OVERVIEW

This Report includes two chapters on the finances and accounts of the Government of Jharkhand and 4 chapters comprising 3 reviews and 13 paragraphs arising out of financial transactions of Government. A summary of main audit findings contained in the important paragraphs is presented in this overview.

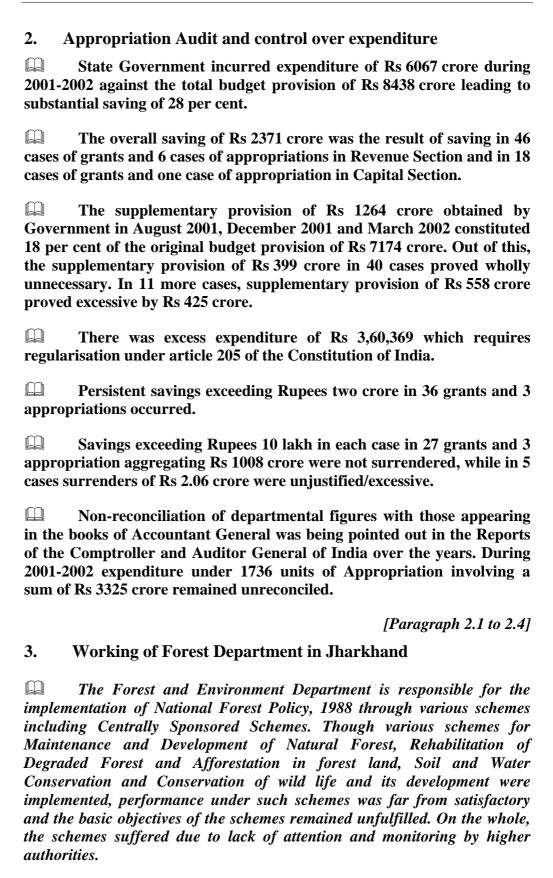
1. An overview of the finances of the State Government In the first full financial year, Jharkhand incurred a revenue deficit of Rs 305 crore as its revenue receipts failed to meet the requirement of revenue expenditure primarily on account of payment of subsidy/ financial assistance of Rs 250 crore to Indian Railways. Revenue receipts constituted the most significant source of fund of the State Government. During the year, out of the total Revenue receipts of Rs 4495 crore, Tax revenue contributed Rs 1586 crore (35%) while non-tax revenue mainly royalties from Non-ferrous Mining and Metallurgical Industries yielded Rs 852 crore (19%). State's share of Union Taxes and duties was Rs 1603 crore (36%) and Grants -in -aid from Government of India amounted to Rs 454 crore (10%). Revenue expenditure accounted for 82 per cent of Government's total expenditure during 2001-2002, which was higher than the revenue receipts, leading to a revenue deficit of Rs 305 crore. The share of capital expenditure was a meager 12 per cent and that of loans and advance 6 per cent. Wastage in public expenditure, diversion of funds, blockage of funds in incomplete projects etc. impinged negatively on the quality of expenditure. Plan performance of the State Government was poor, being only 26 per cent of the revenue expenditure. Various State Plan Schemes, centrally sponsored schemes and central plan schemes were marred by huge savings of Rs 1350.24 crore (38 per cent of the total plan provision).

[Paragraph 1.1 to 1.11.4]

the assets grew by 153.84 per cent during 2001-2002. The assets include

investment (Rs 7 crore) in the Government companies.

The liability of the State Government grew by 31.75 per cent while

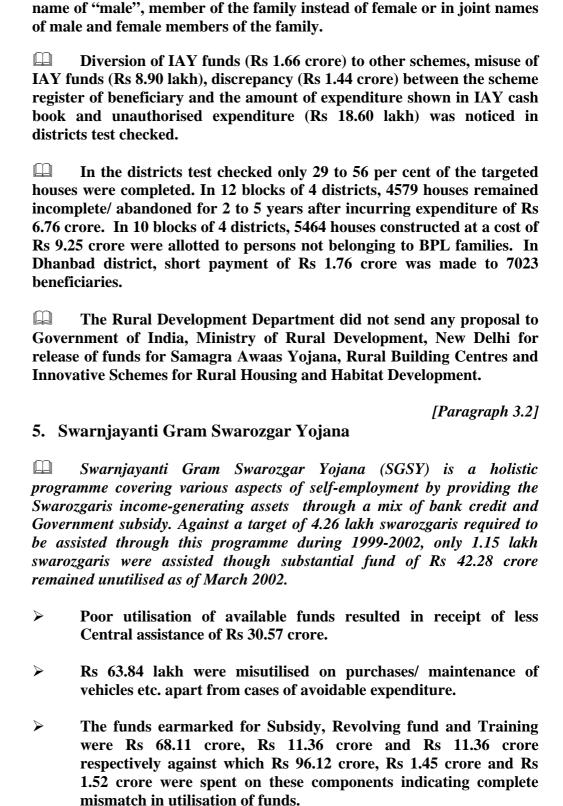


Out of total budget provisions of Rs 878.70 crore during the years

1997 to 2002, Rs 388.95 crore (Plan: 74 per cent and Non-plan: 10 per

cent) remained unutilised.

State Government failed to utilise Rs 31.96 crore out of Rs 49.79 crore received from Government of India.
Plantation in 2334.75 hectares of forest land was done at a cost of Rs 3.36 crore without availability of blank/degraded forest area in approved working plan.
Rs 5.68 crore was spent in plantation work on 7217.59 hectares of forest land without approved working plan/shelf of project.
Liability of Rs 3.14 crore including Rs 2.21 crore for wages was created for schemes not sanctioned by Government.
10 Forest Divisions unauthorisedly spent Rs 33.65 lakh on construction of wooden pillars and boundary pillars without sanction during the years 1998-2001.
☐ Irregular expenditure of Rs 80.49 lakh was incurred by 10 Forest Divisions during 2000-02 on Roadside plantation works.
Compensatory afforestation was not executed due to failure to raise demand of Rs 72.28 lakh.
Unfruitful expenditure of Rs 94.24 lakh due to failure of
installation of operational wireless system.
installation of operational wireless system. [Paragraph 3.1]
•
[Paragraph 3.1]
4. Rural Housing Scheme Indira Awaas Yojana (IAY) is a centrally sponsored scheme aimed at providing houses to people belonging to Scheduled Castes, Scheduled Tribes, free bonded labourers and non-SC/ST rural poor living Below Poverty Line (BPL). The implementation of the schemes was poor and 68 per cent of targeted houses remained incomplete and entire Central funds were not availed. There were cases of diversion of funds, irregular expenditure, abandonment of work etc. indicating poor monitoring of the scheme, which significantly contributed to dismal performance of the scheme. In case of supplementary scheme like Samagra Awaas Yojana (SAY), Rural Building Centre (RBC) and Innovative Scheme for Rural Housing and Habitat Development (ISRHHD) the State Government did not send any proposal for availment of fund showing complete lack of interest



The physical progress of the scheme was extremely poor as only 1.15 lakh *swarozgaris* could be assisted. Only 28984 (25 per cent) of *Swarozgaris* assisted were trained and 75 per cent of *Swarozgaris* were assisted without training, which may lead to failure of the scheme.

- Assistance of Rs 6.21 crore was provided to non-BPL families.
- Rs 44.40 lakh was spent on construction of redundant infrastructure of ITI and undue financial assistance of Rs 17.50 lakh was extended to a co-operative society.

[Paragraph 3.3]

6. Mismanagement of Stores in Health Department

- > Nearly 40 per cent medicines procured were purchased without assessment of actual requirement.
- ➤ Medicines worth Rs 7.01 crore were purchased from private firms/ unauthorised agencies without inviting tenders/approval of purchase committee.
- ➤ 18 out of 63 samples of medicines collected by Drug Inspectors were found to be substandard.
- ➤ Equipments worth Rs 44.07 lakh were purchased without adhering norms. C.T. Scan machine was purchased by payment of extra cost of Rs 21.95 lakh. Equipments worth Rs 64.69 lakh were lying idle for want of repairs.

[Paragraph 3.4]

7. Scheme of liberation and rehabilitation of Scavengers

- > The implementation of the centrally sponsored scheme of liberation and rehabilitation of Scavengers in Jharkhand failed miserably, as the Government could not identify Scavengers for training and rehabilitation.
- > Rs 6.60 crore out of central grant of Rs 10.85 crore was invested in fixed deposits by Jharkhand State Tribal Co-operative Development Corporation and balance amount remained unutilised even after a year of distribution to 10 district.
- > Since dry latrines were not identified, conversion thereof into water borne ones to eliminate the practice of scavenging could not be undertaken.

[Paragraph 3.5]

8. Misutilisation of Funds

> Rs 1.31 crore of GOI sponsored schemes meant for rural below poverty line (BPL) people were misutilised for the benefit of other categories of rural people.

➤ EAS funds of Rs 85.08 lakh was misutilised by 5 blocks, denying benefit to the targeted rural people.

[Paragraph 3.6]

- 9. Avoidable/unfruitful/inadmissible/ nugatory expenditure
- ➤ Abandonment of works resulted in unfruitful expenditure of Rs 36.94 lakh.

[Paragraph 4.1]

> Delay in payment of land compensation amount resulted in avoidable payment of interest of Rs 49.65 lakh.

[Paragraph 4.2]

➤ Negligence and lack of initiative evinced by the Divisional Officer, Mechanical Division, Chandil for supply of electricity at reduced load resulted in loss of Rs 6.40 crore till February 2003.

[Paragraph 4.3]

> District Superintendents of Education Dumka and Hazaribag spent Rs 1.15 crore on pay and allowances of teachers, who remained without work before being deputed for in-service training.

[Paragraph 3.7]

10. Other points of interest

> Superintendent of Police, Dhanbad failed to recover the cost of deployment of police force amounting to Rs 53.77 lakh.

[Paragraph 3.8]

➤ Rs 6.76 crore were unjustifiably drawn from the State Contingency Fund for purchase of vehicles, wireless sets and equipment for non-existent battalions.

[Paragraph 3.9]

> Irregular payment of advance to an Assistant Engineer who was appointed on ad-hoc basis resulted in non-recovery/loss of government money for Rs 27.37 lakh.

[Paragraph 5.1]

➤ The Jharkhand State Electricity Board allowed Rs 1.05 crore of revenue realisable by way of tariff on power supplied for induction furnaces to languish by not reviving the contract and not raising the revised bills for higher amounts.

[*Paragraph 6.2.1*]