

# **CHAPTER-I**

## **OVERVIEW**



## CHAPTER - I: OVERVIEW

### 1.1 Introduction

This Report covers matters arising out of the Compliance Audit of some State Government Departments. The primary purpose of this Report is to bring to the notice of the Legislature the important results of audit. Findings of audit are expected to enable the Executive to take corrective action, as also to frame policies and directives that will lead to improved financial management of the organisations, contributing to better governance.

The Report has been organised in three chapters, as under:

- **Chapter 1** contains the overview of trend of revenue raised by the Government of Jharkhand and arrears of taxes pending collection against the backdrop of audit findings, response of the Government to Inspection Reports, Compliance Audits, follow-up action on Audit Reports etc. and significant audit observations included in this Audit Report.
- **Chapter 2** contains observations relating to Tax Receipts featuring a Compliance Audit on Transitional Credits and seven paragraphs relating to the Commercial Taxes Department and the Excise and Prohibition Department.
- **Chapter 3** contains observations relating to Non-Tax Receipts, featuring a Compliance Audit on the Working of the District Mineral Foundation Trust in Jharkhand and one paragraph relating to the Mines and Geology Department.

### 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 2020-21 and the corresponding figures for the preceding four years, are presented in **Table – 1.1**.

**Table – 1.1**  
**Trend of revenue receipts**

		(₹ in crore)				
		2016-17	2017-18	2018-19	2019-20	2020-21
1	<b>Revenue raised by the State Government</b>					
	• Tax revenue	13,299.25	12,353.44	14,752.04	16,771.45	16,880.08
	Percentage of growth compared to previous year	<b>15.86</b>	(-) 7.11	<b>19.42</b>	<b>13.69</b>	<b>0.65</b>
	• Non-tax revenue	5,351.41	7,846.67	8,257.98	8,749.98	7,564.01
	Percentage of growth compared to previous year	(-) 8.57	<b>46.63</b>	<b>5.24</b>	<b>5.96</b>	(-) 13.55
<b>Total</b>		<b>18,650.66</b>	<b>20,200.11</b>	<b>23,010.02</b>	<b>25,521.43</b>	<b>24,444.09</b>
2	<b>Receipts from the Government of India</b>					
	• State's share of divisible Union taxes and duties	19,141.92	21,143.63	23,906.16	20,593.04	19,712.23
	• Grants-in-aid	9,261.35	11,412.29	9,235.52	12,302.67	11,993.41
	<b>Total</b>		<b>28,403.27</b>	<b>32,555.92</b>	<b>33,141.68</b>	<b>32,895.71</b>

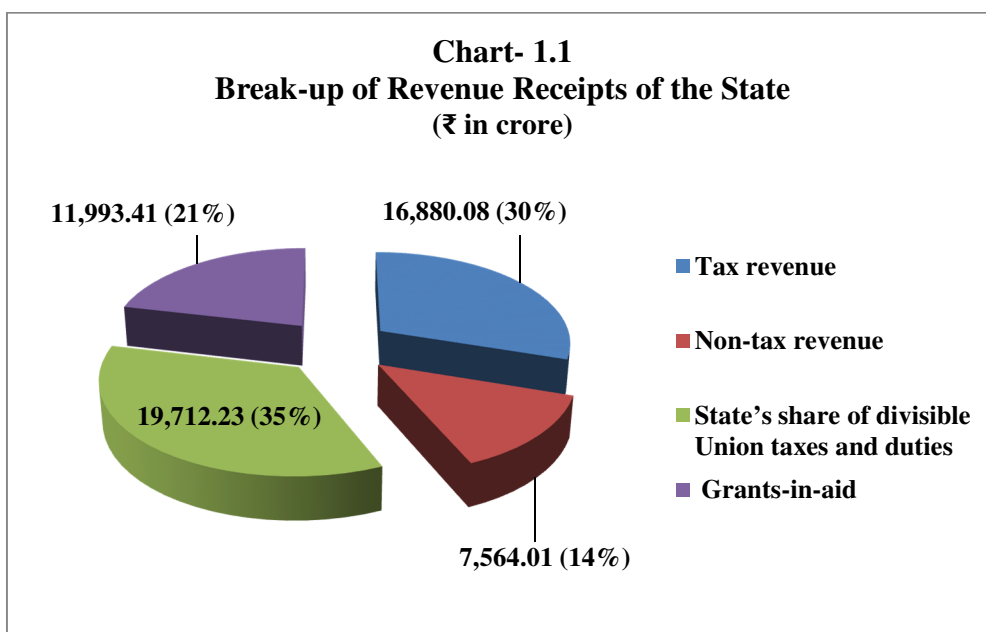
**Table – 1.1**  
**Trend of revenue receipts**

		(₹ in crore)				
		2016-17	2017-18	2018-19	2019-20	2020-21
3	<b>Total receipts of the State Government (1 &amp; 2)</b>	47,053.93	52,756.03	56,151.70	58,417.14	56,149.73
4	<b>Percentage of 1 to 3</b>	40	38	41	44	44

**Source:** Finance Accounts of the Government of Jharkhand

The above table indicates that, during the year 2020-21, the revenue raised by the State Government (₹ 24,444.09 crore) was just 44 *per cent* of the total revenue receipts. The balance 56 *per cent* of receipts during 2020-21 was from the State's share of divisible Union taxes and duties and Grants-in-aid from the Government of India. Tax revenue raised by the State Government increased by 0.65 *per cent* while non-tax revenue decreased by 13.55 *per cent* in 2020-21, over 2019-20.

The break-up of revenue receipts of the State, for the financial year 2020-21, in terms of percentage, is shown in **Chart - 1.1**.



**1.2.2** Details of tax revenue, raised during the period 2016-17 to 2020-21, are given in **Table - 1.2**.

**Table – 1.2**  
**Details of Tax Revenue**

(₹ in crore)

Sl. No.	Head of revenue	2016-17	2017-18	2018-19	2019-20	2020-21	Percentage of increase (+) or decrease (-) in 2020-21 over 2019-20
1	Taxes on Sales, Trade etc.	10,549.25	5,714.69	3,474.96	3,996.33	4,300.89	(+) 7.62
2	State Goods and Services Tax	0.00	4,123.88	8,200.84	8,417.72	7,930.56	(-) 5.79

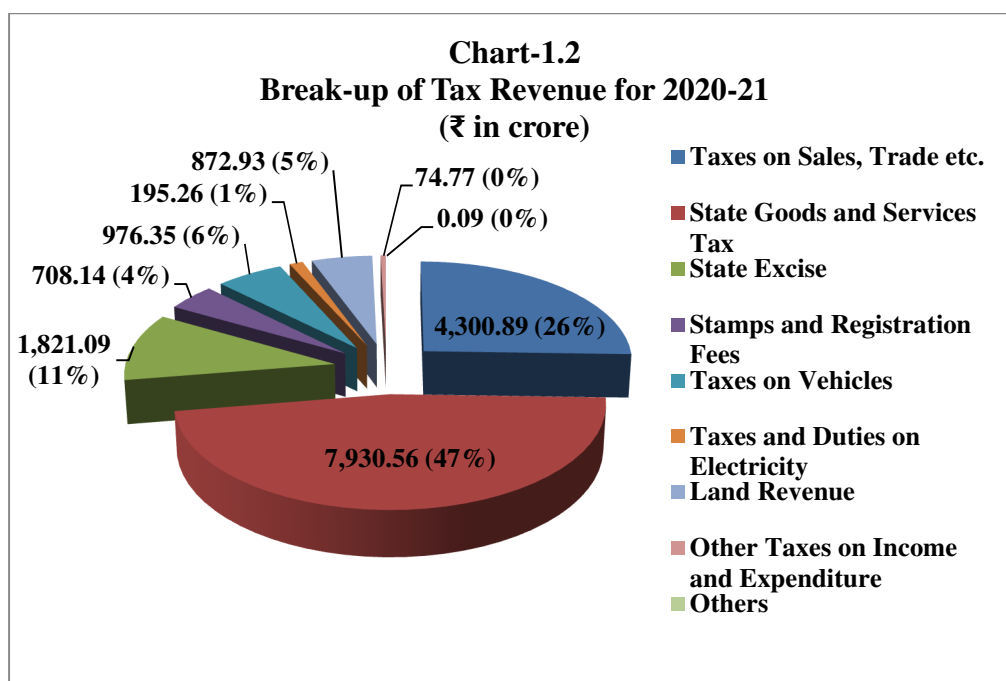
**Table – 1.2**  
**Details of Tax Revenue**

(₹ in crore)

Sl. No.	Head of revenue	2016-17	2017-18	2018-19	2019-20	2020-21	Percentage of increase (+) or decrease (-) in 2020-21 over 2019-20
3	State Excise	961.68	840.81	1,082.82	2,009.27	1,821.09	(-) 9.37
4	Stamps and Registration Fees	607.00	469.34	451.04	560.33	708.14	(+) 26.38
5	Taxes on Vehicles	681.52	778.37	863.94	1,128.98	976.35	(-) 13.52
6	Taxes and Duties on Electricity	151.89	183.50	209.07	236.24	195.26	(-) 17.35
7	Land Revenue	240.26	156.01	389.38	337.98	872.93	(+) 158.28
8	Other Taxes on Income and Expenditure	67.69	73.98	78.61	83.93	74.77	(-) 10.91
9	Others	39.95	12.86	1.38	0.67	0.09	(-) 86.57
	<b>Total</b>	<b>13,299.25</b>	<b>12,353.44</b>	<b>14,752.04</b>	<b>16,771.45</b>	<b>16,880.08</b>	<b>(+) 0.65</b>

**Source:** Finance Accounts of the Government of Jharkhand

The break-up of tax revenue for the year 2020-21 is shown in **Chart - 1.2**.



The reasons for variation in receipts in 2020-21, from those of 2019-20, in respect of some principal heads of tax revenue, were as under:

**Taxes on Sales, Trade etc.:** The increase of 7.62 per cent was attributed (May 2022), by the Commercial Taxes Department, to revision of tax rates of petroleum products and Indian Made Foreign Liquor (IMFL).

**State Goods and Services Tax:** The decrease of 5.79 per cent was attributed (May 2022), by the Commercial Taxes Department, to the Covid-19 pandemic.

**State Excise:** The decrease of 9.37 *per cent* was attributed (December 2021), by the Excise and Prohibition Department, to decrease in sale volume of liquor, due to the Covid-19 pandemic and lockdown.

**Stamps and Registration Fees:** The increase of 26.38 *per cent* was attributed (November 2021), by the Revenue, Registration and Land Reforms Department, to withdrawal of exemption of stamp duty and registration fees on sale deed of immovable properties made in favour of women, from May 2020.

**Taxes on Vehicles:** The decrease of 13.52 *per cent* was attributed (November 2021), by the Transport Department, to spread of Covid-19 and lockdown.

**Taxes and Duties on Electricity:** The decrease of 17.35 *per cent* was attributed (May 2022), by the Commercial Taxes Department, to the Covid-19 pandemic.

**Land Revenue:** The increase of 158.28 *per cent* was attributed (November 2021), by the Revenue, Registration and Land Reforms Department, to payment of arrears of ₹ 500 crore, by Central Coalfields Ltd.

**Other Taxes on Income and Expenditure:** The decrease of 10.91 *per cent* was attributed (May 2022), by the Commercial Taxes Department, to the Covid-19 pandemic.

**1.2.3** Details of non-tax revenue, raised during the period 2016-17 to 2020-21, are indicated in **Table - 1.3**.

**Table – 1.3**  
**Details of Non-Tax Revenue**

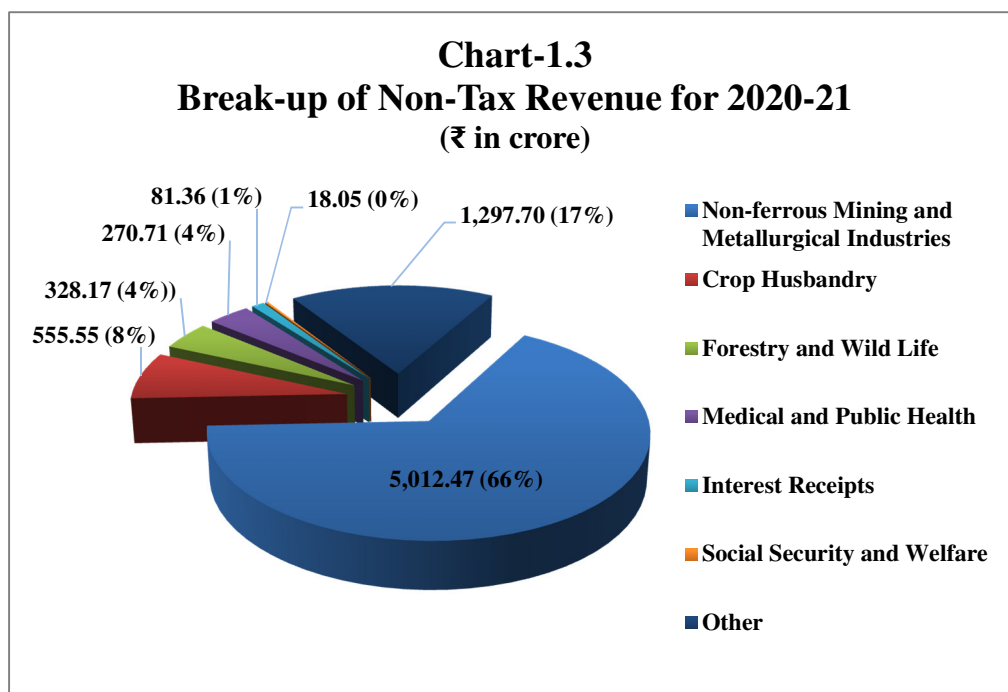
(₹ in crore)

Sl. No.	Head of revenue	2016-17	2017-18	2018-19	2019-20	2020-21	Percentage of increase (+) or decrease (-) in 2020-21 over 2019-20
1	Non-ferrous Mining and Metallurgical Industries	4,094.25	5,941.36	5,934.64	5,461.36	5,012.47	(-) 8.22
2	Crop Husbandry	5.89	166.19	15.23	160.40	555.55	(+) 246.35
3	Forestry and Wild Life	4.48	4.44	14.79	17.59	328.17	(+) 1,765.66
4	Medical and Public Health	20.53	14.22	25.58	8.75	270.71	(+) 2,993.83
5	Interest Receipts	121.34	168.88	47.20	309.51	81.36	(-) 73.71
6	Social Security and Welfare	36.79	135.78	8.46	84.61	18.05	(-) 78.67
7	Others <sup>1</sup>	1,068.13	1,415.80	2,212.08	2,707.76	1,297.70	(-) 52.07
	<b>Total</b>	<b>5,351.41</b>	<b>7,846.67</b>	<b>8,257.98</b>	<b>8,749.98</b>	<b>7,564.01</b>	<b>(-) 13.55</b>

**Source:** Finance Accounts of the Government of Jharkhand

The break-up of non-tax revenue, for the financial year 2020-21, is shown in **Chart - 1.3**.

<sup>1</sup> Others include General Services, Social Services and Economic Services.



The reasons for variation in receipts in 2020-21, from those of 2019-20, were not furnished by the concerned departments, despite several requests.

**Interest Receipts:** ‘Interest Receipts’ decreased by 73.71 *per cent* in 2020-21, over the previous year.

**Crop Husbandry:** Receipts under ‘Crop Husbandry’ increased by 246.35 *per cent* in 2020-21 over the previous year. Audit noticed that recoveries of unspent balance of grants-in-aid of ₹ 551.38 crore were incorrectly shown as revenue receipts of the State, under the minor head ‘913-Recoveries of unspent balance of grants-in-aid’, leading to sudden increase of receipts under Crop Husbandry.

**Forestry and Wild Life:** Receipts under ‘Forestry and Wild Life’ increased by 1,765.66 *per cent* in 2020-21 over the previous year. Audit noticed that during the year, receipts from minor head ‘103-Receipts from environmental forestry’ under sub-head ‘01-Forestry’ and minor head ‘112-Public Gardens’ under sub-head ‘02-Environment Forestry and Wild Life’ increased over 2019-20 by ₹ 15.62 crore and ₹ 300.34 crore respectively.

**Medical and Public Health:** Receipts under ‘Medical and Public Health’ increased by 2,993.83 *per cent* in 2020-21 over the previous year. Audit noticed that recoveries of unspent balance of grants-in-aid of ₹ 260.53 crore were incorrectly shown as revenue receipts of the State, under the minor head ‘913-Recoveries of unspent balance of grants-in-aid’, leading to increase of receipts under Medical and Public Health.

**Social Security and Welfare:** Receipts under the head ‘Social Security and Welfare’ decreased by 78.67 *per cent* in 2020-21 over the previous year. Audit noticed that, during the year 2019-20, recoveries of unspent balances of grants-in-aid had been incorrectly shown as revenue receipts of the State, under minor head ‘913 - Recoveries of unspent balances of grants-in-aid’, leading to increase in revenue receipts during 2019-20.

### 1.3 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2021, in respect of four principal heads of revenue, amounted to ₹ 8,458.41 crore, of which ₹ 3,485.68 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	Arrears as on 31 March 2021	For more than five years as on 31 March 2021	Status of outstanding arrears						
				Demand issued	Stayed by judicial authorities	Stayed by Government	Rectification / review	Dealer/ party insolvent	Written off	Specific action not intimated
1	Taxes on Sales, Trade etc.	7,465.84	2,816.16	1,178.23	1,178.64	633.60	79.95	85.12	0	4,310.30
2	Taxes on Vehicles	608.22	403.14	54.95	0	0	0	0	0	553.27
3	State Excise	53.88	0.00	25.77	7.65	0.07	0.11	0	0.16	20.12
4	Land Revenue	330.47	266.38	Specific action taken in respect of the arrears has not been intimated (March 2024)						
<b>Total</b>		<b>8,458.41</b>	<b>3,485.68</b>							

**Source:** Information furnished by the Departments.

The position of arrears of revenue pending collection, as on 31 March 2021, in respect of other revenue heads, was not furnished (March 2024), 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, 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 to the Public Accounts Committee (PAC) within three months of laying of the Report of the Comptroller and Auditor General of India (CAG) in the Legislative Assembly. Further, ATNs on recommendations made by the Committee are to be submitted 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 97 paragraphs (including performance audits) appearing in the CAG's Revenue Audit Reports for the years ended 31 March 2015, 2016, 2017, 2018 and 2019, placed before the State Legislative Assembly between March 2016 and September 2021.



Details of pending explanatory notes, pertaining to various departments<sup>2</sup>, are given in **Table – 1.5**.

**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 have been received	No. of paragraphs where explanatory notes have not been received
1	2015	15.03.2016	32	4	28
2	2016	02.02.2017	32	14	18
3	2017	20.07.2018	17	4	13
4	2018	21.09.2020	9	1	8
5	2019	08.09.2021	7	0	7
<b>Total</b>			<b>97</b>	<b>23</b>	<b>74</b>

Till 2020-21, the PAC had discussed 18 paragraphs pertaining to the Audit Reports for the years 2014-15 to 2018-19. During 2020-21, eight paragraphs, pertaining to Audit Reports 2015-16 and 2016-17, were discussed for the first time and one paragraph, pertaining to Audit Report 2015-16, for the second time. No recommendations had 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 Departments and the Government.

Review of IRs, issued for the years 2008-09 to 2020-21, revealed that 9,590 paragraphs, relating to 1,033 IRs, remained outstanding at the end of April 2022. The potentially recoverable revenue, as brought out in these IRs, was as much as ₹ 17,812.35 crore, whereas the total revenue receipts of the State were ₹ 24,444.09 crore in 2020-21. 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**

Sl. No.	Names of Department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations	Money value involved
					(₹ in crore)
1	Commercial Taxes	Taxes on Sales, Trade etc.	271	5,275	8,218.81
		Entry Tax	5	5	9.54
		Taxes and Duties on Electricity	12	55	93.65
2	Excise and Prohibition	State Excise	165	812	967.47
3	Revenue, Registration and Land Reforms	Land Revenue	98	498	4,386.97
4	Transport	Taxes on Vehicles	164	1,202	542.81

<sup>2</sup> Commercial Taxes (37 paragraphs); Excise and Prohibition (6 paragraphs); Transport (19 paragraphs); Revenue, Registration and Land Reforms (6 paragraphs) and Mines and Geology (6 paragraphs).

**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
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
<b>Total</b>			<b>1,033</b>	<b>9,590</b>	<b>17,812.35</b>

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 179 IRs, issued from 2008-09 onwards.

## 1.6 Results of audit

### Position of local audit conducted during the year

Audit covered four departments<sup>3</sup> of the State Government and test-checked the records of 25 out of 586 auditable units (4.27 per cent) relating to taxes on sales, trade etc., state excise, land revenue and mining receipts, during the year 2020-21. In these four departments, revenue of ₹ 20,222.66 crore was collected during 2019-20, out of which the 25 audited units collected ₹ 7,851.79 crore (38.83 per cent). In the 25 audited units, Audit noticed under-assessment, non/short levy of tax/interest/penalty, loss of revenue etc., aggregating ₹ 910.74 crore (11.60 per cent of the revenue collected by the units) in 1,413 cases. Audit also conducted audits on “**Transitional credits**” and “**Working of the District Mineral Foundation Trust in Jharkhand**”, which revealed irregularities amounting to ₹ 194.01 crore. The departments concerned accepted under-assessment and other deficiencies of ₹ 105.85 crore, in 61 cases pointed out by Audit.

## 1.7 Coverage of this Report

This Report contains Audits on “**Transitional credits**” and “**Working of the District Mineral Foundation Trust in Jharkhand**”, along with eight selected paragraphs from the local audits conducted during the year, including those of earlier years which could not be included in the previous reports, involving a financial effect of ₹ 322.93 crore.

The Departments/Government have accepted audit observations involving ₹ 105.68 crore and recovered ₹ 44.49 lakh. These are discussed in Chapters II and III.

The errors/omissions pointed out are on the basis of a test audit. The Departments/Government may, therefore, undertake a thorough review of all units, to check whether similar errors/omissions have taken place elsewhere,

<sup>3</sup> Commercial Taxes Department, Excise and Prohibition Department; Revenue, Registration and Land Reforms Department and Mines and Geology Department.

and, if so, rectify them and put a system in place that would prevent such errors/omissions.

## **1.8 Significant Audit Observations in this Report**

The present Report contains observations relating to tax and non-tax receipts, featuring two Compliance Audit Paragraphs and eight other observations/paragraphs.

Significant observations contained in this Report are discussed in brief in the following paragraphs.

### **Tax Receipts**

#### **Transitional Credit**

A Compliance Audit (CA), covering the period from July 2017 to March 2020, on transitional arrangements for claiming Input Tax Credit under Goods and Services Tax (GST), was conducted. The major audit findings are as follows:

105 transitional credit claims, above ₹ 50 lakh, at 23 CTCs, were required to be verified by the Joint Commissioners. However, 75 cases were verified by DCST/ACST/STOs and the balance 30 cases remained un-verified.

**(Paragraph 2.3.7.2)**

No follow-up action was initiated by the proper officers to recover the disallowed transitional credit of ₹ 14.06 crore, even after the expiry of 24 months.

**(Paragraph 2.3.7.3)**

57 taxpayers, at 18 CTCs, had carried forward and availed transitional credits of ₹ 70.42 crore. However, these taxpayers were eligible to carry forward credit of ₹ 33.99 crore only. Thus, transitional credits of ₹ 36.43 crore were carried forward in excess, on which interest and penalty of ₹ 23.65 crore are also leviable under the provisions of the Act.

**(Paragraph 2.3.8.1)**

22 taxpayers, at 13 CTCs, had availed transitional credits of ₹ 34.55 crore. However, the availed claims include credit of ₹ 31.14 crore on inadmissible items. This resulted in irregular availment of transitional credits on inadmissible items for ₹ 31.14 crore, on which interest and penalty of ₹ 20.17 crore are also leviable under the provisions of the Act.

**(Paragraph 2.3.8.2)**

Transitional credit claims of ₹ 9.03 crore, on capital goods, were availed by five taxpayers. However, these taxpayers did not have unavailed credits on capital goods to be carried forward as transitional credits.

**(Paragraph 2.3.8.3)**

Four taxpayers, at four CTCs, had availed transitional credits of ₹ 81.53 lakh, on inputs held in stock. However, these claims were not supported by requisite evidence.

**(Paragraph 2.3.8.4)**

Eight taxpayers, at six CTCs, had availed transitional credits of ₹ 75.43 lakh, on inputs in transit. However, these claims were not supported by requisite evidence.

**(Paragraph 2.3.8.5)**

Though taxpayers had filed TRAN-1 beyond the prescribed timelines, or were not registered as works contractors under the repealed Act, they had irregularly availed transitional credits of ₹ 1.56 crore on works contract service.

**(Paragraph 2.3.8.7)**

The proper officers of 14 CTCs, in 24 cases, disallowed transitional credit claims of ₹ 15.91 crore and levied interest and penalty of ₹ 35.88 lakh, instead of the leviable interest and penalty of ₹ 6.44 crore. This resulted in short levy of interest and penalty of ₹ 6.08 crore.

**(Paragraph 2.3.8.8)**

Demand notice of ₹ 55.19 lakh, in one case, was incorrectly revised as 'nil' after expiry of 16 months, without assigning any reason. This resulted in irregular allowance of transitional credit of ₹ 55.19 lakh.

**(Paragraph 2.3.8.10)**

## Other observations/Paragraphs

### Commercial Taxes Department

Interest of ₹ 61.65 crore was not levied on disallowed exemptions, concessions and incorrect adjustment of Input Tax Credit (ITC).

**(Paragraph 2.4)**

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 ₹ 126.48 crore by eight dealers and consequential under assessment of tax and penalty of ₹ 26.29 crore.

**(Paragraph 2.5)**

The assessing authorities, while finalising the assessments in case of 11 dealers, allowed ITC of ₹ 25.82 crore, instead of ₹ 11.36 crore.

**(Paragraph 2.6)**

The assessing authorities, while finalising the assessments, did not levy penalty of ₹ 9.68 crore under the prescribed provisions of the JVAT Act, 2005.

**(Paragraph 2.7)**

The assessing authorities levied tax of ₹ 8.92 crore, instead of ₹ 16.39 crore, due to application of incorrect rate of tax, resulting in short levy of tax of ₹ 7.47 crore.

**(Paragraph 2.8)**

The assessing authorities allowed excess exemption of tax, resulting in under assessment of tax of ₹ 1.12 crore.

**(Paragraph 2.9)**

### **Excise and Prohibition Department**

The Department did not levy excise duty equivalent to Minimum Guaranteed Duty of ₹ 19.61 lakh, leviable on the short lifted liquor, and late fee of ₹ 6.23 crore, leviable on delay in payment of Minimum Guaranteed Duty and Excise Transport Duty.

**(Paragraph 2.12)**

### **Non-Tax Receipts**

### **Mines and Geology Department**

Mining leases were granted in an irregular manner in all 24 test-checked cases, out of 65 cases of mining leases granted during 2017-22, in two districts (Ranchi and Sahibganj), in violation of the Jharkhand Minor Minerals Concession Rules and against the essence of the Code of Conduct for Ministers, issued by the Ministry of Home Affairs, Government of India.

**(Paragraph 3.2.1)**

### **Working of the District Mineral Foundation Trust in Jharkhand**

Audit was conducted, covering collection of funds under the District Mineral Foundation Trust, planning, selection and monitoring of schemes/projects under the *Pradhan Mantri Khanij Khsetra Kalyana Yojana (PMKKKY)*, relating to the period from 2015-16 to 2020-21. The scope of audit was limited, due to restrictions imposed by the State Government owing to the COVID-19 pandemic. The audit sample was selected on the basis of accessibility of the audited units, in keeping with the protocols exercised by the State Government, under the Disaster Management Act. The major findings, on the basis of the records accessible/made available to Audit, are as follows:

Collection of DMFT contribution and its accounting did not provide any assurance about its correctness, as three sets of figures were maintained (by the Director of Mines, DMOs and the DMFTs), without any reconciliation.

**(Paragraph 3.3.6.1)**

None of the Governing Councils (GCs) in the test-checked DMFTs had prepared annual budgets during the last five years. The Chairpersons of the Trusts (DCs of the concerned districts) also did not prepare the annual budgets (though required to ensure, on failure of the GCs to do so), or provided the same to the State Government, as provisioned in the DMFT deed.

**(Paragraph 3.3.6.2)**

The Department could have collected an additional amount of ₹ 11.10 crore (from lessees and works contractors) and ₹ 35.68 crore (from contractors) as DMFT contribution, had the State Government formulated the DMFT Rules immediately upon the amendment of the Mines and Minerals (Development and Regulation) Act, 2015 by the Government of India.

**(Paragraph 3.3.6.3)**

The DCs of Bokaro, Dhanbad and Ranchi (as MC of the Fund), without identifying the areas and persons directly/indirectly affected by mining operations and involving the *gram-sabhas* of the concerned villages, incurred expenditure of ₹ 1,563.14 crore from the DMFT Fund, on various schemes, during 2016-21. The DCs of Chatra, Hazaribag and Lohardaga incurred expenditure of ₹ 339.80 crore, on different schemes, by identifying the areas and persons directly/indirectly affected by mining operations, on the basis of surveys conducted by DMOs and Circle Officers, in violation of PMKKKY guidelines.

**(Paragraph 3.3.7.1)**

In violation of PMKKKY guidelines, ₹ 4,444.05 crore (64.82 *per cent* of the total collection) was sanctioned for two schemes (piped drinking water and Individual House Hold Latrines) under ‘high priority’ areas (containing eight types of services as detailed in Para 3.3.3) on the instructions of Chief Minister and Chief Secretary of the State, to meet the scheme targets.

**(Paragraph 3.3.7.3)**

In four out of the six test-checked districts, ₹ 9.02 crore was spent during 2016-20, beyond the scope of PMKKKY guidelines, for construction of open gyms, toilets in police station, dak-bungalow, renovation of conference hall at DC office, purchase of furniture etc.

**(Paragraph 3.3.7.4)**

In DMFTs, Bokaro and Chatra, *post-facto* approval was granted for nine schemes, selected by DCs/DDCs during 2016-20, and executed at a cost of ₹ 247.08 crore, in violation of DMFT Rules and PMKKKY guidelines.

**(Paragraph 3.3.7.5)**

In the six test-checked DMFTs, 133 schemes, awarded to various executing agencies during 2016-21, with estimated cost of ₹ 2,269.48 crore, remained incomplete.

**(Paragraph 3.3.7.8)**

**Other observations/Paragraphs**

Failure of the Department to verify the rate of royalty, in accordance with the provisions of the Act/Rules, resulted in short levy of royalty of ₹ 1.83 crore.

**(Paragraph 3.4)**