

CHAPTER-IV

AUDIT OF TRANSACTIONS

4.1 Fraud/misappropriation/embezzlement/losses detected in audit

REVENUE AND LAND REFORMS DEPARTMENT

4.1.1 Loss on account of unadjusted advance

Non-adherence to financial rules rendered advance of Rs 3.81 crore irrecoverable, besides suspected misappropriation/defalcation of Rs 2.55 crore.

Financial Rules prescribe that head of an office may incur or sanction expenditure from the appropriation at his disposal for contingent charges. However, contingent expenditure of unusual character or involving departure from any general or special rule should neither be incurred nor any liability undertaken without previous sanction of the Government.

Scrutiny of records (June 2007) of two¹ Nazarat Deputy Collectors (NDCs) and further information collected (May-June 2007) from ten NDCs² disclosed that the NDCs irregularly advanced (between 1960 and March 2006) Rs 6.36³ crore to 6,180 persons for purchase of stationery, fuel, supply of materials, repairing of vehicles, for treatment of ailing persons etc. which remained outstanding/unrecovered as of June 2007 (*Appendix-4.1*) for which neither appropriation nor prior sanction of the Government was on record.

Of this, advance of Rs 2.24 crore granted to 3,595 persons prior to April 2001 was outstanding for six to 47 years. Further, Rs 1.57 crore was outstanding (June 2007) against 1,998 persons who were untraceable either due to death, retirement or for reasons of their addresses being unknown. Thus, the outstanding amount of Rs 3.81 crore (Rs 2.24 crore + Rs 1.57 crore) against 5,593 persons (Government employees: 3,295, Private persons: 2,298) became irrecoverable. In addition, Rs 2.55 crore was outstanding with 587 persons who are traceable but no action was taken either to recover or to adjust the outstanding amount as of June 2007. Non-recovery/adjustment of advances for such a long period is fraught with the risk of misappropriation/defalcation of Government money.

Thus, non-adherence to financial rules by NDCs led to loss of Rs 3.81 crore and suspected misappropriation/defalcation of Rs 2.55 crore.

¹ Deoghar and Dumka.

² Bokaro, Daltonganj, Dhanbad, Garhwa, Hazaribag, Jamshepur, Jamtara, Koderma, Ranchi and Sahebganj.

³ Bokaro: Rs 4.15 lakh, Daltonganj: Rs 72.83 lakh, Deoghar: Rs 32.23 lakh, Dhanbad: Rs 56 lakh, Dumka: Rs 11.67 lakh, Garhwa: Rs 15.37 lakh, Hazaribag: Rs 118.52 lakh, Jamshepur: Rs 11.01 lakh, Jamtara: Rs 58.02 lakh, Koderma: Rs 19.36 lakh, Ranchi: Rs 186.69 lakh and Sahebganj: Rs 49.98 lakh.

NDCs, Deoghar and Dumka stated (June 2007) that recovery of advances from expired/retired officials would not be possible.

The matter was reported to the Government (June 2008); their reply had not been received (December 2008).

FOREST AND ENVIRONMENT DEPARTMENT

4.1.2 Loss to the Government on account of NPV and CA

Loss of Government money due to non-raising/improper computing of NPV and non-adherence to applicable rates for cost of compensatory afforestation- Rs 11.88 crore.

Under the provisions of the Forest Conservation Act, 1980, for utilisation of forest land for non-forest purposes, Net Present Value (NPV) of the land including cost of Compensatory Afforestation (CA) is realisable at the rate fixed by Government from time to time. Further, in the light of Supreme Court judgment (August 2002) and order issued by Compensatory Afforestation Fund Management and Planning Authority (CAMPA) in October 2006, the NPV was to be determined between Rs 5.80 lakh and Rs 9.20 lakh per hectare depending upon the quality of forest, density of vegetation and type of species in areas under diversion. This rate was applicable in cases where final approval was granted on or after 30 October 2002, irrespective of the date of in-principle approval. Accordingly, Principal Chief Conservator of Forest (PCCF), Jharkhand worked out (February 2006) a formula⁴ for calculating NPV which is still prevalent as of March 2008. According to a resolution of May 2001 of Forest and Environment Department, Government of Jharkhand, cost of CA for seven years (plantation work: two years and safety & maintenance work: five years) was to be realised from the user agencies.

Scrutiny of records (between March 2007 and March 2008) of five divisions⁵ revealed that the above provisions were not followed by the Divisional Forest Officers (DFOs) resulting in loss of Government money amounting to Rs 11.88 crore as discussed below:

- In Bokaro Forest Division, it was noticed that GOI agreed (January 2003) in-principle for diversion of 222.324 hectares of forest land to Central Coalfields Ltd. (CCL), Bokaro. The land was required for "Amlo open cast mines project". Though the State Government was required to charge NPV for 222.324 hectares of transferred land from the user agency, DFO, Bokaro raised (August 2005) demand for only 128.70 hectare of land and collected Rs 9.79 crore resulting in loss of Rs 7.13 crore due to short raising of NPV. There were no reasons on records for the same.
- In Garhwa Forest Division, 50.69 hectares of forest land was transferred

⁴ NPV (per hectare) in Rupees = 5.8 + 1/3 [Quality (9.2-5.8) + Density (9.2-5.8) + Species (9.2-5.8)], **Quality** - (a) Blank area with nil rootstock or exposed morrum/gravel: value - zero (b) Area supporting high forest: value - 1 (c) Area other than falling in category (a) and (b): value - 0.5, **Density** - As per field inspection varying from 0 to 1. **Species standing on the land**- (a) For natural species - 1 (b) For plantation - 0.5.

⁵ Forest Division, Bokaro, South Forest Division, Garhwa, South Forest Division, Chaibasa, Kolhan Forest Division, Chaibasa and Forest Division, Dumka.

(1998) to Bihar State Mineral Development Corporation Ltd. (BSMDC) presently Jharkhand State Mineral Development Corporation Ltd. (JSMDC) for mining dolomite, limestone and magnetite. But demand for NPV was not raised by the department. This resulted in loss of Rs 3.97 crore.

Government replied (October 2008) that NPV was not chargeable for areas broken before 1980. Reply was not correct as the Supreme Court had ordered (October 2002) that NPV must be charged and realised from the user agency in all cases of transfer of forest land for non-forest purposes under Forest Conservation Act, 1980. Further, for the period prior to 30 October 2002, NPV was realizable as per the order of Government of Bihar of 1991.

- In three divisions⁶, it was noticed that GOI approved (between February 2003 and November 2007) transfer of 85.53 hectares of forest land to four user agencies and Rs 6.14 crore was realized. The actual NPV as worked out by audit was Rs 6.85 crore resulting in loss of Rs 71.72 lakh due to under statement of density of vegetation and incorrect computation (*Appendix-4.2*).
- In South Forest Division Chaibasa, 24.43 hectares of forest land was transferred to a user agency for mining purposes after Stage –I clearance (May 1992) and final approval (November 2007) by GOI. The division realised (February 2005) Rs 8.41 lakh on account of cost of CA at the rate of Rs 34,432 per hectare for only four years for which there was no reason on record. However, Rs 14.60 lakh was realisable at the rate of Rs 59,757 per hectare (calculated for seven years as per model estimate). This resulted in loss of Rs 6.19 lakh.

Government while accepting (October 2008) the audit observation stated that demands had been raised (May 2008) for the entire amount of NPV and CA. Report on realisation was awaited (December 2008).

BUILDING CONSTRUCTION, ROAD CONSTRUCTION AND WATER RESOURCES DEPARTMENTS

4.1.3 *Doubtful payment on Hand Receipts and Running Account Bills*

Payment made against hand receipts and running accounts bills for departmental repair and maintenance works without supporting vouchers and muster rolls: Rs 9.25 crore.

Jharkhand Public Works Department Code⁷ (JPWD) stipulates that all works valuing Rs 2,000 and above should be tendered and in case of tendered works, a Running Account Bill should be used for making payments to contractors. In case of departmental works, materials should be procured by the departmental engineers either on quotations or by inviting tender and labourers should be engaged on muster rolls written on daily basis. All payments made must be supported by vouchers with labour and material components duly bifurcated.

⁶ South Forest Division, Chaibasa, Kolhan Forest Division, Chaibasa and Forest Division, Dumka.

⁷ Rule 158 JPWD Code read with Rule 237.

Test check of records of the Executive Engineers (EEs), Building Construction Division (BCD) I, Ranchi, Road Construction Division (RCD), Dhanbad, Water Ways Divisions (WWD), Barhi and Hazaribag between January 2007 and June 2008 in respect of departmental works of repair and maintenance of buildings, roads, canals and dam revealed that the EEs, BCD I, Ranchi and RCD, Dhanbad incurred Rs 8.60 crore (BCD: Rs 7.69 crore and RCD: Rs 91.02 lakh) through 11,800 hand receipts (BCD: 8,499 and RCD: 3,301) on account of departmental execution of 297 building and road works (BCD: 240 and RCD: 57) while EEs, WWD Barhi and Hazaribag incurred Rs 64.87 lakh showing repair and maintenance of 12 canals and dam works on Running Account (RA) Bills (Form 136) during 2005-08. None of the divisions followed the codal provisions, ensured transparency and produced proof of execution of these works which resulted in doubtful execution and payment of Rs 9.25 crore as discussed below:

1. Government (Secretary of the Department) was empowered to order departmental execution of works in case of extreme urgency with justification for not inviting tender. Contrary to this, the Superintending Engineers (SE), Building Construction Circle I, Ranchi and Road Construction Circle, Hazaribag ordered (2005-08) departmental execution of 297 works valuing Rs 8.60 crore and Chief Engineer (CE), Water Resources Department (WRD), Ranchi approved (March 2007) 12 departmental works for Rs 64.87 lakh. However, all the works were above Rs 2,000.
2. For departmental works, materials should be procured on quotation or by inviting tender and labourers should be engaged on Muster Rolls. The EEs, BCD I, Ranchi and RCD, Dhanbad, however, incurred expenditure of Rs 8.60 crore on Hand Receipts (HRs) for departmental execution of building and road works though HRs were to be used only for granting advances to subordinate officers and not for making payments.
3. The EEs, WWD, Barhi and Hazaribag paid Rs 64.87 lakh on RA bills (Form 136) for departmental repair and maintenance of canals and dams though these bills were to be used only for payment against contract works. Further, eight works valuing Rs 41.97 lakh out of Rs 64.87 lakh in WWD, Barhi were found sanctioned on 23 March 2007 and shown completed, paid (Rs 41.67 lakh) and accounted for by 31 March 2007 but payees acknowledgment for payments made were not recorded on the body of RA bill vouchers. Further, for four works for Rs 23.20 lakh in WWD, Hazaribag, there were no payees' receipts against payments made for Rs 20.61 lakh raising doubts about their genuineness.
4. The HR vouchers and RA bills did not indicate the amount paid for labour or materials procured (required to be procured by calling for quotation or inviting tenders) as the EEs failed to give such breakup. This rendered the executions and payments doubtful as nature, quantity, quality of materials procured or number of ordinary, semi or fully skilled labourers engaged were not recorded.
5. All payments were made in cash to petty labourmates whose identification was not indicated on the vouchers and as such genuineness of payments made was not ascertainable.

6. The value of individual HR vouchers was arrived at by breaking the estimates into parts. The HRs when added up were made to tally with the value of the estimates. Thus, the HRs were mere reproduction of estimates and in no way indicative of execution of work raising doubt about the genuineness of the works.
7. Completion certificates were neither issued by the EEs nor called for by BCD, RCD and WRD or by the departments who provided fund.

Thus, Rs 9.25 crore shown paid on repair and maintenance works through HRs and RA bills could not be vouched for in the absence of supporting vouchers as proof of payment for materials and labour. This needed investigation. Government (BCD and WRD) replied (October 2008) that the matter was being investigated and action would be taken. RCD replied (October 2008) that Government had decided to initiate action against the erring officials in service and under pension rules against a retired SE.

4.2 Excess/wasteful/infructuous expenditure

HUMAN RESOURCE DEVELOPMENT DEPARTMENT

4.2.1 Wasteful expenditure on printing of books

Failure of the department to appoint teachers for teaching tribal languages in particular scripts prior to free distribution of books in these languages resulted in wasteful expenditure of Rs 1.05 crore on printing of books besides non-realisation of scheme objective.

Government of Jharkhand (GOJ), decided (June 2003) to impart primary education in tribal language in addition to Hindi under the provisions of the Article 350 A of the Constitution of India. The Human Resource Development Department (HRD) approved printing of books in five Tribal Languages⁸ for class I to V on the basis of the manuscripts prepared by the Tribal Welfare Research Institute (TWRI), Ranchi. Directorate of Primary Education was made responsible for free distribution of books among students from academic session 2002-03 onwards.

Scrutiny (between May 2007 and May 2008) of records of five offices⁹ revealed that TWRI got (2003-04) 2.50 lakh books printed (50,000 for each class) and incurred expenditure of Rs 33.75 lakh. Despite the fact that the books in tribal languages in particular scripts could not be utilised by the students in the absence of qualified teachers to teach in tribal languages. The books printed in 2003-04 were distributed among students upto 2004-05 on non-returnable basis. Government neither appointed teachers who could teach in tribal languages in particular scripts nor these books were made part of the syllabus rendering the cost of printing of books wasteful. The Government again printed (2007-08) another 7.25 lakh books in tribal languages and paid

⁸ Mundari, Kharia and Kudukh in Devnagri script, Santhali in Olchikki script and Ho in Barangchhiti script.

⁹ TWRI, Jharkhand Education Project Council, Directorate (Primary education), District Superintendent of Education cum District Programme Officers (JEPC), Sahebganj and West Singhbhum.

Rs 71.61 lakh from Sarva Siksha Abhiyan (SSA) fund again without ensuring availability of qualified teachers. Government had routinely distributed the books again among the students in 2007-08. Thus, printing and distribution of books worth Rs 1.05 crore without the support teaching staff defeated the very purpose of promoting education in tribal language and resulted in wasteful expenditure of Rs 1.05 crore.

Government while accepting (October 2008) the audit contention replied that recruitment of teachers and para teachers for tribal languages would be made under revised Recruitment Rules, 2007 and SSA respectively.

SCIENCE AND TECHNOLOGY DEPARTMENT

4.2.2 *Wasteful expenditure on Rural Technology Parks*

Failure of the Department to setup RTPs in five blocks defeated the objective of the programme to provide scientific and technological backup to rural people. This resulted in wasteful expenditure of Rs 42.43 lakh and blocking of Rs 54.54 lakh for six years.

The Government approved (March 2002), setting up of Rural Technology Parks (RTPs) to provide scientific knowledge and give exposure of modern technology to rural people. RTPs were to be set up by Technology Resource Centres (TRCs), a five member programme implementation committee¹⁰ headed by Block Development Officer (BDO)/Circle Officer (CO). Technology Development Centres (TDC), a programme advisory committee under the chairmanship of a regional authority, was to provide managerial and technical advice to TRCs. Jharkhand Council for Science and Technology (JCST), under Science and Technology Department, was declared the nodal agency for programme implementation. Further, TRCs were to submit local need-based projects to JCST for approval by Government and implementation through RTPs.

Scrutiny (January 2008) of records of JCST disclosed that the Government released (March 2002) Rs 96.97 lakh to JCST for setting up five RTPs in five blocks¹¹. BDO/CO and the president of selected NGO (member Secretary to TRC) were jointly declared DDOs. Instead, JCST selected five NGOs¹² to act as TRCs and released (July to December 2002) Rs 30 lakh (Rs 6 lakh each NGO). JCST did not constitute TDC and instead released (June 2002) Rs 15 lakh to a NGO¹³ to perform the duties of TDC. These NGOs spent (upto September 2003) Rs 42.43 lakh on data collection, consultancy, establishment etc. JCST did not release the balance fund of Rs 51.97 lakh. The Government made no further allotments for this programme after 2001-02, though seven other RTPs were proposed to be set up in 2003-04.

The action of JCST to transfer the responsibilities of TRC and TDC to NGOs

¹⁰ NGOs as member secretary and representatives of local bank, block level institution and the Deputy Commissioner as members.

¹¹ Baliapur, Barkagaon, Chandankiyari, Karo and Kisko.

¹² Centre for Social Research, Baliapur (Dhanbad), Janjagran Kendra, Barkagaon (Hazaribag), Abhiyan Samitee, Chandankiyari (Bokaro), Vanvasi Sevashram Sangh, Karo (Deoghar) and Chhotanagpur Craft Development, Kisko (Lohardaga).

¹³ Society for Rural Industrialization, Lalpur, Ranchi.

made TRC and TDC irrelevant and therefore, ineffective. NGOs failed to discharge the assigned responsibilities and neither any RTP was set up nor any project submitted, although Rs 42.43 lakh was spent by them.

Thus, the objective of the programme to provide science and technology backup to rural people through RTPs was defeated and the expenditure of Rs 42.43 lakh was rendered wasteful. Further, Rs 54.54 lakh (JCST: Rs 51.97 lakh and NGO: Rs 2.57 lakh) remained blocked for over six years. Moreover, the scheme was discontinued in December 2006.

Government replied (October 2008) that it was considering filing a case under Public Demand and Recovery Act and also lodging FIRs against NGOs.

4.3 Avoidable/unfruitful expenditure

ROAD CONSTRUCTION DEPARTMENT

4.3.1 Unfruitful expenditure on incomplete roads

Injudicious cancellation of existing agreements following blacklisting of contractor in other works led to unfruitful expenditure of Rs 7.52 crore on cancelled works besides extra cost of Rs 26 lakh on re-tendered works.

Widening and strengthening of Kashida-Hulung road (K-H road) and Asanbani-Patamda including Patamda link road (A-P road) were administratively approved (November 2003 and February 2004) and technically sanctioned (May 2002 and May 2004) for Rs 3.53 crore and Rs 9.63 crore respectively by Road Construction Department. Executive Engineer (EE), Road Construction Division (RCD), Jamshedpur executed agreements with contractor 'A' (September 2004) for Rs 3.78 crore (K-H road) and contractor 'B' (July 2004) for Rs 10.07 crore (A-P road). The works were to be completed by September 2005 and January 2006 respectively.

Scrutiny (September 2007) of records of EE, RCD, Jamshedpur revealed that the contractor 'B' executed work¹⁴ for Rs 7.52 crore and received payment in August 2006, while contractor 'A' executed work¹⁵ for Rs 2.43 crore and received payment in June 2007. Completion of the works was delayed due to objections by Forest and Environment Department and the villagers, State Assembly election etc. Meanwhile, the Engineer-in-Chief (EIC) black-listed the contractors 'B' in August 2006 and 'A' in July 2007 on grounds of irregularities committed by them in two other road works under RCD, Chaibasa. He also de-registered the contractors and issued instructions that they would not be eligible to participate in any tender or work under the Department. Based on the orders of the EIC, the EE cancelled the agreements and stopped the works immediately. Even the provisions of Jharkhand Public Works Department (JPWD) code also prohibit the black-listed contractor for participation in any tender or to apply for any work. There is, however, no stipulation in the JPWD Code for cancellation of the existing works being executed by a contractor who has been blacklisted for any other work.

¹⁴ Physical achievement -90 per cent.

¹⁵ Physical achievement: approximately 70 per cent.

It was also noticed that construction work of incomplete A-P road did not resume till October 2008 and the balance work (cost: Rs 1.35 crore) of K-H road was re-allotted in April 2008 to another contractor for Rs 1.61 crore for completion by July 2008. This increased the cost of the work by Rs 26 lakh. The incomplete A-P road was neither widened nor strengthened (though 33 months passed after the scheduled date of completion).

Thus, injudicious decision to stop the works not in consonance with the provisions of JPWD Code and failure of the RCD to resume the balance work of A-P road resulted in unfruitful expenditure of Rs 7.52 crore on A-P road and extra cost of Rs 26 lakh on the re-tendered K-H road.

Government accepted (October 2008) that the balance work of A-P road had not been resumed while securities from the contractor of K-H road could not be forfeited as it was not legally permissible and the work was under construction by another contractor.

RURAL WORKS AND RURAL DEVELOPMENT DEPARTMENTS

4.3.2 Unfruitful expenditure on incomplete works

Non-release of SGRY fund in time by DC, Saraikela and RSVY, MLA and DP fund by Government after introduction of NREGS led to unfruitful expenditure of Rs 1.46 crore on incomplete works.

Construction of 38 PCC¹⁶ roads, 14 buildings and 2 drains (54 works) under Sampurna Gramin Rojgar Yojana (SGRY) were administratively approved by Deputy Commissioner (DC), Saraikela-Kharsawan for Rs 3.74 crore between November 2004 and September 2005 for completion between December 2004 and October 2005. All these works were to be carried out departmentally through the Executive Engineer (EE), Rural Development Special Division (RDSD), Saraikela (23 works), National Rural Employment Programme (NREP), Saraikela (27 works) (both under Rural Works Department) and Rural Works Division (RWD), Saraikela (4 works).

Scrutiny (between April and June 2008) of the records of the EEs, RDSD, RWD and NREP, Saraikela revealed that the Deputy Development Commissioner (DDC), Saraikela released (between November 2004 and September 2005) only Rs 1.46 crore to these three EEs against the estimated cost of Rs 3.74 crore, which was spent by March 2006 on partial execution of the 54¹⁷ works. The DDC did not release the balance fund of Rs 2.28 crore as Government of India introduced (September 2005) National Rural Employment Guarantee Scheme (NREGS) which was being implemented by the Government of Jharkhand from February 2006. The scheme guidelines prohibit construction of PCC roads, buildings and Pucca drains work as these were not labour oriented. Thus, the construction of 38 PCC roads, 14 buildings and 2 drains did not qualify under NREGS.

Secretary, Rural Development Department (RDD) ordered (April 2006) the DCs to complete all the works taken up under SGRY by June 2006 but the works could not be completed, as the DDC did not release (till June 2006) the

¹⁶ Pavement in Cement Concrete.

¹⁷ 38 PCC roads, 14 buildings and 2 drains.

balance fund required for completion. Government ordered (February 2007) completion of the works from the funds of Rashtriya Sam Vikas Yojana (RSVY), Member of Legislative Assembly and District Plan (DP) funds but no action was taken to release the required fund to the DC, Saraikela by the RDD. This resulted in unfruitful expenditure of Rs 1.46 crore on the works which remained incomplete for over 32 months and also exposed to onslaught of weather.

The Principal Secretary, Rural Works Department stated (October 2008) that the works could not be completed due to non-release of fund by DC, Saraikella and RDD (in charge of NREGS) while Secretary, RDD stated that fund could not be released for which efforts were being made.

4.3.3 *Unfruitful expenditure on incomplete roads*

Commencement of works in forest area without obtaining prior clearance/permission from GOI led to midway stoppage and unfruitful expenditure of Rs 1.31 crore on incomplete roads.

According to guidelines issued (January and April 2005) by Ministry of Environment and Forest, Government of India (GOI), up-gradation of *kutchra* roads to black topped/tarred roads in forest area requires prior environmental clearance and in case of new construction, prior permission of GOI is necessary. Further, Jharkhand Public Work Account (JPWA) Code¹⁸ also provides that acquisition of land in forest area must be settled before preparation of estimate of work.

Scrutiny (between December 2007 and March 2008) of records of the Executive Engineers (EEs), Rural Works Divisions, Garhwa and Chaibasa revealed that the up-gradation/new construction of two roads were stopped midway due to objections raised by the Forest Divisions. This led to unfruitful expenditure of Rs 1.31 crore on incomplete roads besides non-achievement of objectives as discussed below:

(1) Rural Works Division, Garhwa

The EE executed (January and February 2006) three agreements for up-gradation of grade-I¹⁹ road to black topped road (Ranka to Chiniya Road-length 10 Km) for Rs 1.32 crore for completion by February 2007 to provide road communication and maintaining law and order in the naxal affected area. During execution, the Divisional Forest Officer, South Forest Division, Garhwa objected (June 2006) to the execution and directed (July 2006) to stop the work as the entire stretch of the road was in forest area and prior environmental clearance had not been obtained. The EE stopped (August 2006) the work which had been executed up to Water Bound Macadam (WBM) level²⁰ after paying Rs 76.52 lakh (upto July 2007) to the contractor. It became unfit for movement of traffic, as WBM surface was not covered by bituminous layer as per requirement of para 4.8.2 of Indian Road Congress

¹⁸ Annexure 'A'- Cabinet Secretariat and Co-ordination Department (Vigilance Cell resolution no. 948 dated 16 July 1986: para 4.5 and 6.3.

¹⁹ Upper road surface consisted of grade-I metal.

²⁰ Upper road surface consisted of grade-III metal.

specification as of November 2008. Although the work had been stopped in July 2006, the required forest clearance has not been obtained till November 2008.

Government stated (October 2008) that grade III road had been constructed through forest land to provide connectivity. The reply is evasive as the objective was to upgrade the already existing grade I road to black topped road for maintaining law and order. However, the bituminous road could not be completed in the absence of prior environmental clearance which the Government failed to obtain. Thus, even after spending Rs 76.52 lakh the status of the road (from grade I to grade III) remains unchanged for want of bituminous topping.

(2) Rural Works Division, Chaibasa

The EE executed (August 2004) an agreement for Rs 3.75 crore for construction of Talasai to Basasai via Kenjra road (length - 13.55 Km) under Pradhan Mantri Gram Sadak Yojana (PMGSY) Phase- III for all weather connectivity to rural habitations with block/district headquarters by May 2005.

Scrutiny (February 2008) revealed that the initial stretch of 3.85 Km road out of 13.55 Km was in forest area but necessary prior permission of GOI for executing work in forest land was not obtained. The work commenced in August 2004 had to be stopped (September 2004) by the EE as it was objected to by the Forest Division, Chaibasa. The contractor completed (January 2006) 9.70 Km black topped surface outside forest area at a cost of Rs 2.50 crore while 3.30 Km in forest area was constructed upto WBM level at a cost of Rs 54.74 lakh which was unfit for movement of traffic as WBM surface was not covered by bituminous layer as per requirement of Indian Road Congress specification. Although the work had been stopped in September 2004, the required forest clearance had not been obtained till November 2008.

Government stated (October 2008) that WBM level road was constructed in forest area for providing connectivity. The reply was not in order as PMGSY, funded by Government of India (GOI) mandated only for construction of all weather bituminous roads and not WBM roads and construction of road without clearance of GOI was against GOI's orders and provision of JPWA Code.

**AGRICULTURE AND SUGARCANE DEVELOPMENT
DEPARTMENT**

4.3.4 Unfruitful expenditure on nurseries

Failure of the department to deploy technical hands in newly established nurseries and provide machinery led to unfruitful expenditure of Rs 68.20 lakh.

Government of Jharkhand sanctioned (July 2002) and allotted (August 2002 and March 2003) Rs 1.50 crore to ten districts²¹ for establishment of 170 nurseries (17 nurseries in each district). The scheme was aimed at promoting self-dependence in commercial production of medicinal and aromatic plants in the State and to establish industries based on it so that local farmers may get employment and proper price for their production. Beneficiaries were to be selected from among the farmers and self help groups having at least one acre of land. District Horticulture Officers (DHOs) were to execute the scheme by providing technical hands, machinery, organic manure and bio-pesticide to the beneficiaries and arranging training in concerned blocks.

Scrutiny (March 2008 to June 2008) of records of Director, Agriculture Department, Jharkhand revealed that five DHOs²² spent (2003-04) Rs 68.20 lakh on establishment of nurseries but no production was reported (as of June 2008) from these nurseries. No allotments were made after 2003-04 for running of these nurseries. This resulted in unfruitful expenditure of Rs 68.20 lakh.

DHOs admitted (June 2008) the failure of the scheme, attributing it to lack of proper market and required processing machinery. Government replied (October 2008) that concerned Agriculture Director and Deputy Director of nurseries had been asked to furnish replies. Further reply of the Government was awaited (December 2008). Since no allotment had been made for working of these nurseries since 2003-04, it was doubtful that these nurseries were still operational.

4.3.5 Unfruitful expenditure on Paddy Transplanter Machines

Purchase of Paddy Transplanters without assessment of requirement resulted in the machines remaining idle and the expenditure of Rs 74.58 lakh, incurred thereon, remained unfruitful.

Agriculture and Sugarcane Development Department sanctioned (23 March 2005) Rs 74.80 lakh for purchase of 44 Paddy Transplanter Machines (PTMs) at the rate of Rs 1.70 lakh each for 22 districts of the State, under "Agriculture Mechanization Promotion Yojana" (AMPY) without assessing its requirement. These machines were to be utilised in agricultural farms of the Department and were to be given to the farmers at the rate of Rs 200 per hour. Out of the proceeds received from the farmers, 50 per cent was to be utilised for maintenance of the machine, information, publicity etc. and balance was to be

²¹ Deoghar, Dumka, East Singhbhum, Giridih, Godda, Hazaribag, Lohardaga, Palamu, Ranchi and West Singhbhum.

²² Dumka, Godda, Hazaribag, Lohardaga and West Singhbhum.

deposited into the treasury.

Scrutiny of records (February to June 2008) of 22²³ District Agriculture Officers (DAOs) showed that the Director of Agriculture (Jharkhand) purchased (March 2005) 44 PTMs at Rs 74.58 lakh. Subsequently, PTMs were distributed (April to August 2005) to the districts but they were lying idle as of June 2008. PTMs were neither utilised in departmental agricultural farms nor were provided to the farmers for want of drivers/operators. This resulted in unfruitful expenditure of Rs 74.58 lakh.

Government replied (October 2008) that these machines would be useful and beneficial and that up-to-date report regarding their utilization had been called for from Director, Agriculture and concerned officers. The reply was not in order as DAOs, Deoghar, Dhanbad, Godda, Pakur, Ranchi and Sahebganj had already stated that PTMs were not useful due to the big size of the machines, small land holdings, undulating and hilly farms in the State. Thus, there was no demand for these transplanters among the farmers.

RURAL DEVELOPMENT DEPARTMENT

4.3.6 Unfruitful expenditure on incomplete houses

Houses sanctioned under Indira Awas Yojana remained incomplete even after lapse of 6 to 125 months due to lack of proper monitoring and evaluation by the departmental officers leading to unfruitful expenditure of Rs 46.83 lakh.

Indira Awas Yojana (IAY) was launched in 1996 to provide financial support for construction/renovation of houses to the people living below poverty line and others in rural areas. The financial support was to be limited to Rs 20,000 upto 2003-04 and Rs 25,000 from 2004-05. It was to be released to beneficiaries in installments depending on the pace of construction. The departmental officers were to undertake physical inspection for successful implementation of the scheme.

Scrutiny of records (November 2007 and January 2008) of Block Development Officers (BDOs), Barharwa (Sahebganj) and Sonahatu (Ranchi) revealed that 400 beneficiaries (Barharwa: 203 and Sonahatu: 197) were identified for grant of Rs 91.35 lakh at the prescribed rate for construction of houses between 1996-97 and 2006-07. The houses were to be completed within a period of three to six months (between June 1997 and June 2007) of the release of first installment. The beneficiaries were paid Rs 46.83 lakh (Barharwa: Rs 19.58 lakh and Sonahatu: Rs 27.25 lakh) ranging from Rs 2,500 to Rs 20,000 per beneficiary as initial installments. Of these, in 297 (74 per cent) cases (Barharwa: 155 and Sonahatu: 142), the beneficiaries were paid upto Rs 10,000 only which was less than 50 per cent of the envisaged financial support. Further, it was seen in audit that in no case the houses were complete even after lapse of 6 to 125 months (Barharwa: 18 to 125 months and Sonahatu: 6 to 77 months) from due date of completion. This resulted in

²³ Bokaro, Chatra, Deoghar, Dhanbad, Dumka, East Singhbhum, Garhwa, Giridih, Godda, Gumla, Hazaribag, Jamtara, Koderma, Latehar, Lohardaga, Pakur, Palamau, Ranchi, Saraikela, Sahebganj, Simdega and W Singhbhum.

unfruitful expenditure of Rs 46.83 lakh on incomplete structures.

Thus, houses sanctioned under Indira Awas Yojna remained incomplete even after lapse of 6 to 125 months due to lack of proper monitoring of the scheme and failure to conduct the required inspections by the departmental and field officers. This resulted in unfruitful expenditure of Rs 46.83 lakh.

Government replied (October 2008) that DCs, Ranchi and Sahebganj had been directed to submit compliance report and were ordered to initiate departmental and legal action against erring officers. Further reply was awaited (December 2008).

HUMAN RESOURCE DEVELOPMENT DEPARTMENT (HIGHER EDUCATION)

4.3.7 Avoidable payment of surcharge on electricity bills

Non-payment of electricity bill by Ranchi Women's College, Ranchi (Ranchi University) in time, despite availability of fund, resulted in avoidable extra payment of Rs 25.54 lakh towards delayed payment surcharge.

Jharkhand State Electricity Board (JSEB) issues monthly energy bills to its consumers payable within the specified due date. Non-payment of billed amount within due date attracts Delayed Payment Surcharge (DPS) on arrears of energy charges at the rate of two *per cent* per month which is added to the next bill. The Vice-Chancellor, Ranchi University ordered (July 2003) payment of electricity bill from Account 'A'²⁴ of all constituent colleges under the university with effect from 1 July 2003.

Scrutiny (February 2008) of records of Ranchi Women's College under Ranchi University for the period 2003-04 to 2006-07 revealed that JSEB issued regular electricity bills (Arts Block, Science block and 4 hostels) between September 2003 and November 2006. The college failed to pay the billed amount in time, despite availability of funds in account 'A' and in Hostel account. Further, part payments were made for settlement of 15 out of 22 bills leading to accumulation of DPS on arrears. A total sum of Rs 50.89 lakh (Account 'A': Rs 33.89 lakh and Hostel Account: Rs 17 lakh) was paid (between December 2003 and February 2007) as energy charges including Rs 25.54 lakh as DPS.

Thus, due to non-payment of electricity bills in time despite availability of fund, the college made avoidable extra payment of Rs 25.54 lakh as DPS.

Government replied (October 2008) that the Vice Chancellor, Ranchi University had been asked to furnish the actual position. Further reply had not been received (December 2008).

²⁴ Account from where money can be withdrawn with permission of the authority of the university.

BUILDING CONSTRUCTION DEPARTMENT

4.3.8 Unfruitful expenditure on idle Rest House/residential buildings

Failure of the department to include essential items of works in original estimate by obtaining users requirement led to unfruitful expenditure of Rs 3.04 crore on newly constructed official/residential buildings lying idle for 20 to 50 months.

The Building Construction Department (BCD) sanctioned Rs 2.99 crore for construction of residences of Superintendent of Police (SP), Deputy Commissioner (DC) at Koderma, residential quarters for Presiding Officers (PO) at Bokaro and Rest-House for Regional Officers at Dumka on technical approval (between September 2001 and July 2005) for Rs 3.04 crore.

Scrutiny (between December 2006 and February 2008) of records of Executive Engineers (EEs), Building Construction Divisions (BCD), Koderma, Bokaro and Dumka and further information collected (March 2008) revealed that the buildings were completed (between August 2004 and December 2006) at a cost Rs 3.04 crore but could not be put to use (except for SP, Koderma only after audit pointed out) as of October 2008 either due to non-construction of boundary walls, security post, garage, barracks, incomplete fencing etc. or for want of planning for deployment of manpower as detailed in table below:

(Rupees in lakh)

Sl. No.	Name of the Division	Name of the building	Estimated cost	Expenditure	Remarks
1	BCD, Koderma	SP's residence	24.23	22.19	Construction of the building was technically and administratively approved in January 2002. The building was completed in March 2005 but could not be handed over to district administration for use due to non-construction of barrack, security post, garage and approach road. EE submitted (January 2005) the estimate for the same for which approval was awaited as of March 2008. After this was pointed out in audit, SP, Koderma occupied it even in the absence of barracks, security post garage etc.
2	BCD, Koderma	DC's residence	31.30	26.74	Construction of the building was technically approved in December 2001 and administratively approved in February 2002. The building was completed in March 2005 but could not be handed over to district administration due to non-construction of security post, garage and barrack for which approval was given in February 2008 after audit pointed out (December 2006). Government accepted (September 2008) non-occupation of the quarter and stated that DC, Koderma had been directed to occupy it.
3.	BCD, Bokaro	Residences for 16 POs	76.60	84.29	Constructions of 16 PO's residential quarters were technically (September 2001) and administratively (January 2002) approved by BCD for Rs 76.60 lakh. After completion (August 2004) at a cost of Rs 84.29 lakh, the District & Session Judge refused (December 2006) to take over the buildings on the grounds of non-construction of boundary wall, incomplete fencing and construction of kitchen

(Rupees in lakh)

Sl. No.	Name of the Division	Name of the building	Estimated cost	Expenditure	Remarks
					between toilets. The design was approved by the BCD in consultation with High Court, Patna wherein the provisions cited by the District and Session Judge were not part of the estimate. Government stated (October 2008) that District and Session Judge had been once again requested (October 2008) to occupy the quarter because boundary wall was not mandatory for the residences for which grant of administrative approval was under consideration. Government expected that the residences would be occupied soon. Action was awaited (December 2008).
4.	BCD, Dumka	Government Rest-House	171.49	171.00	Construction of the building was technically approved in July 2005 and administratively approved in September 2005. The building was completed in December 2006 but could not be put to use for want of furnishing and fixtures. On this being pointed (May 2008) out in audit, Government administratively approved (June 2008) the furnishing work which was reported (September 2008) as completed. Neither any plan for engagement of official and support staffs to run it nor use of the building was communicated to audit (December 2008).
Total			303.62	304.22	

Thus, the expenditure of Rs 3.04 crore on buildings remaining idle for 20 to 50 months rendered unfruitful.

4.4 Idle investment/idle establishment/blocking of funds/delay in commissioning equipment; diversion/misutilisation of fund

HOME DEPARTMENT

4.4.1 Idle investment besides loss of interest

Non-utilisation of land by the Government for more than three years of its acquisition resulted in idle investment of Rs 64.15 crore besides loss of interest of Rs 15.27 crore.

Hindustan Copper Limited (HCL) closed its mining activities in Musabani and Rakha areas of Jharkhand between 1997 and 2000 and transferred (June 2005) the land along with infrastructure (hospital, township, water tanks etc.) to the Government of Jharkhand (GOJ) for Rs 64.15 crore, amount equivalent to the outstanding dues of Jharkhand State Electricity Board (JSEB) towards supply of electricity (Rs 56.15 crore) and water rates (Rs 8 crore) of Public Health and Engineering Department (PHED), Jharkhand against HCL. GOJ defrayed JSEB's arrear bills of Rs 56.15 crore and PHED's water tax of Rs 8 crore by sanctioning grants of similar amount to them and acquired 1,079.24 acres of land (Musabani: 576.85 acres and Rakha: 502.39 acres), including infrastructure.

Scrutiny (May 2007) of records revealed that before finalisation of the transfer, Director General of Police, GOJ, at the instance of Development Commissioner, GOJ, prepared a proposal (May 2002) for utilization of the land and infrastructure available at Musabani and Rakha for different activities of the Police force. The Inspector General of Police (IG), training and modernization, Jharkhand and Superintendent of Police, Jharkhand Armed Police Training Centre, Padma, however, after their visit to the HCL township at Musabani reported (July 2003) that there was no suitable place for firing range in and around the township and 95 per cent quarters were under encroachment of HCL employees.

Government, despite being aware of the above facts in 2003, finalised the deal in June 2005 at Rs 64.15 crore and since then the entire acquired land (1,079.24 acres) along with infrastructure remained unutilised.

The Chief Secretary recommended (December 2007) to the State Government to transfer the land to different organizations and companies to establish institutions and industries, but the approval of the Government was still awaited (July 2008).

Thus, injudicious decision of the GOJ resulted in idle investment of Rs 64.15 crore for more than three years besides loss of interest of Rs 15.27 crore as of July 2008 (calculated on average rate 7.94 per cent per annum).

The matter was referred to the Government (September 2008); their reply had not been received (December 2008).

SCIENCE AND TECHNOLOGY DEPARTMENT

4.4.2 Blocking of fund

Failure of the Deputy Commissioners to make land available resulted in non-achievement of the purpose of sanction besides blocking of Rs 3.12 crore for more than three years.

To provide need based training to 500 students every year in different trades²⁵, Science and Technology Department released (October 2004) Rs 3.12 crore for construction of five²⁶ Government Women's Industrial School buildings to be completed in 2004-05. The Heads of existing five Institutions²⁷ were made Drawing and Disbursing Officers (DDOs) for execution of construction work through concerned Building Construction Divisions (BCDs)²⁸ as deposit work.

Scrutiny (September 2005) of records of DDOs and BCDs and further information collected up to May 2008 revealed that construction of buildings could not be started as of May 2008 even though Rs 3.12 crore was drawn by the DDOs and provided (between February and March 2005)²⁹ to BCDs. The entire amount was kept under the suspense head, '8782 Public Works

²⁵ Cottage Industry, Food Processing, Computer Operation, Knitting and Tailoring.

²⁶ Chakradharpur, Chatra, Ghatshila, Gandey (Giridih) and Rajmahal (Sahebganj).

²⁷ Principals, Government Polytechnic, Adityapur, Mining Institute, Koderma, Government Women's Polytechnic, Jamshedpur, Mining Institute, Dhanbad and Government Women's Polytechnic, Bokaro.

²⁸ Chaibasa, Chatra, Giridih, Jamshedpur and Sahebganj.

²⁹ February 2005: Rs 62.35 lakh and March 2005: Rs 2.50 crore.

Deposit'. Such funds should not be allowed to remain unutilized for long periods as their retention under the head '8782 Public Works Deposits' results in keeping Government money outside the budgetary process and in blocking of funds. Non-execution of works was attributed to non-availability of land. However, in case of Chakradharpur (August 2006) and Gandey (April 2008), though land was identified by concerned DCs, the construction could not be taken up as land could not be handed over by the DCs to the respective BCDs. Meanwhile the estimates were revised (August 2007) to Rs 3.91 crore due to escalation in construction cost and additional fund of Rs 79.17 lakh was released (August 2007).

Thus, failure of the Deputy Commissioners to make land available resulted in non-achievement of the purpose of sanction besides blocking of Rs 3.12 crore for more than three years.

Government replied (October 2008) that the land could not be made available by concerned DCs hence action was being taken to get back the released amount. Even if Rs 3.12 crore, is taken back from DDOs, the fact remained that Rs 3.12 crore remained blocked and the purpose for which it was sanctioned and released remained unrealized.

HEALTH, MEDICAL EDUCATION AND FAMILY WELFARE AND BUILDING CONSTRUCTION DEPARTMENTS

4.4.3 Nurses' quarters lying Idle

Failure of the Superintendent, MGM Medical College, Jamshedpur in providing electric/water connection in newly constructed nurses' quarters led to non-occupation of the quarters and idle expenditure of Rs 2.25 crore besides loss to Government of Rs 11.62 lakh paid as HRA.

Administrative approval of Rs 2.72 crore was accorded (February 2002) for construction of 68 quarters for nurses at Mahatma Gandhi Memorial (MGM) Medical College, Jamshedpur by Secretary, Health, Medical Education and Family Welfare Department (HMEFW). The construction work was to be executed by the Building Construction Division (BCD), Jamshedpur as deposit work. Two agreements were executed (January 2003) by BCD, Jamshedpur for Rs 2.49 crore and Rs 21.42 lakh for construction of main building and installation of water supply and sanitation respectively. Work order was issued (January 2003) to complete the work within two years (January 2005). Further, Rs 29.25 lakh was allotted (March and December 2004) to BCD II, Ranchi for internal electrification. BCD, Jamshedpur completed (January 2007) the quarters showing payment of Rs 2.25 crore and handed over (March 2007) the quarters to the Superintendent, MGM Medical College, Jamshedpur.

Scrutiny of records (March 2008) of MGM Medical College, Jamshedpur revealed that all 68 units of the newly constructed quarters were allotted (March 2007) to nurses by the Superintendent but they refused to occupy these quarters as there was no connection for supply of electricity and water. Drainage system and boundary walls were also not constructed. Accordingly in September 2007, Rs 20 lakh was allotted to the Superintendent for electric and water supply connections and Rs 10 lakh for boundary walls, road and

drainage system for which no progress of work had been reported thereafter (April 2008). Thus, the quarters could not be put to use due to non-execution of above mentioned items of work which were essential for the quarters to be occupied. Moreover, the Government had to pay Rs 11.62 lakh as HRA (March 2007 to February 2008) to nurses of MGM Medical College who could not occupy these quarters as of April 2008.

Thus delays in completion of quarters by over three years and their occupation by over one year resulted in idle expenditure of Rs 2.25 crore on unused quarters and avoidable loss of Rs 11.62 lakh to the Government on account of payment of HRA to nurses.

The Government replied (August 2008) that 28 nurses shifted into the new quarters. It was further stated that the estimates prepared by BCD were defective as no provision had been made for supply of water and electricity, drainage, sewerage, boundary wall etc. and the building was handed over by BCD to MGM Medical College without execution of these works. As HMEFW Department gave the administrative approval, it was their responsibility also, apart from that of BCD, to ensure that the estimates included provision for all the essential items of work.

HOME AND BUILDING CONSTRUCTION DEPARTMENTS

4.4.4 *Blocking of fund*

Release of fund without finalisation of tender led to blocking of Rs 7.91 crore.

Construction of Regional Home Guard Training Centre at Dumka was technically approved (December 2002) for Rs 5.98 crore by the Chief Engineer (CE), Building Construction Department (BCD) and administratively approved (September 2004) for Rs 7.42 crore by the Home Department, Government of Jharkhand. The work was to be executed by BCD as deposit work. As per Jharkhand Public Works Department Code³⁰ tender for any work is to be finalized within 15 days from the date of opening of tender. Further, as per conditions of contract, the rate offered by the contractor is to be valid for a period of 180 days from the date of opening of tender.

Scrutiny (February 2008) revealed that on tendering (February 2004) for the work, CE accepted (5 October 2004) the lowest tender at 10.75 *per cent* below the estimated cost. The EE directed (30 June 2005) the contractor to execute agreement for commencement of the work. The contractor refused (5 August 2005) to execute the agreement on the ground that the validity period of 180 days of the offer had expired. The CE cancelled (23 May 2006) the tender. Fresh tender for the work had not been invited (September 2008).

Meanwhile, the Home Department (Commandant, Dumka) made available the land to the BCD (EE, BCD, Dumka) in December 2002 and released Rs 7.42³¹ crore in four installments to the BCD between December 2004 and March 2007 although the fresh tender had not been finalized till September 2008

³⁰ Chief Secretary's Circular No 462, Annexure A dated 30.03.1982.

³¹ December 2004: Rs 1.05 crore, April 2005: 0.97 crore, January 2006: Rs 4.39 crore and March 2007: Rs 1.01 crore.

resulting in blocking of Rs 7.42 crore. The amount was lying under the head, “Public Works Deposit” in the treasury.

The Home Department further sanctioned (September 2005) construction of Training Centre for Home Guards in non-tribal districts at an estimated cost of Rs 49 lakh per centre. Consequently, EE, BCD, Dumka was again provided Rs 49 lakh for construction of another training centre (meant only for non-tribal district) at Dumka although Dumka was a tribal district and a Regional Home Guard Training Centre at Dumka had already been sanctioned (September 2004). The EE confirmed (May 2008) that the District Commandant, Home Guard, Dumka did not require another training centre. However, the EE retained the fund as of September 2008.

This resulted in blocking of Rs 7.91 crore (including Rs 49 lakh provided for another centre).

Government stated (September 2008) that delay in decision of tender was only due to the fact that the tender was called for on dual bid system and non-availability of undisputed and clear work site. Reply was not in order as fund was released without finalisation of tender resulting in blocking of fund.

4.5 Regularity issues and other points

FOREST AND ENVIRONMENT DEPARTMENT

4.5.1 Loss of interest due to non-adherence to GOI’s guidelines

Non-adherence to the clarification issued by Government of India (GOI) by the Divisional Forest Officers (DFOs) resulted in loss of interest of Rs 3.33 crore.

With a view to implement Government of India’s (GOI) approved development projects (Non-Forestry), Ministry of Environment and Forest issued clarification (March 2004) that funds received from user agencies against compensatory afforestation, Net Present Value (NPV), Catchment Area Treatment Plan etc. are to be kept in the form of fixed deposit in a nationalized bank in the name of Divisional Forest Officer (DFO) concerned or the Nodal Officer till Compensatory Afforestation Management and Planning Authority (CAMPA) is constituted.

Scrutiny of records of four forest divisions (between June 2006 and February 2008) revealed that five user agencies deposited Rs 110.66 crore between January 2003 and January 2006 against Net Present Value (NPV) and Compensatory Afforestation. The amount was kept in the current/savings accounts in the name of DFOs and was subsequently transferred (between June 2004 and February 2006) into fixed deposits with a delay ranging between 17 and 232 days in contravention of clarification issued by GOI. This resulted in loss of interest of Rs 3.33 crore (*Appendix-4.3*).

PCCF, Jharkhand accepting the audit comment, stated (July 2008) that delays in communication of clarifications to DFOs and negotiation with banks for higher rate of interest by DFOs resulted in delayed deposit of funds in fixed deposit.

4.6 General

Follow-up on Audit Reports

4.6.1 Non-submission of Explanatory (Action taken) Notes

According to instruction issued (September 2005) by the Finance Department, Government of India, the administrative departments are required to submit explanatory notes on paragraphs and reviews included in the audit reports within three months of presentation of audit report to the legislature, without waiting for any notice or call from the Public Accounts Committee, duly indicating the action taken or proposed to be taken.

As of July 2008, eight departments had not submitted explanatory notes (action taken notes) in respect of 149 paragraphs/reviews out of 172 paragraphs/reviews for the years 2000-01 to 2006-07.

4.6.2 Action taken by the Government

Government/Heads of Departments have to take necessary remedial action on the points mentioned in the Reports of the Comptroller and Auditor General of India. However, same nature of shortcomings/deficiencies was noticed as were pointed out in the Audit Reports for the year 2002-03 to 2005-06. Five cases are discussed below:

Unfruitful expenditure	<p>Mention was made in paragraph 4.2.2 of Audit Report 2005-06 about unfruitful expenditure of Rs 6.54 crore on inter-state bridge lying idle due to non-construction of approach roads on either side.</p> <p>Scrutiny (November 2007) of records of Road Construction Division, Jamtara further disclosed that construction of approach road on Jharkhand side was taken up and Rs 48.67 lakh was spent. However, permission for construction of approach road on other side was yet to be obtained from Government of West Bengal in absence of which the bridge could not be put to use and expenditure on approach road on Jharkhand side would prove unfruitful.</p>
Wasteful expenditure	<p>Mention was made in paragraph 4.2.1 of Audit Report 2003-04 about wasteful expenditure of Rs 1.92 crore on abandoned bridge in Deoghar district due to change in proposed site.</p> <p>Similar case was noticed (April 2007) in Rural Works Division, Deoghar where construction of 100 bedded minority hostel was taken up on a disputed site and Rs 6.28 lakh was spent on its incomplete structure. Further, the construction was re-started at a new site rendering expenditure of Rs 6.28 lakh wasteful.</p>
Diversion of fund	<p>Mention was made in paragraph 4.6.1 of Audit Report 2003-04 about diversion of Zila Yojana Fund amounting to Rs 28.10 lakh by Project Officer, MESO, Jamtara.</p> <p>Similar irregularity was noticed (March 2008) during audit of Block Development Officer, Pakur where Rs 25.54 lakh, meant for other purposes, was irregularly diverted to meet the contingent charges in anticipation of future allotment and vouchers were retained as unadjusted vouchers.</p>

Nugatory expenditure	Mention was made in paragraph 4.5.3 of Audit Report 2003-04 and paragraph 4.4.7 of Audit Report 2005-06 about nugatory expenditure of Rs 13.41 crore on pay and allowances of idle staff in four different offices. Scrutiny (November 2007) further disclosed an expenditure of Rs 26.68 lakh on idle staff of Konar Canal Division, Bagodar during 2006-08.
Idle investment	Mention was made in in paragraph 4.4.1 of Audit Report 2002-03 about non-utilisation of machines and equipments worth Rs 2.74 crore. Further, it was seen in audit (August 2008) that Rs 6.23 lakh spent on purchase of machines and equipments by Government Polytechnics, Khuntri, Bokaro which were lying idle from 16 months.

4.6.3 Action not taken on recommendations of the Public Accounts Committee

According to instruction issued (September 2005) by the Ministry of Finance, GOI, all administrative departments and the Heads of Departments were to submit the Action Taken Notes (ATNs) on the recommendations of the Public Accounts Committee (PAC) within six months from the date(s) of receipt of recommendations. As of July 2008, 102 paras were discussed by the PAC and recommendations were made against 22 paras between November 2000 and July 2008. Of these, only in five cases ATNs were received.

4.6.4 Lack of response to Audit

The Accountant General (Audit) arranges to conduct periodical audit inspections of the Government departments to test check the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed up with Inspection Reports (IRs). A half-yearly report of pending IRs is sent to the Secretary of the Department concerned to facilitate monitoring of the audit observations and its disposal. The Heads of offices and the next higher authorities are required to comply with the observations contained in the IRs and rectify the defects promptly and report their compliance to the Accountant General (Audit).

The status of pendency of IRs/Paragraphs at the end of June 2006, June 2007 and June 2008 is shown below:

	Pending as at the end of		
	June 2006	June 2007	June 2008
Number of IRs	3922	4319	3744 ³²
Number of paragraphs	22458	24427	20886

Of the 3,744 IRs/20,886 paragraphs pending as on 30 June 2008, even first replies had not been received in case of 1,522 IRs/11,075 paragraphs. The year-wise break-up of these IRs and paragraphs is indicated in **Appendix-4.4**. The Principal Secretaries/Secretaries, who was also informed of the position through half yearly reports, could not ensure prompt and timely action by the concerned officers. Lack of action on IRs and paragraphs resulted in continuation of serious financial irregularities and loss to Government.

³² No. of pending IRs and paragraph was decreased as settlement of 886 IRs and 4852 paragraphs was left to the departments.

4.6.5 Constitution of Audit Committees

A State level audit committee, under chairmanship of the Chief Secretary, was constituted (February 2005) following recommendations of Shakhder Committee (a high powered committee) to monitor the compliance of Audit Reports/IRs and to develop internal audit system in all departments. Principal Secretary, Finance was designated as member (co-ordination), all departmental Secretaries and the Accountant General as members of the committee. The committee met on four occasions during July- August 2008 and nodal officers were nominated in each department to monitor the compliance of outstanding paras of Audit Reports/IRs. During August and September 2008, 68 paras of Audit Reports (1999-2000 to 2006-07) were discussed with eight departments but no para had been settled.

Further, on initiation from the Accountant General, Audit Committees, comprising the Head of the field and zonal offices and the representatives of Accountant General were formed in 12 departments of Government of Jharkhand, for expeditious settlement of the outstanding inspection reports. Audit Committee meetings were held on 19 occasions from March 2007 to February 2008. As a result, 1,236 paragraphs and 64 IRs were settled. Principal Secretary/Secretary and representatives of Finance Department, however, did not take part in audit committee meetings though informed.

This indicates lack of seriousness on part of these departments in rectifying the deficiencies pointed out by audit.

It is recommended that Government should (i) constitute audit committees at department and district level, (ii) conduct audit committee meetings regularly for speedy settlement of pending IRs and paragraphs, (iii) ensure timely and proper response to the IRs of the Accountant General and (iv) effect recoveries pointed out in the Inspection Reports, promptly.