on 31.03.2019)
				State	Central	Others	Total	State	Central	Others	Total	
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	7
C.	**Other Sector**											
1	Ranchi Smart City Corporation Ltd.	Transport	September 2016	13			13					
2	Jharkhand Police Housing Corporation Ltd. (JPHCL)	Home, Jail & Disaster Management	March 2002	2			2				0	96
	Other Sector Total			**15**	**0**	**0**	**15**	**0**	**0**	**0**	**0**	
	Power Sector (Working Companies)											
1	Tenughat Vidyut Nigam Limited	Energy	November 1987	105			105	665.9			665.9	715
2	Jharkhand Urja Utpadan Nigam Limited	Energy	October 2013	40.13			40.13	50			50	130
3	Jharkhand Bijli Vitran Nigam Ltd.	Energy	October 2013	3111.03			3111.03	9320.29		1209.26	10529.55	3523
4	Jharkhand Urja Sancharan Nigam Ltd	Energy	October 2013	975.06			975.06	3735.22			3735.22	931
5	Jharkhand Urja Vikas Nigam Limited	Energy	September 2013	11.7			11.7				0	116
	Power Sector (Working Companies) Total			**4242.92**	**0**	**0**	**4242.92**	**13771.41**	**0**	**1209.26**	**14980.67**	
	II. Non-working Government Companies											
	Power Sector (Non-working Companies)											
1	Patratu Energy Limited	Energy	August 2012	0		0.05	0.05	19.41			19.41	0
2	Jharbihar Colliery Limited	Energy	June 2009	0		1	1			3.92	3.92	0
3	Karanpura Energy Ltd.	Energy	September 2008	0		0.05	0.05	15.52		11.96	27.48	0
	Power sector (Non-Working) Total			**0**	**0**	**1.1**	**1.1**	**34.93**	**0**	**15.88**	**50.81**	
	Power Sector Total			**4242.92**	**0**	**1.1**	**4244.02**	**13806.34**	**0**	**1225.14**	**15031.48**	
	Grand Total			**4576.12**	**0**	**33.74**	**4609.86**	**13855.55**	**0**	**1225.32**	**15080.87**	

Appendix 1.1.2
(Referred to in Paragraph 1.1.3; pages 67, 69 & 71)

Sl. No.	Sector/ Name of the Company	Period of Accounts	Year in which accounts finalised	Paid-up Capital as per latest finalised accounts	Loans outstanding at the end of year@	Finance Cost/ Interest Payment	Free reserves	Accumulated Profit (+)/ Loss (-)	Turn over	Net Profit (+) / Loss (-)	Net impact of Audit Comments	Net worth/ Shareholders' funds	Capital Employed	(EBIT) Return on capital employed$	Percentage of return on capital employed	Interest Coverage Ratio	Debt-Equity Ratio
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Profit making																	
1	Jharkhand Industrial Infrastructure Development Corporation Ltd.	2019-20	2021-22	15	0	0	0	12.34	2.08	1.84	0	27.34	73.44	2.57	3.50		138.11
2	Greater Ranchi Development Authority.	2019-20	2021-22	164.14	0	0	0	3.43	0.2	8.05	0	167.57	198.47	10.78	5.43		558.07
3	Jharkhand State Building Construction Corporation Ltd.	2018-19	2020-21	2	0	0	0	36.33	40.72	21.04	0	38.33	38.33	29.88	77.95		284.58
4	Jharkhand Urban Infrastructure Development Company Ltd.	2018-19	2020-21	45	0	0	0	15.93	12.7	6.54	0	60.93	1895.54	9.12	0.48		2046.24
5	Jharkhand Medical & Health Infrastructure Development & Procurement Corporation Limited	2016-17	2020-21	5	0	0	0	0.52	0.42	0.34	0	5.52	6.15	0.35	5.69		23.99

Sl. No.	Sector/ Name of the Company	Period of Accounts	Year in which accounts finalised	Paid-up Capital as per latest finalised accounts	Loans outstanding at the end of year@	Finance Cost/ Interest Payment	Free reserves	Accumulated Profit (+)/ Loss (-)	Turn over	Net Profit (+) / Loss (-)	Net impact of Audit Comments	Net worth/ Shareholders' funds	Capital Employed	(EBIT) Return on capital employed$	Percentage of return on capital employed	Interest Coverage Ratio	Debt-Equity Ratio
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**
6	Jharkhand State Minority Finance Development Corporation	2015-16	2018-19	0	0	0	0	0.41	0	0.39	0	0.41	0.49	0.39	79.59		81.68
7	Jharkhand Railway Infrastructure Development Corporation Ltd.	2019-20	2020-21	9.8	0	0	0	-1.02	0	0	0	8.78	18.78	0	0		36.34
	Sub-Total			**240.94**	**0**	**0**	**0**	**67.94**	**56.12**	**38.2**	**0**	**308.88**	**2231.2**	**53.09**	**172.65**		**3169.02**
Loss Making																	
1	Jharkhand Police Housing Corporation Ltd.(JPHCL)	2019-20	2020-21	2	0	0	0	15.87	7.12	-0.2	0	17.87	438.41	-0.19	-0.04		
2	Jharkhand Film Development Corp. Ltd.	2018-19	2020-21	0.01	0	0	0	-7.75	0.42	-2.78	0	-7.743	7	-2.78	-39.71		
3	Jharkhand Silk Textile &Handicraft Development Corporation Ltd.	2018-19	2019-20	10	0	0	0	-46.18	5.62	-13.04	0	-36.18	3.731	-13.04	-349.50		
4	Jharkhand Plastic Park Limited	2018-19	2019-20	0.01	0	0	0	-1.8	0	-0.02	0	-1.79	21.294	-0.02	-0.09		

Sl. No.	Sector/ Name of the Company	Period of Accounts	Year in which accounts finalised	Paid-up Capital as per latest finalised accounts	Loans outstanding at the end of year@	Finance Cost/ Interest Payment	Free reserves	Accumulated Profit (+)/ Loss (-)	Turn over	Net Profit (+) / Loss (-)	Net impact of Audit Comments	Net worth/ Shareholders' funds	Capital Employed	(EBIT) Return on capital employed$	Percentage of return on capital employed	Interest Coverage Ratio	Debt-Equity Ratio
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**
5	Jharkhand Urban Transport Corporation Limited	2017-18	2018-19	35	0	0	0	-1.02	0	-0.52	0	33.98	36.48	-0.52	-1.43		
6	Patratu Energy Limited	2019-20	2021-22	0.05	0	0	0	-16.41	0	-8.32	0	-16.36	25.74	-8.32	-32.32		
7	Jharbihar Colliery Limited	2019-20	2021-22	1	0	0	0	-3.97	0	-0.02	0	-2.97	0.95	-0.02	-2.11		
8	Karanpura Energy Ltd.	2019-20	2021-22	0.05	0	0	0	-23.77	0	-2.53	0	-23.72	23.323	-2.53	-10.85		
9	Jharkhand Bijli Vitran Nigam Ltd.	2019-20	2021-22	3108.93	10529.55	482.41	0	-7296.5	5289.52	-1131.54	0	-4187.57	16033.24	-649.13	-4.05	-134.56	3.39
10	Jharkhand UrjaUtpadan Nigam Limited	2019-20	2021-22	40.13	50	6.5	0	-23.76	17.44	-0.87	0	16.37	136.54	5.63	4.12	86.62	1.25
11	Jharkhand Urja Sancharan Nigam Ltd	2018-19	2020-21	972.96	3735.22	304.68	0	-786.58	230.01	-210.6	0	186.38	4918.57	94.08	1.91	30.88	3.84
12	Jharkhand UrjaVikas Nigam Limited	2015-16	2018-19	8.4		0	0	-2.66	0	-0.36	0	5.74	4135.25	-0.36	-0.01		
	Sub-Total			**4178.54**	**14314.77**	**793.59**	**0**	**-8194.53**	**5550.13**	**-1370.8**	**0**	**-4015.99**	**25780.53**	**-577.2**	**-434.08**	**-17.07**	**8.47**
Grand Total				**4419.48**	**14314.77**	**793.59**	**0**	**-8126.59**	**5606.25**	**-1332.6**	**0**	**-3707.11**	**28011.73**	**-524.11**	**-261.43**	**-17.07**	**3177.49**