

## OVERVIEW

This Report includes two chapters on the finances and accounts of the Government of Jharkhand and four chapters comprising five Reviews, one long paragraph and 12 paragraphs arising from the Audit of selected schemes

important paragraphs is presented in this overview.

### I. An overview of the finances of the State Government

- During 2003-04 total revenue receipts (Rs 5638 crore) comprised tax revenue of Rs 1986 crore (35 *per cent*), non-tax revenue of Rs 1106 crore (20 *per cent*), State's share of Union taxes and duties of Rs 1980 crore (35 *per cent*) and Grant-in-aid from Government of India Rs 566 crore (10 *per cent*).
- Sales Tax was the major source of State's own tax revenue having contributed 81 *per cent* of the tax revenue followed by State Excise (five *per cent*), Taxes on vehicles (five *per cent*) etc. Of non-tax revenue sources, non-ferrous mining and metallurgical industries (83 *per cent*) and Interest receipts (four *per cent*) were the principal contributors.
- Revenue receipt accounted for 87 *per cent* of Government's total expenditure during 2003-04, which was higher than the revenue expenditure, leading to a revenue surplus of Rs 232 crore. The share of capital expenditure was 15 *per cent* and that of loans and advances was two *per cent*.
- The revenue expenditure (Rs 5406 crore) during the year, accounted for 83 *per cent* of total expenditure. Salaries and Pension payments (Rs 2492 crore) and Interest Payments (Rs 1182 crore) alone accounted for 68 *per cent* of total revenue expenditure of the State during the year.
- The low ratios of assets to liabilities 44 *per cent* was partly due to the fact that the State inherited the liabilities from composite Bihar while apportionment of assets has not been done.

(Paragraphs 1.1 to.1.13)

### II. Allocative priorities and Appropriation

- During 2003-04, total gross expenditure was Rs 7849 crore against the total budget provision of Rs 9827 crore leading to a substantial saving of 20 *per cent*.

- The overall savings of Rs 1978 crore were the net result of savings of Rs 2915 crore in 48 cases of grants and appropriations offset by excess of Rs 937 crore in five cases of grants and appropriations. The excess expenditure requires regularization by legislature under Article 205 of the Constitution of India.
- The supplementary provision of Rs 150 crore obtained by Government in 37 cases proved unnecessary in view of aggregate saving of Rs 1779 crore.
- There were persistent saving exceeding Rs two crore in 29 cases of grant.
- Anticipated saving exceeding Rs one crore in each case in 36 cases amounting to Rs 1902 crore were not surrendered. In 41 cases, Rs 898 crore (88 *per cent* of total surrender) was surrendered on last day of the financial year.
- Non-reconciliation of Departmental figures with those appearing in the books of Accountant General was being pointed out in the Reports of the Comptroller and Auditor General of India over the years. The expenditure incurred by 95 Controlling Officers under 1120 units involving Rs 4068 crore remained unreconciled during 2003-04.
- During 2003-04, Rs 128 crore drawn from the Contingency Fund remained unrecouped during the year.

*(Paragraphs 2.1. to 2.7)*

### **III. Performance Review of Scheme/Project**

#### ***1. Primary Health Care Services***

The main objective of the Health and Family Welfare Department is to provide primary health care services to ensure an effective health care of the people particularly the rural people in the State. A review of primary health care services revealed that the Department formulated no health policy since inception of the State (November 2000) and the infrastructure and manpower continued to be inadequate as was prevailing earlier.

- There were only 3495 Health Sub-centres, 533 Primary Health Centres and 31 Referral Hospitals in the State against the requirement of 5548, 1387 and 231 respectively as per the norms under the National Health Policy 2002. The shortfall badly affected the health care facilities and family welfare programme. Despite release of funds the proposed diagnostic centers in five districts were not set up.
- Three PHCs and 22 APHCs had no building of their own. Five PHCs and 31 APHCs had only temporary electric connection. No generator facility was available in 14 PHCs and 33 APHCs. In 18 PHCs and 33 APHCs no

labour rooms were available while there was no operation theatre in 15 PHCs and 32 APHCs.

- Construction/ renovation of 10 RHs/ Sub-divisional hospitals were not completed and handed over to CS-cum-CMO despite release of funds (Rs 3.20 crore) during 2001-02.
- There was 50 *per cent* shortage of medical officers and shortage of para-medical staff was 12 to 64 *per cent* in the State. In test check areas there were huge shortage of Pharmacists and Lab- technician.
- Machine and equipments valued at Rs 1.07 crore purchased for 119 APHCs were lying largely unutilised in APHC due to lack of sufficient accommodation and indoor facilities.
- Performance of Family Welfare Programme was poor as shortfall in achievement in sterilisation, Intra Uterine Device, Conventional Contraceptive Users and Oral Pills Users ranged up to 52.63 *per cent*, 78.57 *per cent*, 76.58 *per cent* and 71.79 *per cent* respectively.

*(Paragraph 3.1)*

## **2. University Education in Jharkhand**

Ranchi, Vinoba Bhave, Hazaribagh and Sido Kanhu Murmu, Dumka Universities were established in July 1960, September 1992 and January 1992 respectively under Bihar State Universities (Bihar, Bhagalpur and Ranchi University) Act, 1960 and Bihar State Universities Act, 1976. These Universities have 66 constituent colleges and a P.G. Centre at Chaibasa under R.U. These Universities are presently governed by Jharkhand State Universities Act 2000. A review of the Universities revealed the following:

- The Universities did not submit their budgets to the Government in time and continued to receive funds on ad hoc basis.
- The Universities had not prescribed any format for their accounts nor any rules and prepared the accounts on the basis of their cash book and other subsidiary records which had quite a few deficiencies.
- Large amounts of money advanced to the Principal of the colleges and functionaries of Universities were outstanding for years together in the absence of any proper system of watching the recoveries/adjustment of advances.
- Universities failed to provide prescribed minimum 180 teaching days in the year 1998 to 2002.
- Publication of result of three Universities was delayed between 6 to 240 days.

- There were instances of teachers being deployed without sanctioned posts in the Universities and no teachers being deployed against sanctioned posts in many colleges.

*(Paragraph 3.2)*

### **3. Pradhan Mantri Gram Sadak Yojana**

Government of India launched the programme “Pradhan Mantri Gram Sadak Yojana” in December 2000 to provide all weather road connectivity to all rural habitations of the State by the year 2007. There were 21036 unconnected habitations in the State of which only 243 habitations were provided with connectivity during 2000-04. Implementation of the programme was slow and suffered from various deficiencies such as improper selection of roads, non-observance of schedule of activities, faulty estimates, wrong priority for upgradation works rather than for connectivity and lack of monitoring and supervision.

- Out of 499 roads measuring 2747.96 kms targeted for construction during 2000-04, the State could complete 131 roads providing connectivity to only 138 habitations of population of 1000 and above and 105 habitations of population below 1000.
- Priority in road connectivity was not observed. As a result, 19 roads selected for construction at an estimated cost of Rs 23.71 crore did not connect even a single habitation having population of 1000 and above and Rs 13.18 crore were already spent on these roads up to March 2004.
- Contrary to the norms of the programme, upgradation works were given priority over the works of new connectivity and amount provided for upgradation works exceeded 65 *per cent* of total allocations in the State.
- Irregular and indiscriminate time extensions were granted to the contractors, which resulted in low achievement besides relieving the contractors from payment of penalty of Rs 34.43 crore.
- Quality control and monitoring mechanism to be established at the State level was not set up till March 2004 and such monitoring at PIUs level were ineffective due to want of quality testing facilities. According to inspections carried out by the National Quality Monitors 28 out of 109 roads were below Very Good.

*(Paragraph 3.3)*

### **4. Implementation of Child Labour (Prohibition and Regulation) Act, 1986**

The Child Labour (Prohibition and Regulation) Act, 1986 seeks to prohibit employment of children below the age of 14 years in hazardous occupations and processes and lays down the manner in which the working conditions of child labour in non-hazardous occupations and processes are to be regulated. The National Child Labour Project (NCLP) seeks to rehabilitate children

employed in hazardous occupations through education and training in the special schools run for them.

A review of the implementation of the Act during the period 1999-2004 revealed deficiencies in the enforcement of the Act in both its prohibitory and regulatory aspects. There was no well-focused target oriented approach. The surveys for identification of child labour were not reliable, inspections were ineffective and monitoring was deficient and almost non-existent. Children employed in non-hazardous occupations and processes and children below the prescribed age limit were enrolled in overwhelming proportion in the NCLP schools.

- No survey was conducted for identification of child labour. No systematic and authentic survey of child labour was conducted in the districts on the direction of the Supreme Court. Subsequent survey conducted by Non-Government Organisations (NGO) and others were mostly inaccurate.
- Inspection of NCLP schools was not done by district level (Deputy Commissioner) and State level authorities.
- Overwhelming number of children from non-hazardous employment were admitted in the special schools in departure from the guidelines of Government of India.
- Persistent delay in payment of stipend, non-preparation of child health card, non-serving of mid-day meal etc were noticed in the State.
- Instructors for vocational training were not appointed in two districts and in one district instructors were appointed without providing the educational material in the schools.
- About 33 *per cent* of child labour due for mainstreaming were not mainstreamed in the test checked districts.
- Parents of only 2655 child labour (nine *per cent*) were covered under poverty alleviation schemes.

*(Paragraph 3.4)*

### **5. *Implementation of welfare schemes in Dumka district***

Dumka district comprises Dumka town which is the district headquarters, 10 blocks and 2944 villages covering an area of 3716.2 square kilometers. According to the census of 2001, the district had a population of 11.02 lakh. The ratio of male –female population in the district was 1:0.95 and literacy rate was 35.01 *per cent*. According to a survey made during 1997-2000, 1.33 lakh (56 *per cent*) families live below the poverty line (BPL) as figures supplied by District Statistical Officer, Dumka.

A review of the implementation of the programmes relating to primary education, primary health care facilities, poverty alleviation and availability of safe drinking water in the district for the period 2001-04 revealed poor infrastructure of schools, poor infrastructure of all categories of hospitals and shortage of doctors and para medical staff, irregular allotment of houses constructed under the Indira Awaas Yojana, failure to generate employment for the required number of mandays etc.

- Out of 1431 primary and middle schools in the district, 79 schools did not have buildings and 685 school buildings were badly damaged. There were many schools in the district without basic facilities such as drinking water (99), electricity (1423), toilets (1386), girls' toilet (1405), playground (1180) and boundary wall (1083).
- Against the target of 85 *per cent* retention at the end of DPEP period March 2002, the actual level of retention achieved in the classes I to IV for both boys and girls was much lower and ranged between 49 *per cent* to 68 *per cent* in 2003-04 when compared to the number of students enrolled in these classes in 2001-02.
- Scheduled Caste/Scheduled Tribe and girl students were deprived of access of free text books as their distribution was delayed between 4 and 11 months.
- Out of 36 APHCs and 258 HSCs, 31 APHCs and 125 HSCs had no building of their own.
- Referral hospital Jarmundi had no facility of operation theatre, pathological test and X-ray machine and therefore patients had to depend on private facilities. Sadar Hospital also lacked facility of diagnostic pathological tests.
- During 2001-04, there were shortfalls in immunisation against DPT, Polio, BCG and Measles. The shortfall during the same period under TT ranged between 78 and 99 per cent.
- Construction of 2353 houses under the Indira Awaas Yojana taken up during 2000-01 remained incomplete after incurring expenditure of Rs 3.57 crore as of March 2004. Thus dwelling facility could not be made available to 2353 BPL families.
- Under SGRY, employment of only 12 to 16 days instead of 100 days was generated for 132594 BPL families defeating the aim of the scheme to provide maximum employment to the poor living in rural areas.
- Analytical test of water was not carried out during 2001-04. As a result the quality of water supplied from 14393 tube wells and from the Hijla plant was not tested.

**(Paragraph 3.5)**

---



---

#### **IV. Audit of transactions**

##### ***Fraudulent Drawal/Misappropriation/Losses***

- Irrecoverable advances - Rs 25.90 lakh due to non-pursuance by the DDOs.

***(Paragraph 4.1.1)***

##### ***Overpayment/wasteful Infructuous expenditure***

- Arbitrary decision to change the proposed site of the bridge resulted in abandonment of work and wasteful expenditure of Rs 1.92 crore.

***(Paragraph 4.2.1)***

- Unfruitful expenditure of Rs 1.70 crore on abandoned and idle barracks at Sakchi Jail and Khunti Sub-jail due to commencement of work without technical sanction and proper planning.

***(Paragraph 4.2.2)***

- Excess payment due to unauthorised sanction of higher scale to teachers by DSE, West Singhbhum - Rs 29.79 lakh.

***(Paragraph 4.2.3)***

##### ***Violation of contractual obligation/ undue favour to contractors***

- Non-supply of cement by agencies worth Rs 36.84 lakh and loss of interest of Rs 9.62 lakh on the amount outstanding with the agencies.

***(Paragraph 4.3.1)***

##### ***Avoidable/ excess expenditure***

- Non-determination of norms under Plan schemes leading to avoidable expenditure of Rs 33.77 lakh.

***(Paragraph 4.4.1)***

##### ***Idle investment/ idle establishment/ blockage of funds***

- Nugatory expenditure on the establishment of the Lady Health Visitor Training School – Rs 40.26 lakh.

***(Paragraph 4.5.1)***

- Failure to monitor the functioning of Handicraft Resource-cum-Development Centre resulted into nugatory expenditure of Rs 1.58 crore.

***(Paragraph 4.5.2)***

- Nugatory expenditure of Rs 5.70 crore on pay and allowances of staff of Kharkai Canal Division and Design Division No.3, Adityapur, Jamshedpur.

***(Paragraph 4.5.3)***

- On establishment due to non-renovation of Bacon factory - Rs 1.56 crore, On idle staff of Non-Functional Frozen Semen Bank, Hotwar-Rs 1.25 crore and On idle staff of non-functional hay production farm-Rs 44.77 lakh.

*(Paragraph 4.5.4)*

- Idle expenditure of Rs 20.42 crore on construction of Birsa Munda Central Jail at Hotwar.

*(Paragraph 4.5.5)*

### ***Other points***

Fund meant for construction of durable community assets diverted for construction and beautification of Vikash Bhawan – Rs 28.10 lakh.

*(Paragraph 4.6.1)*

## **V. Internal Control Mechanism of Home (Police) Department**

Internal control system is an integral part of the functioning of an organisation to govern its activities effectively to achieve its objectives. Various internal control measures in financial and operational activities are built into the departmental rules, codes and manuals and strict adherence to these minimises the risk of errors and irregularities. An evaluation of the internal control mechanism in Home Department- Police revealed that the internal control measures prescribed under the rules were generally neglected, expenditure control was non-existent and implementation of schemes for modernization of police force was deficient. Budget was prepared without taking any inputs from the field offices and without considering the expenditure of previous years. As a result the budget estimates were tentative and not need based.

- Out of total plan funds of Rs 209.42 crore released by the State Government during 2001-04, Rs 84.72 crore only were spent and Rs 124.65 crore (60 *per cent*) were surrendered without any recorded reasons. Evidently there was excess provision of fund.
- Utilisation certificate submitted to Government of India for Rs 147.16 crore spent during 2000-04 on Modernisation of Police Forces (MPF) included advances of Rs 70.41 crore given to Jharkhand Police Housing Corporation (Rs 38.63 crore), Executive Engineers, BCD (Rs 15.16 crore), 22 Deputy Commissioners (Rs 7.97 crore) for composite control rooms and amount retained in civil deposit (Rs 8.65 crore).
- In seven test checked districts, District Composite Control Rooms could not become operational despite expenditure of Rs 2.09 crore as man power required for the control room was not sanctioned by the Government.



- Car diaries in respect of 113 vehicles out of 182 vehicles under SSP Ranchi were not submitted by users during 2003-04 even though bills for fuel amounting to Rs 39.78 lakh were already disbursed. Misappropriation of amount cannot be ruled out.
- Department did not have any internal audit wing. Internal audit by finance department was also not conducted.

*(Paragraph 5.1)*

## **VI. Government Companies and Statutory Corporations**

- Blocking of funds of Rs 17.71 lakh on procurement of water meters and kept without installation at Patratu Thermal Power Station, Jharkhand State Electricity Board.
- Avoidable expenditure of Rs 1.93 crore towards demurrage due to laxity in repairing existing facility by spending Rs 14.50 lakh by Patratu Thermal Power Station- Jharkhand State Electricity Board.

*(Paragraph 6.3)*