
Chapter-3

FINANCIAL REPORTING

CHAPTER 3

FINANCIAL REPORTING

This Chapter provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the year 2018-19.

3.1 Outstanding Utilisation Certificates against grants

The Jharkhand Financial Rules (JFR) stipulate that departmental officers should obtain Utilisation Certificates (UC) from the grantees and after verification should forward these to the Principal Accountant General (A&E), Jharkhand within 12 months of drawal of the grant.

Audit observed that 25,231 UCs due in respect of grants aggregating to ₹ 53,379.00 crore, paid up to 2017-18, were outstanding at the end of March 2019. A significant part of these UCs were outstanding against five departments, viz., Urban Development Department (6,931 UCs aggregating ₹ 12,232.71 crore), Human Resource Department (3,120 UCs aggregating ₹ 11,781.58 crore), Health and Family Welfare Department (301 UCs aggregating ₹ 4,772.79 crore), Welfare Department (8,714 UCs aggregating ₹ 2,071.84 crore) and Agriculture, Animal Husbandry and Co-operative Department (958 UCs aggregating ₹ 1,250.65 crore). Department-wise break-up of outstanding UCs is given in **Appendix 3.1**.

The number and amount of outstanding UCs as on 31 March 2019 is shown in **Table 3.1**.

Table 3.1: Outstanding Utilisation Certificates as on 31.03.2019

(₹ in crore)

Year in which GIA disbursed	Year in which UCs due	Utilisation Certificates Outstanding	
		Number	Amount
Up to 2015-16	Up to 2016-17	16,097	19,101.92
2016-17	2017-18	4,915	14,731.75
2017-18	2018-19	4,219	19,545.33
Total Number of UCs awaited		25,231	53,379.00

Source: Finance Accounts of Government of Jharkhand 2018-19

During the year 2018-19, 4,219 Utilisation Certificates amounting to ₹ 19,545.33 crore, which had become due, were not submitted by the bodies and authorities of the State against the grants-in-aid provided by 16 departments. Therefore, there is no assurance that the amount of ₹ 19,545.33 crore has actually been incurred during the financial year for the purpose for which it was sanctioned/authorised by the Legislature.

In addition to this, 21,012 UCs involving ₹ 33,833.67 crore due for submission upto 2017-18 were also outstanding as on 31 March 2019. Thus, a total of 25,231 UCs involving ₹ 53,379 crore were due for submission as of March 2019. High pendency of UCs is fraught with risk of misappropriation of fund and fraud.

The updated status of the last four years in six departments having major outstanding UCs as on 31 July 2019 is given in **Table 3.2**:

Table 3.2: Major departments with outstanding Utilisation Certificates (as on 31.07.2019)

(₹ in crore)

Sl. No.	Name of Department	2014-15		2015-16		2016-17		2017-18	
		No. of UCs	Amount	No. of UCs	Amount	No. of UCs	Amount	No. of UCs	Amount
1	Human Resources	88	1,148.89	513	2,049.97	1,579	4,374.78	893	3,660.12
2	Rural Development	01	0.90	171	242.88	194	399.90	126	2,138.95
3	Panchayati Raj & NREP	823	1,040.17	119	665.29	129	3,341.23	166	5,361.60
4	Health and Family Welfare	03	160.00	13	656.03	73	806.11	209	3,147.25
5	Urban Development	819	844.79	688	2,147.96	1,128	3,856.64	873	3,927.36
6	Welfare	215	226.26	6,505	1,038.08	545	195.81	971	234.17
Grand Total		1,949	3,421.01	8,009	6,800.21	3,648	12,974.47	3,238	18,469.45

It was noticed that after relaxation of the Treasury Code rules 329-331 by the GoJ in March 2015 which discontinued the requirement of authority letter from Principal Accountant General (A&E) for drawal of grants-in-aid, the amount of outstanding utilisation certificates (as on 31 July 2019) increased from ₹ 19,086.13 crore upto 2016-17 to ₹ 53,228.19 crore in 2018-19.

Non-receipt of UCs against the GIA bills indicates failure of the departmental officers to comply with the rules and procedures to ensure timely submission of utilisation of grants for the intended purposes.

3.1.1 Inflated Utilisation Certificate sent to the Government

Scrutiny of records of the Mission Director, Jharkhand Skill Development Mission revealed that grants-in-aid amounting to ₹ 30 crore was allotted (February 2016) by the Labour, Employment and Training Department, of which ₹ 1.27 crore was forwarded to various Jharkhand Skill Development Mission Societies (JSDMS) as advance.

The Mission Director forwarded UCs amounting to ₹ 30 crore to the Department in June 2018 without obtaining expenditure report of ₹ 1.27 crore from the concerned societies. Further, expenditure of ₹ 1.27 crore was not confirmed by JSDMS even as of October 2019. Thus, submission of UCs without confirming actual expenditure was against the provisions of the Government financial rules and fraught with the risk of misutilisation of public money.

Recommendation: The Finance Department should prescribe a time frame within which administrative departments releasing grants, collect UCs pending beyond the time stipulated in the grant orders and also ensure that till such time, administrative departments release no further grants to defaulting grantees. The Government may initiate appropriate action against officers who defaulted in submission of UCs in time.

3.2 Submission of accounts and audit of Authorities and grantee institutions

3.2.1 Audit under Sections 14 and 15 of CAG's (DPC) Act, 1971

Bodies and authorities that are substantially financed by way of loans or grants from the Consolidated Fund, or those that receive such loans or grants for

specific purposes are audited by the CAG. As on date, there are 70 such bodies and authorities in the State.

Scrutiny revealed that out of 70 bodies/authorities, no body/authority had submitted their updated accounts as of 20 February 2020, whereas four¹ bodies/authorities have not submitted their accounts to audit since inception. Audit of 66 bodies and authorities have been completed as detailed in **Appendix 3.2**.

Recommendation: State Government needs to take appropriate measures to ensure that the pending accounts are compiled and submitted for audit within a fixed timeframe to ensure that financial irregularities, if any, do not go undetected.

3.2.2 Delay in submission of accounts of Public Sector Undertakings (PSUs)

The Companies Act, 2013 stipulates that the financial statements of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year i.e., by 30 September of the next financial year. Failure to submit accounts on time renders the officers of the company liable to penal provisions under the Act.

Table 3.3 below provides the details of progress made by the PSUs in finalisation of accounts as of 31 December 2019.

Table 3.3: Position relating to finalisation of accounts of working and non-working PSUs

Sl. No.	Particulars	Working	Non-working	Total
1	Number of PSUs	27	3	30
2	Number of PSUs having accounts in arrears	24	03	27
3	Number of accounts in arrear	69	03	72
4(a)	Number of PSUs with arrears of more than six years	03	00	03
4(b)	Number of accounts in arrear in the above PSUs	24	00	24
5(a)	Number of PSUs with arrears between three to five years	09	00	09
5(b)	Number of accounts in arrear in the above PSUs	32	00	32
6(a)	Number of PSUs with arrears between one to two years	14	01	15
6(b)	Number of accounts in arrear in the above PSUs	14	02	16
7	Extent of arrears (in years)	1 to 9	1 to 2	1 to 9

Source: Data compiled from the information furnished by the companies

Due to non-finalisation of accounts, the C&AG has been unable to perform supplementary audit of these companies as stipulated in the Companies Act.

¹ (i) Jharkhand State Hindu Religion Trust Council (ii) Executive Director, Waste Land Development Board, Jharkhand, (iii) CAMPA and (iv) Forest Development Authority

The above position reflects the failure of the concerned administrative departments and specifically of the Finance Department to ensure that the defaulting companies comply with the provisions of the Companies Acts. Further, it was noticed that the State Government had invested ₹ 41.00 crore in share capital during 2018-19 in six PSUs of which three PSUs² have not finalised their accounts.

Recommendation: *The Finance Department should review the cases of all PSUs that are in arrears of accounts, ensure that the accounts are made current within a reasonable period, and stop financial support in all cases where accounts continue to be in arrears.*

3.2.3 Dividend not declared by PSUs

The State Government had not formulated any dividend policy under which PSUs are required to pay a minimum return on the paid up share capital contributed by the State Government. As per latest finalised accounts, four companies earned a total profit of ₹ 26.58 crore³ during 2018-19.

Recommendation:

The State Government should formulate a dividend policy for return on its investments as share capital.

3.3 Audit of funds drawn on Abstract Contingent (AC) bills

The Jharkhand Treasury Code (JTC), 2016 stipulates that when contingent charges are drawn as an advance from the treasury on Abstract Contingent (AC) bills without supporting vouchers, the relevant Detailed Contingent (DC) bills supported with sub-vouchers and countersigned by the Controlling Officer (CO) should be submitted to the Principal Accountant General (A&E) within six months from the date of drawal of the AC bill.

Year-wise details of pending DC bills as on 31.03.2019 are given in **Table 3.4**.

Table 3.4: Details of pending DC bills

Year	AC bills drawn		DC bills submitted		Outstanding DC bills		Percentage of outstanding amount of DC bills
	Number	Amount	Number	Amount	Number	Amount	
Upto 2015-16	56,188	17,140.40	38,742	13,193.24	17,446	3,947.17	23.03
2016-17	459	1,267.80	116	820.19	343	447.61	35.31
2017-18	335	1,209.12	59	768.24	276	440.88	36.46
2018-19	243	1,061.32	21	418.47	222	642.85	60.57
Total	57,225	20,678.64	38,938	15,200.14	18,287	5,478.51	26.49

Seventeen departments of the State had drawn ₹ 1,061.32 crore from Government accounts against 243 Abstract Contingent (AC) bills during the

² Minority Development and Finance Corporation, Jharkhand Urban Infrastructure Development Corporation Limited and Jharkhand Rail Infrastructure Development Corporation Limited.

³ JHARCRAFT: ₹ 13.04 crore, Greater Ranchi Development Agency: ₹ 8.86 crore, Jharkhand Police Housing Corporation Limited: ₹ 3.47 crore and Jharkhand Industrial Infrastructure Development Corporation Ltd.: ₹1.21 crore

financial year 2018-19 but did not submit 222 Detailed Contingent (DC) bills amounting to ₹ 642.85 crore before the close of the financial year. Therefore, there is no assurance that the amount of ₹ 642.85 crore has actually been incurred during the financial year for the purpose for which it was sanctioned/authorised by the Legislature. This is a possible overstatement of expenditure in the year 2018-19.

In addition to this, 18,065 AC bills amounting to ₹ 4,836 crore drawn up to 2017-18 were also outstanding as on 31 March 2019. Advances drawn and not accounted for increases the possibility of wastage/misappropriation/malfeasance etc.

Out of ₹ 1,061 crore drawn on AC bills in 2018-19, ₹ 62 crore was drawn in the month of March 2019. However, in comparison to the drawal in March 2018 (₹ 233 crore) the drawal in March 2019 decreased significantly. Significant expenditure through AC bill in March 2019 indicates that the drawal was primarily to exhaust the budget and reveals inadequate budgetary control.

Departments with maximum amount of pending DC bills along with comparative details are given in **Table 3.5**.

Table 3.5: Department-wise comparative details of outstanding DC bills

(₹ in crore)

Sl. No.	Name of Department	Outstanding amount of DC bills as on 28.06.2019					Total
		upto 2014-15	2015-16	2016-17	2017-18	2018-19	
1	Rural Development Department (Rural Development Division)	606.63	124.29	120.72	212.30	304.66	1,368.60
2	Welfare Department (Welfare Division)	394.76	18.41	22.23	5.12	5.65	446.17
3	Women, Child Development and Social Security Department	450.04	83.72	0.00	0.00	0.45	534.21
4	Health, Medical Education and Family Welfare Department	446.49	66.94	15.65	5.14	20.47	554.69
5	Home, Jail and Disaster Management Department (Home Division)	95.76	25.47	29.65	56.56	175.70	383.14
Total		1,993.68	318.83	188.25	279.12	506.93	3,286.81

As shown in the above table in respect of Rural Development Department, the outstanding DC bills increased significantly since 2017-18.

During scrutiny of records of two departments (Food, Public Distribution and Consumer Affairs Department and Labour, Employment and Training Department), it was observed that ₹ 524.03 crore was drawn on 1,410 AC bills under seven Major heads, of which 827 DC bills amounting to ₹ 207.94 crore were outstanding as of July 2019 as detailed in **Appendix 3.3**.

Further, out of total outstanding amount of ₹ 207.94 crore, DC bills amounting to ₹ 206.32 crore (99 per cent) were outstanding for more than two years. During the years 2017-18 and 2018-19, the pendency of DC bills was 83 and 100 per cent respectively of the total drawal on AC bills.

Scrutiny of records of 17 units of test-checked districts revealed that ₹ 205.95 crore was drawn on 131 AC bills under three Major heads (2230, 3456 & 4059) during the period 2000-01 to 2018-19, of which an amount of ₹ 52.44 crore was outstanding as of 31 July 2019 as detailed in **Appendix 3.4**.

3.3.1 Delay in submission of DC bills

Rule 187 of Jharkhand Treasury Code provides that DC bills shall be sent to the Accountant General (A&E) within six months following the month in which the abstract bill was drawn from the treasury. No AC bill shall be cashed after the end of this period unless DC bill has been submitted in accordance with the rules.

During scrutiny of records of five test-checked districts under Grant No. 18 - Food, Public Distribution and Consumer Affairs Department, it was noticed that DC bills amounting to ₹ 60.67 crore against AC bills drawn during 2003-04 to 2016-17 (**Appendix 3.5**) were submitted to Pr. Accountant General (A&E) with delays ranging from 3 to 75 months.

Further, during scrutiny of the records of seven out of eight test-checked district units of Labour, Employment and Training Department (Grant No. 26), it was noticed that 52 DC bills against the AC bills amounting to ₹ 21.23 crore drawn between 2001-02 and 2017-18, were submitted to the Principal Accountant General (A&E) with delays up to 16 years and 08 months as detailed in **Appendix 3.6**. No specific reason for delay was given by the Department.

Drawal of funds on AC bills and non-submission of DC bills within the prescribed time not only breaches financial discipline but also entails risk of misappropriation of public money and unhealthy practices. Moreover, drawal of funds on AC bills on the last day of the financial year is fraught with the risk of mis-utilisation of public money.

***Recommendation:** The Finance Department should ensure that all controlling officers adjust in a time bound manner, all AC bills pending beyond the prescribed period, and also ensure that AC bills are not drawn merely to avoid lapse of budget.*

3.4 Reporting of cases on misappropriation, losses etc.

Rule 31 of the Jharkhand Financial Rules provides that loss of public money, Government revenue, stores or other property by defalcation or otherwise should be immediately reported by the office to the higher authority, Finance Department as well as to the Accountant General (Audit), Jharkhand even when such loss has been made good by the party responsible for it. Such reports must be submitted as soon as a suspicion arises that there has been a loss and these must not be delayed while enquiries are made.

Despite audit requisitions (03 December 2019), no information in this regard has been received from the Finance Department (March 2020).

However, in response to Audit request during the previous years, the Finance Department had directed the departments to provide the information who in turn had instructed the DDOs to provide the same to Audit. This indicates that the Finance Department has no information as required under Rule 31 to monitor such cases. Thus, the Finance Department is not aware of the number of such cases and its status at any point of time.

***Recommendation:** Finance Department should develop a mechanism so that it can monitor cases of misappropriation, losses etc.*

3.5 Funds drawn and kept in Personal Ledger Accounts

As per Rule 174 of Jharkhand Treasury Code, money should not be withdrawn from Treasury unless it is required for immediate payment.

Review of Finance Accounts and Voucher Level Computerisation (VLC) data related to the transactions in the minor heads under the Major Head of accounts 8448-Deposits of Local Funds for the year 2018-19 revealed that there were 187 Personal Ledger Accounts (PLAs) operated by various agencies of the State Government as of 31 March 2019.

During 2018-19, ₹ 9,875.32 crore was added to the opening balance of ₹ 13,202.66 crore leading to accumulation of ₹ 23,077.98 crore in the PLAs, of which ₹ 8,730.74 crore was spent during the year leaving a balance of ₹ 14,347.24 crore at the end of 2018-19 in the PLAs. Year-wise details of balances in PLAs are given below:

Table 3.6: Funds in Personal Ledger Accounts

(₹ in crore)

Year	Opening balance	Receipts	Disbursement	Closing Balance
2016-17	5,217.97	8,406.87	4,136.44	9,488.40
2017-18	9,488.40	12,694.02	8,979.76	13,202.66
2018-19	13,202.66	9,875.32	8,730.74	14,347.24

It is evident from **Table 3.6** that every year, a substantial amount was added in the PLAs leading to a sharp increase in the closing balance. It was noticed that in 2018-19, the net addition had decreased significantly in comparison to the previous year.

It was noticed that ₹ 1,144.58 crore was added (net addition) to Personal Ledger Account during 2018-19 leading to overstatement of the expenditure of the State to that extent during the year. Thus, a total sum of ₹ 14,347.24 crore was kept outside the Consolidated Fund beyond the direct control of the Government which is against the provisions of budgetary control system.

Further, Rule 334 of JTC stipulates that the deposit administrator shall review all Personal Deposit Accounts at the end of each financial year. Money lying unspent after two consecutive financial years should not be spent any further and balance should be transferred as reduction of expenditure to the concerned service head from which the money was withdrawn.

During verification of PL Accounts, it was observed that in 10 out of 25 Administrators test-checked, the above rules were not followed and ₹ 365.39 crore was blocked in their PL accounts for more than three years (**Appendix 3.7**). It was also observed that ₹ 314.88 crore was surrendered by one administrator from the PLA balance under his control during the last three years, of which ₹ 138.81 crore pertains to Central Share.

Unspent balances lying in PLAs, which were neither reconciled periodically nor transferred to the Consolidated Fund, before the closure of the financial year entails the risk of misuse, fraud and misappropriation of public funds.

Recommendation: *The Finance Department should review all PL accounts and ensure that all amounts unnecessarily lying in these PL accounts are immediately remitted to the Consolidated Fund. Further, the Finance*

Department is required to reiterate the instructions contained in the financial rules and ensure that appropriate action is taken against departmental officers who fail to follow the rules.

3.6 Labour Cess

As per section 5 of the Building and other Construction Workers' Welfare Cess Rules 1998, amounts collected as labour cess from contractors was required to be transferred to the Labour Welfare Board.

As per the Finance Accounts, ₹ 473.48 crore was collected as cess from contractors executing government projects upto 2018-19. The cess collected has not been transferred to the Labour Welfare Board (January 2020) thereby inflating the revenue surplus and understating the fiscal deficit of the State during the relevant years and represent the unaccounted liabilities of the State as discussed in **Paragraph 3.9**.

3.6.1 Accounting and Utilisation of Labour Cess

It was observed that the Labour Welfare Board has finalised its accounts only upto 2012-13. However, receipts and utilisation of funds till 2018-19, as furnished by the Board, is shown in **Table 3.7**:

Table 3.7: Details of amounts received by the Board and its utilisation
(₹ in crore)

Year	Amount provided by the Government as Grant-in-aid	Cess received directly by the Board	Total Receipt	Amount spent by the Board on schemes ⁴	Amount spent on establishment	Total Expenditure	Unutilised balance amount
(1)	(2)	(3)	{(2+3)=4}	(5)	(6)	{(5+6)=7}	{(4-7)=8}
Upto 2015-16	5.08	252.16	257.24	104.08	1.66	105.74	151.50
2016-17	0	70.26	70.26	48.33	1.29	49.62	20.64
2017-18	0	74.01	74.01	41.64	0.90	42.54	31.47
2018-19	0	90.19	90.19	59.19	0.90	60.09	30.10
Total	5.08	486.62	491.70	253.24	4.75	257.99	233.71

Source: statement provided by Jharkhand Building and Other Construction Workers Welfare Board

During the period 2009-10 to 2018-19, ₹ 253.24 crore was spent on 22 welfare schemes while ₹ 4.75 crore was spent on establishment. As shown in **Table 3.7**, the Board was able to utilise only 51.50 per cent of available funds for various schemes. As stated by the Board, some schemes⁵ were closed on the decision of the Board under Article 22⁶ of the Building & Other Construction Workers' (Regulation of Employment and Conditions of Service) Act, 1996 resulting in non-utilisation of funds.

Recommendation: *The Jharkhand Building and other Construction Workers' (BOCW) Welfare Board should take steps for timely preparation of annual accounts and its submission to the Principal Accountant General (Audit) for audit.*

The GoJ should ensure transfer of Labour Cess to the Labour Welfare Board as early as possible and ensure proper utilisation of the available fund so that

⁴ 22 schemes are running under the Welfare Board as per statement dated 16.01.2020 provided by them.

⁵ Silai Machine Sahayata, Saraswati Yojana, Bal Shram Shiksha Protsahan Yojana, Rojgar Prashikchhan Yojana, Parivar Pension Yojana, NPS Yojana etc.

⁶ The Board may provide assistance in case of accident, payment of pension to beneficiary above 60 years old, loans and advances for construction of houses, group insurance scheme, financial assistance for education of children, treatment of major ailments, maternity benefits. However, provision and improvements of other welfare schemes may be decided by the Board.

the Board can fulfil its objectives of improving the working conditions of building and other construction workers and providing adequate financial assistance to them.

3.7 Booking under minor head “800”

Minor Head 800 relating to Other Receipts and Other Expenditure is intended to be operated only when the appropriate minor head has not been provided in the accounts. Routine operation of minor head 800 is to be discouraged since it renders the accounts opaque.

During 2018-19, ₹ 1,161.38 crore was booked under the minor head “800-Other Expenditure” in 11 Major Heads, of which expenditure (more than 10 *per cent* of total expenditure in each case) aggregating ₹ 1,091.58 crore (37.94 *per cent* of the total expenditure of ₹ 2,876.86 crore in these heads) under five Major Heads was booked under the minor head “800-Other Expenditure” as detailed in **Appendix 3.8**.

Similarly, ₹ 832.91 crore was booked under the minor head “800-Other Receipts” in 47 Major Heads, of which revenue receipts (more than 30 *per cent* of total receipts in each case) aggregating ₹ 581.55 crore (46.22 *per cent* of the total receipt of ₹ 1,258.29 crore in these heads) under 18 Major Heads were classified under minor head “800-Other Receipts”. The entire receipts in four Major Heads were classified under the omnibus minor head “800-Other Receipts” as detailed in **Appendix 3.9**.

Recommendation: *The Finance Department should, in consultation with the Principal Accountant General (A&E), conduct a comprehensive review of all items presently appearing under minor head 800 and ensure that all such receipts and expenditure are in future booked under the appropriate head of account.*

3.8 Important factors affecting accuracy of accounts

- **Outstanding balances under major suspense accounts**

Suspense heads are operated when transactions of receipts and payments cannot be booked to a final head of account due to lack of information as to the nature or for other reasons. These heads of accounts are finally cleared by minus debit or minus credit when amounts under them are booked to their respective final heads of accounts. Suspense balances remaining uncleared at the end of the year adversely affect the accurate reflection of the Government’s receipt and expenditure of the year. The position of Suspense balances of the State are indicated in **Table 3.8**.

Table 3.8: Position of balances under Suspense Head (8658)

(₹ in crore)

Name of the Minor Head	2016-17		2017-18		2018-19	
	Debit	Credit	Debit	Credit	Debit	Credit
101 Pay and Accounts Office Suspense	46.06	24.77	70.90	45.38	150.67	138.66
Net	Dr. 21.29		Dr. 25.52		Dr. 12.01	
102 Suspense Account (Civil)	160.19	11.59	196.54	17.27	28.67	23.33
Net	Dr. 148.60		Dr. 179.27		Dr. 5.34	

Source: Finance Accounts of Government of Jharkhand 2018-19

The implications of the balances under these heads are stated below:

• **Pay and Accounts Office (PAO) Suspense**

Outstanding debit balances under this head represents payments that have been made by the PAG (A&E) Jharkhand on behalf of PAOs of Central Government departments, which are yet to be recovered. Outstanding credit balances represent payments made by PAOs on behalf of the State Government which the PAG (A&E) is yet to adjust. On settlement of the net debit balance under this head (₹12.01 crore), the cash balance of the State Government will increase.

• **Suspense Accounts (Civil)**

This minor head is credited for recording receipts and debited for expenditure incurred and is cleared on receipt of supporting documents by the PAG (A&E). There is no impact on cash balance on clearance of this item

3.9 Impact on Revenue surplus and Fiscal deficit

The impact of incorrect booking/accounting of expenditure and revenue resulted in overstatement of Revenue Surplus and understatement of Fiscal Deficit as discussed earlier in the Report Paragraphs 1.9.3, 1.9.4 and 3.6 is shown in Table 3.9.

Table 3.9: Impact on Revenue Surplus and Fiscal Deficit as per Audit

(₹ in crore)

Particulars	Impact on Revenue Surplus		Impact on Fiscal Deficit		Impact on outstanding liabilities
	Over statement	Under statement	Over statement	Under statement	Under statement
Non-transfer of Labour Cess to the Board (Paragraph 3.6)	473.48	0.00	0.00	473.48	473.48
Non-transfer to the Sinking Fund (Paragraph 1.9.3)	385.48	0.00	0.00	385.48	385.48
Non-credit of interest bearing Reserve Funds and Deposits (SDRF) (Paragraph 1.9.4)	94.96	0.00	0.00	94.96	94.96
Total	953.92			953.92	953.92
Net Impact	Over Statement of ₹953.92		Under Statement of ₹ 953.92		

Source: Finance Accounts of Government of Jharkhand 2018-19

In view of the above, the revenue surplus and fiscal deficit of the State which are ₹ 5,520.97 crore and ₹ 6,628.74 crore as projected in the Finance Accounts would actually be ₹ 4,567.05 crore and ₹ 7,582.66 crore respectively due to overstatement of revenue surplus by ₹ 953.92 crore and understatement of fiscal deficit by ₹ 953.92 crore as given in Table 3.9. It is also evident from the above table that the liabilities of the State was understated to the extent of ₹ 953.92 crore.

3.10 Follow up on Audit Report on State Finances

Public Accounts Committee (PAC) had discussed paragraph 2.4.4 (Excess over provisions relating to previous years) of the Audit Report on State Finances for the year 2011-12 and ₹ 8,120.12 crore out of ₹ 8,120.63 crore was regularised (13.01.2014) on the recommendation of PAC. No excess expenditure over provisions was regularised after that date as no recommendation has been made by the PAC in this regard.

3.11 Apportionment of balances on reorganisation of the State

Balances amounting to ₹ 7,443.90 crore under Public Account heads along with balance under Capital Section (₹ 11,935.23 crore) and Loans and Advances (₹ 6,583.36 crore) remained to be apportioned between the successor States of Bihar and Jharkhand, almost two decades after the reorganisation of the erstwhile State of Bihar with effect from November 2000. Government of Jharkhand made payment of ₹ 1,493.95 crore (₹ 557.13 crore during 2018-19) against ₹ 4,805.75 crore claimed by the Government of Bihar in respect of pension liability. The State Government had filed a suit in the Supreme Court of India in May 2012 challenging the claim of Government of Bihar which is still sub judice.

Further, a list of 52 items was prepared which are yet to be apportioned between the successor states as the matter is sub judice. The position of the various pending court cases are not available with PAG (A&E).

Recommendation: *The State Government may expedite the apportionment of Public Accounts balances, Capital Account balances and Loans and Advances balances between the two successor States.*

Ranchi
The: 5 August 2020



(INDU AGRAWAL)
Pr. Accountant General (Audit), Jharkhand

Countersigned

New Delhi
The: 7 August 2020



(RAJIV MEHRISHI)
Comptroller and Auditor General of India

