



सत्यमेव जयते

**REPORT  
OF THE  
COMPTROLLER  
AND  
AUDITOR GENERAL OF  
INDIA**

**For the year ended 31 March 2007**

**(CIVIL)**

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**GOVERNMENT OF BIHAR**

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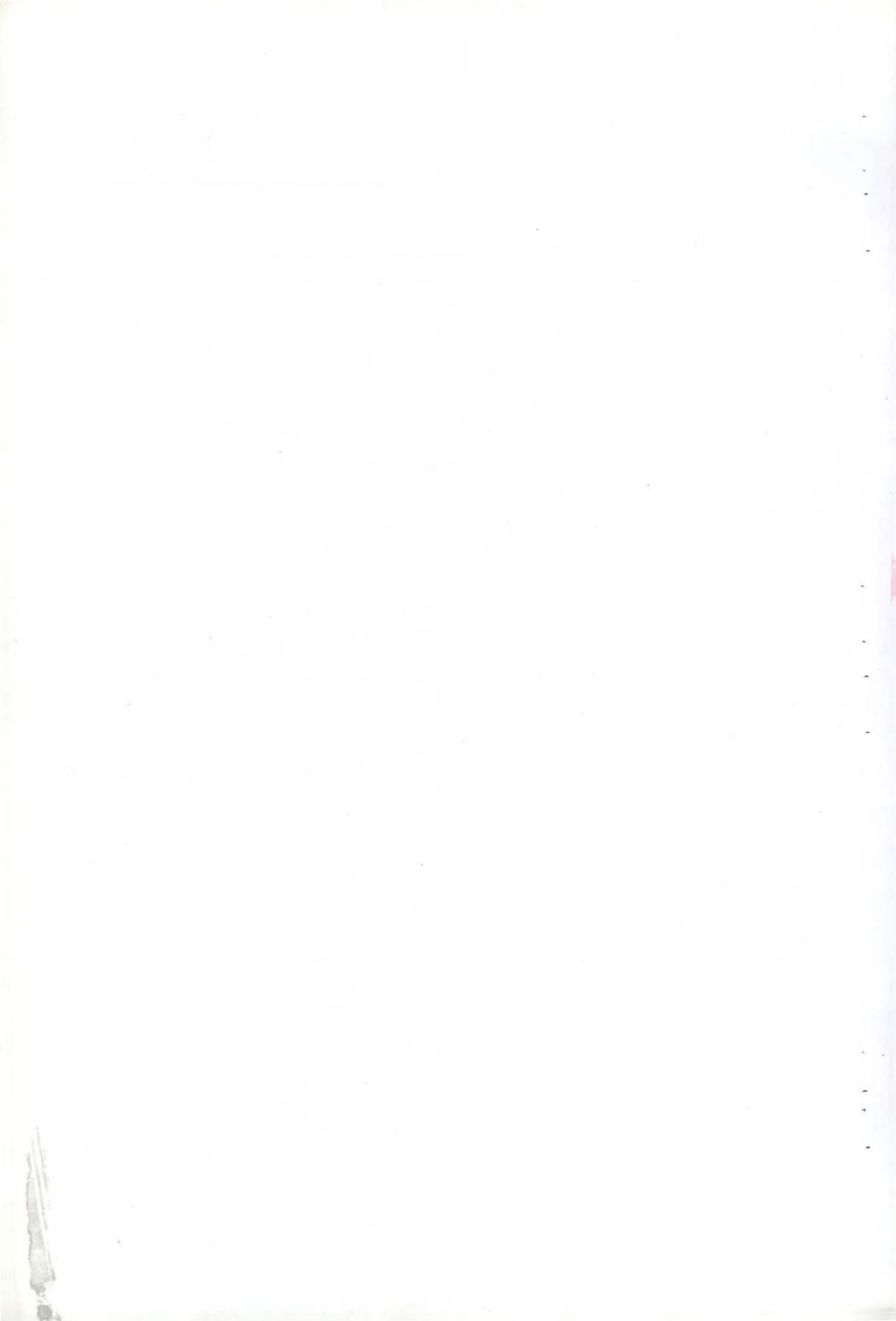
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# *Preface*

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1. **T**his Report has been prepared for submission to the Governor under Article 151 of the Constitution.
2. Chapter I and II of this Report contain Audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government respectively for the year ended 31 March 2007.
3. The remaining chapters deal with the findings of performance audit, audit of transactions in the various departments and internal control system in Agriculture Department.
4. The Report containing the observations arising out of audit of Statutory Corporations, Boards and Governments Companies and the Report containing such observations on Revenue Receipts are presented separately.
5. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2006-2007 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to the year 2006-2007 have also been included wherever necessary.



## *OVERVIEW*



## OVERVIEW

This Report includes two chapters containing observations on Finance and Appropriation Accounts of the Government of Bihar for the year 2006-07 and three other chapters comprising six reviews and 35 paragraphs dealing with the results of performance audit of selected programmes, internal control system in Government departments as well as audit of the financial transactions of the Government.

The audit has been conducted in accordance with the Auditing Standards prescribed for the Indian Audit and Accounts Department. Audit samples have been drawn based on statistical sampling methods as well as on judgment basis. The audit conclusions have been drawn and recommendations made taking into consideration the views of the Government.

A summary of the financial position of the State and the audit comments on the performance of the Government in implementation of certain programmes and schemes as well as internal control system in Agriculture Department are given below:

### Finances of the State Government

There was improvement in fiscal position during 2006-07 in terms of key parameters- revenue, fiscal and primary deficits relative to their values in 2005-06. A turnaround in fiscal position in 2006-07 was primarily due to steep increase in central tax transfers (27.6 *per cent*) and grants-in-aid (57.4 *per cent*) from GOI over the previous year. The revenue expenditure as a *percentage* to total expenditure, however, hovered around 80 *per cent* during the period 2002-07 leaving inadequate resources for expansion of services and creation of assets. Moreover, within the revenue expenditure, non-plan revenue expenditure in 2006-07 was significantly higher than the normative assessment of TFC for the State for the year and the salary expenditure, pension liabilities, interest payments and subsidies constituted about 69 *per cent* of the non-plan revenue expenditure.

The continued prevalence of fiscal deficit indicates the increasing reliance on the borrowed funds. The increasing fiscal liabilities accompanied with negligible rate of return on government investments and inadequate interest cost recovery on loans and advances might lead to a situation of unsustainable debt in medium to long run unless a suitable measures are initiated to compress the non plan revenue expenditure and to mobilize the additional resources both through the tax and non tax sources in ensuing years.

### Allocative priorities and Appropriation

Against the total budget provision of Rs 34,047.33 crore, expenditure of Rs 27,143.57 crore was incurred during 2006-07. The overall saving of Rs 6,903.76 crore was the net result of saving of Rs 6,903.98 crore and excess of Rs 0.22 crore against total provision of Rs 34,047.33 crore. The excess

expenditure of Rs 7,024.71 crore for the years 1977-78 to 2005-06 would require regularisation by the State Legislature under Article 205 of the Constitution of India.

### **Tubewell Project in Bihar**

The objective of the State Tubewell Project was to raise the income of farmers through increased agricultural production by providing irrigation facilities. The expenditure on implementation of different phases of the project was initially met by the State which was to be reimbursed by loan from NABARD. The Tubewell project failed to provide the intended benefit of irrigation as utilisation of the irrigation potential was very low. The expenditure on establishment was very high over the norms compared to works expenditure. Excessive purchase of materials, delayed execution and low realisation of water rent adversely affected implementation of phase VIII. Planning was inadequate and lesson learnt from previous phases were not considered while finalising DPRs for new projects. Unplanned procurement led to excess purchase of DG sets and submersible motor pumps. The implementation of project was also delayed due to irregular grant of time extension. Institutionalised delivery mechanism was weak as users' associations for running the tubewell were created for 59 per cent of tube wells. The functional users' associations were not maintaining any account of irrigation and water rent. Only six per cent of targeted irrigation could be achieved and thus the objective of providing irrigation to farmers was completely defeated. The monitoring cell failed to co-ordinate the planning, purchase and accounting process of the project.

*(Paragraph 3.1)*

### **Integrated Child Development Services (ICDS) Scheme**

The Integrated Child Development Services (ICDS) Scheme was meant to deliver nutrition, education and health services to children in the age group upto six years and enhance the capability of mothers through proper nutrition and health education. The implementation of the scheme suffered from several deficiencies such as lack of planning, poor implementation of Supplementary Nutrition Programme, lack of infrastructure in Anganwadi centres (AWCs), failure to provide health check up and referral services. Planning was deficient and the Directorate did not have basic statistical information required for planning. Coverage of target population was much below the norms in AWCs. The infrastructure in terms of AWCs buildings was inadequate and large number of AWCs were functioning in huts as well as in open space. Seventy three *per cent* of AWCs jointly inspected were found closed. Distribution of nutrients under SNP was insufficient and there were no authenticated records of distribution of take home ration. Nutri candies supplied to AWCs were of substandard quality. Coordination between Social Welfare Department and Health and Family Welfare was lacking as ANMs were not visiting AWCs on every Wednesday. Medicine kits as well as health services were not being provided in most of the AWCs.

*(Paragraph 3.2)*



**Construction and maintenance of roads in flood affected districts**

An efficient road network maximizes economic and social benefits by enabling mobility of people and facilitating transportation of goods and services. Absence of planning and ineffective execution of works characterised construction and maintenance of roads in flood-affected districts. Only 11 per cent of works were completed during 2002-07. Quality control was non-existent in respect of stone metals and bitumen used in works. Unrealistic and inflated estimates were prepared leading to additional cost and doubtful execution. Contract management was weak as reflected in award of work to bidders not satisfying required pre-qualifications and wasteful expenditure on incomplete works. There was complete failure of internal control mechanism, which is evident from doubtful execution of works and fraudulent payments on account of unlifted bitumen, payment without invoices, recording of work twice.

*(Paragraph 3.3)*

**Wage Employment Programmes**

Wage employment programmes were centrally sponsored schemes to provide additional wage employment, food security and creation of durable assets. National Rural Employment Guarantee Scheme (NREGS) introduced in 2006 guaranteed employment of 100 days in a year for every household willing to do manual work. Implementation of wage employment programmes during 2002-07 neither generated adequate employment nor resulted in creation of durable community assets. Planning was not carried out with a view to all round development of the rural areas. Programme management was weak and compliance failures persisted as reflected in suspected fraudulent payments on muster rolls and distribution of foodgrains. The internal controls envisaged in NREGS were yet to be established.

*(Paragraph 3.4)*

**Accelerated Rural Water Supply Programme**

Accelerated Rural Water Supply Programme (ARWSP) intended to cover all rural habitations with access to safe drinking water and to ensure sustainability of drinking water systems and sources. Weak contract management led to delay in completion of schemes and low achievement against targets set for installation of handpumps. Swajaldhara started to institutionalise the reform initiative in rural sector failed to provide access to water even in Hajipur which was the sector reform district of the State as all the schemes taken up remained incomplete. The quality control mechanism for testing of water was also deficient as no steps were taken to address bacteriological and chemical contamination. ARWSP failed to provide potable water in the State due to large number of incomplete works under pipe water supply, handpumps and Swajaldhara during 2002-07. Low priority on completion of existing works over taking up of new schemes resulted in increase in number of incomplete schemes. There was no planning for ground water recharge despite the existence of over exploited blocks in the State. Special repairs resulted in

wasteful expenditure as pipes were not lowered upto the required depth. Quality control mechanism was deficient as field testing kits were yet to be distributed. Monitoring system was not in place as evidenced from the fact that the department did not have updated status of works being implemented in the State.

(Paragraph 3.5)

### **Internal Control System in Agriculture Department**

The Internal Control system in the Agriculture Department was found to be deficient. Budgetary and expenditure controls were weak as evidenced by persistent savings against budget provisions, unreconciled differences between bank balance statement and cashbook balances, pending DC bills and unadjusted advances. The department did not update its manual for last 50 years. Ineffective operational control resulted in stagnant gross cropped area along with decline in agricultural production during 2002-07 as well as non-establishing the soil and water testing laboratories. Inefficient manpower management was reflected in payment of salary to idle staff. Internal audit coverage was inadequate and there was lack of response to statutory audit conducted by the Principal Accountant General (Audit), Bihar.

(Paragraph 5.1)

### **Audit of Transaction**

Audit of financial transactions, subjected to test-check, in various departments of the Government and their field functionaries revealed instances of fraudulent payment, misappropriation, loss, doubtful, unfruitful, excess, idle, irregular, wasteful, infructuous, avoidable expenditure and misutilisation of Rs 175.67 crore as mentioned below:

The cases of misappropriation, fraudulent payment, doubtful purchases, doubtful execution of work and loss to the government amounting to Rs 10.50 crore were noticed in Rural Development Department (Rs 94.86 lakh), Revenue and Land Reform Department (Rs 2.10 crore), Road Construction Department (Rs 1.17 crore), Rural Engineering Organisation (Rs 1.15 crore), Building Construction Department (Rs 1.11 crore), Public Health Engineering Department (Rs 20.98 lakh), Forest and Environment Department (Rs 1.43 crore) and Water Resources Department (Rs 2.38 crore).

The cases of wasteful, infructuous and excess expenditure of Rs 49.26 crore were noticed in Water Resources Department (Rs 7.09 crore), Human Resources Development (Higher Education) Department (Rs 41.37 crore) and Human Resources Development Department (Rs 80.27 lakh).

The cases of avoidable and unfruitful expenditure of Rs 84.22 crore were noticed in Rural Development Department (Rs 73.39 crore), Human Resources Development Department (Rs 38.46 lakh), Building Construction Department (Rs 58.66 lakh), Water Resources Department (Rs 2.99 crore), Home (Police) Department (Rs 2.61 crore), Minor Irrigation Department (Rs 2.95 crore), Animal Husbandry and Fisheries Department (Rs 33.69 lakh) and Health and Family Welfare Department (Rs 96.97 lakh).

The cases of idle expenditure, blockage/misutilisation of funds of Rs 2.41 crore were noticed in Human Resources Development Department (Rs 1.09 crore), Labour, Employment and Training Department (Rs 97.66 lakh) and Animal Husbandry and Fisheries Department (Rs 34.10 lakh).

The cases of irregular expenditure/ purchase of funds of Rs 29.28 crore were noticed in Public Health Engineering Department (Rs 1.22 crore), Vidhan Sabha (Rs 26.42 crore) and Energy Department (Rs 1.64 crore).

*Some of the major findings are as shown below:*

Two cases of misappropriation on account of shortage of cash balances (Rs 9.32 lakh) and unadjusted advances (Rs 41.12 lakh) and unadmitted vouchers (Rs 1.69 crore) were noticed in Rural Development Department and Revenue and Land Reform Department.

*(Paragraph 4.1.1 and 4.1.2)*

Five cases of fraudulent payment on account of short utilisation of material (Rs 63.90 lakh), doubtful compaction (Rs 98.46 lakh), excess consumption and carriage of material (Rs 96.59 lakh), doubtful afforestation (Rs 1.08 crore) and payment of IAY funds to ineligible persons (Rs 57.91 lakh) were noticed in Road Construction Department, Rural Engineering Organisation, Building Construction Department, Forest and Environment Department and Rural Development Department.

*(Paragraph 4.1.3, 4.1.4, 4.1.5, 4.1.9 and 4.1.10)*

Two cases of doubtful boulder pitching (Rs 1.05 crore) and execution of canal work (Rs 1.33 crore) were noticed in Water Resources Department.

*(Paragraph 4.1.11 and 4.1.12)*

In Water Resources Department due to repeated incomplete execution of work, infructuous expenditure of Rs 6.67 crore was incurred as embankment was eroded every year during 2004-06 between 26.50 mile to 32 mile near Patjirwa of Champaran embankment.

*(Paragraph 4.2.2)*

In Bhim Rao Ambedkar Bihar University excess and irregular payment of salary amounting to Rs 41.37 crore was made to teaching and non-teaching staff due to irregular regularisation of service, operation of the post in excess of the sanctioned strength and irregular fixation of pay.

*(Paragraph 4.2.3)*

Injudicious purchase of Kerosene Oil Gen Sets by IG (Provision) resulted in unfruitful expenditure of Rs 2.61 crore.

*(Paragraph 4.3.5)*

In Rural Development Department unfruitful expenditure of Rs 3.86 crore and irregular subsidy payment of Rs 69.04 crore was made in eight districts under SGSY scheme.

*(Paragraph 4.3.7)*

In Human Resources Development Department drawal of funds without any project reports and plan for implementation of the scheme resulted in blockage of funds amounting to Rs 22 crore and loss of interest for Rs 71 lakh.

*(Paragraph 4.4.1)*

In Public Health Engineering Department spare parts valued Rs 76.49 lakh was irregularly purchased by splitting up of purchase orders to avoid competitive bidding. Besides, utilisation of material was doubtful as material account and location of hand pumps were not on record.

*(Paragraph 4.5.1)*

*FINANCES OF THE STATE GOVERNMENT*

*CHAPTER-I*



# CHAPTER-I

## FINANCES OF THE STATE GOVERNMENT

### 1.1 Introduction

The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account (*Appendix 1.1-Part A*). The Finance Accounts of the Government of Bihar are laid out in nineteen statements, presenting receipts and expenditure, revenue as well as capital, in the Consolidated Fund, Contingency Fund and the Public Accounts of the State. The lay out of the Finance Accounts is depicted in *Appendix 1.1-Part B*.

#### 1.1.1 Summary of Receipts and Disbursements

**Table -1.1** summarizes the finances of the Government of Bihar for the year 2006-07 covering revenue receipts and expenditure, capital receipts and expenditure and public accounts receipts/disbursements as emerging from Statement-1 of Finance Accounts and other detailed statements.

**Table 1.1: Summary of Receipts and Disbursements for the Year 2006-07**

(Rupees in crore)

| 2005-06            | Receipts   | 2006-07   | 2005-06   | Disbursements                                | 2006-07   |          |           |
|--------------------|--|-----------|-----------|--|-----------|----------|-----------|
| Section-A: Revenue |  |           |           |  | Non-Plan  | Plan     | Total     |
| 17,836.71          | <b>I. Revenue Receipts</b>                       | 23,083.19 | 17,756.00 | <b>I. Revenue Expenditure</b>                | 16,519.74 | 4,065.31 | 20,585.05 |
| 3,561.10           | Tax revenue                                      | 4,033.08  | 8,522.79  | General Services                             | 8,205.83  | 437.20   | 8,643.03  |
| 522.30             | Non-tax revenue                                  | 511.28    | 6,861.92  | Social Services                              | 5,538.38  | 2,378.83 | 7,917.21  |
| 10,420.59          | Share of Union Taxes/<br>Duties                  | 13,291.72 | 2,367.09  | Economic Services                            | 2,771.53  | 1,249.28 | 4,020.81  |
| 3,332.72           | Grants from<br>Government of India               | 5,247.11  | 4.20      | Grants-in-aid /<br>Contributions             | 4.00      | ---      | 4.00      |
| Section-B: Capital |  |           |           |  |           |          |           |
| -                  | <b>II. Miscellaneous<br/>Capital Receipts</b>    |           | 2,083.90  | <b>II. Capital Outlay</b>                    | 78.76     | 5,132.37 | 5,211.13  |
| 50.86              | <b>III. Recoveries of<br/>Loans and Advances</b> | 7.40      | 1,747.82  | <b>III. Loans and<br/>Advances disbursed</b> | 115.84    | 199.48   | 315.32    |
| 3,770.37           | <b>IV. Public Debt<br/>receipts*</b>             | 2,357.86  | 980.76    | <b>IV. Repayment of<br/>Public Debt</b>      |           |          | 1,024.98  |
|                    | <b>V. Contingency Fund</b>                       |           |           | <b>V. Contingency Fund</b>                   |           |          |           |
| 5,694.52           | <b>VI. Public Account<br/>receipts</b>           | 9,224.07  | 4,414.87  | <b>VI. Public Account<br/>disbursements</b>  |           |          | 8,016.04  |
| 1,518.47           | Opening Cash<br>Balance                          | 1,887.58  | 1,887.58  | Closing Cash Balance                         |           |          | 1,407.58  |
| 28,870.92          | <b>Total</b>                                     | 36,560.10 | 28,870.92 | <b>Total</b>                                 |           |          | 36,560.10 |

\* Excluding Ways and Means Advances and Overdraft

Following are the significant changes during 2006-07 over previous year;

- Revenue receipts grew by Rs 5,246 crore over the previous year. The increase is mainly contributed by State's share of Union Taxes and Duties (Rs 2,871 crore), Grants from Government of India (Rs 1,914 crore) and Tax revenue (Rs 472 crore).
- The recovery of loans and advances decreased from Rs 51 crore in 2005-06 to Rs 7.40 crore in 2006-07.

- The total expenditure of the State has increased by Rs 4,524 crore during 2006-07 over the previous year of which capital expenditure contributed Rs 3,127 crore (69 per cent), revenue expenditure shared Rs 2,829 crore (63 per cent) but the increase was offset by decrease in disbursement of loans and advances by Rs 1,433 crore (-32 per cent) during the year.
- Public Debt receipts decreased by Rs 1,413 crore over previous year mainly due to decrease in Market Loans by Rs 1,414 crore. Repayment of public debt on the other hand has increased by Rs 44 crore only over the previous year level of Rs 981 crore.
- Public Account disbursements increased by Rs 3,601 crore over previous year as against the increase of Rs 3,530 crore in Public Account receipts during the year
- The net impact of the above fiscal transactions of the State was reflected in terms of a decline of Rs 480 crore in its cash balances as on 31 March 2007 from the level of opening balance of Rs 1,888 crore in the beginning of the current year.

### 1.1.2 State Fiscal Position by Key Indicators

The fiscal position of the State Government as reflected by the key fiscal indicators during the current year as compared to the previous year is given in **Table -1.2.**

**Table 1.2**

(Rupees in crore)

| 2005-06  | Sl. No. | Major Aggregates                          | 2006-07   |
|----------|---------|---|-----------|
| 17,837   | 1.      | <b>Revenue Receipts (2+3+4)</b>           | 23,083    |
| 3,561    | 2.      | Tax Revenue (Net)                         | 4,033     |
| 522      | 3.      | Non-Tax Revenue                           | 511       |
| 13,754   | 4.      | Other Receipts                            | 18,539    |
| 51       | 5.      | <b>Non-Debt Capital Receipts</b>          | 7         |
| 51       | 6.      | <i>Of Which Recovery of Loans</i>         | 7         |
| 17,888   | 7.      | <b>Total Receipts (1+5)</b>               | 23,090    |
| 16,689   | 8.      | <b>Non-Plan Expenditure</b>               | 16,714    |
| 15,020   | 9.      | On Revenue Account                        | 16,520    |
| 3,649    | 10.     | <i>Of which Interest Payments</i>         | 3,416     |
| 23       | 11.     | On Capital Account                        | 78        |
| 1,646    | 12.     | On Loans disbursed                        | 116       |
| 4,899    | 13.     | <b>Plan Expenditure</b>                   | 9,397     |
| 2,736    | 14.     | On Revenue Account                        | 4,065     |
| 2,061    | 15.     | On Capital Account                        | 5,133     |
| 102      | 16.     | On Loans disbursed                        | 199       |
| 21,588   | 17.     | <b>Total Expenditure (13+8)</b>           | 26,111    |
| (+)81    | 18.     | Revenue Deficit (-)/ Surplus (+) (1-9-14) | (+) 2,498 |
| (-)3,700 | 19.     | Fiscal Deficit (-)/ Surplus (+) (1+5-17)  | (-) 3,021 |
| (-)51    | 20.     | Primary Deficit (-)/ Surplus (+) (10-19)  | (+) 395   |

**Table-1.2** shows that revenue receipts increased by Rs 5,246 crore (29 per cent) during 2006-07 while revenue expenditure increased by Rs 2,829 crore (16 per cent) over the previous year resulting in an increase of Rs 2,417 crore in revenue surplus in 2006-07 over the previous year level of Rs 81 crore. Given the increment of Rs 2,417 crore in revenue surplus during



2006-07 and a decline of Rs 44 crore under non-debt capital receipts accompanied with an increase of Rs 1,694 crore in capital expenditure and disbursement of loans and advances resulted in decline of Rs 679 crore in fiscal deficit during 2006-07 from Rs 3,700 crore in 2005-06. The decline in fiscal deficit alongwith a fall of Rs 233 crore in interest payments led to a primary surplus of Rs 395 crore in 2006-07 from the deficit of Rs 51 crore in 2005-06.

## 1.2 Methodology adopted for the assessment of Fiscal position

The trends in the major fiscal aggregates of receipts and expenditure as emerged from the Statements of Finance Accounts are analyzed wherever necessary over the period of last five years and observations are made on their behavior. In its Restructuring Plan of State finances, the Twelfth Finance Commission (TFC) recommended the norms/ceilings for some fiscal aggregates and also made normative projections for others. In addition, TFC also recommended that all States are required to enact the Fiscal Responsibility Acts and draw their fiscal correction path accordingly for the five year period (2005-06 to 2009-10) so that fiscal position of State could be improved as committed in their respective FR Acts/Rules during medium to long run. The norms/Ceilings prescribed by the TFC as well as its projections for fiscal aggregates along with the commitments/projections made by the State Governments in their Fiscal Responsibility Acts and in other Statements required to be laid in the legislature under the Act are used to make qualitative assessment of the trends and pattern of major fiscal aggregates during the current year. Assuming that GSDP is the good indicator of the performance of the State's economy, major fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal debt and revenue and fiscal deficits have been presented as percentage to the Gross State Domestic Product (GSDP) at current market prices.

The New GSDP series with 1999-00 as base as published by the Directorate of Economics and Statistics of the State Government have been used in estimating these percentages and buoyancy ratios. The trends in growth and composition of GSDP for last five years are presented in **Table 1.3**.

**Table - 1.3: Trends in Growth of GSDP**

| Estimates                           | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 |
|-------------------------------------|---------|---------|---------|---------|---------|
| Gross State Domestic Product (GSDP) | 64,275  | 65,994  | 71,092  | 76,568  | 81,270  |
| <b>Rates of Growth (per cent)</b>   |         |         |         |         |         |
| GSDP                                | 13.17   | 2.67    | 7.72    | 7.70    | 6.14    |

Source: Directorate of Economics and Statistics, Government of Bihar

The buoyancy coefficients for tax revenues, non-tax revenues, revenue expenditure etc, with reference to the base represented by GSDP have also been worked out to assess as to whether the mobilization of resources, pattern of expenditure etc, are keeping pace with the change in the base or these fiscal aggregates are also affected by factors other than GSDP. The key fiscal aggregates for the purpose are grouped under four major heads: (i) Trends of aggregate receipts, (ii) Application of Resources, (iii) Assets and Liabilities, and (iv) Management of Deficits (*Appendix II and III*). The overall financial performance of the State Government as a body corporate has been presented

by the application of a set of ratios commonly adopted for the relational interpretation of fiscal aggregates. The definitions of some of the selected terms used in assessing the trends and pattern of fiscal aggregates are given in **Appendix 1.1 Part C**.

**1.2.1 The Fiscal Responsibility and Budget Management (FRBM) Act, 2006**

The State has enacted Fiscal Responsibility and Budget Management (FRBM) Act in April 2006. The Act envisaged that the State Government is responsible to ensure prudence in fiscal management and fiscal stability; and to enhance the scope for improving social and physical infrastructure and human development by progressive elimination of revenue deficit, reduction in fiscal deficit, prudent debt management consistent with fiscal sustainability, greater transparency in fiscal operation of the Government and conduct of fiscal policy in a medium term framework.

To give effect to the fiscal management objectives laid down in the Act, the State Government shall, *inter alia*,

- (i) Beginning from financial year 2006-07 and in case there being revenue deficit, reduce revenue deficit/Gross State Domestic Product ratio every year by at least 0.1 *per cent* depending upon the economic situation and eliminate revenue deficit by 2008-09 and generate revenue surplus thereafter.
- (ii) Beginning from financial year 2006-07 reduce fiscal deficit/Gross State Domestic Product ratio every year by at least 0.3 *per cent* if it is more than three *per cent* and to not more than three *per cent* by 2008-09.

Provided that revenue deficit and fiscal deficit may exceed the limits specified under this section due to unforeseen circumstances arising out of internal disturbances or natural calamity or such other exceptional grounds as the State Government may specify. Provided further that a statement in respect of ground or grounds specified in the first proviso shall be placed before the House or Houses of the Legislature, as soon as may be after such deficit amount exceed the aforesaid targets.

**1.2.2 Roadmap to Achieve the Fiscal Targets as laid down in FRBM Act/Rules**

The State Government has developed its Own Fiscal Correction Path indicating the milestones of outcome indicators with target dates of implementation during the period from 2004-05 to 2009-10 (**Appendix 1.2**). The achievement under outcome indicators is also indicated for 2004-05 and 2005-06 keeping in view the fiscal targets laid down in the FRBM Act and/or the rules made there under and the anticipated annual rate of reduction of fiscal deficit of the States worked out by the Government of India for the Twelfth Finance Commission (TFC) award.

### 1.2.2.1 Fiscal Policy Statement

As required under Para 5 of Fiscal Responsibility and Budget Management Act, Fiscal Policy Statement for 2006-07 along with the working plan of fiscal policy was prepared and laid before the house by the State Government (March 2007). The Statement indicated a revenue deficit of Rs 611 crore (BE) and fiscal deficit of 4,582 crore (BE) for 2006-07 as projected in its FCP which were subsequently revised and projected as revenue surplus of Rs 752 crore and fiscal deficit of Rs 6,898 crore as revised estimates for the year.

### 1.2.2.2 Mid-term Review of Fiscal Situation

In compliance to section 11.1 of FRBM Act 2006 as amended, Finance Department is required to review after every quarter the trends in receipts and expenditure in relation to the budget and place before the Legislative Assembly the outcome of such reviews. Although the quarterly review has been undertaken by the state government but the contents of the review are not available with this office.

## 1.3 Trends and Composition of Aggregate Receipts

The aggregate receipts of State Government consist of revenue receipts and capital receipts. Revenue receipts consist of tax revenues, non-tax revenues, State's share of union taxes and duties and grants-in-aid from the Government of India (GOI). Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GOI as well as accruals from Public Account **Table 1.4** shows that the total receipts of the State Government for the year 2006-07 were Rs 34,673 crore. Of these, the revenue receipts were Rs 23,083 crore, constituting 67 per cent of total receipts. The balance came from borrowings and receipts from Public Account.

**Table 1.4: Trends in Growth and Composition of Aggregate Receipts**

| Sources of State's Receipts          | 2002-03       | 2003-04       | 2004-05       | 2005-06       | 2006-07       |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|
| <b>I Revenue Receipts</b>            | <b>10,968</b> | <b>12,456</b> | <b>15,714</b> | <b>17,837</b> | <b>23,083</b> |
| <b>II Capital Receipts</b>           | <b>4,206</b>  | <b>5,079</b>  | <b>7,637</b>  | <b>3,821</b>  | <b>2,365</b>  |
| Recovery of Loans and Advances       | 16            | 10            | 15            | 51            | 7             |
| Public Debt Receipts                 | 4,190         | 5,069         | 7,622         | 3,770         | --            |
| Miscellaneous Capital Receipts       | --            | --            | --            | --            | --            |
| <b>III Contingency Fund</b>          | <b>--</b>     | <b>--</b>     | <b>--</b>     | <b>--</b>     | <b>--</b>     |
| <b>IV Public Account Receipts</b>    | <b>5,584</b>  | <b>7,440</b>  | <b>4,093</b>  | <b>5,694</b>  | <b>9,224</b>  |
| a. Small Savings, Provident Fund etc | 963           | 987           | 1,198         | 1,087         | 1,012         |
| b. Reserve Fund                      | 144           | --            | 189           | 440           | --            |
| c. Deposits and Advances             | 3,027         | 3,154         | 3,129         | 1,886         | 3,014         |
| d. Suspense and Miscellaneous        | 333           | 2,079         | (-)1,661      | 211           | 160           |
| e. Remittances                       | 1,117         | 1,220         | 1,238         | 2,070         | 5,038         |
| <b>Total Receipts</b>                | <b>20,758</b> | <b>24,975</b> | <b>27,444</b> | <b>27,352</b> | <b>34,672</b> |

The revenue and capital receipts constituted 67 and 7 per cent of total receipts respectively. The total receipts of the State increased from Rs 20,758 crore in 2002-03 to Rs 34,672 crore in 2006-07. The Debt capital receipts which

create future repayment obligation decreased from Rs 4,190 crore in 2002-03 to Rs 2,358 crore in 2006-07. Public Account Receipts also increased from Rs 5,694 crore in 2005-06 to Rs 9,224 crore in 2006-07. Sharp increase in Public Account Receipts was mainly attributed by increase in Deposits and Advances from Rs 1,886 crore to Rs 3,014 crore and Remittances from Rs 2,070 crore to Rs 5,038 crore during the year.

### 1.3.1 Revenue Receipts

Statement-11 of the Finance Accounts details the revenue receipts of the Government. The revenue receipts consist of its own tax and non-tax revenues, central tax transfers and grants-in-aid from GOI. Overall revenue receipts, its annual rate of growth, ratio of these receipts to the GSDP and its buoyancies are indicated in **Table 1.5**.

**Table 1.5: Revenue Receipts - Basic Parameters**

(Rupees in crore)

|  | 2002-03   | 2003-04   | 2004-05   | 2005-06    | 2006-07    |
|--|-----------|-----------|-----------|------------|------------|
| Revenue Receipts (RR)  | 10,968    | 12,456    | 15,714    | 17,837     | 23,083     |
| Own Taxes (per cent)   | 2,761(25) | 2,890(23) | 3,347(21) | 3,561(20)  | 4,033(17)  |
| Non-Tax Revenue (per cent)                                   | 261(2)    | 320(3)    | 418(3)    | 522(3)     | 511(2)     |
| Central tax Transfers (per cent)                             | 6,549(60) | 7,628(61) | 9,117(58) | 10,421(58) | 13,292(58) |
| Grants-in-aid (per cent)                                     | 1,397(13) | 1,618(13) | 2,832(18) | 3,333(19)  | 5,247(23)  |
| Rate of Growth of RR (per cent)                              | 11.47     | 13.57     | 26.16     | 13.51      | 29.41      |
| Revenue Receipt/GSDP (per cent)                              | 17.10     | 18.90     | 22.10     | 23.30      | 28.40      |
| Revenue Buoyancy (ratio) <sup>1</sup>                        | 0.87      | 5.07      | 3.39      | 1.75       | 4.79       |
| State's own taxes Buoyancy (ratio)                           | 1.45      | 1.75      | 2.05      | 0.83       | 2.16       |
| Revenue Buoyancy with reference to State's own taxes (ratio) | 0.61      | 2.91      | 1.65      | 2.11       | 2.22       |
| GSDP Growth (per cent)                                       | 13.17     | 2.67      | 7.72      | 7.70       | 6.14       |

### General Trends

The revenue receipts have shown a progressive increase over the period 2002-07 with declining share of own taxes and increasing share of grants in aid while the share of Central transfers and non tax revenue remained almost the same with minor changes. The sharp increase of 29 per cent during 2006-07 was mainly on account of increase in state's own taxes (13.25 per cent), central tax transfers (27.55 per cent) and Grants-in-aid (57.43 per cent).

**Tax Revenue:** The Tax Revenue has increased by 13.25 per cent during the current year (Rs 4,033 crore) over previous year (Rs 3,561 crore). **Table 1.6** below shows the trend of Tax Revenue during 2002-07. Sales tax (52 per cent) was the major source of the State tax revenue followed by Stamp and Registration fees (11 per cent) and taxes on State Excise (nine per cent). Realization of Tax revenue on Vehicles and Stamps and Registration decreased by 40 per cent and 10 per cent respectively compared to the last

<sup>1</sup> Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance revenue buoyancy at 2.2 during 2006-07 implies that revenue receipts tend to increase by 2.2 percentage points if the GSDP increases by one per cent.

year due to reduction of registration charges from 8.4 per cent to six per cent and abolition of a very high (three to 12 times increase) tax imposed on vehicles in 1994. Withdrawal of "special agreement card scheme" with effect from March 2006 also resulted in short realization of Tax revenue from vehicle.

Table 1.6: Tax Revenue

(Rupees in crore)

|                         | 2002-03      | 2003-04      | 2004-05      | 2005-06      | 2006-07      |
|-------------------------|--------------|--------------|--------------|--------------|--------------|
| Land Revenue            | 36           | 34           | 33           | 55           | 75           |
| Stamps and Registration | 348          | 418          | 429          | 505          | 455          |
| State Excise            | 242          | 240          | 272          | 319          | 382          |
| Sales Tax               | 1,648        | 1,637        | 1,891        | 1,734        | 2,081        |
| Taxes on Vehicles       | 178          | 209          | 213          | 302          | 181          |
| Other Taxes *           | 309          | 352          | 509          | 646          | 859          |
| <b>Total</b>            | <b>2,761</b> | <b>2,890</b> | <b>3,347</b> | <b>3,561</b> | <b>4,033</b> |

\* Other Taxes: includes taxes on income and expenditure, taxes on immovable property other than agricultural land, taxes on goods and passengers, taxes on duties and electricity, other taxes on duties and commodities and services.

**Non Tax Revenue:** The Non-Tax Revenue which constituted 2.21 per cent of total revenue receipts decreased Rs 11 crore over the previous year. There was increase in Non-Tax Revenue from Social Security and Welfare (Rs 4.03 crore) and Roads and Bridges (Rs 4.70 crore) but there was decline in realization of Non-Tax Revenue from Public Service Commission, Other Administrative Services and Education, Sports Arts and Culture during the year.

The actual Revenue receipts in the year vis-à-vis assessments made by State Government are given below:

(Rupees. in crore)

|                 | Assessments made by TFC | Assessments made by State Government in Fiscal Correction Path | Actuals |
|-----------------|-------------------------|--|---------|
|                 | (1)                     | (2)  | (3)     |
| Tax Revenue     | 5,681                   | 4,523  | 4,033   |
| Non-Tax Revenue | 959                     | 342  | 511     |

Tax revenue/Non-Tax Revenue realization was also below the normative projections made by TFC for the year. The shortfall in Tax Revenue was 41 per cent while for Non Tax revenue it was 87 per cent against the assessments made by the TFC. Own tax realization of Rs 4,033 crore was Rs 490 crore below the projected realization of Rs 4,523 crore in fiscal correction path for 2006-07 although in case of non tax revenue it was significantly higher than the projections.

**Central Tax Transfers:** The Central Tax transfers increased by Rs 2,871.13 crore over the previous year and constituted 58 per cent of revenue receipts. The increase was mainly under corporation tax (Rs 1,271.25 crore), customs duties (Rs 560.95 crore), service tax (Rs 506.73 crore) and Taxes on income other than Corporation Tax (Rs 490.96 crore).

**Grants-in-aid:** The Grants-in aid from Government of India (GOI) increased from Rs 3,333 crore in 2005-06 to Rs 5,247 crore in the current year. The

increase was mainly under State plan scheme (Rs 890 crore), Centrally Sponsored Schemes (Rs. 488 crore), in Central Plan Schemes (Rs 54 crore) and Non-Plan Grants (Rs 482 crore). Under State plan schemes there was sharp increase in Block grants from Rs 796.51 crore in 2005-06 to Rs 2,218.19 crore in 2006-07 with decrease in other plan grants during the year. As per the recommendations of Twelfth Finance Commission (TFC) the Non-Plan grants released by GOI for 2006-07 are inclusive of Sector Specified Grants of Rs 486.17 crore for education, Rs 322.57 crore for health, Rs 89.90 crore for public buildings and Rs 77.34 crore for Roads and Bridges. Expenditure on Health (Rs 849.87 crore) and Building (Rs 180.37 crore) was below the projection of Non-Plan Revenue Expenditure of Rs 880.98 crore and Rs 216.91 crore respectively for these sectors by TFC. Details of Grants-in-aid from GOI are given in **Table 1.7**

**Table No 1.7: Grants-in-aid from GOI**

(Rupees in crore)

|  | 2002-03         | 2003-04         | 2004-05         | 2005-06         | 2006-07         |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Grants for State plan schemes                      | 670.05          | 1,169.28        | 1,642.90        | 1,555.66        | 2,445.24        |
| Non Plan grants                                    | 290.32          | 151.56          | 683.99          | 1,201.08        | 1,683.41        |
| Grants for Central Schemes                         | 436.95          | 45.95           | 10.33           | 89.99           | 144.29          |
| Grants for Central and Centrally Sponsored Schemes | --              | 250.83          | 494.61          | 485.99          | 974.17          |
| <b>Total</b>                                       | <b>1,397.32</b> | <b>1,617.62</b> | <b>2,831.83</b> | <b>3,332.72</b> | <b>5,247.11</b> |
| Percentage of increase/decrease over previous year | 32.17           | 15.77           | 75.06           | 17.69           | 57.44           |

## 1.4 Application of Resources

### 1.4.1 Growth of Expenditure

Statement 12 of the Finance Accounts depicts the detailed revenue expenditure by minor heads and capital expenditure by major heads. States raise resources to perform their sovereign functions, maintain their existing nature of delivery of social and economic services, to extend the network of these services through capital expenditure and investments and to discharge their debt service obligations. The total expenditure of the State increased from Rs 13,972 crore in 2002-03 to Rs 26,111 crore in 2006-07. Total expenditure, its annual growth rate and ratio of expenditure to the State GSDP and to revenue receipts and its buoyancy with respect to GSDP and revenue receipts are indicated in **Table -1.8**.

**Table 1.8: Total Expenditure - Basic Parameters**  
(Value in Rupees crore and others in per cent)

|   | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 |
|---|---------|---------|---------|---------|---------|
| Total Expenditure (TE)*                   | 13,972  | 16,829  | 16,971  | 21,588  | 26,111  |
| Rate of Growth                            | 12.36   | 20.45   | 0.84    | 27.21   | 20.95   |
| TE/GSDP Ratio                             | 21.74   | 25.50   | 23.90   | 28.20   | 32.13   |
| Revenue Receipts/TE Ratio                 | 78.50   | 74.02   | 92.59   | 82.62   | 88.40   |
| <b>Buoyancy of Total Expenditure with</b> |         |         |         |         |         |
| GSDP (ratio)                              | 0.94    | 7.66    | 0.11    | 3.53    | 3.41    |
| Revenue Receipts (ratio)                  | 1.08    | 1.51    | 0.03    | 2.01    | 0.71    |

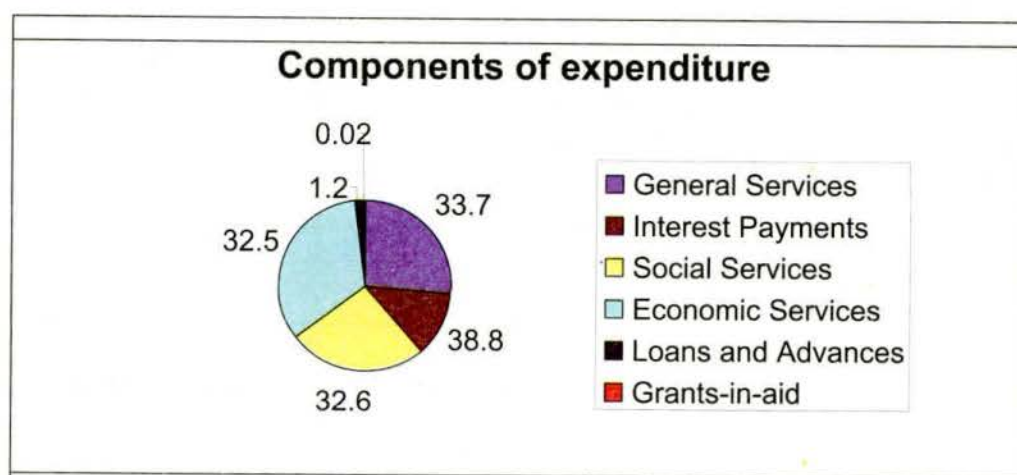
\* Total expenditure includes revenue expenditure, capital expenditure and loans & advances

The total expenditure during the current year has increased by Rs 4,524 crore over the previous year of which revenue expenditure shared Rs 2,829 crore, capital expenditure Rs 3,127 crore accompanied with a decrease in disbursement of loans and advances by Rs 1,433 crore (-32 percent) during the year. Non plan expenditure (Revenue and Capital) increased by Rs 25 crore and plan expenditure by Rs 4,498 crore during the year. The increases in plan expenditure during 2006-07 over the previous year were observed mainly under transport (capital: Rs 1,387 crore); rural development (revenue: Rs 271 crore, capital: Rs 885 crore); education (revenue: Rs 443 crore and capital: Rs 77 crore); industries and mineral sector (revenue: Rs 48 crore, capital: 406 crore), water supply and sanitation (revenue: Rs 100 crore, capital: Rs 130 crore); labour welfare (revenue: Rs 158 crore); energy (capital: Rs 132 crore) and social welfare (revenue: Rs 80 crore). During the current year, 88 per cent of total expenditure was met from revenue receipts and the remaining from capital receipts and borrowed funds. The buoyancy of total expenditure to GSDP stood at 3.41 in 2006-07 indicating tendency to spend more than the increase in income and higher elasticity of total expenditure with respect to GSDP.

**Trends in Total Expenditure by Activities:** In terms of the activities, total expenditure could be considered as being composed of expenditure on general services including interest payments, social and economic service, grants-in-aid and loans and advances. Relative share of these components in total expenditure is indicated in **Table -1.9**.

**Table 1.9: Components of Expenditure – Relative Share***(in per cent)*

|                    | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 |
|--------------------|---------|---------|---------|---------|---------|
| General Services   | 47.63   | 42.77   | 46.38   | 39.81   | 33.70   |
| Interest Payments  | 45.97   | 46.59   | 44.52   | 42.81   | 38.83   |
| Social Services    | 29.04   | 24.93   | 29.06   | 33.31   | 32.60   |
| Economic Services  | 17.96   | 17.01   | 17.89   | 18.76   | 32.48   |
| Loans and Advances | 5.35    | 15.27   | 6.65    | 8.10    | 1.21    |
| Grants-in-aid      | 0.02    | 0.02    | 0.02    | 0.02    | 0.02    |



The movement of relative shares of these components of Expenditure indicated that while the share of social services in total expenditure oscillated between 29.04 per cent in 2002-03 to 32.60 per cent in 2006-07, the relative share of general services decreased from 47.63 per cent to 33.70 per cent during the period of which interest payment also decreased from 45.97 per cent during 2002-03 to 38.83 per cent during 2006-07. Loans and advances disbursed decreased to 1.21 per cent during 2006-07 in comparison to 8.10 per cent of 2005-06. The share of economic services has increased by 13.72 percentage points from 18.76 in 2005-06 to 32.48 per cent during the current year.

#### 1.4.2 Incidence of Revenue expenditure

Revenue expenditure had the predominant share in the total expenditure. Revenue expenditure is incurred to maintain the current level of services and payment, for the past obligations and as such does not result in any addition to the States infrastructure and service network. The overall revenue expenditure, its rate of growth, ratio of revenue expenditure to GSDP and to revenue receipts and its buoyancy are indicated in **Table -1.10**.

**Table 1.10 : Revenue Expenditure - Basic Parameters**

|                                     | 2002-03        | 2003-04        | 2004-05        | 2005-06        | 2006-07        |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Revenue Expenditure (RE) Of which   | 12,255         | 12,711         | 14,638         | 17,756         | 20,585         |
| Non-Plan Revenue Expenditure (NPRE) | 10,901<br>(89) | 11,627<br>(91) | 12,642<br>(86) | 15,020<br>(85) | 16,520<br>(80) |
| Plan Revenue Expenditure (PRE)      | 1,354<br>(11)  | 1,084<br>(9)   | 1,996<br>(14)  | 2,736<br>(15)  | 4,065<br>(20)  |
| <b>Rate of Growth (per cent)</b>    |                |                |                |                |                |
| Revenue Expenditure                 | 9.82           | 3.72           | 15.16          | 21.30          | 15.93          |
| Rate of Growth of NPRE              | 5.92           | 6.66           | 8.73           | 18.81          | 9.99           |
| Rate of Growth of PRE               | 56.17          | (-)19.94       | 84.13          | 37.07          | 48.57          |
| RE/TE percent                       | 88             | 76             | 86             | 82             | 79             |
| NPRE/GSDP (per cent)                | 16.96          | 17.20          | 17.78          | 19.62          | 20.33          |
| NPRE as per cent of TE              | 78.02          | 69.09          | 74.49          | 69.58          | 63.27          |



|   | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 |
|---|---------|---------|---------|---------|---------|
| NPRE as per cent of RR                      | 99.39   | 93.34   | 80.45   | 84.21   | 71.57   |
| <b>Buoyancy of Revenue Expenditure with</b> |         |         |         |         |         |
| GSDP (ratio)                                | 0.75    | 1.39    | 1.96    | 2.77    | 2.59    |
| Revenue Receipts (ratio)                    | 0.86    | 0.27    | 0.58    | 1.58    | 0.54    |

(TE includes Loan &amp; Advances)

Revenue expenditure of the State increased from Rs 12,255 crore in 2002-03 to Rs 20,585 crore in 2006-07. Non-Plan Revenue Expenditure (NPRE) as well as Plan Revenue Expenditure (PRE) increased from Rs 10,901 crore in 2002-03 to Rs 16,520 crore in 2006-07 and Rs 1,354 crore in 2002-03 to Rs 4,065 crore in 2006-07 respectively. The increases under NPRE and PRE during 2006-07 over the previous year were Rs 1,500 crore and Rs 1,329 crore respectively. The actual Non-plan revenue expenditure vis-à-vis assessments made by TFC and State government are given below:

(Rupees in crore)

|                              | Assessments made by TFC | Assessments made by State Government in Fiscal Correction Path | Actual NPRE |
|------------------------------|-------------------------|--|-------------|
|                              | (1)                     | (2)  | (3)         |
| Non-plan revenue expenditure | 15,263                  | 17,608   | 16,520      |

Non-plan revenue expenditure (Rs 16,520 crore) was Rs 1,088 crore below the projection of Rs 17,608 crore made in fiscal correction path; however it exceeded the normative assessment made by TFC by Rs 1,257 crore.

### 1.4.3 Committed expenditure

#### 1.4.3.1 Expenditure on Salaries

The trends in expenditure on salaries both under plan and non-plan heads are presented in **Table 1.11**

Table 1.11: Expenditure on salaries

(Rupees in crore)

| Heads                    | 2002-03  | 2003-04  | 2004-05  | 2005-06  | 2006-07  |
|--------------------------|----------|----------|----------|----------|----------|
| Expenditure on salaries* | 5,073.07 | 5,019.88 | 5,005.36 | 5,783.35 | 6,016.21 |
| of which                 |          |          |          |          |          |
| Non-Plan Head            | 4,748.05 | 4,467.59 | 4,564.16 | 5,152.79 | 5,538.57 |
| Plan Head**              | 325.02   | 552.29   | 441.20   | 630.56   | 477.64   |
| As a percentage of GSDP  | 7.89     | 7.61     | 7.04     | 7.55     | 7.40     |
| As a percentage of RR    | 46.25    | 40.30    | 31.85    | 32.42    | 26.06    |
| As a percentage of RE    | 41.40    | 39.49    | 34.19    | 32.57    | 29.23    |

Salary alone accounted for nearly 26 per cent of the Revenue Receipt of the State. Salary expenses as per cent to GSDP ranged between 7.89 and 7.40 per cent during the period 2002-03 to 2006-07. Salary expenditure under Non-Plan head increased from Rs 4,748 to Rs 5,539 crore during 2002-03 to 2006-07 whereas under Plan head it oscillated between Rs 325 to Rs 631 crore during the period. An increase of Rs 233 crore (4.03 per cent) in salary

expenditure during 2006-07 was mainly due to enhancements in various allowances of Government employees. Total salary bill relative to revenue expenditure net of interest payments and pension was 41 per cent and the State Government need to initiate appropriate measures to keep it within the norms of 35 per cent as recommended by TFC to restructure the finances of the State as per its Plan during the Award period.

#### 1.4.3.2 Pension Payments

Table 1.12: Expenditure on Pensions

(Rupees in crore)

| Heads                   | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 |
|-------------------------|---------|---------|---------|---------|---------|
| Expenditure on Pensions | 2,049   | 2,269   | 2,325   | 2,456   | 2,497   |
| Rate of growth          | (-)9.85 | 10.74   | 2.47    | 5.63    | 1.67    |
| As per cent of GSDP     | 3.19    | 3.44    | 3.27    | 3.21    | 3.07    |
| As per cent of RR       | 18.68   | 18.22   | 14.80   | 13.77   | 10.82   |
| As per cent of RE       | 16.72   | 17.85   | 15.88   | 13.88   | 12.13   |

Pension payment increased from Rs 2,049 crore in 2002-03 to Rs 2,497 crore in 2006-07. Pension liability of the State is likely to increase further when the two years moratorium on date of retirement will come to an end (March 2007). Government forecasted expenditure of Rs 3,020 crore in it's assessment in fiscal correction path which was Rs 523 crore above actual expenditure (Rs 2,497 crore) of 2006-07. The State Government has also implemented new contributory pension scheme on the Central pattern to reduce the long term liabilities on pension account which was applicable to the employees joining on or after 1 September 2005. Actual pension payments *vis-a-vis* projections made by TFC and by State Government in Fiscal Correction Path are shown in Table 1.13 below:

Table 1.13: Actual Pension Payments vis-à-vis Projections

(Rupees in crore)

|                  | Assessments made by TFC | Assessments made by State Government in Fiscal Correction Path | Actual Expenditure on pensions |
|------------------|-------------------------|--|--------------------------------|
|                  | (1)                     | (2)  | (3)                            |
| Pension payments | 2,945                   | 3,020  | 2,497                          |

#### 1.4.3.3 Interest payments

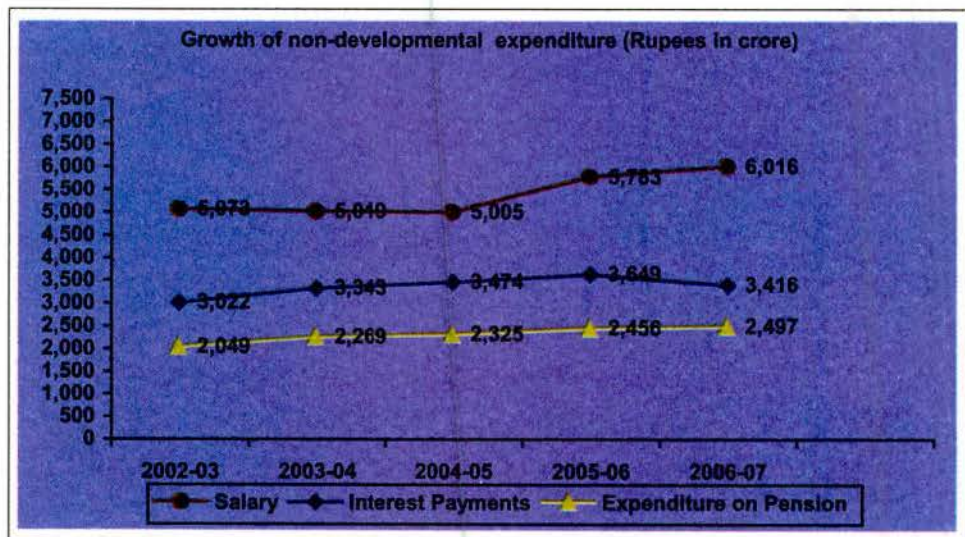
The trends in expenditure on interest payments, revenue receipts and revenue expenditure during the period 2002-03 to 2006-07 are presented in Table 1.14

Table 1.14: Interest Payments

| Year    | Total Revenue Receipts | Total Revenue Expenditure | Interest payments | Percentage of interest payment with reference to |                     |
|---------|------------------------|---------------------------|-------------------|--|---------------------|
|         | (Rupees in crore)      |                           |                   | Revenue Receipts                                 | Revenue Expenditure |
| 2002-03 | 10,968                 | 12,255                    | 3,022             | 27.55  | 24.66               |
| 2003-04 | 12,456                 | 12,711                    | 3,343             | 26.84  | 26.30               |
| 2004-05 | 15,714                 | 14,638                    | 3,474             | 22.11  | 23.73               |
| 2005-06 | 17,837                 | 17,756                    | 3,649             | 20.46  | 20.55               |
| 2006-07 | 23,083                 | 20,585                    | 3,416             | 14.80  | 16.59               |

In absolute terms, interest payments increased steadily by 13.04 per cent from Rs 3,022 crore in 2002-03 to Rs 3,416 crore in 2006-07 primarily due to continued reliance on borrowings for financing the deficit. The increasing interest payments had adversely affected both development expenditure and social welfare schemes. Reduction of Rs 233 crore in interest payments during 2006-07 was mainly due to consolidation of loan by Central Government. Interest payments remained lower than the projections made in Fiscal Correction Path (Rs 4,210 crore) and TFC (Rs 4,220 crore) for the year 2006-07.

The growth of non-developmental expenditure during the period 2002-03 to 2006-07 depicted in through the graph below:



## 1.5 Expenditure by Allocative Priorities

### 1.5.1 Quality of Expenditure

The availability of better social and physical infrastructure in the State reflects its quality of expenditure. Therefore ratio of capital expenditure to total expenditure as well as to GSDP and proportion of revenue expenditure being spent on running efficiently and effectively the existing social and economic services would determine the quality of expenditure. Higher the ratio of these components to total expenditure and GSDP better is quality of expenditure. Table 1.15 gives these ratios during 2002-07.

Table 1.15 : Indicators of Quality of Expenditure

|   | (Rupees in crore) |         |         |         |         |
|---|-------------------|---------|---------|---------|---------|
|   | 2002-03           | 2003-04 | 2004-05 | 2005-06 | 2006-07 |
| <b>Capital Expenditure</b>                        | 970               | 1,549   | 1,205   | 2,084   | 5,211   |
| <b>Revenue Expenditure</b>                        | 12,255            | 12,711  | 14,638  | 17,756  | 20,585  |
| <i>Of which Social and Economic Services with</i> | 6,568             | 7,058   | 7,968   | 11,241  | 16,994  |
| (i) Salary Component                              | 2,934             | 3,824   | 3,699   | 4,304   | 4,110   |
|   | (45)              | (54)    | (46)    | (38)    | (24)    |
| (ii) Non Salary Component                         | 3,634             | 3,234   | 4,269   | 6,937   | 12,884  |
|   | (55)              | (46)    | (54)    | (62)    | (76)    |

| As per cent of total expenditure (excluding loan and advances) |       |       |       |       |       |
|--|-------|-------|-------|-------|-------|
| Capital Expenditure  | 7     | 11    | 8     | 11    | 20    |
| Revenue Expenditure  | 93    | 89    | 92    | 89    | 80    |
| As per Cent of GSDP  |       |       |       |       |       |
| Capital Expenditure  | 1.51  | 2.35  | 1.69  | 2.72  | 6.41  |
| Revenue Expenditure  | 19.07 | 19.26 | 20.59 | 23.19 | 25.33 |

(Figures in the bracket denote percentage share of salary and non-salary component in total revenue expenditure incurred on social and economic services)

Revenue expenditure of the State constituted a dominant share of the total expenditure ranging between 80 to 93 per cent during the period 2002-03 to 2006-07 restricting the share of expenditure on capital account from seven to 20 per cent. The expenditure incurred on social and economic services increased from Rs 6,568 crore in 2002-03 to Rs 16,994 crore in 2006-07. Although the expenditure incurred both on salary and non-salary components increased during the period (except salary component which decreased during 2006-07 to Rs 4,110 crore from Rs 4,304 crore in 2005-06), the share of non-salary component remained consistently higher except in the year 2003-04. A significant increase in the expenditure incurred on non-salary component was observed during 2006-07 as its share in revenue expenditure on social and economic services increased from 62 per cent in 2005-06 to 76 per cent in 2006-07. This indicates the priority accorded to development by the Government.

### 1.5.2 Expenditure on Social Services

Given the fact that human development indicators such as access to basic education, health services and drinking water and sanitation facilities etc have a strong linkage with eradication of poverty and economic progress, it would be prudent to make an assessment with regard to the expansion and efficient provision of these services in the State. **Table 1.16** summarizes the expenditure incurred by the State Government in expanding and strengthening of social services in the State during 2002-07.

**Table 1.16: Expenditure on Social Services**

(Rupees in crore)

|   | 2002-03  | 2003-04  | 2004-05  | 2005-06  | 2006-07  |
|---|----------|----------|----------|----------|----------|
| <b>Education, Sports, Art and Culture</b> |          |          |          |          |          |
| Revenue Expenditure                       | 2,703.51 | 2,821.76 | 3,142.23 | 4,393.96 | 5,252.55 |
| Of which                                  |          |          |          |          |          |
| (a) Salary Component                      | 1,729.02 | 2,126.25 | 2,128.60 | 2,326.50 | 2,357.00 |
| (b) Non-Salary Component                  | 974.49   | 6,95.51  | 1,013.63 | 2,067.46 | 2,895.55 |
| Capital Expenditure                       | 46.69    | 54.16    | 17.59    | 29.14    | 106.44   |
| Sub Total (RE + CE)                       | 2,750.20 | 2,875.92 | 3,159.82 | 4,423.10 | 5,358.99 |
| <b>Health and Family Welfare</b>          |          |          |          |          |          |
| Revenue Expenditure                       | 553.30   | 534.25   | 607.47   | 876.94   | 984.61   |
| Of which                                  |          |          |          |          |          |
| (a) Salary Component                      | 297.74   | 476.23   | 459.29   | 618.75   | 587.59   |
| (b) Non-Salary Component                  | 255.56   | 58.02    | 148.18   | 258.19   | 397.02   |
| Capital Expenditure                       | 18.34    | 4.78     | 21.94    | 137.91   | 168.13   |
| Sub Total (RE + CE)                       | 571.64   | 539.03   | 629.41   | 1,014.85 | 1,152.74 |

|  | 2002-03         | 2003-04         | 2004-05         | 2005-06         | 2006-07         |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Water Supply, Sanitation, Housing and Urban Development</b> |                 |                 |                 |                 |                 |
| <b>Revenue Expenditure</b>                                     | 219.11          | 200.49          | 251.09          | 407.49          | 513.73          |
| <i>Of which</i>  |                 |                 |                 |                 |                 |
| (a) Salary Component   | 55.03           | 72.51           | 73.40           | 80.16           | 93.52           |
| (b) Non-Salary Component                                       | 164.08          | 127.98          | 177.69          | 327.33          | 420.21          |
| <b>Capital Expenditure</b>                                     | 75.02           | 75.74           | 69.64           | 124.20          | 252.64          |
| <b>Sub Total (RE + CE)</b>                                     | <b>294.13</b>   | <b>276.23</b>   | <b>320.73</b>   | <b>531.69</b>   | <b>766.37</b>   |
| <b>Other Social Services</b>                                   |                 |                 |                 |                 |                 |
| <b>Revenue Expenditure</b>                                     | 439.79          | 476.93          | 794.19          | 1,183.53        | 1,166.32        |
| <i>Of which</i>  |                 |                 |                 |                 |                 |
| (a) Salary Component   | 111.56          | 190.89          | 210.52          | 330.19          | 165.24          |
| (b) Non-Salary Component                                       | 328.23          | 286.04          | 583.67          | 853.34          | 1001.08         |
| <b>Capital Expenditure</b>                                     | 2.07            | 28.76           | 28.11           | 37.18           | 68.66           |
| <b>Sub Total (RE + CE)</b>                                     | <b>441.86</b>   | <b>505.69</b>   | <b>822.30</b>   | <b>1,220.71</b> | <b>1,234.98</b> |
| <b>Total (Social Services)</b>                                 |                 |                 |                 |                 |                 |
| <b>Revenue Expenditure</b>                                     | 3,915.71        | 4,033.43        | 4,794.98        | 6,861.92        | 7,917.21        |
| <i>Of which</i>  |                 |                 |                 |                 |                 |
| (a) Salary Component   | 2,193.35        | 2,865.88        | 2,871.81        | 3,355.60        | 3,203.35        |
| (b) Non-Salary Component                                       | 1,722.36        | 1,167.55        | 1,923.17        | 3,506.32        | 4,713.21        |
| <b>Capital Expenditure</b>                                     | 142.12          | 163.44          | 137.28          | 328.43          | 595.87          |
| <b>Total (RE + CE)</b>   | <b>4,057.83</b> | <b>4,196.87</b> | <b>4,932.26</b> | <b>7,190.35</b> | <b>8,513.08</b> |

(Figures in bracket indicate non-plan salary component as a percentage of salary component)

The allocation to social sector increased from Rs 4,058 crore in 2002-03 to Rs 8,513 crore in 2006-07 indicating the Government commitment to improve social well being of the society. Expenditure on Social Sector during current year (Rs 8,513 crore) accounted for 33 per cent of total expenditure and 50 per cent of developmental expenditure<sup>2</sup>. Expenditure on Education is increased by Rs 936 crore over previous year while the expenditure on health and family welfare has shown an increase of only Rs 138 crore over previous year. Recognizing the need to improve the quality of education and health services, TFC recommended that the non-plan salary expenditure under education and health and family welfare should increase only by five to six per cent while non-salary expenditure under non-plan heads should increase by 30 per cent per annum during the award period. However, trends in expenditure (taking plan and non-plan together) reveal that the salary component of revenue expenditure increased by 9.3 per cent and 1.3 per cent during 2005-06 and 2006-07 over the corresponding previous years while non-salary component increased by 104 per cent and 40 per cent respectively during these years. Similarly under Health and Family Welfare sector, the salary component increased by 44 per cent in 2005-06 and decreased by 5 per cent in 2006-07 while the non salary component has increased by 74 per cent and 54 per cent during these two years. The expenditure pattern both in education and health services appears to be largely as per the norms of the TFC.

<sup>2</sup> Development expenditure is defined as the total expenditure made on social and economic services

### 1.5.3 Expenditure on Economic Services

The expenditure on economic services includes all such expenditure as to promote directly or indirectly, productive capacity within the States' economy. The expenditure on Economic Services (Rs 8,481 crore) accounted for 32.88 per cent of the total expenditure and 50 per cent of developmental expenditure (Table 1.17). Agriculture and Allied Activities, Irrigation and Flood Control, Energy and Transport accounted for nearly 61.94 per cent of the Economic Services expenditure.

**Table 1.17: Expenditure on Economic Sector**

(Rupees in crore)

|                                       | 2002-03       | 2003-04       | 2004-05       | 2005-06        | 2006-07        |
|---------------------------------------|---------------|---------------|---------------|----------------|----------------|
| <b>Agriculture, Allied Activities</b> |               |               |               |                |                |
| Revenue Expenditure (RE)              | 249.29        | 248.66        | 396.84        | 410.45         | 585.15         |
| Of which                              |               |               |               |                |                |
| (a) Salary Component                  | 126.86        | 173.20        | 173.33        | 191.49         | 225.94         |
| (b) Non-Salary Component              | 122.43        | 75.46         | 223.51        | 218.96         | 359.21         |
| Capital Expenditure (CE)              | 5.67          | 5.67          | 10.32         | 93.19          | 11.24          |
| <b>Sub Total (RE + CE)</b>            | <b>254.96</b> | <b>254.33</b> | <b>407.16</b> | <b>503.64</b>  | <b>596.39</b>  |
| <b>Irrigation and Flood Control</b>   |               |               |               |                |                |
| Revenue Expenditure (RE)              | 356.74        | 319.09        | 473.02        | 482.77         | 435.30         |
| Of which                              |               |               |               |                |                |
| (a) Salary Component                  | 189.59        | 247.61        | 242.28        | 265.93         | 296.88         |
| (b) Non-Salary Component              | 167.15        | 71.48         | 230.74        | 216.84         | 138.42         |
| Capital Expenditure(CE)               | 309.88        | 521.36        | 442.52        | 591.46         | 631.70         |
| <b>Sub Total (RE + CE)</b>            | <b>666.62</b> | <b>840.45</b> | <b>915.54</b> | <b>1074.23</b> | <b>1067.00</b> |
| <b>Power &amp; Energy</b>             |               |               |               |                |                |
| Revenue Expenditure (RE)              | 36.66         | 1.15          | 1.74          | 1.42           | 1080.64        |
| Of which                              |               |               |               |                |                |
| (a) Salary Component                  | --            | --            | --            | --             | --             |
| (b) Non-Salary Component              | 36.66         | 1.15          | 1.74          | 1.42           | 1080.64        |
| Capital Expenditure(CE)               | --            | 300.39        | 26.50         | 302.01         | 433.76         |
| <b>Sub Total (RE + CE)</b>            | <b>36.66</b>  | <b>301.54</b> | <b>28.24</b>  | <b>303.43</b>  | <b>1514.40</b> |
| <b>Transport</b>                      |               |               |               |                |                |
| Revenue Expenditure                   | 194.08        | 204.61        | 224.61        | 285.01         | 414.14         |
| Of which                              |               |               |               |                |                |
| (a) Salary Component                  | 190.98        | 85.01         | 83.63         | 107.45         | 104.64         |
| (b) Non-Salary Component              | 3.10          | 119.60        | 140.98        | 177.56         | 309.50         |
| Capital Expenditure                   | 90.97         | 61.53         | 144.06        | 274.99         | 1661.57        |
| <b>Sub Total (RE + CE)</b>            | <b>285.05</b> | <b>266.14</b> | <b>368.67</b> | <b>560.00</b>  | <b>2075.71</b> |
| <b>Other Economic Services</b>        |               |               |               |                |                |
| Revenue Expenditure                   | 926.70        | 724.67        | 939.47        | 1,187.44       | 1,505.58       |
| Of which                              |               |               |               |                |                |
| (a) Salary Component                  | 69.47         | 284.31        | 198.92        | 251.60         | 279.20         |
| (b) Non-Salary Component              | 857.23        | 440.36        | 740.55        | 938.84         | 1226.38        |

|                                  | 2002-03         | 2003-04         | 2004-05         | 2005-06         | 2006-07         |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Capital Expenditure</b>       | 340.18          | 474.55          | 376.18          | 421.90          | 1721.89         |
| <b>Sub Total ( RE + CE )</b>     | <b>1,266.88</b> | <b>1,199.22</b> | <b>1,315.65</b> | <b>1,609.34</b> | <b>3,227.47</b> |
| <b>Total (Economic Services)</b> |                 |                 |                 |                 |                 |
| <b>Revenue Expenditure</b>       | <b>1,763.47</b> | <b>1,498.18</b> | <b>2,035.68</b> | <b>2,367.09</b> | <b>4,020.81</b> |
| <i>Of which</i>                  |                 |                 |                 |                 |                 |
| (a) Salary Component             | 576.90          | 790.13          | 698.16          | 816.47          | 906.66          |
|                                  | (23)            | (28)            | (23)            | (20)            | (11)            |
| (b) Non-Salary Component         | 1,186.57        | 708.05          | 1,337.52        | 1,550.62        | 3,114.15        |
| <b>Capital Expenditure</b>       | <b>746.70</b>   | <b>1,363.50</b> | <b>999.58</b>   | <b>1,683.55</b> | <b>4,460.16</b> |
| <b>Grand Total ( RE + CE )</b>   | <b>2,510.17</b> | <b>2,861.68</b> | <b>3,035.26</b> | <b>4,050.64</b> | <b>8,480.97</b> |

Total expenditure of the State on Economic Services in Revenue account oscillated between Rs 1,498 crore and Rs 4,021 crore and in Capital account from Rs 747 crore to Rs 4,460 crore during 2002-03 to 2006-07 of which salary payment ranged between 11 to 28 *per cent* during 2002-03 to 2006-07. Expenditure on Economic Services was more than double during the year 2006-07 in comparison to 2005-06 where it increased from Rs 4,051 crore to Rs 8,481 crore resulting in enhanced expenditure of Rs 4,430 crore during the year. The Revenue expenditure under economic services increased by Rs 1,654 crore of which Rs 1,077.50 crore was paid to Electricity Board as resource gap followed by Agriculture and Allied Activities (Rs 175 crore) and Transport (Rs 129 crore). Capital expenditure in Economic Sector increased from Rs 1,684 crore in 2005-06 to Rs 4,460 crore in 2006-07 resulting in increase of Rs 2,776 crore during the year. There was major increase in capital expenditure on Transport (Rs 1,387 crore) followed by Energy (Rs 132 crore). No significant change either in Revenue or Capital account on Irrigation and flood control was noticed during the year.

#### 1.5.4 Financial Assistance to local bodies and other Institutions

The quantum of assistance provided by way of the grants and loans to local bodies and others during the five years period 2002-07 is presented in **Table -1.18**

**Table 1.18: Financial Assistance to local bodies and other institutions**

(Rupees in crore)

|  | 2002-03         | 2003-04       | 2004-05       | 2005-06         | 2006-07         |
|--|-----------------|---------------|---------------|-----------------|-----------------|
| Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.) | 461.13          | 545.94        | 564.99        | 803.65          | 845.17          |
| Municipal Corporations and Municipalities                                    | 99.98           | 83.71         | 117.91        | 277.56          | 141.13          |
| Zila Parishads and other PR Institutions                                     | 292.34          | 133.92        | 2.63          | 3.75            | 6.50            |
| Development Agencies   | 34.81           | 3.87          | 110.15        | 18.56           | 3.20            |
| Hospital and Other Charitable Institutions                                   | --              | --            | 5.00          | 3.00            | --              |
| Other Institutions   | 133.45          | 20.99         | 12.68         | 3.92            | 21.23           |
| <b>Total</b>   | <b>1,021.71</b> | <b>788.43</b> | <b>813.36</b> | <b>1,110.44</b> | <b>1,017.23</b> |
| Assistance as per percentage of Revenue Expenditure                          | 8.34            | 6.20          | 5.56          | 6.25            | 4.94            |

Assistance given by the State ranged between five and eight *per cent* of revenue expenditure between the periods from 2002-07.

#### **1.5.5**     *Delay in furnishing utilization certificates*

Of the 21,196 utilization certificates (UCs) due in respect of grants aggregating Rs 4,676.57 crore paid upto 2006-07, 21,166 UCs for an aggregate amount of Rs 4,454.54 crore were in arrears. Details of department-wise break-up of outstanding UCs are given in **Appendix IV**.

#### **1.5.6**     *Abstract of performance of the autonomous bodies*

The audit of accounts of three bodies in the State has been entrusted to the Comptroller and Auditor General of India. The status of entrustment of audit, rendering of accounts to audit, issuance of Separate Audit Report and its placement in the Legislature is indicated in **Appendix V**.

### **1.6**     **Assets and Liabilities**

In the Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. **Appendix VI** gives an abstract of such liabilities and the assets as on 31 March 2007, compared with the corresponding position on 31 March 2006. While the liabilities in this Appendix consist mainly of internal borrowings, loans and advances from the GOI, receipts from the Public Account and Reserve Funds, the assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances. In real terms the assets grew by Rs 4,995 crore (12.97 per cent) and liabilities increased by Rs 2,497 crore (5.21 per cent) over previous year. **Appendix VII** depicts the time series data on State Government finances for the period 2002-2007.

#### **1.6.1**     *Financial Results of Irrigation Works*

The financial results of Irrigation works are reflected in Statement 3 of the Finance Accounts of the Government which show no productive work during 2006-07. On four completed canals Government incurred an amount of Rs 3.76 crore as Capital Outlay up to 2006-07, revenue realization from these canals was Rs 6.01 crore whereas Government incurred an expenditure of Rs 5.28 crore on maintenance charges during 2006-07 resulted in net profit of Rs 0.73 crore.

#### **1.6.2**     *Incomplete projects*

The project-wise information pertaining to incomplete projects as on 31 March 2007 is given in the **Table -1.19**.



**Table 1.19: Project wise Profile of Incomplete Projects**

| Sl. No. | Name of the project/scheme       | Expenditure up to 2006-07<br>( Rupees in crore ) |
|---------|----------------------------------|--|
| 1       | Kosi Project                     | 389.15   |
| 2       | Gandak Project Phase II          | 47.50  |
| 3       | North Koel Project               | 836.11*  |
| 4       | Durgawati Reservoir              | 361.09*  |
| 5       | Sone Canal Modernisation Project | 745.54*  |
| 6       | Nakti Reservoir Scheme           | 14.01  |
|         | <b>Total :</b>                   | <b>2,393.40</b>                                  |

\* Figure provided by the department

### 1.6.3 Departmental Commercial Undertakings

Activities of *quasi*-commercial nature are performed by departmental undertakings of certain Government departments. These undertakings are required to prepare annually Proforma accounts in prescribed format showing the results of financial operations so that Government can assess the results of their working. The department-wise position of arrears in preparation of *pro forma* accounts are given in **Appendix VIII and IX** respectively. Nine units have not submitted their accounts since their inception as listed in **Appendix VIII** and three units as listed in **Appendix IX** have not submitted their accounts from 1977 to 1987.

### 1.6.4 Investments and returns

As of 31 March 2007, Government had invested Rs 821.10 crore in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives (**Table 1.20**). The return on this investment was zero *per cent* in the last five years while the Government paid interest at the average rate of 7.15 to 9.59 *per cent* on its borrowings during 2002-03 to 2006-07.

**Table 1.20: Return on Investment**

| Year    | Investment at the<br>end of the year | Return | Percentage of<br>return | Average rate of interest on<br>government borrowing |
|---------|--------------------------------------|--------|-------------------------|---|
|         | (Rupees in crore)                    |        |                         | <i>per cent</i>                                     |
| 2002-03 | 694.34                               | 0.02   | NIL                     | 9.00  |
| 2003-04 | 700.01                               | 0.04   | 0.01                    | 9.00  |
| 2004-05 | 708.66                               | 0.04   | NIL                     | 9.59  |
| 2005-06 | 805.64                               | 0.04   | NIL                     | 8.20  |
| 2006-07 | 821.10                               | 0.04   | NIL                     | 7.15  |

At the end of the year 2006-07 Government invested Rs 105.63 crore in Statutory Corporations, Rs 343.80 crore in Government Companies, Rs 3.88 crore in Joint Stock Companies and Rs 367.79 crore in Co-operative Banks & Societies. Return from these investments was merely Rs 0.04 crore as compared to Rs 58.71 crore worked out on average interest rate of 7.15 *per cent* on Government borrowings.

### 1.6.5 Loans and advances by State Government

In addition to investments in Co-operative societies, Corporation and Companies, Government has also been providing loans and advances to many

of these institutions/organizations. The total outstanding loans and advances as on 31 March 2007, was Rs 13882 crore (**Table 1.21**). Interest received against these loans advanced was 1.27 *per cent* during 2006-07 as against 1.59 *per cent* in previous year.

**Table 1.21: Average Interest Received on Loans Advanced by the State Government**

|  | (Rupees in crore) |           |           |           |           |
|--|-------------------|-----------|-----------|-----------|-----------|
|  | 2002-03           | 2003-04   | 2004-05   | 2005-06   | 2006-07   |
| Opening Balance  | 7,473.60          | 8,205.21  | 10,763.68 | 11,876.69 | 13,573.65 |
| Amount advanced during the year  | 747.19            | 2,568.92  | 1,127.84  | 1,747.82  | 315.32    |
| Amount repaid during the year  | 15.58             | 1,045.00  | 14.83     | 50.86     | 7.40      |
| Closing Balance  | 8,205.21          | 10,763.68 | 11,876.69 | 13,573.65 | 13,881.57 |
| Net addition   | 731.61            | 2,558.47  | 1,113.01  | 1,696.96  | 307.92    |
| Interest Received  | 53.01             | 23.08     | 75.06     | 216.07    | 175.99    |
| Interest received as <i>per cent</i> to outstanding Loans and advances | 0.65              | 0.21      | 0.63      | 1.59      | 1.27      |
| Average Interest Rate  | 9.00              | 9.00      | 9.59      | 8.20      | 7.15      |
| Difference between interest paid and received ( <i>per cent</i> )      | 8.35              | 8.79      | 8.96      | 6.61      | 5.88      |

Loans and advances made by the Government ranged between Rs 315.32 crore and Rs 2,568.92 crore during 2002-03 to 2006-07. Loans for Power Projects (Rs 179.29 crore) consumed 57 *per cent* of total loans and advances paid by the Government during 2006-07. Main reason for shortfall in Loans and Advances made by the Government during 2006-07 was making assistance of Rs 1077.50 crore to power sector as resources gap. Government was making loans and advances to power sector without ensuring refund and interest thereon. No repayment of loan from power sector was received during 2002-07.

#### 1.6.6 Management of cash balances

It is generally desirable that the State's flow of resources should match its expenditure obligations. However, to take care of any temporary mismatches in the flow of resources and the expenditure obligations, a mechanism of Ways and Means Advances (WMA) ordinary and special from the Reserve Bank of India has been put in place. The operative limit for Normal Ways and Means Advances is reckoned on the three year average of revenue receipts and the operative limit for Special Ways and Means Advances is fixed by Reserve Bank of India from time to time depending on the holding of Government securities. Bihar had the WMA limit of Rs 425 crore from April 1, 2006. Special WMA limit ranged between Rs 19.79 crore with effect from April 2006 to Rs 519.74 crore during the year. These advances were made available against security of Government of India held by the State Government with effect from March 2006.

Ways and Means Advances and Overdrafts availed, the number of occasions on which it was availed and interest paid by the State is detailed in **Table 1.22**.

**Table 1.22: Ways and Means and Overdrafts of the State**

(Rupees in crore)

|                                | 2002-03 | 2003-04  | 2004-05    | 2005-06 | 2006-07 |
|--------------------------------|---------|----------|------------|---------|---------|
| <b>Ways and Means Advances</b> |         |          |            |         |         |
| Availed in the Year            | 7.12    | 1,708.45 | 3.50       | NIL     | NIL     |
| Number of Occasions            | NIL     | 40       | 1          | NIL     | NIL     |
| Outstanding WMAs, if any       | NIL     | NIL      | NIL        | NIL     | NIL     |
| Interest Paid                  | 0.13    | 3.71     | negligible | NIL     | NIL     |
| Number of Days                 | 1       | 49       | 3          | NIL     | NIL     |
| <b>Overdrafts</b>              |         |          |            |         |         |
| Availed in the year            | NIL     | 1,142.89 | NIL        | NIL     | NIL     |
| Number of Occasions            | NIL     | 5        | NIL        | NIL     | NIL     |
| Number of Days                 | NIL     | 44       | NIL        | NIL     | NIL     |
| Interest Paid                  | NIL     | 1.42     | NIL        | NIL     | NIL     |

## 1.7 Undischarged Liabilities

The total liabilities of the State means the liabilities under the Consolidated Fund of the State and the Public Account of the State and shall also include borrowings by the Public Sector Undertaking and the special purpose vehicles and other equivalent instruments including guarantees where principal and/or interest are to be serviced out of the State Budget.

### 1.7.1 Fiscal Liabilities – Public Debt and Guarantees

There are two sets of liabilities namely, public debt and other liabilities. Public debt consists of internal debt of the State and is reported in the Annual Financial Statements under the Consolidated Fund – Capital Accounts. It includes market loans, special securities issued by RBI and loans and advances from the Central Government. The Constitution of India provides that a State may borrow, within the territory of India, upon the security of its Consolidated Fund, within such limits, as may from time to time, be fixed by the Act of its Legislature and give guarantees within such limits as may be fixed. However, no law has been passed in the State to lay down any such limit. Other liabilities, which are a part of public account, include deposits under small savings scheme, provident funds and other deposits.

**Table 1.23** gives the fiscal liabilities of the State, its rate of growth, ratio of these liabilities to GSDP, to revenue receipts and to own resources as also the buoyancy of fiscal liabilities with respect to these parameters.

**Table 1.23 Fiscal Liabilities- Basic Parameters**

(Values in Rupees crore and ratios in per cent)

|   | 2002-03  | 2003-04  | 2004-05  | 2005-06  | 2006-07  |
|---|----------|----------|----------|----------|----------|
| Fiscal Liabilities <sup>3</sup>                         | 35,249   | 37,453   | 42,483   | 46,495   | 49,089   |
| Rate of Growth  | 10.56    | 6.25     | 13.43    | 9.44     | 5.58     |
| <b>Ratio of Fiscal Liabilities to</b>                   |          |          |          |          |          |
| GSDP  | 54.84    | 56.75    | 59.76    | 60.72    | 60.40    |
| Revenue Receipt   | 321.38   | 300.68   | 270.35   | 260.67   | 212.66   |
| Own Resources   | 1,166.41 | 1,166.76 | 1,128.37 | 1,138.75 | 1,080.30 |
| <b>Buoyancy of Fiscal Liabilities with reference to</b> |          |          |          |          |          |
| GSDP  | 0.80     | 2.34     | 1.74     | 1.23     | 0.91     |
| Revenue Receipt   | 0.92     | 0.46     | 0.51     | 0.70     | 0.19     |
| Own resources   | 0.66     | 1.01     | 0.78     | 1.12     | 0.49     |

Overall fiscal liabilities of the State increased from Rs 35,249 crore in 2002-03 to Rs 49,089 crore in 2006-07. Fiscal Liabilities of the State comprised Consolidated Fund liabilities and Public Account liabilities. The Consolidated Fund liability (Rs 35,065 crore) comprised of market loan (Rs 26,828 crore) and loan from Government of India (Rs 8,237 crore). The Public Account liabilities (Rs 14,024 crore) comprise of Small Savings, Provident Funds (Rs 9,161 crore) and other obligation (Rs 4,863 crore) The rate of growth of fiscal liabilities decreased from 9.44 to 5.58 *per cent* during 2006-07 and the ratio of GSDP increased from 54.84 *per cent* in 2002-03 to 60.40 *per cent* in 2006-07. These liabilities stood at 2.13 times the revenue receipts and 10.80 times of the States own resources at the end of 2006-07. The buoyancy of these liabilities with respect to GSDP during the year was 0.91 *per cent*. Rising debt – GSDP ratio during 2002-07 indicated that debt was unsustainable. Government has not constituted any fund like "Sinking Fund" for amortization of loans raised by the Government.

### 1.7.2 Status of Guarantees – Contingent liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended. The Government has not fixed any explicit ceiling on guarantees given upon the Security of the Consolidated Fund of the State. No fund like "guarantee redemption fund" has been created so far.

As per the Statement 6 of the Finance Accounts, the maximum amount for which guarantees were given by the State and outstanding guarantees at the end of year since 2002-03 is given in **Table 1.24**.

<sup>3</sup> Includes internal debt, Loans and advances from GOI, Debt from Small savings, Provident fund and other obligations (excludes Ways and Means Advance and Contingency Fund).

**Table 1.24: Guarantees given by the Government of Bihar***(Rupees in crore)*

|  | 2002-03 | 2003-04  | 2004-05  | 2005-06  | 2006-07  |
|--|---------|----------|----------|----------|----------|
| Maximum amount guaranteed                                  | *       | 1,531.08 | 1,531.08 | 1,531.08 | 1,537.73 |
| Outstanding guarantees                                     | 393.44  | 470.72   | 473.44   | 604.87   | 607.76   |
| Revenue receipts   | 10,968  | 12,456   | 15,714   | 17,837   | 23,083   |
| Percentage of maximum amount guaranteed to Revenue Receipt | --      | 12.29    | 9.74     | 8.58     | 6.66     |

\* Indicates information not available

The amount of guarantees outstanding increased from Rs 393.44 crore during 2002-03 to Rs 607.76 crore in the year 2006-07. Major recipients of such guarantees were Co-operative Bank & Societies (Rs 170 crore), Bihar State Financial Corporation (Rs 179 crore) and Bihar State Electricity Board (Rs 139 crore). No Act was passed by the Government fixing any limit for guarantees. No mechanism was put in place by the Government for monitoring to avoid any incidence of losses on account of such guarantees.

## 1.8 Debt Sustainability

The debt sustainability is defined as the ability of the State to maintain a constant debt-GSDP ratio over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt therefore also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep the balance between costs of additional borrowings with returns from such borrowings. It means that rise in fiscal deficit should match with the increase in capacity to service the debt. A prior condition for debt sustainability is the debt stabilization in terms of debt/GSDP ratio.

### 1.8.1 Debt Stabilization

A necessary condition for stability states that if the rate of growth of economy exceeds the interest rate or cost of public borrowings. The debt-GSDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate - interest rate) and quantum spread (Debt\*rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would be constant or debt would stabilize eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling. Trends in fiscal variables indicating the progress towards the debt stabilization are indicated in **Table 1.25**

**Table 1.25: Debt Sustainability–Interest Rate and GSDP Growth**

(in per cent)

|  | 2002-03  | 2003-04      | 2004-05    | 2005-06    | 2006-07    |
|--|----------|--------------|------------|------------|------------|
| <b>Average Interest Rate</b>             | 9.00     | 9.00         | 9.59       | 8.20       | 7.15       |
| <b>GSDP Growth</b>                       | 13.17    | 2.67         | 7.72       | 7.70       | 6.14       |
| <b>Interest spread</b>                   | 4.17     | -6.33        | -1.87      | -0.50      | -1.01      |
| <b>Quantum Spread<br/>(Rs in crore)</b>  | 1,329.52 | (-) 2,231.26 | (-) 700.37 | (-) 212.42 | (-) 469.60 |
| <b>Primary Deficit<br/>(Rs in crore)</b> | +34.00   | -1,020.00    | +2,232.00  | -51.00     | +395.00    |

**Table -1.25** reveals that trends in primary deficit/surplus together with quantum spread oscillated between the phases of *plus* and *minus* during the five year period 2002-07 as a result of which fiscal liabilities to GSDP ratio initially increased from 55 per cent in 2002-03 to 60 per cent in 2004-05 and remained around this level during the subsequent two years viz. in 2005-06 and 2006-07. In view of the large fluctuations in the trends of fiscal and primary deficits as well as in ratio of fiscal deficit with GSDP during the period 2002-07, it would be premature to infer about the debt stability of the State as well as about its capacity to sustain higher debt in the ensuing years.

### 1.8.2 Sufficiency of Non-debt Receipts

Another indicator for debt stability and its sustainability is the adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure. Table -1.26 indicates the resource gap as defined for the period 2001-07.

**Table 1.26: Incremental revenue receipts and expenditure**

(Rupees in crore)

| Period  | Incremental       |                     |                   |                   | Resource Gap |
|---------|-------------------|---------------------|-------------------|-------------------|--------------|
|         | Non-Debt Receipts | Primary Expenditure | Interest Payments | Total Expenditure |              |
| 1       | 2                 | 3                   | 4                 | 5 (3+4)           | 6 (2-5)      |
| 2002-03 | 1,132             | 1,144               | 393               | 1,537             | -405         |
| 2003-04 | 1,482             | 2,536               | 321               | 2,857             | -1,375       |
| 2004-05 | 3,263             | 11                  | 131               | 142               | 3,121        |
| 2005-06 | 2,159             | 4,442               | 175               | 4,617             | -2,458       |
| 2006-07 | 5,202             | 4,756               | -233              | 4,523             | 679          |

The persistent negative resource gap indicates the non-sustainability of debt while the positive resource gap strengthens the capacity of the State to sustain the debt. **Table 1.26** reveals that incremental receipts were not adequate to cover even the incremental primary expenditure and thus the State experienced the negative resource gap. During subsequent year while non debt receipts increased steeply but the incremental primary expenditure as well as interest payments were marginal resulting in huge positive resource gap which was again followed by large negative resource gap in 2005-06 and a positive gap in current year mainly due to a marginal increase in primary expenditure and a decline in interest payments. These trends indicate the unstable position of the State with regard to its debt sustainability which is corroborated by the stable but high fiscal liabilities to GSDP ratio during the last three years (2004-07).

### 1.8.3 Net Availability of Funds

Another important indicator of debt sustainability is the net availability of funds after the payment of the principal on account of earlier contracted liabilities and interest. The net funds available on account of the internal debt, loans and advances from Government of India and other obligations after providing for the interest and repayments oscillated from (-) nine *per cent* to 16 *per cent* during the period 2002-03 to 2006-07. The net fund available was Rs (-) 692 crore (-13 *per cent*) in 2006-07. Total debt receipt ranged between Rs 5,314 crore to Rs 10,907 crore during 2002-03 to 2006-07.

**Table -1.27** gives the position of the receipt and repayment of internal debt and other fiscal liabilities of the State over the last five years.

**Table 1.27: Net Availability of Borrowed Funds**

(Rupees in crore)

|  | 2002-03  | 2003-04  | 2004-05  | 2005-06  | 2006-07 |
|--|----------|----------|----------|----------|---------|
| <b>Internal Debt</b>                   |          |          |          |          |         |
| Receipt                                | 2,935    | 4,249    | 5,969    | 3,769    | 2,355   |
| Repayment (Principal + Interest)       | 923      | 1,766    | 2,047    | 2,485    | 3,168   |
| Net Fund Available                     | 2,012    | 2,483    | 3,922    | 1,284    | (-)813  |
| Net Fund Available ( <i>per cent</i> ) | 69       | 58       | 66       | 34       | (-)35   |
| <b>Loans and Advances from GOI</b>     |          |          |          |          |         |
| Receipt                                | 1255     | 820      | 1654     | 2        | 3       |
| Repayment (Principal + Interest)       | 3195     | 3894     | 3881     | 1512     | 744     |
| Net Fund Available                     | (-)1,940 | (-)3,074 | (-)2,227 | (-)1,510 | (-)741  |
| Net Fund Available ( <i>per cent</i> ) | (-)155   | (-)375   | (-)135   | (-)755   | (-)247  |
| <b>Other obligations</b>               |          |          |          |          |         |
| Receipt                                | 3,137    | 3,119    | 3,284    | 2,283    | 2,956   |
| Repayment (Principal + Interest)       | 2,629    | 3,303    | 3,199    | 1,431    | 2,094   |
| Net Fund Available                     | 508      | (-)184   | 85       | 852      | 862     |
| Net Fund Available ( <i>per cent</i> ) | 16       | (-)6     | 3        | 37       | 29      |
| <b>Total Liabilities</b>               |          |          |          |          |         |
| Receipt                                | 7,327    | 8,188    | 10,907   | 6,054    | 5,314   |
| Repayment (Principal + Interest)       | 6,747    | 8,963    | 9,127    | 5,428    | 6,006   |
| Net Fund Available                     | 580      | (-)775   | 1780     | 626      | (-)692  |
| Net Fund Available ( <i>per cent</i> ) | 8        | (-)9     | 16       | 10.34    | (-)13   |

## 1.9 Management of deficits

The deficit in the Government accounts represents the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources raised and applied are important pointers to its fiscal health.

### 1.9.1 Trends in Deficits

The State experienced revenue deficit till 2003-04 which turned into revenue surplus in 2004-05 and since then the State has maintained the surplus

although with wide variations. The revenue surplus has steeply increased from merely Rs 81 crore in 2005-06 to Rs 2,498 crore in 2006-07 due to the fact that the revenue receipts increased by Rs 5,246 crore (29 per cent) during 2006-07 while revenue expenditure increased by Rs 2,829 crore (16 per cent) over the previous year resulting in an increase of Rs 2,417 crore in revenue surplus in 2006-07. The fiscal deficit, which represents the total borrowing of the Government and its total resource gap, increased from Rs (-) 2,988 crore in 2002-03 to Rs (-) 3,021 crore in 2006-07 with inter year variations. The decline in fiscal deficit along with a fall of Rs 233 crore in interest payments led to a primary surplus of Rs 395 crore in 2006-07 from the deficit of Rs 51 crore in 2005-06 as indicated in **Table -1.28**. As proportion to GSDP, the revenue deficit had reached 3.07 per cent and fiscal deficit had reached (-) 3.72 per cent in 2006-07.

**Table 1.28: Fiscal Imbalances: Basic Parameters**

| Parameters                             | 2002-03  | 2003-04  | 2004-05  | 2005-06  | 2006-07  |
|--|----------|----------|----------|----------|----------|
| Revenue deficit (RD) (Rupees in crore) | (-)1,287 | (-)255   | (+)1,076 | (+)81    | (+)2,498 |
| Fiscal deficit (FD) (Rupees in crore)  | (-)2,988 | (-)4,363 | (-)1,242 | (-)3,700 | (-)3,021 |
| Primary deficit (PD) (Rupees in crore) | (+)34    | (-)1,020 | (+)2,232 | (-)51    | (+)395   |
| RD/GSDP (per cent)                     | (-)2.00  | (-)0.39  | (+)1.51  | (+)0.11  | (+)3.07  |
| FD/GSDP (per cent)                     | (-)4.65  | (-)6.61  | (-)1.75  | (-)4.83  | (-)3.72  |
| PD/GSDP (per cent)                     | (+)0.05  | (-)1.55  | 3.14     | (-)0.07  | (+)0.49  |
| RD/FD (per cent)                       | (+)43.07 | (+)5.84  | *        | *        | *        |

\*State experienced revenue surplus during these years.

### 1.9.2 Quality of Deficit/Surplus

The ratio of RD to FD and the decomposition of Primary deficit into primary revenue deficit<sup>4</sup> and capital expenditure (including loans and advances) would indicate the quality of deficit in the States' finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. High ratio of revenue deficit to fiscal deficit also indicated that the asset base of the State was continuously shrinking and increasingly a part of borrowings (fiscal liabilities) were not having any asset backup. The ratio of revenue deficit to fiscal deficit sharply declined from 43

<sup>4</sup> Primary revenue deficit defined as gap between non interest revenue expenditure of the state and its non-debt receipts indicates the extent to which the non-debt receipts of the State are able to meet the primary expenditure incurred under revenue account.



per cent in 2002-03 to 6 per cent in 2003-04 and thereafter State continuously experienced the revenue surplus during 2004-07.

The bifurcation of the factors resulting into primary deficit or surplus of the State during the period 2002-07 reveals uneven result (**Table 1.29**). Non-debt receipts of the State were enough to meet the primary expenditure<sup>5</sup> requirements in the revenue account, rather left some receipts to meet the expenditure under the capital account. Surplus of primary deficit was mainly due to non-utilization of available fund by the Government or the increase in transfer of share of taxes to the State and Grants-in-aid from GOI.

**Table 1.29: Primary deficit / surplus - Bifurcation of factors**

| Year    | Non-debt receipts | Primary revenue expenditure | Capital expenditure | Disbursement of Loans and Advances | Primary Expenditure | Primary Revenue deficit (-) / surplus (+) | Primary deficit (-) / surplus (+) |
|---------|-------------------|-----------------------------|---------------------|------------------------------------|---------------------|---|-----------------------------------|
| 1       | 2                 | 3                           | 4                   | 5                                  | 6(3+4+5)            | 7 (2-3)                                   | 8 (2-6)                           |
| 2002-03 | 10,984            | 9,233                       | 970                 | 747                                | 10,950              | (+) 1,751                                 | (+) 34                            |
| 2003-04 | 12,466            | 9,368                       | 1,549               | 2,569                              | 13,486              | (+) 3,098                                 | (-) 1,020                         |
| 2004-05 | 15,729            | 11,164                      | 1,205               | 1,128                              | 13,497              | (+) 4,565                                 | (+) 2,232                         |
| 2005-06 | 17,888            | 14,107                      | 2,084               | 1,748                              | 17,939              | (+) 3,781                                 | (-) 51                            |
| 2006-07 | 23,090            | 17,169                      | 5,211               | 315                                | 22,695              | (+) 5,921                                 | (+) 395                           |

Non-debt receipt increased from Rs 10,984 crore in 2002-03 to Rs 23,090 crore in 2006-07. Similarly primary expenditure which consisted primary revenue expenditure, capital expenditure and loan and advances disbursed by the government increased from Rs 10,950 crore to Rs 22,695 crore during the period. Primary revenue expenditure was below non-debt receipt of the state during entire period of 2002-07 resulting primary revenue surpluses. Primary expenditure relative to non-debt receipt however indicated a mixed trend and exhibited wild fluctuations during the period 2002-07, e.g. primary expenditure exceeded the non-debt receipt during 2003-04 and 2005-06 by Rs 1,020 crore and Rs 51 crore respectively while in remaining three years the State experienced primary surplus ranging between Rs 34 crore in 2002-03 to Rs 2,232 crore in 2004-05.

### 1.10 Fiscal Ratios

The finances of a State should be sustainable, flexible and non-vulnerable. **Table -1.30** below presents a summarized position of Government finances over 2002-2007, with reference to certain key indicators that help to assess the adequacy and effectiveness of available resources and their applications, highlights areas of concern and captures its important facets.

<sup>5</sup> Primary expenditure of the State defined as the total expenditure net of the interest payments indicates the expenditure incurred on the transactions undertaken during the year.

**Table 1.30: Indicators of Fiscal Health (in per cent)**

| Fiscal Indicators   | 2002-03  | 2003-04  | 2004-05  | 2005-06  | 2006-07  |
|---|----------|----------|----------|----------|----------|
| 1   | 2        | 3        | 4        | 5        | 6        |
| <b>I Resource Mobilization</b>  |          |          |          |          |          |
| Revenue Receipt/GSDP  | 17.10    | 18.90    | 22.10    | 23.30    | 28.40    |
| Revenue Buoyancy  | 0.87     | 5.07     | 3.39     | 1.75     | 4.79     |
| Own Tax / GSDP  | 4.30     | 4.38     | 4.71     | 4.65     | 4.96     |
| <b>II Expenditure Management</b>  |          |          |          |          |          |
| Total Expenditure/GSDP  | 21.74    | 25.50    | 23.90    | 28.20    | 32.13    |
| Revenue Receipts/ Total Expenditure   | 78.50    | 74.02    | 92.59    | 82.62    | 88.40    |
| Revenue Expenditure/Total Expenditure<br>(including loans & advances)                               | 87.71    | 75.53    | 86.25    | 82.25    | 78.84    |
| Salary expenditure on Social and Economic Services / Revenue Expenditure                            | 22.61    | 28.76    | 24.39    | 24.62    | 19.97    |
| Non-Salary expenditure on Social and Economic Services / Revenue Expenditure                        | 23.74    | 14.75    | 22.28    | 28.48    | 62.59    |
| Capital Expenditure/Total Expenditure(excluding loans & advances)                                   | 7        | 11       | 8        | 11       | 20       |
| Capital Expenditure on Social and Economic Services/Total Expenditure (excluding loans & advances). | 6.72     | 10.71    | 7.18     | 10.14    | 19.60    |
| Buoyancy of TE with RR  | 1.08     | 1.51     | 0.03     | 2.01     | 0.71     |
| Buoyancy of RE with RR  | 0.86     | 0.27     | 0.58     | 1.58     | 0.54     |
| <b>III Management of Fiscal Imbalances</b>  |          |          |          |          |          |
| Revenue deficit (Rs in crore)   | (-)1,287 | (-)255   | (+)1,076 | (+)81    | (+)2,498 |
| Fiscal deficit (Rs in crore)  | (-)2,988 | (-)4,367 | (-)1,247 | (-)3,700 | (-)3,021 |
| Primary Deficit (Rs in crore)   | (+)34    | (-)1,021 | (+)2,232 | (-)51    | (+) 395  |
| Revenue Deficit/Fiscal Deficit  | 43       | 6        | (-)87    | (-)2     | (-)82.69 |
| <b>IV Management of Fiscal Liabilities</b>  |          |          |          |          |          |
| Fiscal Liabilities/GSDP   | 54.84    | 56.75    | 59.76    | 60.72    | 60.40    |
| Fiscal Liabilities/RR   | 321.38   | 300.68   | 270.35   | 260.67   | 212.66   |
| Buoyancy of FL with RR  | 0.92     | 0.46     | 0.51     | 0.70     | 0.19     |

| Fiscal Indicators                          | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 |
|--|---------|---------|---------|---------|---------|
| 1  | 2       | 3       | 4       | 5       | 6       |
| Buoyancy of FL with Own Receipt            | 0.66    | 1.01    | 0.78    | 1.12    | 0.49    |
| Net Funds Available                        | 580     | (-)775  | 1780    | 626     | (-)692  |
| <b>V Other Fiscal Health Indicators</b>    |         |         |         |         |         |
| Return on Investment                       | 0.02    | 0.04    | 0.04    | 0.04    | 0.04    |
| Balance from Current Revenue (Rs in crore) | (-)1039 | (-)638  | 924     | 685.02  | 2995.78 |
| Financial Assets/Liabilities               | 72      | 72      | 78      | 80      | 86      |

The ratios of revenue receipts and State's own taxes to GSDP indicate the adequacy of the resources. The buoyancy of the revenue receipts indicates the nature of the tax regime and the State's increasing access to resources. Revenue receipts are comprised not only of the tax and non-tax resources of the State but also the transfers from Union Government. The ratio of revenue receipts to GSDP during the current year is 28 per cent, an increase of five percentage points over previous year. The ratio of own taxes to GSDP showed continued improvement during 2002-07 (except in 2005-06 when it declined marginally).

Various ratios concerning the expenditure management of the State indicate quality of its expenditure and sustainability of these in relation to its resource mobilization efforts. The revenue expenditure as a *per cent* to total expenditure remained dominant and varied within range of 79 to 88 per cent during 2002-07. Although ratio of capital expenditure to total expenditure remained relatively lower during 2002-06 but it picked up steeply in 2006-07. The ratio of revenue receipts to total expenditure continued to be less than 100 per cent indicating the fact that a part of total expenditure is met through the borrowed funds. During the last three years (2004-07), the state has maintained the revenue surplus and therefore only the expenditure under the capital account is met through the borrowings.

The fiscal position of the state viewed in terms of fiscal indicators has shown a significant improvement in the current year. A sharp increase in Balance from Current Revenue (BCR) from (+) Rs 685 crore (2005-06) to (+) Rs 2,996 crore during 2006-07 shows improvement in the asset backup of financial liabilities of the State.

### 1.11 Conclusions

The overall fiscal position of the State as reflected in terms of key parameters – revenue, fiscal and primary deficits – indicates a mixed trend during the period 2002-07. The state experienced improvement in fiscal position during 2006-07 in terms of these key fiscal parameters relative to their values in

2005-06. A turnaround in fiscal position in 2006-07 was primarily due to the steep increase in central tax transfers (27.6 per cent) and grants-in-aid (57.4 per cent) from GOI over the previous year. The expenditure pattern of the State reveals that the revenue expenditure as a *percentage* to total expenditure hovered around 80 per cent during the period 2002-07 with inter year variations leaving inadequate resources for expansion of services and creation of assets. Moreover, within the revenue expenditure, non-plan revenue expenditure in 2006-07 was significantly higher than the normative assessment of TFC for the State for the year and the three components – salary expenditure, pension liabilities, interest payments and subsidies – constitute about 69 per cent of the NPRES during 2006-07. These trends in expenditure indicate the need for changing allocative priorities. The continued prevalence of fiscal deficit in the finance accounts of the State indicates the increasing reliance on the borrowed funds. The increasing fiscal liabilities accompanied with negligible rate of return on government investments and inadequate interest cost recovery on loans and advances might lead to a situation of unsustainable debt in medium to long run unless a suitable measures are initiated to compress the non plan revenue expenditure and to mobilize the additional resources both through the tax and non tax sources in ensuing years.

*CHAPTER-II*

*ALLOCATIVE PRIORITIES AND APPROPRIATION*



**CHAPTER-II**  
**ALLOCATIVE PRIORITIES AND APPROPRIATION**

**2.1 Introduction**

The Appropriation Accounts prepared annually indicate capital and revenue expenditure on various specified services vis-a-vis those authorised by the Appropriation Act in respect of both charged and voted items of budget.

Audit of Appropriation Accounts by the Comptroller and Auditor General of India seeks to ascertain whether expenditure actually incurred under various Grants is within the authorisation given under the Appropriation Act and the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

**2.2 Summary of Appropriation Accounts**

The summarised position of actual expenditure during 2006-07 against 54 Grants and Appropriations was as follows:

**Table - I**

*(Rupees in crore)*

|   | Nature of expenditure   | Original grant/ appropriation | Supplementar grants/ appropriation | Total            | Actual Expenditur | Saving          |
|---|-------------------------|-------------------------------|------------------------------------|------------------|-------------------|-----------------|
| Voted   | I. Revenue              | 17,528.95                     | 2,955.18                           | 20,484.13        | 17,133.50         | 3,350.63        |
|   | II. Capital             | 4,912.17                      | 1,653.20                           | 6,565.37         | 5,211.03          | 1,354.34        |
|   | III. Loans and Advances | 331.97                        | 199.69                             | 531.66           | 315.32            | 216.34          |
| <b>Total voted</b>                                |                         | <b>22,773.09</b>              | <b>4,808.07</b>                    | <b>27,581.16</b> | <b>22,659.85</b>  | <b>4,921.31</b> |
| Charged   | IV. Revenue             | 4,250.62                      | 15.59                              | 4,266.21         | 3,458.64          | 807.57          |
|   | V. Capital              | 0.00                          | 0.10                               | 0.10             | 0.10              | 0.00            |
|   | VI. Loans and Advances  | 0.00                          | 0.00                               | 0.00             | 0.00              | 0.00            |
|   | VII. Public Debt.       | 2,196.94                      | 2.92                               | 2,199.86         | 1,024.98          | 1,174.88        |
| <b>Total charged</b>                              |                         | <b>6,447.56</b>               | <b>18.61</b>                       | <b>6,466.17</b>  | <b>4,483.72</b>   | <b>1,982.45</b> |
| <b>Appropriation to Contingency Fund (if any)</b> |                         |                               |                                    |                  | -                 | -               |
| <b>Grand Total</b>                                |                         | <b>29,220.65</b>              | <b>4,826.68</b>                    | <b>34,047.33</b> | <b>27,143.57</b>  | <b>6,903.76</b> |

\* These are gross figures without taking into account the recoveries adjusted in the accounts as reduction of revenue expenditure (Rs 7.09 crore).

The total expenditure includes Rs 3849.30 crore drawn on Abstract Contingent bills during the year of which Rs 2375.04 crore were drawn in the month of March 2007 alone. Of this, Detailed Contingent bills for an amount of Rs 87.80 crore only were submitted to the Accountant General (A & E), Bihar

as of October 2007 leaving the unadjusted amount of Rs 3761.50 crore. The details on non-adjustment of AC bills have been discussed in paragraph 2.4.3.

Besides, the total expenditure was understated at least to the extent of Rs 4.09 crore for which vouchers were not received from the treasuries during the year 2006-07 and the expenditure remained unaccounted for in the Consolidated Fund of the State and kept in the Suspense Accounts of the Accountant General (A&E).

### 2.3 Fulfilment of Allocative Priorities

#### 2.3.1 Appropriation by Allocative Priorities

The overall saving of Rs 6,903.76 crore (20 per cent of the total provision) was the net result of saving of Rs 6,903.98 crore and excess of Rs 0.22 crore against total provision of Rs 34,047.33 crore. Out of the total savings of Rs 6,903.76 crore, Rs 4,158.20 crore (60 per cent) pertained to Revenue and Rs 1,354.34 crore (20 per cent) pertained to Capital. The excess of Rs 0.22 crore in Appropriation no. 5 did not require regularisation under Article 205 of the Constitution as the cheques issued during 2005-06 against the allotment for the same year were accounted for by the Treasury and consequently in the books of Accountant General in the year 2006-07. The details of savings/excesses were sent to the Controlling Officers requiring them to explain the significant variations for which reply was not received (October 2007).

#### 2.3.2 Major savings

Departments were required to prepare their estimates keeping in view the relevant factors like trends in the economy, actual expenditure of last three years etc. Non-adherence to the tenets of budget formulation and budget management led to injudicious appropriation of funds resulting in large savings under various heads like health, education, welfare, public works etc. In nine cases, involving eight Grants and one Appropriation, substantial savings of Rs 100 crore or more and also by more than 20 per cent in each case totaling Rs 3,621.25 crore (52 per cent of total savings of Rs 6903.98 crore) were noticed as shown below.

**Table-II**

(Rupees in crore)

| Sl. No.              | No. & Name of Grants  | Grant    |               |          | Actual Expenditure | Saving | Percentage of savings to provision |
|----------------------|---|----------|---------------|----------|--------------------|--------|------------------------------------|
|                      |   | Original | Supplementary | Total    |                    |        |                                    |
| <b>Revenue-Voted</b> |   |          |               |          |                    |        |                                    |
| 1.                   | 20. Health, Medical Education and Family Welfare Department | 981.43   | 277.03        | 1,258.46 | 903.11             | 355.35 | 28.24                              |
| 2.                   | 39. Disaster Management Department                          | 157.65   | 51.56         | 209.21   | 56.67              | 152.54 | 72.91                              |
| 3.                   | 48. Urban Development Department                            | 684.39   | 51.76         | 736.15   | 384.38             | 351.77 | 47.79                              |
| 4.                   | 50 Minor Irrigation Department                              | 415.09   | 10.81         | 425.90   | 135.91             | 289.99 | 68.09                              |



| Sl. No.                | No. & Name of Grants                    | Grant          |               |                | Actual Expenditure | Saving         | Percentage of savings to provision |
|------------------------|---|----------------|---------------|----------------|--------------------|----------------|------------------------------------|
|                        |   | Original       | Supplementary | Total          |                    |                |                                    |
| 5.                     | 51. Welfare Department                  | 786.95         | 67.90         | 854.85         | 570.19             | 284.66         | 33.30                              |
| <b>Capital-Voted</b>   |   |                |               |                |                    |                |                                    |
| 6.                     | 10. Energy Department                   | 769.69         | 80.08         | 849.77         | 620.16             | 229.61         | 27.02                              |
| 7.                     | 36 Public Health Engineering Department | 419.70         | 147.20        | 566.90         | 248.27             | 318.63         | 56.21                              |
| 8.                     | 49. Water Resources Department          | 976.80         | 70.39         | 1,047.19       | 583.37             | 463.82         | 44.29                              |
| <b>Capital-Charged</b> |   |                |               |                |                    |                |                                    |
| 9.                     | 14. Repayment of Public Debt            | 2,196.94       | 2.92          | 2,199.86       | 1,024.98           | 1,174.88       | 53.41                              |
| <b>Total</b>           |   | <b>7388.64</b> | <b>759.65</b> | <b>8148.29</b> | <b>4527.04</b>     | <b>3621.25</b> |                                    |

In 58 schemes involving eight Grants and one Appropriation major savings of Rs 3,626.23 crore (Rs 10 crore or more in each case) occurred as per details given in *Appendix-X*. This indicated poor funds management and faulty preparation of budget estimates.

Reasons for saving were not intimated by the department except in a few cases where the reasons given were non-release of funds by Government of India for Centrally Sponsored Schemes, reduction of Plan outlay, posts kept vacant and non-drawal of funds due to restriction imposed by the State Government, excess provision of earmarked funds by the Twelfth Finance Commission.

### 2.3.3 Other cases of savings

In 31 cases expenditure fell short by Rupees one crore or more and also by more than 20 per cent of the total provision in each case amounting to Rs 4,130.70 crore as indicated in *Appendix - XI*.

### 2.3.4 Persistent savings

In 24 cases involving 20 Grants and Appropriations, there were persistent savings of Rs two crore or more and 10 per cent or more of the total provisions in each case as indicated in *Appendix - XII*.

### 2.3.5 Excess requiring regularisation

#### *Excess over provision requiring regularisation*

As per Article 205 of the Constitution of India, it is mandatory for the State Government to get the excess over a Grant or Appropriation regularised by the State Legislature. However, the excess expenditure amounting to Rs 7,024.71 crore for the year 1977-78 to 2005-06 had not been regularised so far (October 2007) This was a breach of legislative control over appropriations. Details are indicated in *Appendix - XIII*. Possibility of financial irregularities like fraud embezzlement, defalcation etc. remaining undetected due to failure and long delay in furnishing explanation of un-regularised excess expenditure could not be ruled out.

**Expenditure in excess of provision in Minor Heads**

In six cases, involving five Grants and Appropriations, expenditure in each case exceeded the approved provision by Rupees one crore or more totaling Rs 341.57 crore as per details given in **Appendix - XIV**.

**Expenditure without provision**

As per the Budget Manual expenditure should not be incurred on a scheme/service without provision of funds thereof. It was, however, noticed that expenditure of Rs 91.21 crore was incurred in nine cases (Rs 20 lakh and above in each case) as shown in **Appendix XV** without any provision in the original estimate or supplementary demand or any re-appropriation order.

**New Service/New Instrument of Service**

Article 205 of the Constitution provides that expenditure of New Service not contemplated in the Annual Financial Statement (Budget) can be incurred only after its specific authorisation by the Legislature. The increase of expenditure over the Grant previously voted exceeding two times or Rs two lakh whichever is more, is to be treated as New Service.

In two cases, expenditure totaling Rs 2.64 crore which should have been treated as New Service/New Instrument of service was met by re-appropriation without obtaining the requisite approval of the legislature. Details of this case are given in the **Table III**. The expenditure was covered neither by original/ supplementary provisions nor an advance from Contingency Fund.

**Table- III**

**Expenditure in New Service**

(Rupees in Lakh)-

| Sl. No. | No. of Grants | Head of Accounts (Major/Minor/Sub/Detailed Head of A/cs) | Budget provision/ Reappropriation | Expenditure   |
|---------|---------------|--|-----------------------------------|---------------|
| 1       | 44            | 2202 General Education                                   |                                   |               |
|         |               | 0109-Bihar Education Project<br>2202-01-800-0109         | 0.00                              | 256.10        |
| 2       | 50            | 2702 Minor Irrigation                                    |                                   |               |
|         |               | 0101 Government Tube wells<br>2702-03-103-0101           | 0.00                              | 8.20          |
|         |               | <b>Total</b>   | <b>0.00</b>                       | <b>264.30</b> |

**2.3.6 Original budget and supplementary provisions**

Supplementary provisions of Rs 4,826.68 crore made during the year constituted 16.52 per cent of the original budget provision (Rs 29,220.65 crore) as against 10.06 per cent in the preceding year.

Total supplementary Grants (other than Public Debt) obtained during the year were Rs 4,823.76 crore while the ultimate total savings (other than Public Debt) amounted to Rs 5,728.88 crore. Thus, the supplementary grant of Rs 4,823.76 crore was unnecessary.

### 2.3.7 *Unnecessary/excessive supplementary provisions*

- Supplementary provisions of Rs 1,213.08 crore obtained in 44 cases during August 2006 to March 2007 were wholly unnecessary as the expenditure did not come up in these cases even to the level of original provision as shown in *Appendix - XVI*.
- In 23 cases against actual requirement of only Rs 2,321.29 crore, Supplementary Grants/Appropriations of Rs 3,245.46 crore were obtained resulting in saving of Rs 924.17 crore (exceeding Rs 20 lakh in each case) as detailed in *Appendix - XVII*.

This indicated that Finance Department did not scrutinise the proposals of supplementary provisions in details.

### 2.3.8 *Excessive/Unnecessary re-appropriation of fund*

Re-appropriation is transfer of funds within a Grant from one unit of appropriation where savings are anticipated to another unit where additional funds are needed. In 16 cases involving nine Grants/Appropriations, re-appropriation of funds of more than Rs one crore in each case proved injudicious due to withdrawal of Rs 214.50 crore through re-appropriation while there was already excess expenditure of Rs 88.07 crore as detailed in *Appendix-XVIII*. This indicated that the Controlling Officer failed to estimate the amount that he should surrender under rule 135 of Bihar Budget Manual.

### 2.3.9 *Anticipated savings not surrendered*

The spending Departments are required to surrender the Grants/Appropriations or portions thereof to the Finance Department as and when savings are anticipated. However, at the close of the year 2006-07 there were 28 cases of Grants/Appropriations in Revenue section and 11 cases of Grants/Appropriation in Capital section in which savings of Rs 2,466.57 crore, exceeding Rupees one crore in each case, had not been surrendered by the Departments as detailed in *Appendix-XIX*. This clearly show that the Controlling Officer failed to discharge the basic responsibility of being accountable for the budgetary control.

### 2.3.10 *Delay in surrender of savings*

In 78 cases, Rs 4,460.30 crore out of the total savings of Rs 6,903.98 crore were surrendered on the last day of March 2007 indicating inadequate financial control over expenditure. Details are given in the *Appendix-XX*. Due to delay in surrender of the savings the funds could not be utilised for other purposes.

### **2.3.11 Surrender of entire provision**

In 23 schemes, involving 19 Grants and Appropriations, the State Government failed to utilize the entire provision of Rs 1,863.35 crore (exceeding Rs five crore in each case). The entire provision was re-appropriated/surrendered as shown in **Appendix-XXI**. This is due to tentative and unrealistic budgeting.

### **2.3.12 Surrender in excess of actual savings**

In six cases, the amount surrendered was in excess of actual savings. Against the savings of Rs 168.36 crore, the amount surrendered was Rs 197.94 crore resulting in excess surrender of Rs 29.58 crore (**Appendix XXII**).

### **2.3.13 Rush of expenditure**

The Financial Rules require that Government expenditure should be evenly distributed throughout the year. Rush of expenditure particularly in the closing months of the financial year is regarded as a breach of financial rules. The position in respect of expenditure (Revenue and Capital) for four quarters during 2006-07 and also for the month of March 2007 is depicted in **Appendix-XXIII** which shows that the expenditure incurred in the quarter ending March 2007 and only in March were 58 and 42 per cent of the total expenditure respectively indicating a tendency to utilise the budget only at the close of the financial year.

The reasons for rush of expenditure, as analysed in audit, was delay in sanction of schemes and release of funds at the end of the financial year which indicated the prescribed controls to avoid rush of expenditure at the end of the financial year were not being adhered to.

### **2.3.14 Unreconciled expenditure**

Financial Rules require that the Departmental controlling officers should reconcile periodically the Departmental figures of expenditure with those booked in the books of the Accountant General (A&E) on quarterly basis. In respect of 100 major heads, expenditure of Rs 21,838.05 crore pertaining to 2006-07 remained unreconciled by 204 controlling officers approximately upto the closer of the accounts for the year in spite of repeated reminder at highest level. While 147 COs partially reconciled the expenditure of Rs 940.14 crore, 57 COs did not reconcile at all the expenditure of Rs 11,142.27 crore for the whole year. Details are given in **Appendix-XXIV(I)**. The unreconciled expenditure accounted for 80 per cent of the total expenditure (Rs 24,143.57 crore).

It was seen that Rs 21,598.50 crore (**Appendix XXIV(II)**) out of the total unreconciled amount of Rs 21,838.05 crore pertained to department of Finance, Human Resources, Rural Development, Energy Department, Health, Home, Road & Bridges, Social Welfare, Revenue, Industry, Labour & Employment, Urban Development, Law, Agriculture, Animal Husbandry and Water Resources Department.

Non-reconciliation of expenditure by the Controlling Officers of various department was fraught with risk of serious irregularities embezzlement, frauds and defalcation remaining undetected as was seen in the case of Animal Husbandry Department upto 1996-97.

### 2.3.15 Plan performance

Government expenditure is broadly classified into Plan and Non-Plan and Revenue and Capital. Plan and Capital expenditure is usually associated with asset creation while the non-plan and revenue expenditure is identified with expenditure on establishment, maintenance and services.

It was also seen from the Appropriation Account of the State Government for the year 2006-07 that out of the budget provisions of Rs 12,223.85 crore the State Government spent Rs 9,397.15 crore leaving unspent balance of Rs 2,826.70 crore (23 per cent of the provision), under various State Plan Schemes (Rs 2,166.14 crore), Centrally Sponsored Schemes (Rs 585.20 crore) and Central Plan Schemes (Rs 75.36 crore) vide *Appendix-XXV(I)*. 23 per cent of the total budgeted plan funds were not spent (savings) which casts a shadow on the integrity of the budget.

In 65 cases involving 26 Grants and Appropriations, significant savings of Rs five crore and above in each case aggregating to Rs 2,660.79 crore (47 per cent) against the provision of Rs 5,665.46 crore were due to non-implementation or slow implementation of the Plan Schemes by the Bihar Government as shown in (*Appendix XXV(II)*). In 11 cases the State Government failed to utilise the entire provision of Rs 541.21 crore (*Appendix- XXV(II)*). As the Government failed to reach the budget level of Planned expenditure, there were huge (47 per cent) budgetary savings.

### 2.3.16 Advances from Contingency Fund (BCF)

Contingency Fund of Bihar was established under the Bihar Contingency Fund Act, 1950 in terms of the provisions of Article 267(2) and 283(2) of the Constitution of India with initial corpus of Rs one crore. It was raised to Rs 350.00 crore since March 1998 with legislative approval. The Fund was in the nature of an imprest placed at the disposal of the Governor to enable him to make advances for meeting unforeseen and emergent expenditure on New Service pending authorisation by the State Legislature. Approval of the State Legislature is subsequently obtained for such expenditure and for transfer of equivalent amount from the Consolidated Fund to Contingency Fund. The Contingency Fund of Bihar is held by the Secretary of the Finance Department on behalf of the Governor.

**Table:IV**

#### Use of Contingency Fund

| Items                                 | 2003-04 | 2004-05 | 2005-06 | 2006-07 |
|---------------------------------------|---------|---------|---------|---------|
| 1. No of withdrawals                  | 38      | 92      | 181     | 249     |
| 2. Total Withdrawals<br>(Rs in crore) | 151.48  | 368.60  | 497.13  | 732.37  |

| <b>Items</b>  | <b>2003-04</b> | <b>2004-05</b> | <b>2005-06</b> | <b>2006-07</b> |
|---|----------------|----------------|----------------|----------------|
| 3. Withdrawals as a percentage of total Budget Provisions | 0.69           | 1.39           | 1.72           | 2.15           |
| 4. Recoupment of withdrawals                              | Recouped       | Recouped       | Recouped       | Recouped       |

As per provisions, advances from the fund can only be drawn for meeting expenditure of an unforeseen and emergent nature, the postponement of which till its authorisation by the legislature would not be desirable. It is obtained when there is no sufficient time for voting supplementary demand and passing of the connected Appropriation Bill. A review of the total withdrawals of Rs 732.37 crore revealed that draws of Rs 611.35 crore were not of urgent and unforeseen nature as shown in *Appendix - XXVI*. The draws from the fund for pay and allowances, T.A., L.T.C, Contingency, Purchase of vehicles, C.S.S and such other known and foreseen expenditure were not in tune with the spirit of the formation of Contingency Fund provided in the constitution. It also reflected underreporting of Revenue Deficit at the time of budget proposals besides underscoring the unrealistic nature of budget provisions. Neither Finance Department nor other departments took due care for withdrawals from contingency Fund. As per BFR, Secretary of Finance and other concerned departments were responsible for sanction of irregular advances.

#### **2.4 Budgetary Procedure and expenditure control**

##### **2.4.1 Non-observance of accounting procedure for budgeting**

Cases of persistent savings, persistent excesses, excessive/unnecessary re-appropriation of funds, anticipated savings not being surrendered, rush of expenditure at the fag end of the year etc as discussed earlier in this chapter were indicative of lack of budgetary and expenditure control.

##### **2.4.2 Trend of recoveries and credits**

Under the system of gross budgeting followed by the Government the demand for grants presented to the Legislature are for gross expenditure and exclude all credits and recoveries which are adjusted in the accounts as reduction of expenditure. The anticipated recoveries and credits should be shown separately in the budget estimates.

During 2006-07 in 17 cases of grants/appropriations, the actual recoveries adjusted in reduction of expenditure amounted to Rs 7.09 crore, though provision of recovery was made only in three cases of Grants and Appropriation of Rs 0. 009 crore in the budget estimates. Further, recoveries if any, under other heads were not reflected in Accounts. Despite having been pointed out in previous Audit Report, Government did not follow the principle of budgeting where in demands for grants/ appropriations are to be made for gross amount of expenditure under the relevant service head (Revenue and Capital) and recoveries indicated as Deduct Receipts and Recoveries below

the head separately so as to be treated as reduction of expenditure. More details are given in Appendix- I of Appropriation Accounts for the year 2006-07.

### 2.4.3 Non-adjustment of abstract contingent bills

Bihar Financial Rules provide for drawal of funds on Abstract Contingent (AC) bills by Drawing and Disbursing Officers (DDOs) either under standing orders or specific sanction of Administrative Departments of Government with the concurrence of Finance Department. Detailed contingent (DC) Bills in respect of drawals made in advance on AC Bills from treasuries during a financial year were required to be prepared and submitted to the Accountant General (A&E) not later than 25 of the next six months from the date of their drawal from the treasury. The DDOs, who were not self countersigning Officers were also required to submit the DC Bills periodically to the controlling authority for counter signature and transmission to the Accountant General (A&E).

Analysis of the existing information showed that these rules were disregarded by large number of DDOs and Controlling Officers failed to enforce accountability for such lapse. No DC bill was submitted by DDOs to the Accountant General (A&E) Bihar, Patna through Controlling Officers along with details of charges and supporting vouchers within prescribed period. In course of submission of AC Bills to the treasury the DDO was required to furnish a certificate to the effect that DC bills for previous AC bills had been submitted within the prescribed period and expenditure had been incurred for the purpose for which the advance was drawn. Neither any DDOs furnished such certificate on AC bills nor did the Treasury Officers insist on furnishing of such certificate by the DDOs and the DDOs continued to draw such advances on AC Bills without submission of DC Bills in respect of previous AC Bills drawn by them from the treasury.

Scrutiny of records revealed that out of total drawal of Rs 8,063.96 crore on AC Bills, DC bills for only Rs 315.32 crore only were submitted to A. G. (A&E), Bihar, Patna. No DC Bill was submitted for the remaining amount of Rs 7,748.64 crore during the course of five years from 2002-03 to 2006-07 despite repeated audit objections as shown in **Table-V**.

**Table -V**

| <i>(Rupees in crore)</i> |              |                   |                   |                           |
|--------------------------|--------------|-------------------|-------------------|---------------------------|
| Sl. No.                  | Year         | Amount of AC bill | Amount of DC bill | Balance amount of AC bill |
| 1                        | 2002-03      | 332.22            | 4.32              | 327.90                    |
| 2                        | 2003-04      | 548.41            | 33.77             | 514.64                    |
| 3                        | 2004-05      | 957.72            | 90.54             | 867.18                    |
| 4                        | 2005-06      | 2,376.31          | 159.58            | 2,216.73                  |
| 5                        | 2006-07      | 3,849.30          | 27.11             | 3,822.19                  |
|                          | <b>Total</b> | <b>8,063.96</b>   | <b>315.32</b>     | <b>7,748.64</b>           |

The DDOs concerned did not monitor the submission of DC bills and maintained any separate register to record the particulars of drawal of AC bills or details of remittance of unutilized balance, if any, as required under the rules. Due to non-observance of statutory rules and orders relating to drawal of

AC bills by the DDOs there was accumulation of unadjusted AC bills for Rs 7,748.64 crore. The departments obviously had not taken any action to arrest such practice as is evident from the preceding paragraphs.

Prolonged retention of huge public funds by DDOs without any adjustment by submitting DC bills is fraught with the risk of serious financial indiscipline/misappropriation. The matter requires immediate attention of the Government for necessary investigation to ascertain the position of the actual utilization of those funds lying unadjusted for a long time.

Government of Andhra Pradesh through a circular prohibited drawal through third AC bill if the first AC bill was not settled. Similar provision may be incorporated in Bihar Financial Rule to check increasing trend of outstanding AC bills.



## **CHAPTER-III**

### **PERFORMANCE AUDIT**

- 3.1 Tubewell Project in Bihar
- 3.2 Integrated Child Development Services (ICDS) Scheme
- 3.3 Construction and maintenance of roads in flood affected districts
- 3.4 Wage Employment Programme
- 3.5 Accelerated Rural Water Supply Programme



## CHAPTER-III

### PERFORMANCE AUDIT

This chapter contains performance audit on Tubewell Project in Bihar (3.1), Integrated Child Development Services (ICDS) Scheme (3.2), Construction and maintenance of roads in flood affected districts (3.3), Wage Employment Programmes (3.4) and Accelerated Rural Water Supply Programme (3.5).

#### MINOR IRRIGATION DEPARTMENT

##### 3.1 Tubewell Project in Bihar

###### *Highlights*

*The objective of the State Tubewell Project was to raise the income of farmers through increased agricultural production by providing the irrigation facilities. The expenditure on implementation of different phases of the project was initially met by the State which was to be reimbursed by loan from NABARD. The Tubewell project failed to provide the intended benefit of irrigation as utilisation of the irrigation potential was low. Excessive purchase of materials, delayed execution and low realisation of water rent adversely affected implementation of phase VIII.*

Number of working old tube wells ranged between 25 and 33 per cent during 2002-07. There was unfruitful expenditure of Rs 2.15 crore on rehabilitation of old tubewells.

*(Paragraph 3.1.7.1 and 3.1.7.2)*

Unfruitful expenditure of Rs 1.12 crore was incurred on failed tubewells of phase III. An advance of Rs 2.85 crore was lying unutilised with BSEB since March 1999.

*(Paragraph 3.1.8.1 and 3.1.8.3)*

There was excess procurement of 101 DG sets and 111 submersible motor pumps valuing Rs 1.24 crore under phase VIII. Due to discrepant guarantee clause, 202 diesel generator sets could not be covered under the guarantee.

*(Paragraph 3.1.9.3 and 3.1.9.4)*

Irregular grant of time extension led to non-execution of work of phase VIII within stipulated time. Penalty amounting to Rs 2.03 crore for delay in execution of works was not imposed.

*(Paragraph 3.1.9.5)*

Fifty nine per cent of test checked tube wells were handed over to users' associations, none was maintaining any account of demand and realisation of irrigation and water rent.

*(Paragraph 3.1.9.6)*

###### *Introduction*

The State Tubewell Project was approved by Government of Bihar in June 1986 with World Bank assistance at an estimated cost of Rs 276.78 crore with due date of completion by May 1994. The World Bank stopped funding in

1994 due to its poor implementation. The tubewell project was implemented in different phases during 1999-2007, under Rural Infrastructure Development Fund (RIDF). It aimed to raise the agriculture production by providing irrigational facilities to farmers.

### **3.1.2 Organizational set up**

Minor Irrigation Department headed by the Secretary was responsible for the construction, operation and maintenance of state tubewells. He was assisted by Project Co-ordinator, two Chief Engineers and 10 Superintending Engineers. There were 29 works divisions, each headed by an Executive Engineer. A Central Workshop Division at Patna was responsible for the departmental drilling as well as maintenance of machines and equipment owned by the Department.

### **3.1.3 Audit objectives**

The audit objectives were to assess whether:

- the survey conducted and selection of wells was made after adequate planning and taking into account all parameters and past experience ;
- the funds provided by the State Government under Phase-III, V and VIII were economically, efficiently and effectively utilised ;
- the targeted irrigation potential was created and utilised and
- the effective monitoring mechanism was in place.

### **3.1.4 Audit criteria**

The audit criteria used to evaluate the performance of the scheme were:

- Bihar Public Works Code and Bihar Financial Rules;
- Targets fixed by the Department for irrigation and water rent realisation;
- Instructions issued by the Minor Irrigation Department.

### **3.1.5 Audit coverage and methodology**

Performance Audit of Tube well project in the State was conducted through test check of the records (January 2007 to August 2007) of the offices of Project Co-ordinator, two Chief Engineers<sup>1</sup> and 10 (out of 29) Divisions<sup>2</sup> for the period 2002-07.

Joint physical verification of 100 tubewells (old: 21; Phase-III: 20; Phase-VIII: 59) was conducted alongwith Junior Engineer in-charge of tubewells. An entry conference was held with Secretary-cum-Commissioner of Minor Irrigation Department in May 2007 to explain audit objectives, audit criteria and methodology. The audit findings were discussed in the exit conference with senior department officials in October 2007.

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<sup>1</sup> Chief Engineer (South), Patna and, Chief Engineer (North), Muzaffarpur

<sup>2</sup> Ara, Bhagalpur, Biharsharif, Darbhanga, Gaya, Madhepura, Motihari, Munger, Muzaffarpur and Sitamarhi

## Audit findings

### 3.1.6. Financial management

The expenditure on implementation of project was to be met initially by the State Government, which was to be reimbursed by the loan from NABARD. The allotment of funds and expenditure on works and establishment under Plan and Non-plan during 2002-07 were as under:

(Rupees in crore)

| Year    | Allotment |          |        |               |          |        | Expenditure <sup>3</sup> |          |        |               |          |        | Percent of establishment expenditure to works expenditure |
|---------|-----------|----------|--------|---------------|----------|--------|--------------------------|----------|--------|---------------|----------|--------|---|
|         | Works     |          |        | Establishment |          |        | Works                    |          |        | Establishment |          |        |   |
|         | Plan      | Non Plan | Total  | Plan          | Non Plan | Total  | Plan                     | Non Plan | Total  | Plan          | Non Plan | Total  |   |
| 2002-03 | 4.36      | 3.96     | 8.32   | 21.36         | 49.74    | 71.10  | 3.75                     | 3.38     | 7.13   | 20.93         | 42.82    | 63.75  | 894   |
| 2003-04 | 34.10     | 6.06     | 40.16  | 19.43         | 50.05    | 69.48  | 30.73                    | 6.05     | 36.78  | 19.41         | 49.27    | 68.68  | 187   |
| 2004-05 | 46.80     | 9.20     | 56.00  | 19.89         | 49.85    | 69.74  | 41.40                    | 8.40     | 49.80  | 19.64         | 49.34    | 68.98  | 139   |
| 2005-06 | 14.04     | 10.00    | 24.04  | 22.42         | 57.64    | 80.06  | 10.90                    | 9.37     | 20.27  | 22.36         | 55.53    | 77.89  | 384   |
| 2006-07 | 29.98     | 12.67    | 42.65  | 25.64         | 57.44    | 83.08  | 24.00                    | 12.29    | 36.29  | 23.07         | 51.73    | 74.80  | 206   |
| Total   | 129.28    | 41.89    | 171.17 | 108.74        | 264.72   | 373.46 | 110.78                   | 39.49    | 150.27 | 105.41        | 248.69   | 354.10 | 236   |

(Source: Minor Irrigation Department)

**Establishment expenditure was 1.39 to 8.94 times of works expenditure**

It may be seen from the table that the establishment expenditure ranged from 1.39 to 8.94 times of works expenditure during 2002-07 though the expenditure on establishment was to be limited to 12 per cent of the works expenditure as per Rule 5(a)(ii)-Appendix-4 of BPWA code.

The high establishment cost was attributed by the Department to absorption of large number employees of State Tubewell Development Corporation.

Further, against the re-imbursement claim of Rs 74.47 crore (Phase-VIII) submitted by Finance Department to NABARD bearing annual interest rate of 8.5 per cent (quarterly based) during 2003-07, Rs 65.80 crore was reimbursed upto March 2007. The interest rate of 8.5 per cent was high compared to average interest rate on market borrowings, which ranged between 7.15 per cent and 9.50 per cent during 2002-07.

#### 3.1.6.1 Control registers of works not maintained to monitor expenditure

**Non-maintenance of records as per BPWD code**

The Works Abstract Register, Contractor Ledger, Register of Works and Asset register of tubewells were not maintained by any of the divisions test checked. No separate account of expenditure as per estimate of each work was maintained by the Executive Engineers though required under Rule 102 of BPWD code. In absence of control registers, there was no effective control on the various aspects of works expenditure.

The Secretary replied (October 2007) that the instructions have been issued to the divisions to maintain the aforesaid records as per BPWD code.

<sup>3</sup> Allotment and expenditure include figures for phase XI for which material procurement had begun in 2006-07.

### 3.1.7 Performance of existing old tubewells

#### 3.1.7.1 Low utilisation and high cost of irrigation per hectare

The total irrigation potential of existing 5,556 tubewells was 27.80 lakh hectare. Of these, only 3,072 tubewells were working with irrigation potential of 15.53 lakh hectare during 2002-07. Potential created was not utilised, as 2,484 tube wells remained inoperative due to mechanical (55), electrical (539) and other faults (1,890). The actual utilisation was only 1.03 lakh hectare as per details given below:

Per hectare cost of irrigation varied between Rs 28,742 and Rs 41,555

| Year         | Irrigation potential | Target (Annual) | Utilisation of irrigation potential (achievement) | Percentage utilisation against potential created | Total cost of irrigation service | Per hectare cost of irrigation service |
|--------------|----------------------|-----------------|---|--|----------------------------------|--|
|              | (In lakh hectare)    |                 |   |  | (Rs in lakh)                     | (In Rupees)                            |
| 2002-03      | 2.84                 | 1.25            | 0.20  | 7  | 6,375                            | 31,875                                 |
| 2003-04      | 2.85                 | 1.32            | 0.17  | 6  | 6,868                            | 40,400                                 |
| 2004-05      | 3.26                 | 1.20            | 0.24  | 7  | 6,898                            | 28,742                                 |
| 2005-06      | 3.29                 | 1.07            | 0.24  | 7  | 7,789                            | 32,454                                 |
| 2006-07      | 3.29                 | 0.85            | 0.18  | 5  | 7,480                            | 41,555                                 |
| <b>Total</b> | <b>15.53</b>         | <b>5.69</b>     | <b>1.03</b>                                       |  |                                  |  |

The cost of providing irrigation per hectare ranged between Rs 28,742 and Rs 41,555 during 2002-07.

The scrutiny of records in test checked divisions disclosed the following:

Only 10 per cent of total irrigation potential utilised

Against the total number of 2,227 old tubewells, the number of working tube wells ranged between 565 (25 per cent) and 736 (33 per cent) during 2002-07. Further, the target of irrigation (1.90 lakh Hc) was fixed at only 59 per cent of total irrigation potential created (3.21 lakh Hc) against which achievement was 17 per cent (0.32 lakh) of target fixed and 10 per cent of the irrigation potential created during 2002-07. The Department attributed low utilisation of created irrigation potential to damaged distribution system and poor electric supply.

Rupees 19 lakh was collected as water rent during 2002-05 against demand of Rs 1.01 crore in 10 test-checked divisions.

#### 3.1.7.2 Unfruitful expenditure on rehabilitation of non-functional old tubewells (under phase-V)

Unfruitful expenditure of Rs 2.15 crore on rehabilitation of old tubewells

With a view to restoring irrigation potential of 101 old non-functional tubewells (10,100 hectare), a rehabilitation plan was approved in 2001-02 at an estimated cost of Rs 4.40 crore of which only 77 tubewells were taken up for rehabilitation during December 2001 to February 2002. However, only 37 tubewells were rehabilitated after spending Rs 2.15 crore. These tube wells remained inoperative, as distribution channels for carrying of water were not completed (August 2007).

In test-checked divisions (Ara, Biharsharif, Motihari and Muzaffarpur), 16 old tubewells taken up for rehabilitation remained inoperative due to non-construction of distribution channel (14) and non-energisation (2) of tube wells though expenditure of Rs 66.29 lakh<sup>4</sup> was incurred upto March 2003.

### 3.1.8 Project implementation (Phase-III)

#### 3.1.8.1 Unfruitful expenditure on incomplete tubewells

Unfruitful expenditure of Rs 2.33 crore on incomplete tubewells

With a view to creating irrigation potential of 0.28 lakh hectare (80 hectare per tubewell), 351 new tubewells were proposed for installation at an estimated cost of Rs 59.06 crore during 1999-2000 against which expenditure of Rs 50.66 crore was incurred. Of these, 303 tube wells (0.24 lakh hectare) were commissioned at a cost of Rs 48.33 crore upto March 2003. Remaining 48 tubewells could not be completed due to non-provision of funds by the Department though Rs 2.33 crore was spent.

Unfruitful expenditure of Rs 1.12 crore

The detailed project report did not contain provision for resistivity test, which was essential for assessing the potentiality of ground water by studying the nature of prevailing sub surface. In five test-checked divisions, 18 out of 177 tube wells failed after drilling due to selection of site without carrying out resistivity test resulting in unfruitful expenditure of Rs 1.12 crore on procurement of material and drilling.

#### 3.1.8.2 Poor utilisation of irrigation potential

Only two per cent utilisation of irrigation potential

In test-checked divisions, 1,496 hectare (two per cent) could be utilised against the irrigation potential of 73,200 hectare during 2002-07 in respect of 83 tubewells, which were transferred to users' associations. Low utilisation of irrigation potential was attributed to high diesel consumption in DG sets (5), expired batteries (54) meant for self starting DG sets and non-drawal of water simultaneously from at least two distribution channels leading to bursting of supply pipes<sup>5</sup>.

#### 3.1.8.3 Non-energisation of tubewells

212 tubewells were not energised and Rs 2.85 crore was lying unutilised with BSEB

The work relating to energisation of 316 tube wells was allotted to Bihar State Electricity Board (BSEB) in March 1999 at a cost of Rs 4.41 crore. Only 104 tube wells could be energised at an expenditure of Rs 1.56 crore upto March 2007 leaving advance of Rs 2.85 crore unutilised with the BSEB. The non-energisation was mainly due to non-responsive attitude of BSEB and lack of pursuance by the Department. Secretary, Minor Irrigation replied that energisation would be completed by March 2008.

<sup>4</sup> Ara (Rs 4.27 lakh), Biharsharif (Rs 10.38 lakh), Motihari (Rs 51.34 lakh), and Muzaffarpur (Rs 0.30 lakh)

<sup>5</sup> The pipes of underground distribution channels had three outlets. It was essential to draw water simultaneously at least from two outlets to prevent bursting of pipes due to excessive pressure.

### 3.1.9 Implementation of tubewell project (Phase VIII)

#### 3.1.9.1 Defective planning

Previous short comings were not considered while finalising DPR

Detailed Project Report (DPR) for implementation of RIDF Phase-VIII was prepared (July 2002) to increase the irrigation facilities to farmers. Absence of uniform cropping pattern in the command area, non-demand of water simultaneously from at least two underground distribution channels were some of the deficiencies, which were not kept in consideration while finalising the DPR for Phase - VIII. As a result only two *per cent* utilisation of irrigation potential could be achieved. Department should have carried out comparative analysis of open channel and underground distribution system as the latter had failed in providing benefits under Phase-III.

Realised benefit cost ratio was below benchmark

The economic feasibility of the scheme (Phase-VIII) was assessed by working out Benefit Cost ratio (BC) of 6.5 on the basis of full utilisation of irrigation potential to be created which was higher than benchmark of 1.5 fixed by the Department. The Department never calculated BC ratio on the basis of actual performance for old tubewells as well as tubewells under phase VIII after completion of the scheme. BC ratio, calculated by audit on the basis of performance of tubewells under Phase-VIII, was arrived at 0.50, which was much less than the benchmark of 1.5 fixed by the Department. Thus, the scheme was economically not feasible from point of view of benefit cost ratio. The Department did not evaluate the performance in terms of benefit cost ratio to assess the performance of the scheme during 2002-07.

Survey was not conducted

Rupees 44.10 lakh allotted (March 2003) to 10 test checked divisions for conducting survey for selection of suitable sites was unauthorisedly diverted (Rs 34.80 lakh) on contingent expenditure such as photocopying, hiring of tents and chair.

#### 3.1.9.2 Delay in commissioning of tubewells

Project Coordinator approved (July 2002) DPR for installation of 1740 tubewells at an estimated cost of Rs. 91.87 crore to be completed by March 2005. However, the administrative approval was accorded by the Department in March 2003, which delayed the commencement of project. Out of 1593 tubewells taken up for execution (2003-04), 1500 tube wells were commissioned up to August 2007 at an expenditure of Rs 77.60 crore and 65 tubewells failed during drilling.

In test-checked divisions out of 906 tubewells sanctioned during 2002-03, 880 were taken up, of which 796 were commissioned as of August 2007 leaving 84 tubewells incomplete. Five tube wells in two divisions (Ara-One and Bihar Sharif-Four) failed on which Rs 13.39 lakh<sup>6</sup> was spent.

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<sup>6</sup> Ara: Rs 4.62 lakh and Bihar Sharif: Rs 8.77 lakh.



### 3.1.9.3 *Material purchased in excess of requirement*

Excess procurement of material valuing Rs 1.24 crore

Government decided to purchase (March 2002) 1,694 Diesel Generator (DG) sets and 1,704 Motor pumps in the first year of the implementation. Of 1,694 tube wells, subsequently only 1,593 tube wells were taken up for execution. As a result, purchase of 101 DG sets valuing Rs 85.65 lakh and 111 submersible motor pumps valuing Rs 38.36 lakh was made in excess of requirement. Although, the Project Co-ordinator directed (November 2003) the Executive Engineers not to receive the materials in excess of requirement but no action was taken to amend the purchase order issued by CEs (North and South) to restrict it to immediate requirement. Incidentally, Project Coordinator was also working as Chief Engineer (North). Thus, Rs 1.24 crore was spent on excess procurement of material in violation of Rule 257 of BPWD code as purchase of materials in advance or excess of requirements results in both direct and indirect losses to Government.

### 3.1.9.4 *Discrepant guarantee clause*

202 DG sets not covered under guarantee due to discrepant clause

The performance guarantee clause of purchase order issued by Chief Engineer (South), provided for guarantee against the defective manufacturing or workmanship for a period of 12 months from the date of successful commissioning but purchase order of CE (North) provided for guarantee of 12 month from the date of actual delivery. Out of 916 DG sets delivered upto March 2005 in North Bihar, 714 sets could be commissioned upto March 2006, thus 202 DG sets were not covered under guarantee clause due to discrepant clause in the purchase order. Fifty-nine tubewells, eight DG sets and one motor pump were found defective during joint verification, as they were not covered under guarantee clause. Despite repeated request by the EEs of Ara and Munger divisions, the company neither replaced the defective DG sets nor rectified the defects.

After sales service agreement for the entire material supplied by the firm was not executed though the Department decided for the same. Executive Engineers as well as users associations informed that DG sets supplied by Atul Generator and India Casting Ltd. stopped after one to two hours of operation because of excessive heat generated by them. Besides, they were consuming three to four litres of diesel per hour against the specification of 2.5 litres per hour. In the absence of after sale services agreement, these defects could not be rectified.

### 3.1.9.5 *Irregular grant of time extension*

Indiscriminate granting of time extension led to delay in implementation of project

Scrutiny of 90 contracts (Drilling: 27; Civil works: 63) in 10 test checked divisions amounting to Rs. 20.31 crore (Drilling and Development: Rs.12.02 crore for 827 tubewells; Civil works Rs. 8.29 crore for 809 tubewells) showed that representation for time extension was submitted by the contractors to the concerned Executive Engineers after delay ranging from four months to two years from the date of completion without any valid reasons.

Further, scrutiny disclosed that 14 contracts of civil works valued Rs 2.59 crore in four test checked divisions (Ara:7, Madhepura:1, Bhagalpur:4 and Munger: 2) involving 221 tubewells were to be completed during June 2003 to December 2004 but the work of 149 tubewells were incomplete upto August 2007, despite irregular grant of time extension upto March 2007 by the Chief Engineer.

**Non-imposition of penalty worth Rs 2.03 crore**

Clause-2 of the terms of the contract provides imposition of penalty at 0.5 per cent of the contracted value per day subject to maximum of 10 per cent but in all test-checked 90 cases penalty amounting to Rs 2.03 crore was not imposed. This encouraged the contractors not to complete the work within stipulated time.

The Department stated that time extension was granted as the same was given to NABARD works upto March 2008 to avoid cost escalation. The reply was not acceptable as it was in violation of Clause-2 of the contract.

### 3.1.9.6 Non-functional users' associations

**Prior assurance of users' associations not obtained**

Users' associations (UAs) were to be set up as per departmental instructions (August 2002) with minimum of 51 farmers of the command area as members. Tubewells were to be handed over to the committee for operation and maintenance after signing the Memorandum of Understanding (MoU) between the committee and the Department. These committees were to maintain a register for accounting of irrigation and water rent fixed by the Government. Ninety per cent of water rent realised was to be utilised for operation and maintenance of tubewells and remaining 10 per cent was to be deposited in the Government account. As per DPR, prior assurance from user's association was to be obtained before start of the work of new tubewells under Phase-III and VIII, which was not obtained in test checked divisions.

**395 tubewells were not transferred to users' associations**

In 10 test-checked divisions, it was observed that out of 973 commissioned tubewells (Phase-III: 177; Phase-VIII: 796), only 578 (59 per cent) (Phase-III:103; Phase-VIII: 475) tubewells valuing Rs 69.02 crore were handed over to users' associations. The remaining 395 tube wells remained with the respective divisions. None of the users' associations were registered. Neither the irrigation account relating to demand and realisation was maintained by any associations nor bank account was opened by them. Only four test-checked divisions<sup>7</sup> submitted the proposal for registration of 377 committees to the District Magistrates, but no action had been taken upto July 2007.

The Department accepted (October 2007) the findings and stated that efforts were on to activate the functioning of users' associations and action for realisation of water rent from users' associations was being taken.

### 3.1.9.7 Negligible utilisation of irrigation potential created

**Only six per cent utilisation of irrigation potential created**

Out of 880 tubewells taken up for execution in test-checked divisions, only 796 tubewells could be commissioned as of March 2007. Irrigation potential

<sup>7</sup> Motihari, Muzaffarpur, Ara and Bihar sharif

of about 1,930 hectare (six *per cent*) could be utilised against 31,840 created during 2004-07. The negligible irrigation was mainly attributable to high consumption of diesel (three to four litre per hour), lack of demand of water simultaneously from at least two distribution channels leading to bursting of distribution pipes and damaged distribution system which had been accepted by the Executive Engineers of all the test checked divisions.

### 3.1.10 Findings of the joint physical verification

The joint physical verification of old tubewells as well as tubewells under the Phase-III and VIII were carried out by audit with Junior Engineer in charge of respective tubewells in nine test-checked divisions<sup>8</sup>. The verification showed the following :

Substandard work of  
repair worth  
Rs 9.48 lakh

- Out of 21 old tubewells verified, 19 were found operational but utilisation of irrigation potential was very low and distribution channels were damaged in case of eight tubewells. The repair work of channels of four old tubewells in two test-checked divisions (Madhepura and Ara) at a cost of Rs 9.48 lakh was found to be of substandard quality, which was accepted by the Junior Engineers responsible for execution of work.
- Out of 59 (Phase-VIII) and 20 (Phase-III) tubewells verified only 21 (Phase-VIII) and 4 (Phase-III) were found operational.
- Out of 16 and 38 inoperative tubewells under Phase-III and Phase-VIII, nine were inoperative due to theft of alternator, dynamo and in case of one tubewell in Sitamarhi, D G set was being used by Mukhia at his residence. In 12 cases, theft was noticed during joint physical verification of tubewells. Though FIRs were lodged but no outcome was noticed during audit.
- Almost all underground distribution system of tubewells under Phase-VIII were partially damaged or developed leakage due to substandard work of laying of pipes at a depth of two to three feet against required depth of three and a half feet. Due to less depth, PVC pipes were damaged during ploughing of land.
- All the farmers, Secretaries of users' association and Mukhias advocated for open channel distribution system.
- In the absence of records relating to beneficiaries, it could not be ascertained whether small and marginal farmers were being benefited as envisaged in the DPR.

<sup>8</sup> Ara, Bihar sharif, Bhagalpur, Munger, Muzaffarpur, Sitamarhi, Gaya, Madhepura and Darbhanga

### 3.1.11 Manpower management

The men in position vis-à-vis sanctioned strength in the test checked divisions were as under:

| Name of post       | Sanctioned strength | Men in position |
|--------------------|---------------------|-----------------|
| Assistant Engineer | 41                  | 28              |
| Junior Engineer    | 84                  | 59              |
| Mechanic           | 38                  | 12              |
| Fitter             | 46                  | 28              |
| Electrician        | 46                  | 30              |
| Peon               | 160                 | 159             |
| Tubewell operator  | 1,836               | 1,373           |

It may be seen that against sanctioned strength of 1,836 tubewell operators, 1,373 were available, while the number of running tubewells were 736 only. Thus, 637 tubewell operators were deployed on inoperational tubewells without any work up to March 2007.

#### 3.1.11.1 Wasteful expenditure on idle staff

**Wasteful expenditure of Rs 96 lakh on idle staff**

A drilling sub-division was created by the Department in August 1992 for drilling and development of new tubewells as well as rehabilitation of old tubewells in Muzaffarpur division. No tubewell was drilled during 2002-07. Rig machine, truck and welding equipment were transferred to Hajipur division in June 2003 by the order of Chief Engineer (North).

Thus the expenditure of Rs 96 lakh incurred on pay and allowances of 33 technical and non-technical staff of drilling sub-division, during 2002-07 was wasteful. No action was taken by the Project Co-ordinator to shift the staff to only Drilling Division at Patna to ensure gainful utilisation of their services.

#### 3.1.12 Monitoring and evaluation

**Poor monitoring and no evaluation was carried out**

The Project Co-ordinator was responsible for co-ordination of the implementation of the project and reporting to the Secretary. A monitoring and evaluation cell under a Superintending Engineer was responsible for monitoring the project implementation. He was responsible for collecting and analysing data right from project planning, implementation and performance with regards to quantity and quality of irrigation service.

The monthly progress reports submitted by the divisions did not indicate the component wise work done and expenditure thereagainst and no evaluation was carried out to assess the performance of the schemes. Purchase of excessive tubewells materials and their inadequate utilisation in works were never reviewed against the actual requirement. Raising of water rent demand, collection of water charges and cost of providing irrigation service per tubewell were neither analysed nor corrective action were taken.

#### 3.1.13 Action taken on previous audit report

The paragraph 4.1 of Comptroller and Auditor General of India's report for the year ending March 1999 was placed in Public Accounts Committee of Bihar Legislative Assembly. Deficiencies pointed out in earlier Audit Report relating

to budget provision, expenditure, project implementation, material management etc. persisted during 2002-07 as detailed in **Appendix-XXVII**.

### **3.1.14 Conclusion**

The expenditure on establishment was very high over the norms compared to works expenditure. Planning was inadequate and lesson learnt from previous phases were not considered while finalising DPRs for new projects. Unplanned procurement led to excess purchase of D.G sets and Submersible Motor pumps. Improper guarantee clause resulted in D.G sets being uncovered under guarantee. The implementation of project was also delayed due to irregular grant of time extension. Institutionalised delivery mechanism was weak as users' associations for running the tubewell were created for 59 *per cent* of tube wells. The functional users' associations were not maintaining any account of irrigation and water rent. Only six *per cent* of targeted irrigation could be achieved and thus the objective of providing irrigation to farmers was completely defeated. The monitoring cell failed to co-ordinate the planning, purchase and accounting process of the project.

### **Recommendations**

- Survey for site selection and resistivity test must be carried out before start of project to prevent wasteful expenditure on failed tubewells.
- Efforts must be made to increase utilisation of irrigation potential of existing tubewells.
- Steps for rehabilitation of old tube wells should be taken on priority.
- Terms and condition of the contract should be enforced for timely completion of projects.

The matter was reported to Government (September 2007); and their reply (October 2007) has been incorporated at the appropriate places.

## SOCIAL WELFARE DEPARTMENT

### 3.2 Integrated Child Development Services (ICDS) Scheme

#### Highlights

*The Integrated Child Development Services (ICDS) scheme, a central scheme was meant to deliver nutrition, education and health services, to children in the age group up to six years and enhance the capability of mothers through proper nutrition and health education. The implementation of the scheme in the State suffered from several deficiencies such as lack of planning, poor implementation of Supplementary Nutrition Programme, lack of infrastructure in Anganwadi centres (AWCs), failure to provide health check up and referral services.*

**There was no correlation between budget provision and number of functional Anganwadi centres. Budget preparation of the department was not realistic.**

*(Paragraph 3.2.7.1)*

**The GOI sanctioned 80302 AWCs against the requirement of 82833 but 60153 AWCs were operationalised as of July 2007. In test-checked projects, 97 per cent AWCs were running without toilet, drinking water facilities and 43 per cent were functioning in huts.**

*(Paragraph 3.2.8.1 and 3.2.8.2)*

**In test-checked CDPOs, rental payment of Rs 2.82 crore was transferred either in the bank accounts of sevikas or advanced to clerks instead of making direct payment to house owners.**

*(Paragraph 3.2.8.3)*

**Against target of 620 AWCs in 13 test-checked districts, only one AWC could be constructed up to August 2007 despite provision of Rs 8.29 crore (April- June 2005) to the District Magistrates.**

*(Paragraph 3.2.8.4)*

**No AWC provided nutritional support beyond 225 days as against requirement of 300 days during 2002-07. There was no evidence of distribution of take home ration. Nutri-candies provided to beneficiaries were found of sub standard quality.**

*(Paragraph 3.2.9.2 and 3.2.9.4)*

**Records relating to immunization, health cards, referral services, pre natal and post natal services, growth chart were not maintained at AWCs level. Medicine kits and Pre-school Education Kits were not supplied to AWCs as per ICDS norms.**

*(Paragraph 3.2.10 to 3.2.14)*

**Committees constituted to monitor the programme were non-functional and minutes of meetings and decisions taken were not available. Monitoring was almost negligible and 73 per cent AWCs visited were found closed during joint inspection.**

*(Paragraph 3.2.17 and 3.2.17.1)*

### 3.2.1 Introduction

The Integrated Child Development Services (ICDS) Scheme is a centrally sponsored scheme aimed to reduce the incidence of mortality, morbidity, malnutrition and school drop out among children; improve the nutritional and health status of children and enhance the capability of the mother to look after the normal health and nutritional needs of the child through proper nutrition and health education. The components of the scheme are Supplementary Nutrition Programme (SNP), immunisation, health check up and referral services, nutrition and health education for women and pre-school education. The beneficiaries of the scheme were children below six years, expectant and lactating mothers and adolescent girls between 11 and 18 years mainly belonging to the families of agricultural labourers, marginal farmers and other weaker sections of the society. As per orders of Hon'ble Supreme Court (April 2004), Anganwadis (AWCs) were to supply nutritious food supplement to the children, adolescent girls and pregnant and lactating women under the scheme for 300 days in a year.

### 3.2.2 Organisational set up

The Secretary, Department of Social Welfare assisted by the Director, ICDS was responsible for the implementation and monitoring of the scheme at the State level. Deputy Director, Welfare was required to monitor the scheme at division level. The scheme was supervised at the district level by District Programme Officers (DPOs) / District Welfare Officers (DWOs) under the control of District Magistrates (DMs) and at the block level by Child Development Project Officer (CDPO) with the help of lady supervisors. The ICDS scheme was implemented through Anganwadi workers (AWWs) and Anganwadi Helpers (AWHs) at Anganwadi centres.

### 3.2.3 Audit objectives

The audit objectives were to assess whether:

- the adequate planning was done to achieve the programme objectives;
- the resource allocation and utilisation were directed towards delivery of services;
- the required infrastructure was created for efficient and quality services;
- the packages of the scheme was implemented efficiently and effectively;
- the staff deployment and training for skill upgradation was based on requirements of the scheme and
- the system for monitoring and evaluation of the programme existed and was effective.

### 3.2.4 Audit criteria

The implementation of various components of ICDS scheme was evaluated with reference to the following criteria:

- Guidelines and instructions issued by GOI for selection of beneficiaries, opening of AWCs, norms of SNP and delivery of different packages of services.
- Prescribed norms for staffing and skill upgradation.
- Monitoring mechanism instituted by the Government.

### 3.2.5 Audit coverage and methodology

The performance audit of ICDS schemes was conducted during March –July 2007 covering the period of 2002-07 through test-check of records of ICDS Directorate, 13 DPOs / DWOs<sup>1</sup>(out of 38), 100 CDPOs (out of 393) and 3,000 AWCs (out of 60,153). Besides, the joint physical verification of 104 AWCs was also conducted.

An entry conference was held with Director, ICDS to explain the audit objectives, audit criteria and methodology in May 2007. The audit findings as well as the recommendations were discussed with the Principal Secretary, Social Welfare Department and Director, ICDS in the exit conference held in October 2007. The views of the Department expressed in the exit conference have been incorporated at the appropriate places.

## Audit findings

### 3.2.6 Planning

**Directorate did not have basic data required for planning**

The State Government was responsible for implementation of different packages and providing supplementary nutrition under the ICDS scheme to the identified beneficiaries. As per norms fixed by GOI, the mapping of project area was to be conducted to identify tola, habitations/villages inhabited by malnourished and weaker sections of the society for timely operationalisation of Anganwadi centres. The mapping and selection of AWWs/AWHs was not completed (July 2007) and consequently 20,149 Anganwadi centres sanctioned by GOI during 2002-06 could not be operationalised up to August 2007. Even basic statistical information such as birth weight, maternal mortality rate, infant mortality rate, institutional delivery and enrolment of children in regular schools after pre-school education were not available with the Directorate. Thus, the basic data required for planning the scheme was not available with the Directorate.

<sup>1</sup> Arrah, Begusarai, Bhagalpur, Darbhanga, Gopalganj, Gaya, Katihar, Madhubani, Motihari, Muzaffarpur, Siwan, Saharsa and Samastipur



### 3.2.7 Management of funds

The State government provided funds for SNP during 2002-05. During this period, funds under Pradhan Mantri Gramodaya Yojana (PMGY) were also received to provide for enhanced nutritional requirement for children below three years. From 2005-06, expenditure on SNP was shared between GOI and State Government on a 50 : 50 basis. The administrative costs as well as cost of other components<sup>2</sup> of the scheme were funded by GOI.

#### 3.2.7.1 Budget provision, funds released and expenditure

The budget provision, funds received from GOI and released by State Government vis-à-vis expenditure<sup>3</sup> during 2002-07 were as under:

| (Rs in crore) |                      |                           |                         |               |                                       |                                     |                                  |                                   |  |
|---------------|----------------------|---------------------------|-------------------------|---------------|---------------------------------------|-------------------------------------|----------------------------------|-----------------------------------|--|
| Year          | GOI funds available* | Budget provision of State | Funds released by State | Expenditure   | Savings / excess wrt budget provision | Savings / excess wrt funds released | No. of sanctioned AWC (projects) | No. of operational AWC (projects) | Actual number of beneficiaries (No. in lakh) |
| 2002-03       | 88.56                | 74.18                     | 69.52                   | 51.18         | 23.00<br>(31)                         | 18.34                               | 60587<br>(393)                   | 20767<br>(233)                    | 16.76  |
| 2003-04       | 90.93                | 218.79                    | 173.92                  | 110.69        | 108.10<br>(49)                        | 63.23                               | 60587<br>(393)                   | 29486<br>(249)                    | 23.32  |
| 2004-05       | 115.35               | 202.48                    | 144.15                  | 105.54        | 96.94<br>(48)                         | 38.61                               | 60587<br>(393)                   | 56511<br>(393)                    | 54.68  |
| 2005-06       | 105.17               | 184.72                    | 156.83                  | 160.68        | 24.04<br>(13)                         | (-) 3.85                            | 60587<br>(393)                   | 59687<br>(393)                    | 59.09  |
| 2006-07       | 189.25               | 204.10                    | 175.97                  | 161.37        | 42.73<br>(21)                         | 14.60                               | 80302<br>(537)                   | 60153<br>(393)                    | 59.29  |
| <b>Total</b>  |                      | <b>884.27</b>             | <b>720.39</b>           | <b>589.46</b> | <b>294.81<br/>(33)</b>                |                                     |                                  |                                   |  |

Source: Figures provided by the Department.

\* Includes balance of previous year

**Budget formulation of the department was not realistic**

Analysis of the above table shows that there were savings of Rs 294.81 crore (33 per cent) of budget provision during 2002-07. Budget provision was being made on the basis of sanctioned AWCs and not on operational AWCs. The budget provision against 29,486 functional AWCs was Rs 218.79 crore in 2003-04 whereas it was Rs 204.10 crore against 60,153 functional AWCs in 2006-07. This shows that budget formulation in the Department was not realistic.

During 2003-04 and 2005-06, the expenditure was more than the GOI funds available and was met from State Government funds which were recouped in subsequent years.

Scrutiny of records of 100 test checked projects disclosed that against allotment of Rs 165.97 crore during 2002-07, Rs 134.56 crore was drawn. Out of the funds drawn, Rs 134.36 crore was spent, Rs 14 lakh was deposited in treasury and Rs six lakh parked in civil deposits during 2002-07.

<sup>2</sup> Medicine kits, pre school education kits

<sup>3</sup> Excluding the funds received under SNP.

### 3.2.7.2 Retention of unspent funds outside government account

**Rupees 91.76 crore was kept in bank out of Rs 140.03 crore as on 31 March 2007**

Closing balance of Rs 140.03 crore (March 2007) was noticed in the Directorate (Rs 62.38 crore increased from Rs 16.06 crore from March 2003) and test-checked CDPOs (Rs 77.65 crore) in violation of Rule 300 of Bihar Treasury Code (BTC) which prohibits drawal of funds without immediate requirement and states that unutilised funds should be deposited into treasury. Analysis of closing balance disclosed that Rs 91.76 crore<sup>4</sup> was parked in saving accounts of banks. Remaining amount of Rs 48.27 crore was in the shape of advance with AWWs (Rs 47.49 crore), project officials (Rs 40 lakh) and petty vouchers (Rs 38 lakh). As funds kept in bank are not a part of cash balance of the Government, it leads to interest burden and denial of required funds to other department/ schemes.

### 3.2.7.3 Provision of funds and expenditure under Supplementary Nutrition Programme (SNP)

The budget provision and expenditure under SNP for the entire State was as under:

*(Rs in crore)*

| Year         | Funds required | Budget provision | Funds received from GOI |                        | Total         | Funds provided by State* | Expenditure   | Savings w.r.t. funds released (per cent) |
|--------------|----------------|------------------|-------------------------|------------------------|---------------|--------------------------|---------------|--|
|              |                |                  | PMGY                    | 50 per cent assistance |               |                          |               |  |
| 2002-03      | 192.67         | 70.09            | 36.26                   | --                     | 36.26         | 68.56                    | 56.96         | 11.60 (17)                               |
| 2003-04      | 241.13         | 71.05            | 36.26                   | --                     | 36.26         | 68.05                    | 59.65         | 8.40 (12)                                |
| 2004-05      | 338.08         | 129.99           | 18.13                   | --                     | 18.13         | 128.67                   | 121.91        | 6.76 (5)                                 |
| 2005-06      | 377.61         | 351.02           | --                      | 82.61                  | 82.61         | 311.76                   | 268.19        | 43.57 (14)                               |
| 2006-07      | 479.24         | 401.23           | --                      | 118.29                 | 118.29        | 320.81                   | 251.33        | 69.48 (22)                               |
| <b>Total</b> | <b>1628.73</b> | <b>1023.38</b>   | <b>90.65</b>            | <b>200.90</b>          | <b>291.55</b> | <b>897.85</b>            | <b>758.04</b> | <b>139.81 (16)</b>                       |

(Figures in bracket indicates per cent)

\* includes funds received from GOI and State share

It may be seen from the table that against the requirement of Rs 1628.73 crore<sup>5</sup>, only 897.95 crore (55 per cent) was provided by State of which Rs 758.04 crore was utilised.

Test check of 100 projects disclosed that out of Rs 218.92 crore provided for supplementary nutrition during 2002-07, Rs 181.74 crore was spent, Rs 30.25 crore was not drawn, Rs 5.65 crore was parked in Civil Deposit and Rs 1.28 crore was wrongly deposited as revenue receipt.

### 3.2.8 Infrastructure facilities

#### 3.2.8.1 Inadequate number of Anganwadi Centres (AWCs)

**Sanctioned projects/ AWCs not operationalised**

The programme envisaged one AWC for every 1,000 population. Based on 2001 census, 82,833 AWCs were required against which 60,587 AWCs were

<sup>4</sup> Directorate: Rs. 62.08 crore, Projects :Rs. 29.68 crore

<sup>5</sup> Calculated as No. of AWCs sanctioned X 12 months X rate of poshahar prescribed by GOI per month. (Rate of SNP per AWC per month prescribed by Government: April 2002 to November 2003: Rs 2650; December 2003 to May 2005: Rs 4650 and June 2005 to March 2007: Rs 5302.50.)

sanctioned upto 2004-05 and 19,715 additional AWCS were sanctioned by GOI in 2005-06. However, 60,153 AWCs were made functional as of July 2007 leaving 2.27 crore population uncovered under the scheme. The additional projects (144) and AWCs (19,715) sanctioned in 2005-06 were to be operationalised by June-December 2006 but could not be made functional up to July 2007 due to non-selection of aganwadi workers and helpers.

### 3.2.8.2 Inadequate facilities at Anganwadi centres and project offices

Each AWC building should be constructed in land of at least 48'x27' size with one class room (13'x22'), two verandahs (12'x10' each), kitchen (6'x8'), store (5'x8') and two courtyards (25'x12'each) with toilet and drinking water facilities to ensure effective delivery of quality services.

The physical status of AWC buildings, toilet and drinking water facilities in 14298 operational AWCs under 100 test checked projects were as under:

| Functional AWCs | ICDS buildings | Private Building |               |               | School and other govt buildings | Open space | Without        |                |
|-----------------|----------------|------------------|---------------|---------------|---------------------------------|------------|----------------|----------------|
|                 |                | Pucca            | Kutchha       | hut           |                                 |            | Toilet         | Drinking water |
| 14,298          | 324<br>(2)     | 2,277<br>(16)    | 3,003<br>(21) | 6,067<br>(43) | 2,303<br>(16)                   | 324<br>(2) | 14,041<br>(98) | 13,922<br>(97) |

(Figures in brackets show percentage)

Despite orders of Hon'ble Supreme Court to establish AWCs in Government school/public places, 2,303 (16 per cent) AWCs were functioning in Government schools and 11,671 AWCs in private buildings and open space. Only 2-3 per cent AWCs had toilet and drinking water facilities.

**AWCs and project offices were functioning without adequate infrastructure facilities**

Out of 100 project offices, 21 had their own building, which were in dilapidated condition. 79 were functioning in rented small places where a maximum of four chairs could be accommodated and without infrastructure facilities. Police Department unauthorisedly occupied project office of Bhagalpur Sadar.



Unsafe and dilapidated Anganwadi Centre at Dhuiya Tola under Cheria Bariyarpur Project, Begusarai



Anganwadi Centre running in small hut at Hakam under Baikhunthpur Project, Gopalganj.

### 3.2.8.3 Suspected misappropriation of AWC rent

As per orders of the Hon'ble Supreme Court, AWCs should be established in Government school situated within a village/ mohalla. The department further directed that in case of non-availability of the schools, it should be established in public place like community/ panchayat/ private building after obtaining the non-availability certificate from Block Development Officers.

Suspected  
misappropriation of  
Rs 2.82 crore

Out of 14,298 operational AWCs in 100 test-checked projects, 11,671 AWCs were functioning in rented buildings without obtaining non-availability certificate from Block Development Officer. Further, out of Rs 5.29 crore drawn for payment of rent during 2002-07 on abstract contingent bills by 100 test-checked CDPOs, Rs 2.82 crore was transferred either in the bank accounts of sevikas or advanced to clerks instead of making direct payment to house owner. The vouchers bearing signature of recipients were of the same date on which the funds were transferred/advanced and the amount was booked in cash book as expenditure. The names and addresses of house owners were not available in the CDPOs offices. Thus, possibility of misappropriation of Rs 2.82 crore could not be ruled out and requires investigation by the Directorate.

### 3.2.8.4 Construction of buildings and installation of hand pumps for AWCs

GOI funds for  
construction of  
project offices/  
AWCs were not  
utilised

The GOI provided (April 2003) Rs 13.41 crore<sup>6</sup> (75 per cent) as central share for construction of buildings for 1,430 AWCs, in 87 project offices and Rs 5.72 crore for sinking of 1430 hand pumps. Rs 50 lakh was provided (April 2003) for construction of 10 CDPO office-cum-godowns. Of the construction cost of Rs 17.88 crore (1430 AWCs), the State Government was to provide Rs 4.47 crore (25 per cent) as State share.

Rupees 38 lakh was deducted by GOI (March 2005) by reducing the number of AWCs to 1390 due to delay in selection of sites. Out of drawn funds of Rs 19.63 crore (2004-05), Rs 19.09 crore was transferred to 35 DMs (March 2005) with the direction to complete the work by June 2005. Against the target for construction of 1390 AWCs buildings, 1430 hand pumps and 10 project office buildings, only 38 AWCs (including hand pumps) and two project offices could be constructed (August 2007) incurring expenditure Rs 61 lakh and 302 AWCs buildings were incomplete as on September 2007 after expenditure of Rs 3.01 crore. Rupees 15.47 crore was lying in banks (July 2007) but the entire amount of Rs 19.09 crore was wrongly reported to GOI as expenditure during 2004-05.

<sup>6</sup> Estimated cost: AWC building: Rs 1.25 lakh, Handpump: Rs 0.40 lakh and CDPO office: Rs 5 lakh.

Construction of 160 AWCs left incomplete despite expenditure of Rs one crore.

In 13 test-checked districts, Rs 8.29 crore was made available to the DMs (April- June 2005) for construction of 620 AWCs and sinking of equal number of hand pumps against which only one AWC building and one hand pump was completed at an expenditure of Rs 1.34 lakh (July 2007). 160 AWC buildings and hand pumps were left incomplete (work done: 50 buildings - 75 per cent; 31 buildings - 50 per cent and 79 buildings -25 per cent) since June 2005 despite expenditure of Rs one crore. The construction work on 459 (74 per cent) AWCs was not initiated up to August 2007 due to non-availability of site. This indicated low priority been accorded to this scheme by the DMs and lack of monitoring by the Directorate.

### 3.2.8.5 Sub-standard purchase of utensils for SNP

Utensils for preparation of khichadi (cooked mixture of rice, pulse and vegetables) were to be provided to every AWC. Hon'ble Supreme Court had also directed (October 2004) that where ever utensils have not been given the same shall be provided.

Substandard quality of utensils purchased valuing Rs 95 lakh

A test check of 100 projects, where an amount of Rs 1.32 crore was made available to 63 CDPOs in 2004-05 to provide utensils to AWCs showed the following:

- 17 projects did not utilise the amount of Rs 36.79 lakh and kept the amount in bank account/ civil deposit or surrendered though they had no utensil for cooking food.
- AWCs under 46 projects reported that utensils valuing Rs 95 lakh purchased by concerned CDPOs in 2005-07 were of substandard quality and were damaged within three months.

### 3.2.9 Implementation of the Supplementary Nutrition Programme (SNP)

SNP aimed at improving the health and nutrition status of children in the age group of 0-6 years, expectant and lactating mothers and adolescent girls. It was meant to provide 300 calories and 10 gram protein for children between six months to six years of age and double the quantity for malnourished children in the same category. Lactating and pregnant mothers were to be provided 500 gm calories and 20 gm protein. Nutrients were to be provided for 300 days in a year in the form of mixture of rice, pulses and vegetables or sattu.

#### 3.2.9.1 Shortfall in coverage of beneficiaries

Enrolment of children at each AWC in the State was below the norms fixed by GOI of 116 beneficiaries. The norms of enrolment of children at each AWC fixed by the State Government was much below the GOI norms of 116 beneficiaries. It was 60 upto November 2003 which was raised to 96 in December 2003 and 99 in June 2005. The coverage of beneficiaries in functional AWCs during 2002-07 was as under:

(Figures in lakh)

| Year    | Total number of identified beneficiaries | Total number of beneficiaries required to be covered as per GOI norms on operational AWCs | Number of beneficiaries actually covered | Shortfall in coverage (per cent) |
|---------|--|---|--|----------------------------------|
| 2002-03 | 64.83                                    | 24.09   | 16.76                                    | 7.33 (30)                        |
| 2003-04 | 82.42                                    | 34.20   | 23.32                                    | 10.88 (32)                       |

| Year         | Total number of identified beneficiaries | Total number of beneficiaries required to be covered as per GOI norms on operational AWCs | Number of beneficiaries actually covered | Shortfall in coverage (per cent) |
|--------------|--|---|--|----------------------------------|
| 2004-05      | 140.18                                   | 65.55   | 54.68                                    | 10.87 (17)                       |
| 2005-06      | 212.49                                   | 69.35   | 59.09                                    | 10.26 (15)                       |
| 2006-07      | 213.30                                   | 69.78   | 59.29                                    | 10.49 (15)                       |
| <b>Total</b> | <b>713.22</b>                            | <b>262.98</b>   | <b>213.14</b>                            | <b>49.83 (19)</b>                |

(Source: Figures of identified and actual beneficiaries provided by the Department)

23.37 lakh beneficiaries left uncovered under SNP

There was shortfall of 15 to 32 *per cent* during 2002-07 in coverage of identified beneficiaries of functional AWCs. Further, 20149 sanctioned AWCs could not be made functional till August 2007 leading to denial of benefit to 23.37 lakh<sup>7</sup> beneficiaries.

The coverage of beneficiaries under different categories i.e. children, nursing and expectant mothers etc. was poor in the State and ranged between 26 to 39 *per cent* of the population during 2002-05. The coverage of adolescent girls<sup>8</sup> was between three to five *per cent* of the total population during 2005-07 (Appendix-XXVIII).

### 3.2.9.2 Nutrition days

The supplementary nutrition was to be provided to beneficiaries for 25 days per month and 300 days in a year. Authenticated records of nutrition days were not maintained in test-checked projects. On the basis of funds spent, the feeding days<sup>9</sup> in 100 test checked projects was worked out as under:

| Year                                | Total number of functional AWCs in 100 projects | Number of beneficiaries | 0-100 days | 101-200 days | 201-225 days |
|-------------------------------------|---|-------------------------|------------|--------------|--------------|
| 2002-03                             | 7,072   | 4,36,320                | 5,890 (83) | 182 (17)     | --           |
| 2003-04                             | 8,440   | 8,10,240                | 5,607 (66) | 2,833 (34)   | --           |
| 2004-05                             | 14,462  | 13,88,352               | 10,172(70) | 4,149 (29)   | 141 (1)      |
| 2005-06                             | 15,331  | 15,17,769               | 3,570 (23) | 11,008 (72)  | 753 (5)      |
| 2006-07                             | 14,298  | 14,15,502               | 2,319 (16) | 8,491 (59)   | 3,488 (25)   |
| Average AWCs providing feeding days | 11,921  | 11,13,637               | 5,512 (46) | 5,533(47)    | 876 (7)      |

(Figures in bracket indicated percentage of AWCs)

No AWC provided nutrition for 300 days and only seven *per cent* AWCs provided SNP upto 225 days

The above table shows that no AWC could have provided nutritional support beyond 225 days as against requirement of 300 days. On an average only seven *per cent* AWCs could have provided supplementary nutrition upto 225 days thereby defeating the objective of maintaining nutritional status of the beneficiaries. The audit findings are corroborated by report of National Family Health Survey (NFHS-3) according to which the percentage of malnourished children increased from 54 *per cent* in 1998-99 to 58 *per cent* in 2005-06 in the State.

<sup>7</sup> No. of non-operational AWCs (20,149) X number of beneficiaries (116) to be covered under GOI norms.

<sup>8</sup> Adolescent girls were included under scheme from 2005-06.

<sup>9</sup> Number of feeding days calculated as : expenditure incurred by CDPO in the month divided by number of operational AWC X rate of SNP per day

No evidence of distribution of THR

As per directive of ICDS, AWCs were to distribute Poshahar as Take Home Ration (THR) to children (0-3 years) / expectant and lactating mothers on every Wednesday. No evidence/ records indicating the distribution of THR to beneficiaries was available in test-checked AWCs. Thus, misappropriation of funds meant for THR could not be ruled out.

### 3.2.9.3 Doubtful purchase of food grains

The rates of rice and pulses fixed by the State Government compared to prevalent market rates in 2006-07 were as under:

| Food grains | Monthly requirement per AWC (Kg) | Rate per kg fixed by Govt. (In Rupees) | Present market rate (In Rs per Kg)* | Possible purchase (Kg) | Less purchase (Kg) |
|-------------|----------------------------------|--|-------------------------------------|------------------------|--------------------|
| Rice        | 185.50                           | 10                                     | 14                                  | 132.50                 | 53                 |
| Pulses      | 92.75                            | 25                                     | 35                                  | 66.25                  | 26.50              |

\* Source: Sevikas of test-checked AWCs

Doubtful purchase of foodgrain

Analysis shows that required quantity of rice and pulses could not be purchased in 2006-07, as rate fixed by the Government (May 2005) was lower than the market rate. However, vouchers showed that purchases were made at uniform rate prescribed by the Government which raises doubt on quantity purchased, specification of grains and number of beneficiaries covered. Besides, two banks<sup>10</sup> in Bodh Gaya and Barhara credited the funds meant for SNP by deducting service charge, i.e. Rs 5245 instead of Rs 5302.50 each month. This requires investigation and devising of proper control mechanism to ensure proper supply of nutrition to the beneficiaries. Principal Secretary, Social Welfare Department stated (October 2007) that prices were required to be revised by GOI as per consumer price index (CPI) norms. Further, the quality and quantity of the poshahar being distributed by AWCs was never checked at any level in test-checked projects.

### 3.2.9.4 Bihar nutri candy (*Lemonchus*) parijojana

The State Government decided to distribute candies fortified with multiple micronutrients namely Vitamin-A, Vitamin-C, Iron, Folic Acid through AWCs to address the problem of micronutrient malnutrition.

<sup>10</sup> Madhya Bihar Gramin bank and Bhojpur-Rohtas Central Co-operative bank.

Candies were found sub-standard and less in quantity

The State Government signed (January 2006) the Memorandum of Understanding (MoU) with Micro Nutrient Initiative India (MI India) which would procure candies from suppliers or manufacturers of good repute and deliver candies during 2006-07 at the ICDS project level. Payment of Rs 14.15 crore was to be made as interest free advance. Of this, Rs 11.46 crore<sup>11</sup> was paid to MI India till August 2007 against the supply of 68.45 crore candies. Out of 31 samples tested by audit and Directorate in seven labs<sup>12</sup> accredited by NABL<sup>13</sup>, 25 samples (*Appendix-XXIX*) were found substandard as the micronutrients present in candies were below the level prescribed as per MoU. Shortage in number of candy pieces was also found in joint verification of eight packets made by audit and project officials. Interestingly, MoU signed by the Government provided that acceptance of consignment of candies by the CDPOs at project level by signing the challans, shall be conclusive proof of the Government having verified and accepted the consignment as per prescribed standards and received in good condition. Thus, MoU did not safeguard the interest of the Government but provided undue favour to MI India as in absence of any quality testing infrastructure, CDPOs had no mechanism to check the quality assurance. Principal Secretary, Social Welfare Department stated (October 2007) that a committee had been set up to examine the matter.

MOU did not safeguard the interest of the government

Interest loss of Rs 11.86 lakh due to interest free advance

Further, interest free advance of Rs 3.82 crore was paid to MI India in March 2006 though supply of candies was started from July 2006. This amounted to undue aid to MI India as well as interest loss to Government amounting to Rs 11.86 lakh.

### 3.2.10 Immunisation

No immunisation register was maintained

As per ICDS guidelines all children below six years of age were to be immunised against diphtheria, whooping cough, tetanus, tuberculosis, polio and measles. All expectant mothers were also to be immunised against tetanus twice during pregnancy. ICDS functionaries were required to coordinate with Health Department to ensure visit of ANMs in AWCs every week on Wednesday to carry out health check up and immunisation.

Scrutiny disclosed that no immunization was carried out in AWCs during 2002-07 as no immunisation register was maintained. Even in seven projects<sup>14</sup> where six doctors, 36 ANMs and three LHV were posted; there were no records of immunization. The poor performance of immunization is corroborated by National Family Health Survey-3 (NFHS-3) report which

<sup>11</sup> Ist instalment: March 2006: Rs 3.82 crore; 2nd instalment: October 2006 3.82 crore and 3rd instalment January 2007: 3.82 crore.

<sup>12</sup> IITL, Lab, Delhi, FICCI, Delhi, ARBRO, Delhi, CHOKSI, Indore, CFTRI, Mysore, SRIRAM Lab, Delhi, AVON Food Lab, Delhi

<sup>13</sup> National Accreditation Board for Testing and Calibration Laboratory

<sup>14</sup> Bhagalpur Sadar, Charpokhari, Darbhanga Sadar, Gaya Sadar, Manigachi, Mushari Sadar and Sherghati



states that immunisation of children in Bihar was 33 per cent in 2005-06 against the national average of 44 per cent.

### 3.2.11 Health check up and referral services

Prenatal and postnatal cards were not issued to mothers

Health check-up includes ante-natal care of expectant, nursing mothers and children under six years of age especially those born with congenital defects or severely malnourished. Records of prenatal care were to be kept in prenatal cards. Postnatal visits of mothers were to be made twice within 10 days after delivery. Prenatal and postnatal cards were not issued to mothers by the AWCs and no records of visit by AWWs to mothers after delivery were being maintained. Thus, delivery of service under the health check up component of the scheme could not be ascertained in audit.

The prenatal care of expectant mother showed a negligible increase of one per cent<sup>15</sup> as per NFHS-3 data. The average infant death per thousand live births had decreased to 62 (2005-06) from 78 (1998-99) which was higher than national average of 57. Since institutional delivery was considered as primary factor in reduction of IMR there was a need for synergising ICDS programme with National Rural Health Mission so as to bring institutional delivery (22 per cent in 2005-06) at par with national average of 40.7.

Health check up and referral services neglected; percentage of anemic children increased

Severe malnourished children, pregnant women and nursing mothers suffering from serious ailments were to be referred by the AWCs to nearby Primary Health Centre for treatment. In test checked projects, CDPOs or AWCs did not maintain any records of patients referred to PHCs / hospitals. Health checkup and referral services were neglected in AWCs which corroborated by NFHS-3 data as percentage of anemic children and women increased from 78 and 62 per cent in 1998-99 to 88 and 68 per cent in 2005-06 respectively.

### 3.2.12 Incorrect reporting of growth chart by the Directorate

Growth chart prepared by Directorate had no basis

The children in the age group of 0-6 years were to be weighed every month in the AWCs to watch the growth of the children and assess the nutritional status for grading them normal, Grade-1 (mild), Grade-II (moderate), Grade-III and IV (severely malnourished) and monthly reports thereof was to be sent to higher authorities. As against 14,298 functional AWCs, baby weighing scales were provided to 7,758 AWCs (54 per cent). No growth chart was being maintained in any of the test-checked AWCs and projects during 2002-07. Thus, the data relating to growth chart in Monthly Progress Report (MPR) of the Directorate was without any basis as well as impact of providing additional nutrients and health support to beneficiary remained unassessed.

### 3.2.13 Medicine kits

Each AWC was to be provided with one medicine kit every year consisting of easy to use and dispensable medicines for common ailments like cough, common cold and skin infection.

<sup>15</sup> 17 per cent in 2005-06 compared to 16 per cent in 1998-99.

Most of the AWCs did not have medicine kit

Medicine kits (29,155) purchased for the year 2001-02 was supplied to AWCs by the supplier during 2001-06 and payment of Rs 8.28 crore for the same was made for the supply of kits upto March 2004.

The distribution of medicine kits during 2002-07 in 100 test-checked projects was as under:

| Particulars            | 2002-03    | 2003-04    | 2004-05  | 2005-06  | 2006-07  |
|------------------------|------------|------------|----------|----------|----------|
| No. of AWCs            | 7,072      | 8,440      | 14,462   | 15,331   | 14,298   |
| Medicine kits provided | 5,656 (80) | 1,223 (14) | 205 (01) | 292 (02) | NIL (--) |

The above table showed that number of AWCs receiving medicine kits ranged from 0 to 14 per cent during 2003-07.

Further, 1818 medicine kits were provided to 10 test checked projects<sup>16</sup> without having functional AWCs during 2002-03 resulting in wasteful expenditure of Rs 10.91 lakh.

### 3.2.14 Nutrition and health education programme and non-formal pre-school education

Nutrition and health education programme was not carried out as no funds were provided by the Directorate.

Poor supply of pre school education kit

The pre-school education in AWCs was to be provided through non-formal method for which all AWCs were to be provided pre-school kit (PSE kits) every year. Against the requirement of Rs 11.33 crore on procurement of PSE kits for operational AWCs of the State during 2002-07, Rs 3.59 crore (32 per cent) was spent.

The position of provision of PSE kits in test checked projects during 2002-07 was as under:

| Particulars       | 2002-03     | 2003-04  | 2004-05  | 2005-06    | 2006-07  |
|-------------------|-------------|----------|----------|------------|----------|
| Number of AWCs    | 7,072       | 8,440    | 14,462   | 15,331     | 14,298   |
| PSE kits provided | 7,189 (102) | 588 (07) | 298 (02) | 2,528 (16) | 357 (02) |

(Figure in bracket indicates per cent)

The above table shows that provision of PSE kits were inadequate in the State during 2002-07. This had an adverse impact on admission in formal education in the State where 25.65 lakh children were out of school up to March 2007.

### 3.2.15 Man power management

25 to 86 per cent posts were vacant

The sanctioned strength vis-a-vis men-in-position under the scheme up to March 2007 was as under:

| Sl.No. | Category of post      | Number of posts sanctioned | Staff in position | Vacant | Percentage of vacancy - |
|--------|-----------------------|----------------------------|-------------------|--------|-------------------------|
| 1.     | CDPO                  | 537                        | 184               | 353    | 66                      |
| 2.     | Statistical Assistant | 543                        | 93                | 450    | 83                      |

<sup>16</sup> Baikunthpur, Hathua, Kateya, Khodabandpur, Kuchaikot, Manjha, Morwa, Saraiya, Sonhaura and Tekair

| Sl.No. | Category of post           | Number of posts sanctioned | Staff in position | Vacant        | Percentage of vacancy |
|--------|----------------------------|----------------------------|-------------------|---------------|-----------------------|
| 3.     | Lady supervisor            | 3,272                      | 473               | 2,799         | 86                    |
| 4.     | Clerk-cum-typist           | 717                        | 525               | 192           | 27                    |
| 5.     | Accountant-cum-storekeeper | 70                         | 26                | 44            | 63                    |
| 6.     | Driver                     | 245                        | 107               | 138           | 56                    |
| 7.     | Peon                       | 663                        | 205               | 458           | 69                    |
| 8.     | Aganwadi workers (AWW)     | 80,302                     | 60,153            | 20,149        | 25                    |
| 9.     | Anganwadi Helpers          | 80,302                     | 59,939            | 20,363        | 25                    |
|        | <b>Total</b>               | <b>1,66,651</b>            | <b>1,21,705</b>   | <b>44,946</b> | <b>27</b>             |

Thus, 66, 86 and 83 *per cent* vacancies existed in the cadres of CDPO, lady supervisor<sup>17</sup> and statistical assistant respectively in the State as on March 2007 leading to inadequate inspection and supervision of delivery of services.

Test check of 100 projects disclosed that against the sanctioned post of 100 CDPOs, 98 Statistical Assistants and 671 lady supervisors only 47, 32 and 18 *per cent* of respective posts were filled up. No lady supervisor was posted in three projects<sup>18</sup> comprising 542 AWCs which affected the programme adversely.

### 3.2.16 Training of the functionaries

The core functionaries were to be imparted training in job courses and refresher courses in 144 Aganwadi Training Centres (ATCs) and three middle level training centres (MLTCs) in the State. Only 63 ATCs and two MLTCs were functional till March 2007. The scheme envisaged 14 days induction training to all AWWs and 52 days on the job training to all AWWs, Lady Supervisors and CDPOs. Due to shortage of training centres, duration of induction training was curtailed (2004-05) to four days and on the job training to 30 days (2005-06). Orientation training of 6 days was to be provided to Anganwadi helpers. The target for training vis-à-vis staff actually trained during 2002-07 was as under:

| Category | Induction and Orientation Training |         |                      | Training in Job course |         |                      | Refresher course |         |                      |
|----------|------------------------------------|---------|----------------------|------------------------|---------|----------------------|------------------|---------|----------------------|
|          | Target                             | Trained | Shortfall (per cent) | Target                 | Trained | Shortfall (per cent) | Target           | Trained | Shortfall (per cent) |
| AWWs     | 34,591                             | 24,782  | 9,809 (28)           | 43,434                 | 29,784  | 13,650 (31)          | 23,515           | 14,986  | 8,529 (36)           |
| AWH      | 49,729                             | 35,527  | 14,202 (29)          | --                     | --      | --                   | --               | --      | --                   |

**37 per cent of Anganwadi workers left untrained**

Against 39,386 new AWCs created during 2002-07, the target of training was fixed for 34,591 AWWs only. However, only 24,782 could be trained and thus total of 14,604 (37 *per cent*) AWWs were left untrained. Against, 393 CDPOs and 437 lady supervisors, only 41 CDPOs and 106 lady supervisors were given on the job training during 2003-07. Thus, lack of training of AWWs, lady supervisors and CDPOs adversely affected delivery of services particularly with regard to pre-school teaching and monitoring of health status.

<sup>17</sup> One lady supervisor has to inspect at least 20 AWCs every month.

<sup>18</sup> Sonhaura (Bhagalpur), Sakra (Muzaffarpur) and Manihari (katihar)

Monitoring and evaluation was deficient

### 3.2.17 Monitoring and inspection

Five committees were constituted by the Government (November 1998) from AWC level to State level besides apex committee headed by Welfare Minister to monitor the programme. The apex committee and State level committee were required to meet at least twice in a year whereas committees at divisional level, district level, block level and AWC level were required to meet quarterly, bi monthly, monthly and fortnightly respectively. However, neither records of minutes of meetings nor decisions taken during these meetings were available.

In view of the Hon'ble Supreme Court's order, the Government issued directions (July 2005) regarding inspection, supervision and monitoring to be carried out by Deputy Director, Welfare Officer/ DPO/ CDPO and lady supervisors. A separate proforma for inspection by respective official was also prescribed.

In test-checked CDPOs it was noticed that inspections were not done by Deputy Director and Welfare Officer and only occasionally done by CDPOs. Inspection reports were not prepared in the prescribed proforma.

The monthly progress report (MPR) for the entire State was to be prepared by the Directorate on the basis of initial data received from CDPOs. In test-checked projects it was noticed that MPRs were prepared without any supporting records. Thus, MPR prepared by the Directorate did not provide the true picture of state of affairs of ICDS scheme.

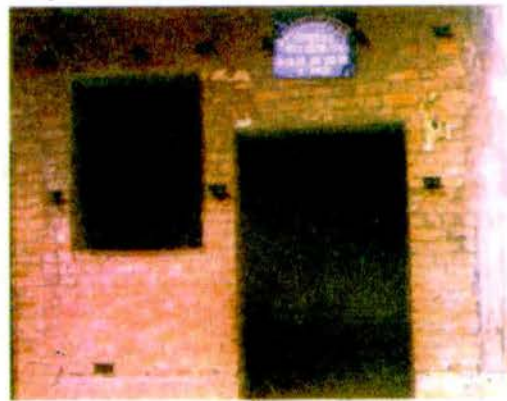
#### 3.2.17.1 Joint Inspection of AWCs

Joint physical verification with CDPOs / officials of the project was carried out in 104 AWCs under test-checked projects in which 76 (73 per cent) were found closed. The presence of children ranged from 0 to 35 in 27 AWCs. Only in one centre, 40 children were found present (*Appendix-XXX*).

73 per cent AWCs found closed



Closed Anganwadi Centre at Bangra Panchayat, Samastipur Date: 13-04-2007 at 10.09 AM



Closed Anganwadi Centre at Pipra (West) under Manjha Project, Gopalganj Date :17-05-2007 at 10.:21 am

Principal Secretary to Government stated (October 2007) that the action will be taken against erring Anganwadi workers.

### 3.2.18 Follow up action on Audit Report

Performance of the scheme during 1992-99 was reviewed and featured in para 3.5 of the Report of Comptroller and Auditor General of India for the year ended March 1999 NO 2 (Civil). The Public Accounts Committee in its Report number 387 observed that recommendations on the reports may be kept pending as points raised were pending in the Hon'ble Supreme Court. Deficiencies pointed out in the earlier Audit Report relating to cash management, SNP, provision of health and referral services, infrastructure, shortage of manpower persisted during 2002-07 as detailed in *Appendix-XXXI*.

### 3.2.19 Conclusion

The ICDS scheme being implemented in the State failed to achieve the objectives of providing basic services envisaged in the scheme like supplementary nutrition, health check up, pre-school education to children and care to expectant and nursing mothers. Planning was deficient and Directorate did not have basic statistical information required for planning. Coverage of target population was much below the norms in AWCs. The infrastructure in terms of AWCs buildings was inadequate and large number of AWCs were functioning in huts as well as in open space. Distribution of nutrients under SNP was insufficient and there were no authenticated records of distribution of take home ration. Nutri candies supplied to AWCs were of substandard quality. Seventy three *per cent* AWCs visited were found closed. Coordination between Social Welfare Department and Health and Family Welfare was lacking as ANMs were not visiting AWCs on every Wednesday. Medicine kits as well as health services were not being provided in most of the AWCs.

### Recommendations

- Budget should be based on actual requirements to avoid savings.
- Basic infrastructure facilities including buildings, water supply, toilets and pre-school kits should be provided to all AWCs for delivery of quality services.
- Prescribed rate of food grain should be revised upwards in line with market rate / consumer price index. Suitable control mechanism may be devised to ensure quality of nutrients.
- Steps should be taken to ensure visit of ANM weekly at every AWCs for immunisation and health check up.
- Vacancies at the level of CDPOs, Lady Supervisors and Statistical Assistants should be filled up on a priority basis.
- The monitoring and inspection should be made effective as per guide lines.

The above points were pointed out to the Government (September 2007); their reply had not been received (October 2007).

## ROAD CONSTRUCTION DEPARTMENT

### 3.3 Construction and maintenance of roads in flood affected districts

#### *Highlights*

*An efficient road network maximizes economic and social benefits by enabling mobility of people and facilitating transportation of goods and services. Absence of planning and ineffective execution of works characterised construction and maintenance of roads in flood-affected districts. Only 11 per cent of works were completed during 2002-07. Weak contract management led to wasteful expenditure of Rs 14.09 crore and fraudulent payment of Rs 46 lakh. Quality control was non-existent, as internal controls relating to quality checking of stone metals and bitumen were not enforced.*

Twenty five works in 13 divisions having estimated cost of Rs 59.86 crore taken up during 2002-04 were abandoned after incurring expenditure of Rs 11.27 crore upto 2004-05 as these works were not included in plans of 2006-07 onwards.

*(Paragraph 3.3.7)*

Six works valued Rs 6.88 crore were awarded without ensuring ownership of equipment by contractors resulting in unfruitful expenditure of Rs 1.90 crore.

*(Paragraph 3.3.8.2)*

Payment of Rs 5.81 crore was made for substandard work as defects were not rectified despite being pointed out by the Executive Engineer.

*(Paragraph 3.3.8.3)*

Payment of Rs 10.04 crore was made for the doubtful execution of work in 43 cases. Suspected fraudulent payment of Rs 39.40 lakh was made by RC division, Darbhanga in four works.

*(Paragraph 3.3.8.4 and 3.3.8.5)*

Five divisions paid Rs 43.60 crore in 62 contracts during 2003-07 without obtaining form 'M' and 'N' and verification of lifting of stone chips from concerned mining officers.

*(Paragraph 3.3.8.6)*

Quality control was ineffective and materials valued Rs 6.52 crore in eight works were used without quality test.

*(Paragraph 3.3.9.2)*

#### 3.3.1 Introduction

Road is an essential infrastructure as it sets the pace for socio-economic growth and development by facilitating the smooth transportation. Road Construction Department (RCD) is responsible for the construction and maintenance in 13,776.47 kms<sup>1</sup> road length covering State Highways (SH),

<sup>1</sup> NH: 2830 km, SH: 3232.22 km and MDR: 7714.25 km.

major district roads, National Highways (NH) besides bridges. The average road length in Bihar is 90.10 km per one lakh population against national average of 256.70 km. This may be attributed as one of the reasons of slow socio-economic growth of Bihar.

Out of 38 districts, the Disaster Management Department declared 12 to 26 districts<sup>2</sup> as flood affected districts during 2002-07. Of these, 12 districts<sup>3</sup> were flood affected in all the preceding five years.

### **3.3.2 Organisational set up**

Principal Secretary, Road Construction Department (RCD) was the overall incharge of the Department and assisted by Engineer-in-Chief (EIC)-cum-Special Secretary, eight Chief Engineers (CEs), one Director of purchase and one Special Officer Communication. In the field, the works were executed through 43 Executive Engineers (EEs) under the supervision of 25 Superintending Engineers (SEs).

### **3.3.3 Audit objectives**

Audit objectives were to examine whether:

- the financial management was effective;
- the estimates were based on sound technical inputs for securing economy, efficiency and quality;
- the contracts were awarded, executed and completed as per extant rules;
- the quality control system existed as per specification of Indian Road Congress (IRC) / Ministry of Road Transport and Highways (MORTH) and
- the monitoring system in the Department was effective.

### **3.3.4 Audit criteria**

Audit criteria, used to evaluate the construction and maintenance of roads in the flood affected districts were:

- Bihar Public Works Department (BPWD) Code and Bihar Public Works Accounts (BPWA) Code;
- Specifications of IRC/ MORTH;
- Approved estimates.

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<sup>2</sup> Araria, Begusarai, Bhagalpur, Darbhanga, East Champaran, Gopalganj, Katihar, Khagaria, Kishanganj, Lakhisarai, Madhepura, Madhubani, Muzaffarpur, Nalanda, Patna, Purnea, Saharsa, Samastipur, Saran, Sheohar, Shiekhpora, Sitamarhi, Siwan, Supaul, Vaishali, West Champaran.

<sup>3</sup> Bhagalpur, Darbhanga, East Champaran, Katihar, Khagaria, Madhubani, Muzaffarpur, Saharsa, Samastipur, Sitamarhi, Supaul, West Champaran.

### 3.3.5 Audit coverage and methodology

The records of EIC, eight RC Divisions<sup>4</sup> (out of 43) and two NH Divisions<sup>5</sup> (out of 28) covering 2847.88 km length<sup>6</sup> in eight flood affected districts<sup>7</sup> for the period 2002-07 were test checked between January 2007 and July 2007. In the selected divisions, 127 contracts<sup>8</sup> valuing Rs. 225.66 crore were examined.

Entry conference with the Principal Secretary, Road Construction Department was held in May 2007, in which audit objectives and methodology were explained. Exit conference was held in October 2007 to discuss the findings of performance audit wherein the Principal Secretary, RCD, assured that the points raised by the audit would be examined.

## Audit Findings

### 3.3.6 Financial management

The budget provision, allotment and expenditure of the Department during 2002-07 were as under:

| Year         | Budget Provision |                |                | Allotment     |               |                | Expenditure   |               |                | Savings       |
|--------------|------------------|----------------|----------------|---------------|---------------|----------------|---------------|---------------|----------------|---------------|
|              | Plan             | Non-Plan       | Total          | Plan          | Non-Plan      | Total          | Plan          | Non-Plan      | Total          |               |
| 2002-03      | 81.04            | 223.09         | 304.13         | 41.71         | 102.56        | 144.27         | 40.93         | 83.30         | 124.23         | 20.04         |
| 2003-04      | 120.58           | 225.51         | 346.09         | 29.03         | 110.79        | 139.82         | 28.59         | 110.49        | 139.08         | 0.74          |
| 2004-05      | 644.52           | 246.57         | 891.09         | 37.81         | 134.49        | 172.30         | 35.01         | 133.00        | 168.01         | 4.29          |
| 2005-06      | 648.04           | 288.58         | 936.62         | 97.81         | 166.26        | 264.07         | 10.40         | 156.81        | 167.21         | 96.86         |
| 2006-07      | 1563.37          | 341.26         | 1904.63        | 681.28        | 214.54        | 895.82         | 375.63        | 196.78        | 572.41         | 323.41        |
| <b>Total</b> | <b>3057.55</b>   | <b>1325.01</b> | <b>4382.56</b> | <b>887.64</b> | <b>728.64</b> | <b>1616.28</b> | <b>490.56</b> | <b>680.38</b> | <b>1170.94</b> | <b>445.34</b> |

Source: Annual Report and allotment and expenditure statement of RCD.

Analysis of the table and scrutiny of records disclosed the following:

- It may be seen from the table that against the budget provision of Rs 4,382.56 crore, the actual allotment was Rs 1,616.28 crore and expenditure was Rs 1,170.94 crore. The detailed schedule of works were not prepared as required under Rule 87 of Bihar Budget Manual during 2002-07. An examination of budget proposals showed that the budget provision was made without firming up funds under the Plan resulting in huge gap between budget provision and allotment under Plan.
- Out of Rs 375.63 crore shown as expenditure under plan during 2006-07, Rs 186.54 crore was transferred to Bihar Rajya Pul Nirman Nigam

<sup>4</sup> Road Construction Divisions: Darbhanga, East Champaran, Katihar, Kishanganj, Madhubani, Muzaffarpur, Samastipur and West Champaran.

<sup>5</sup> N.H. Division no. 1, Muzaffarpur and N.H. Division, Jainagar.

<sup>6</sup> NH: 297 km, SH: 531.86 kms and MDR: 2019.02 km.

<sup>7</sup> Darbhanga, East Champaran, Katihar, Kishanganj, Madhubani, Muzaffarpur, Samastipur and West Champaran.

<sup>8</sup> Out of 127 contracts test-checked 35 works valuing Rs 194.23 crore were under plan head and 92 works valuing Rs 31.45 crore were under non-plan head.



(BRPNN). Thus, the expenditure figures were overstated by Rs 186.54 crore as of March 2007.

### 3.3.6.1 Liability

Rule 130 of Bihar Public Works Department Code provides that no work should be commenced or liabilities incurred until appropriation of funds are made.

**Execution of work without availability of funds led to creation of liability of Rs. 1.08 crore**

Test-check of RC Division, Madhubani disclosed that against available funds of Rs 74 lakh during 2004-05, 22 agreements valued Rs 3.04 crore were executed with different contractors (September 2004-December 2004). All the works were to be completed within 15 days but work valuing Rs 1.76 crore was measured and payment of Rs. 68.26 lakh was made (March 2005) resulting in creation of liability of Rs 1.08 crore. The EE requested (April 2005) the Department for release of funds to discharge the liability and complete the remaining work. However, no allotment was made to division (January 2007) and works remained incomplete as of January 2007. The works carried out were transient in nature comprising of earth work, brick soling, local sand and brick bat filling. Hence the survival of these works after passage of three years was not possible. Thus, execution of works without funds resulted in liability to Rs 1.08 crore and wasteful expenditure of Rs 68.26 lakh.

**Payment of Rs. 3.20 crore was made for discharge of liability without fixing responsibility**

In RCD Secretariat, Bihar, Patna, payment of Rs 3.20 crore on account of discharge of liability (Principal: Rs 1.67 crore, Interest: Rs 1.53 crore) was made in 42 cases during 2005-06 without fixing responsibility of liability creation. Only six files of liability payment were made available to audit. Interesting points noticed were as under:

- Hon'ble High Court, Patna allowed (May 2004) four months time to the Department to file deficit court fee/stamp (Rs 0.01 lakh) but the same was not deposited leading to the dismissal of appeal and the Department had to pay Rs 52.91 lakh to the contractor (August 2005) (RCD, Hajipur).
- Due to non-payment of the compensation of land acquisition (Rs 9.13 lakh) in time, the Department had to pay Rs 43.06 lakh (February 2006) as interest. Legal Advisor of the State Government also advised the Department to prevent recurrence of this type of payment in future (RCD, Ganga Bridge Project, Patna).
- Due to issue of cheque (Rs 1.97 lakh) in the name of Binod Narain Singh (August 2000) instead of Binod Narain Sinha and submission of incomplete statement of fact, the Hon'ble High Court, Patna rejected the plea of the Government and the Government had to pay Rs 54.81 lakh as interest (March 2006) (RCD, Arrah).
- Tenders were invited for kms 436 and 439 of NH-28 which was not within the scope of approved plan of MORTH as a result of which the Department had to pay an additional amount of Rs 75.24 lakh (March 2006) (NH Division, Motihari).

### 3.3.7 Planning

Annual action plans for construction under plan head of roads were not being prepared. Prior to February 2006 the Department did not have organized planning wing, which was strengthened (February 2006) by posting of two additional Assistant Engineers and one Executive Engineer under Special Officer (Communication). The approved works under plan and non-plan head and achievements made during 2002-07 were as under:

#### Plan head

(Rupees in crore)

| Year         | Number of works approved |                | Number of works taken up |                | Number of works completed |               | Percentage of completed works |
|--------------|--------------------------|----------------|--------------------------|----------------|---------------------------|---------------|-------------------------------|
|              | Number                   | Value          | Number                   | Value          | Number                    | Value         |                               |
| 1            | 2                        | 3              | 4                        | 5              | 6                         | 7             | 8 (7/5)                       |
| 2002-03      | 122                      | 254.77         | 84                       | 176.10         | 23                        | 38.00         | 22                            |
| 2003-04      | 72                       | 179.08         | 68                       | 165.16         | 14                        | 26.67         | 16                            |
| 2004-05      | 104                      | 208.87         | 68                       | 138.06         | 12                        | 22.37         | 16                            |
| 2005-06      | 149                      | 687.03         | 47                       | 157.89         | 18                        | 52.90         | 34                            |
| 2006-07      | 396                      | 2243.13        | 375                      | 2160.30        | 1                         | 2.20          | 0.10                          |
| <b>Total</b> | <b>843</b>               | <b>3572.88</b> | <b>642</b>               | <b>2797.51</b> | <b>68</b>                 | <b>142.14</b> |                               |

Thus, 68 works were completed out of 642 works taken up during 2002-07. This was due to delay in technical sanction of estimate, finalisation of tendering process and non-adherence to work programme of execution of work. Plans should have given priority to incomplete works over taking up of new works.

#### Wasteful expenditure of Rs.11.27 crore on abandoned works

Scrutiny of EIC's records revealed that 25 works in 13 Divisions<sup>9</sup> having estimated cost of Rs 59.86 crore taken up during 2002-04 were abandoned after incurring expenditure of Rs 11.27 crore up to 2004-05 as these works were not included in the schemes planned in 2006-07 onwards.

### 3.3.8 Execution of works

#### 3.3.8.1 Preparation of Estimate

The manual of the MORTH for construction and supervision of bituminous work stipulates that absence of hard shoulders and drainage cause early breaking of edge and if corrective measures are not taken, it would result in a significant loss in carriage way width. Rule 102 of BPWD Code stipulates that estimate of work should consist of report, specification, detailed statement of

<sup>9</sup> RC Division, Gaya-6 works-Rs.1.07crore; RC Division, Aurangabad-5 works-Rs.3.17 crore;RC Division, Darbhanga-3 works-Rs.0.62crore; RC Division, Patna(West)-2 works-Rs.2.51crore; RC Division, Sitamarhi-1 works-Rs.0.22crore; RC Division, Chapra-1 works-Rs.0.33 crore; RC Division, Munger-1 works-Rs.1.37 crore; RC Division, Dehri-on- sone-1 works-Rs.1.01 crore; RC Division, Saharsa-1 works-Rs.0.19 crore; RC Division, Patna City-1 works-Rs.0.35 crore; RC Division, Siwan-1 work-Rs.0.04 crore; RC Division, Jahanabad-1 works-Rs.0.14 crore; RC Division, Nawada-1 works-Rs.0.25 crore;

measurements, quantities and rates with abstract showing the total estimated cost of each item. In case of estimate for repairs or maintenance, only specification and the detailed statement of measurements and quantities with the abstract would ordinarily be required. Irregularities noticed in the preparation of estimates in the test checked divisions were as under:

- Scrutiny of 127 estimates disclosed that there were no provisions for hard shoulders and drainage.
- SE, RC Division, Darbhanga approved (August 2004) estimate of Rs 90 lakh for special repair to Thengha-Mahinam Ghat Road (14.60 km to 18.60 km). Tender process was not initiated and later estimate was divided (October 2004) into two parts (Rs 86 lakh and Rs 96 lakh). The estimate was enhanced to Rs 1.82 crore without any justification by increasing the quantity of earthwork, granular sub base and consolidation of SMG-II though the specifications of the road remained the same. The EE replied that increase was due to non-execution of work on earlier bill of quantity (BOQ) and damage of road in flood. The reply was not tenable as reasons for not inviting tender was not on record. Besides, there was no assessment report relating to damage caused by flood.
- The CE accorded (August 2006) technical sanction of Rs 77.95 crore for construction of eight roads<sup>10</sup> under RC Division, Motihari. Works could not be started due to non-approval of BOQ. After four months, tender for the same works were invited (December 2006) at enhanced BOQ for Rs 88.64 crore. Thus, cost of the works was increased by Rs 10.69 crore within a short span of four months without any justification.
- R C Division, Darbhanga awarded work of improvement of 0 to 26.2 km of Jale-Atarbel Road (April 2006) valued Rs 20.39 crore to an agency. The contract provided for work of granular sub base (GSB) with jhama metal and water bound macadam (WBM) with SMG- II and III. The CE, North Bihar Wing submitted a proposal (March 2006) to change the specification of GSB from jhama metal to SMG-I and WBM to Wet Mix Macadam (WMM) but rejected by the tender committee on the ground that tender was at the finalisation stage. Subsequently, supplementary agreement was executed (November 2006) for Rs 3.01 crore with the same contractor to change the work of GSB with SMG I, resulting in enhancement of project cost by Rs 1.82 crore<sup>11</sup>. However, specification of WBM remained unchanged

**BOQ valued Rs 90 lakh was enhanced to Rs 1.82 crore without justification.**

**Change in specification led to enhancement of project cost by Rs 1.82 crore**

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<sup>10</sup> Motihari-Madhubani ghat (16km), Pathpakri-Gurhanwa road (11.5 km), Pakridayal-Sirha-Madhuban-Minapur road (26.6 km), Chakia-Madhuban road (8.4 km), Chitraha-Bariyarpur road (15 km), Chakia-Kesaria-Satarghat road (27 km), Chapwa-Harsidhi-Sewraha road (19.15 km), Motihari-Barnawaghat-Ghauradana road (29 km)

<sup>11</sup> Rs 3.01 crore (SMG-I) – Rs 1.19 crore (Jhama metal)

and therefore desired quality was not achieved. Thus, supplementary agreement of Rs 3.01 crore to substitute GSB with SMG-I amounted to undue benefit to contractor, as this should have been included in estimates before inviting bids.

Principal Secretary during the exit conference (October 2007) stated that level of roads should be raised above high water level in flood prone areas providing for sufficient number of bridges and culverts. He further stated that RCC roads should be constructed wherever it was not possible to raise the level of road in view of densely populated regions.

### 3.3.8.2 Tendering

Appendix-A of BPW Accounts Code and special condition of contract prescribed that only those contractors were required to submit the tenders who owned at least Hot Mix Plant with electronic control, Paver Finisher, Front End Loader, Tandem Roller, Vibratory Roller, etc.

Six works were awarded in three test-checked divisions in violation of the aforesaid codal provisions leading to delay in completion of works as shown in the table below:

Award of work valued at Rs.6.88 crore without verifying the capacity of contractors.

|                         |                               |               |                             |                |             | <i>(Rupees in crore)</i>   |
|-------------------------|-------------------------------|---------------|-----------------------------|----------------|-------------|--|
| Name of division        | Number of works <sup>12</sup> | Date of start | Schedule date of completion | Contract value | Expenditure | Remarks  |
| RC Division, Kishanganj | 1                             | December 2004 | March 2005                  | 0.97           | 0.63        | Award of work was without obtaining evidence in support of availability of equipment, plant and machinery. The work remained incomplete upto April 2007. |
| RC Division, Katihar    | 3                             | November 2006 | July 2007                   | 4.35           | 1.06        | Award of work beyond capacity of contractor in terms of equipment and lesser capacity of Hot Mix Plant. The work remained incomplete upto August 2007.   |
| RC Division, Motihari   | 2                             | February 2007 | March 2007                  | 1.56           | 0.21        | Without proof of contractor's capacity to deliver in terms of ownership of equipment resulted in non completion of work upto April 2007.                 |
| <b>Total</b>            | <b>6</b>                      |               |                             | <b>6.88</b>    | <b>1.90</b> |  |

Thus, award of work beyond capacity of the contractors led to unfruitful expenditure of Rs 1.90 crore as all the works remained incomplete as on September 2007.

<sup>12</sup> *Repair and renewal of KTTG Road- Ag No.28 F<sub>2</sub>/05-06; Improvement of Raghunath pur Balrampur Road- Ag No.19 F<sub>2</sub>/06-07; S/R to Kurum Gaighatta Road -Ag No.37 F<sub>2</sub>/06-07; SR to Damdama Azamnagar Kesrichowk- Ag No. 53 F<sub>2</sub>/06-07; Strengthening of Madhopur Bharupia Road-Ag No. 18 F<sub>2</sub>/06-07; S/R to Pipra link road-Ag No. 22 F<sub>2</sub>/06-07*

### 3.3.8.3 Sub-standard work

Clause 13 of the contract requires the contractor to rectify the defects pointed out by Engineer-in-Charge. However, three divisions paid Rs 5.81 crore for substandard execution in eight works as defects were not rectified despite being pointed out by the EE.

(Rupees in crore)

| Name of division       | Number of work <sup>13</sup> | Contract value | Expenditure | Remarks  |
|------------------------|------------------------------|----------------|-------------|--|
| RC Division, Darbhanga | 2                            | 1.74           | 1.72        | Bituminous surface was found damaged in 2004-05. Rectification carried out by the contractor was doubtful as there was no proof of procurement of bitumen for rectification of damaged road.   |
| RC Division, Ramnagar  | 5                            | 2.92           | 2.56        | Just after 15 days of final payment (April 2006) three works were found damaged (8 F <sub>2</sub> , 24 F <sub>2</sub> , 25 F <sub>2</sub> / 2004-05).<br><br>Work was found damaged in each km of road as per last measurement (January 2006). District Magistrate, West Champaran (2004) and Chief Engineer, Darbhanga (January 2006) recommended for blacklisting the contractor to the Department (29 F <sub>2</sub> /2001-02).<br><br>Work was executed without use of high speed diesel and it was damaged. Executive Engineer asked (July 2005) the contractor to rectify the damages (2 F <sub>2</sub> /2004-05). But neither damaged works were rectified nor any action against contractor was taken upto March 2007. |
| NH Division, Jainagar  | 1                            | 1.53           | 1.53        | Consolidation work was done with jhama metal and earth in place of stone metal and morum in violation of agreement leading to substandard work which was not rectified by the contractor despite instructions (June 2003) from Executive Engineer.   |
| <b>Total</b>           | <b>8</b>                     | <b>6.19</b>    | <b>5.81</b> |  |

### 3.3.8.4 Doubtful execution of work

Doubtful execution of work valuing Rs six crore due to non mentioning of exact location

**Estimates for 16 repair works valued Rs 6.34 crore were made without specifying exact location of chainage in kilometer where maintenance**

<sup>13</sup> RCD, Road Division, Darbhanga -Improvement of Thengha Dasaut Pakari Jayantipur Mahinamghat Road- Agr. No.- 86F<sub>2</sub>/04-05 & 85F<sub>2</sub>/04-05, RC Division, Ramnagar-S/R work to Lauria Ramnagar Road - Agr. No. 8F<sub>2</sub>/04-05, 24F<sub>2</sub>/04-05 & 25F<sub>2</sub>/04-05; Strengthening and S/R to Lauria Shikarpur Thorhi Road- Agr. No. 5F<sub>2</sub>/04-05 & 29F<sub>2</sub>/01-02; NH Division, Jainagar- IRQP of NH 104- km 133 to 142- Agr. No.- 5F<sub>2</sub>/03-04.

works were to be executed. Thus, execution of these works during 2005-07 valued at Rs six crore was doubtful (*Appendix-XXXII*).

Doubtful execution of work valuing Rs 4.04 crore by execution of different layers of work on same day, repeated repair in same stretch

In seven works, the different layers of construction work valuing Rs 1.12 crore were executed and measured on the same day. As execution and measurement of different layers of works in one day was not possible, the entire expenditure of Rs 1.12 crore was doubtful (*Appendix-XXXIII*). Similarly, the payment of Rs 2.92 crore made on execution of 20 works on repairs carried out repeatedly in same stretches of roads, doubtful entries in the measurement book and where no proof of procurement of bitumen in support of bituminous work (*Appendix-XXXIV*) was furnished. As the execution of work in these cases was doubtful, it would be appropriate if detailed investigation is done.

### 3.3.8.5 Fraudulent payment

Fraudulent payment of Rs 39.40 lakh on fake invoices/short procurement of bitumen

The work contract provides that the contractor has to procure bitumen from Government of India undertaking and submit the documents in support of procurement within 48 hours of receipt of bitumen. As per the manual of the MORTH regarding construction and supervision of bituminous works, insufficient bitumen content in localised areas of the surfacing layer can cause potholes.

This procedure was violated in test-checked divisions and Rs 39.40 lakh was fraudulently paid by RC Division, Darbhanga as detailed below:

| Sl. No. | Name of Division      | Name of work/ Agreement no./ year  | Quantity of bitumen required for execution of work shown in MB | Quantity of bitumen actually lifted as confirmed by IOC to audit | Fraudulent payment on account of excess consumption of bitumen (Rs in lakh) | Nature of fraud  | Value of sub-standard work due to insufficient bitumen (Rs in lakh) |
|---------|-----------------------|--|--|--|---|--|---|
|         |                       |  | (MT)   |  |   |  |   |
| 1       | RC Division Darbhanga | Widening and strengthening to Goraul-Alinagar-Jamalpur Road (km 0 to 5)/ 86F <sub>2</sub> /2003-04 | 136.730  | 108.634  | 4.87  | 211.26 MT bitumen was required for execution of works shown in MB. Cross verification from IOC in all three cases confirmed procurement of 168.937 MT bitumen. | 49.99   |
| 2       | RC Division Darbhanga | Special repair to Shivanagar-Ghanshyampur-Rasiari Ghat Road/ 58F <sub>2</sub> /2004-05             | 31.862   | 27.173   | 0.81  | Thus, payment against cost of 52.328 MT bitumen valuing Rs 8.94 lakh was fraudulent.   | 4.92  |
| 3       | RC Division Darbhanga | Special repair to Ashapur-Alinagar road/ 115F <sub>2</sub> /2004-05                                | 42.673   | 33.130   | 3.26  |  | 25.85   |

| Sl. No. | Name of Division      | Name of work/ Agreement no./ year   | Quantity of bitumen required for execution of work shown in MB | Quantity of bitumen actually lifted as confirmed by IOC to audit | Fraudulent payment on account of excess consumption of bitumen (Rs in lakh) | Nature of fraud   | Value of sub-standard work due to insufficient bitumen (Rs in lakh) |
|---------|-----------------------|---|--|--|---|---|---|
|         |                       |   | (MT)   |  |   |   |   |
| 4       | RC Division Darbhanga | Special repair to VIP Road , Pot patch PBM Road and repair work to Darbhanga-Samastipur Road- Agr. No. 1F <sub>2</sub> /2005-06 to 5F <sub>2</sub> /2005-06 | 182.467  | NIL  | 30.46   | The contractor was paid for 182.467 MT of bitumen against available challans of 76.38 MT only. Verification of copy of invoice submitted by the contractor with the records of IOC disclosed that SAP code No. (131679) shown in the invoices submitted by the contractor belonged to Executive Engineer, PWD, NH Division, Jhalwar (Rajsthan) and contract no. 40092454 shown in invoices submitted by the contractor belonged to the different contractor having SAP code No. 167835. Thus, the invoices submitted by the contractor in support of procurement of bitumen were fake and fraudulent payment of Rs 30.46 lakh on account of 182.467 MT of bitumen was made. | 80.92   |
| Total   |                       |   |  |  | 39.40   |   | 161.68  |

Thus, execution of aforesaid works amounting to Rs 1.62 crore was substandard because of insufficient bitumen.

Fraudulent payment of Rs 6.45 lakh due to double measurement

The periodical renewal work of NH 28 under NH Division-I, Muzaffarpur executed by a contractor was recorded twice (06/02/2007) (3,034.50 sqm. tack coat and 151.72 cum bituminous macadam) for same stretch i.e., in km 607 and 608 in MB. Consequently, work was measured twice resulting in fraudulent payment of Rs 6.45 lakh.

In eight<sup>14</sup> works, payment of Rs 70 lakh made to the contractors without receipt of bitumen invoices. Due to non-availability of invoices, the payments could not be verified by audit. The matter requires investigation by the Department.

### 3.3.8.6 Doubtful use of stone metals of specified quality

Bihar Minor Mineral Concession Rules, 1972 provided that contractors should furnish an affidavit in form 'M' and particulars in form 'N' indicating therein the source of purchase of minerals, price paid and quantity procured along with the bill to concerned division. The division in turns sends form 'M' and 'N' for verification to concerned Mining Offices.

Payment of Rs. 43.60 crore was made violating BMMC Rule 1972

Five divisions<sup>15</sup> paid Rs 43.60 crore in 62 contracts during 2003 -07 without obtaining form 'M' and 'N' and verification of lifting of stone chips from the concerned mining officers. Thus, use of substandard stone chips besides illegal mining could not be ruled out. The matter requires investigation by the Department.

### 3.3.8.7 Non recovery of penalty on account of time extension

Clause-2 of F<sub>2</sub> agreement provides that contractor is liable to pay compensation in case of failure to complete the work in stipulated time equal to half *per cent* per day of the estimated value of incomplete work subject to a maximum of 10 *per cent* of the estimated cost of the whole work.

Penalty of Rs 1.04 crore not levied on contractors for delayed execution of works

In eight test checked divisions, penalty of Rs 1.04 crore in 18 works for delay in execution of work was not levied on contractors even though no time extension was granted (*Appendix-XXXV*).

### 3.3.8.8 Wasteful expenditure

Expenditure of Rs 2.82 crore on incomplete work

Bihar Public Works Department Code states that to achieve intended objective of the expenditure and to provide smooth traffic, the construction of road must be completed with all items in limited length rather than earth works and metal works in full length of the road.

In contravention of above provision, payment of Rs 2.82 crore was made for five incomplete special repair works in test-checked divisions even though important items of work were not executed resulting in wasteful expenditure (*Appendix-XXXVI*).

<sup>14</sup> RC Division Darbhanga-Pot patch to Sakri-Bahera Road: Agr No. 11 F<sub>2</sub>/05-06, Pot patch to DB4 Road: Agr No. 13 F<sub>2</sub>/05-06, W/s Ashapur-Alinagar Road: Agr. No. 114 F<sub>2</sub>/04-05, RC Division Muzaffarpur-S/R Muzaffarpur Pusa Road: Agr No. 4 F<sub>2</sub>/03-04, S/R to Jafarpur Paroo-Manikpur Road: Agr. No.19 F<sub>2</sub>/05-06, S/R to Sarayia -Jaitpur--Motipur Road, Agr. No. 16 F<sub>2</sub>/06-07, NH Division no. I, Muzaffarpur : Pot patch to NH 28 from km. 597 to 608 - Agr. no: 3F<sub>2</sub>/2006-07, Restoration of traffic in NH-28 from km 527 (P) to 533 (P) - Agr. No. 15F<sub>2</sub>/2005-06

<sup>15</sup> Road Construction Department Road Division, Darbhanga (Rs 7.89 crore); Muzaffarpur (Rs 9.07 crore), Samastipur (Rs 18.72 crore), NH Division I, Muzaffarpur (Rs 0.13 crore) and Katihar (Rs 7.79 crore)



### 3.3.9 *Quality assurance*

Manual of MORTH for the construction and the supervision of bituminous works emphasises the need for quality control in road construction. Control must be exercised over procurement of materials and their processing in order to achieve the required finished quality. Deficiency in quality of stone chips and bitumen, the two major items being utilised in construction, repair and maintenance of roads is discussed in succeeding paragraphs.

#### 3.3.9.1 *Quality testing infrastructure of the Department*

There were four flying squad divisions for quality inspection of roadwork under the control of CE of Central Design Organisation, RCD which were responsible for collecting samples of road and testing them in departmental Testing and Research Institute (TRI). Test check of records of flying squad Division No. I showed that collection of samples in respect of 46 roads works were collected in 2006-07 but result of the tests were not available with Division. However, scrutiny of records of 2006-07 at TRI disclosed that 44 reports out of 365 test checked confirmed deficient bitumen content and 35 reports out of 244 test checked confirmed that stone chips were not of required size but no action was taken.

#### 3.3.9.2 *Quality test of materials*

IRC specifications for Road and Bridge works provides that materials to be used, methods adopted and work performed should strictly be in accordance with the requirement of specifications. Further, special condition of the contract provides that the EE or his authorised representative shall collect the sample from procured bitumen and test it as per I.S.73 in the departmental laboratory within seven days from the receipt of bitumen sample. The use of the bitumen is permissible only after satisfactory test result. However, this provision was not followed in test-checked divisions and thus, the use of substandard bitumen could not be ruled out. The special conditions of the contract also provide that materials should be procured from approved quarries and used after approval of the sample by competent authority. In respect of eight works in test-checked divisions materials valued Rs 6.52 crore were used without quality test (*Appendix-XXXVII*).

Payment of Rs. 6.52 crore was made on materials used in eight works without quality test.

#### 3.3.10 *Monitoring*

Monitoring wing functioning under Engineer-in-Chief (EIC) consisting of one CE, two SEs, 11 EEs and 144 AEs was responsible to monitor the implementation of road works and supervision of their maintenance. This wing failed to ensure timely completion of roadwork as well as its quality during 2002-06. Physical and financial progress of works was not being monitored on a periodical basis in a systematic manner. However, monitoring was strengthened in 2006-07 by issuing direction for submission of online progress report in respect of weekly financial progress of work and updated expenditure incurred on going works in prescribed formats twice in a week.

### 3.3.11 Conclusion

Construction and maintenance of road in flood-affected districts during 2002-07 was characterised by deficient planning and irregular execution. Unrealistic and inflated estimates were prepared leading to additional cost and doubtful execution. Contract management was weak as reflected in award of work to bidders not satisfying required pre-qualifications and wasteful expenditure on incomplete works. There was complete failure of internal control mechanism, which is evident from doubtful execution of works and fraudulent payments on account of unlifted bitumen without invoices, recording of work twice etc. Violation of Bihar Mines Mineral and Concession rule resulted in use of substandard stone chips. Quality control was ineffective as no action was taken on substandard samples.

### Recommendations

- Shoulders and drainage as per IRC specifications should be provided in the estimates.
- Internal control relating to procurement of bitumen and stone chips should be strictly enforced to prevent fraudulent payment and substandard execution of work. Responsibility may be fixed at each point.
- Execution of works should be ensured in time and penalty should be levied on contractor for delayed execution of work.
- Where cases of execution were doubtful, suitable mechanism may be devised and responsibility may be fixed to each level. The working of proposed mechanism must be reviewed at highest level in the Government.
- The quality control should be made more effective and immediate action should be taken on reports confirming substandard execution.

The above points were reported to Government (October 2007); their reply had not been received (October 2007).

## RURAL DEVELOPMENT DEPARTMENT

### 3.4 Wage Employment Programmes

#### Highlights

*Wage employment programmes were centrally sponsored schemes to provide additional wage employment, food security and creation of durable assets. National Rural Employment Guarantee Scheme (NREGS) introduced in 2006 guaranteed employment of 100 days in a year for every household willing to do manual work.*

Unfruitful expenditure of Rs 47.46 lakh was made for preparation of perspective plan under NFFWP in eight test checked districts. Perspective plan and shelf of projects were not prepared under NREGS. Annual action plans contained schemes with higher material labour ratio than prescribed norms

(Paragraph 3.4.6)

Funds of Rs 24.97 crore provided for payment of wages under SGRY and NFFWP were diverted towards sales tax and marketing fees. No work under NREGS was undertaken in nine test checked offices despite availability of Rs 23.66 crore.

(Paragraph 3.4.7.2)

Internal controls relating to identification of labourers, works and payment of wages were not working under NREGS. Reports of employment generation were without any basis.

(Paragraph 3.4.9.1 to 3.4.9.4)

There was non accountal of 5,345 MT rice valued Rs 7.06 crore, in three ZP's, one DRDA and 18 blocks in six districts. DRDA, Supaul did not have records of lifting and issue of one lakh MT rice. 1,724 MT rice lifted from FCI depot Darbhanga was doubtful as vehicles shown to be used in carriage were registered as motorcycles, scooters, trailer and bus.

(Paragraph 3.4.10.2)

Rice (6109 MT) valued Rs 8.06 crore was shown as distributed on muster rolls before the date of lifting of rice. Fraudulent payment of Rs 19.81 lakh was made in respect of 88 works under SGRY, NFFWP and NREGS in test checked districts. Besides, muster rolls amounting to Rs 29.69 lakh were without having date and work order number indicating doubtful execution of work.

(Paragraph 3.4.10.3)

Expenditure of Rs 104.97 crore on incomplete schemes under SGRY, NFFWP and NREGS may prove wasteful because of heavy rain and flood in 2006-07.

(Paragraph 3.4.10.5)

Unadjusted advances amounting to Rs 43.02 crore were yet to be recovered from 236 government servants in 16 test checked offices.

(Paragraph 3.4.10.6)

**Payment of Rs 12.85 crore for 485 works was made without passing the vouchers and muster rolls in four districts.**

*(Paragraph 3.4.10.9)*

### **3.4.1 Introduction**

Wage employment programmes for generating employment for rural households were being implemented in the State since 1960s under different centrally sponsored schemes. The Sampoorna Grameen Rojgar Yojana (SGRY) was introduced (September 2001) in all the 38 districts of the State by merging Jawahar Gram Smridhi Yojana and Employment Assurance scheme. National Food for Work Programme (NFFWP), a hundred *per cent* centrally sponsored scheme was launched (October 2004) in 15 districts of the State to augment the resources available under SGRY. Subsequently, National Rural Employment Guarantee Scheme (NREGS) was introduced (February 2006) in 23 districts by merging SGRY and NFFWP with the objective to provide at least 100 days of guaranteed employment in a year to rural households.

### **3.4.2 Organisational set up**

Principal Secretary of Rural Development Department (RDD) assisted by Additional Secretary and Joint Development Commissioner was responsible for implementation of the Wage Employment Schemes in the State. At district level, NFFWP was implemented by District Magistrates (DMs) while SGRY and NREGS was implemented by Deputy Development Commissioners (DDCs)-cum- Chief Executive Officers (CEOs) of Zila Parishads (ZPs). The Block Development Officer (BDO) and Mukhias were responsible for implementation of SGRY and NREGS at block/ Intermediate Panchayat (IP) and Gram Panchayat (GP) respectively.

### **3.4.3 Audit objectives**

Audit objectives were to examine whether:

- the planning was adequate, complete and based on reliable data;
- the gainful utilisation of funds and foodgrains was ensured;
- the works under the schemes were executed economically, efficiently and effectively as per prescribed norms;
- the internal controls envisaged in NREGS were working effectively and
- the monitoring system was in place as provided in the guidelines of the schemes.

### **3.4.4 Audit criteria**

The audit criteria used to evaluate the schemes were:

- The guidelines issued by GOI for implementation of SGRY, NFFWP and NREGS;
- Bihar Financial Rules (BFR) and
- Circulars and orders issued by RDD from time to time.

### 3.4.5 Audit coverage and methodology

Performance Audit of implementation of SGRY (2002-07), NFFWP(2004-07) and NREGS (2005-07) was conducted through test check of records in the RDD, nine District Rural Development Agencies (DRDAs)<sup>1</sup>, 26 blocks and 60 gram panchayats between March 2007 and July 2007. Out of nine DRDAs, six DRDAs and 12 blocks (two from each district) were selected by applying SRSWOR<sup>2</sup> method and 48 Gram Panchayats (four from each block) were selected on the basis of PPSWR<sup>3</sup>. Remaining three districts were selected division wise. Entry conference was held on 11 May 2007 with Commissioner-cum-Secretary, Rural Development Department (RDD) in which audit objectives, criteria and methodology were explained. The exit conference was held on 17 October 2007 with Principal Secretary of the Rural Development Department wherein audit findings were discussed.

## Audit findings

### 3.4.6 Planning

The guidelines of the SGRY stipulated approval of annual action plan (AAP) before commencement of the financial year which should be equivalent to value of about 125 per cent of its share of funds allocated in the preceding financial year. For implementation of NFFWP, a perspective plan for five years was to be prepared for the district and approved by the Central Government. In NREGS, a district perspective plan of five years was to be prepared to provide a development perspective for the district. The AAP for the district would be the working plan that identifies the activities to be taken up on priority in a year. The proposal for schemes was to be forwarded by gram panchayat on the recommendation of gram sabha to be consolidated and approved at block level by intermediate panchayat and finally approved by zila parishad. However, no scheme could be added at the level of intermediate panchayat or zila parishad if it had not been proposed by gram panchayat. The deficiencies in planning noticed in test-checked districts were as under:

- Payment of Rs 47.46 lakh made (2004-06) to six agencies<sup>4</sup> in eight test checked districts<sup>5</sup> for preparation of perspective plan for the period 2005-10 under NFFWP was unfruitful as plans were not prepared and NFFWP was merged with NREGS from February 2006. However, these plans could be revised to make them useful for the purpose of NREGS. Perspective Plan and block wise and panchayat wise shelf of projects were not prepared in NREGS.

Expenditure of Rs 47.46 lakh on preparation of perspective plan was proved unfruitful

<sup>1</sup> Darbhanga, Gaya, Katihar, Madhubani, Munger, Muzaffarpur, Nalanda, Samastipur and Supaul.

<sup>2</sup> SRSWOR- Simple Random Sampling Without Replacement.

<sup>3</sup> PPSWR - Probability Proportional to Size With Replacement.

<sup>4</sup> A.N.Sinha Institute, Patna (Madhubani and Samastipur), Agriculture financial Corporation, N. Delhi (Gaya and Darbhanga), XLRI, Jamshedpur (Muzaffarpur), Principal BSS College, Supaul (Supaul), VOICE, N. Delhi (Munger), BIT Mesra (Katihar)

<sup>5</sup> Darbhanga, Gaya, Katihar, Madhubani, Munger, Muzaffarpur, Samastipur and Supaul.

Works valued Rs 9.13 crore were executed without inclusion in AAP

- Nine works under SGRY (Madhubani 2003-04) and 245 works under NREGS (Darbhanga and Samastipur 2006-07) valuing Rs 9.13 crore were irregularly executed as they were not included in AAP. Out of Rs 9.13 crore, Rs 2.69 crore was transferred to special division, Darbhanga during 2006-07 for construction of 34 protection walls of raised platforms constructed under Sam Vikas Yojana in contravention of guideline which prohibited dovetailing of NREGS works with other scheme. These works were also not included in approved annual action plan of NREGS.

More expenditure on material amounting to Rs 5.38 crore than prescribed norms

- As stipulated in the Act the ratio of wage costs to material costs should be no less than the minimum norm of 60:40. Annual plans prepared for SGRY and NREGS in all test checked gram panchayats were heavily loaded towards construction of brick soling roads resulting in high material labour ratio. Test check of 444 works in 2002-07 disclosed that wage and material ratio ranged between 1:99 and 30:70 which led to excess expenditure of Rs 5.38 crore on material as well as less generation of 8.27 lakh man-days during 2002-07. Thirty seven works of NREGS valued Rs 2.02 crore were abandoned in Supaul after expenditure of Rs 27.79 lakh on the directives of RDD as these schemes exceeded the stipulated material labour ratio. Thus non preparation of Annual Action Plan as per guidelines of NREGS resulted in loss of Rs 27.79 lakh.

Thirty seven works of NREGS were abandoned after expenditure of Rs 27.79 lakh because of high material labour ratio

Quantum of work included in the AAP was ranged between 133 per cent and 295 per cent

- The estimated value of works included in AAP of SGRY and NFFWP and subsequently taken up in test-checked districts ranged between 133 per cent and 295 per cent of the funds allocated as against 125 per cent resulting in 2918 incomplete schemes in test checked districts during 2002-07 due to over estimation in plan.
- In violation of paragraph 3.3.7 of guidelines, Zila Parishad, Darbhanga decided to include schemes proposed by ZP members in the annual action plan for the ZP's 20 per cent share in NREGS though these schemes were not proposed by gram panchayats.
- Low wage areas under NREGS were not being identified to give priority to areas where the demand for work was maximum.
- Door to door survey under NREGS was not conducted though required.

### 3.4.7 Financial management

#### 3.4.7.1 Funding pattern

The GOI and the State Government provided cash component of SGRY in the ratio of 75:25 whereas NFFWP was 100 per cent centrally sponsored. However, foodgrains were provided by GOI in both the programme free of cost. The cost of transportation, handling, sales tax and marketing fee of foodgrains was to be borne by the State from its own resources.

Under NREGS, cost of material and wages for skilled and semi-skilled workers were to be borne by the centre and State in the ratio of 75:25 whereas entire expenditure on wages of unskilled manual workers and the salary and allowances of Programme officers and their support staff and work site facilities was to be met by GOI. The State Government was to bear the unemployment allowance if it failed to provide employment within 15 days from receipt of application as well as the administrative expenses of the State Employment Guarantee Council. NREGS provided for establishment of State Employment Guarantee Fund to be administered as revolving fund but this was not established by the State Government till October 2007.

### 3.4.7.2 Utilisation of funds

Funds provided by GOI and State Government under SGRY, NFFWP and NREGS during 2002-07 for the entire State were as under:

(Rupees in crore)

| Year               | Scheme       | Opening Balance | Funds received |               |              |                | Expenditure    | Closing balance |
|--------------------|--------------|-----------------|----------------|---------------|--------------|----------------|----------------|-----------------|
|                    |              |                 | Centre         | State         | Others       | Total          |                |                 |
| 2002-03            | SGRY         | 191.18          | 296.34         | 126.75        | 1.95         | 616.22         | 443.13         | 173.09 (28)     |
| 2003-04            | SGRY         | 217.79          | 306.10         | 91.48         | 2.91         | 618.28         | 482.60         | 135.68 (22)     |
| 2004-05            | SGRY         | 146.42          | 509.75         | 140.50        | 2.66         | 799.33         | 634.80         | 164.53 (21)     |
|                    | NFFWP        | Nil             | 264.12         | -             | -            | 264.12         | 77.78          | 186.34 (71)     |
| 2005-06            | SGRY         | 201.32          | 577.47         | 227.57        | 10.00        | 1016.36        | 731.95         | 284.41 (28)     |
|                    | NFFWP        | 205.54          | 296.20         | -             | 2.39         | 504.13         | 275.37         | 228.76 (45)     |
|                    | NREGS        | -               | 101.67         | -             | -            | 101.67         | Nil            | 101.67 (100)    |
| 2006-07            | SGRY         | 69.46           | 139.32         | 46.34         | 4.44         | 259.56         | 219.31         | 40.25 (16)      |
|                    | NREGS        | 534.48          | 582.13         | 79.08         | 33.25        | 1228.94        | 718.27         | 510.67 (42)     |
| <b>Total</b>       | <b>SGRY</b>  | <b>191.18</b>   | <b>1828.98</b> | <b>632.64</b> | <b>21.96</b> | <b>2674.76</b> | <b>2511.79</b> | <b>162.97</b>   |
|                    | <b>NFFWP</b> | <b>Nil</b>      | <b>560.32</b>  | <b>-</b>      | <b>2.39</b>  | <b>562.71</b>  | <b>353.15</b>  | <b>209.56</b>   |
|                    | <b>NREGS</b> | <b>Nil</b>      | <b>683.80</b>  | <b>79.08</b>  | <b>33.25</b> | <b>796.13</b>  | <b>718.27</b>  | <b>77.86</b>    |
| <b>Grand Total</b> |              | <b>191.18</b>   | <b>3073.10</b> | <b>711.72</b> | <b>57.60</b> | <b>4033.60</b> | <b>3583.21</b> | <b>450.39</b>   |

(Source: Rural Development Department, Note: Figures in brackets indicate closing balance as a percentage of total funds.)

The analysis of the above table and scrutiny of records showed that:

Poor accounting system resulted in discrepancies between CB and OB

- Under SGRY, the total funds available during the year 2002-07 was Rs 2674.76 crore and expenditure was Rs 2511.79 crore but closing balance was shown as Rs 40.25 crore which was less by Rs 122.72 crore. In NFFWP and NREGS the closing balance was more by Rs 19.20 crore and Rs 432.81 crore respectively. The Department is yet (September 2007) to furnish the reasons for differences.
- Unutilised funds ranged between 16 and 28 per cent under SGRY and 45 and 71 per cent under NFFWP during 2002-07 as against the limit of 15 per cent leading to deductions in subsequent allocations. In DRDAs of Darbhanga, Katihar, Samastipur and Madhubani, Central and State share was curtailed by Rs 30.22 crore under SGRY (2002-04) and NREGS (2006-07).

SGRY/NREGS share curtailed by Rs 30.22 crore due to non-utilization of funds

The details of available funds and expenditure incurred under the three schemes in the nine test-checked districts during 2002-07 were as under:

(Rupees in crore)

| Year               | Scheme | OB*    | Funds received |        |        |         | Expenditure | Saving    | Per-centage of saving (8/7) |
|--------------------|--------|--------|----------------|--------|--------|---------|-------------|-----------|-----------------------------|
|                    |        |        | Centre         | State  | Others | Total   |             |           |                             |
| 1                  | 2      | 3      | 4              | 5      | 6      | 7       | 8           | 9         | 10                          |
| 2002-03            | SGRY   | 67.38  | 84.27          | 39.99  | 5.03   | 196.67  | 132.17      | 64.50     | 33                          |
| 2003-04            | SGRY   | 62.31  | 95.63          | 29.28  | 0.69   | 187.91  | 149.10      | 38.81     | 21                          |
| 2004-05            | SGRY   | 40.39  | 156.72         | 41.09  | 2.04   | 240.24  | 178.56      | 61.68     | 26                          |
|                    | NFFWP  | Nil    | 160.60         | -      | 0.01   | 160.61  | 45.02       | 115.59    | 72                          |
| 2005-06            | SGRY   | 70.32  | 175.80         | 56.39  | 4.69   | 307.20  | 221.21      | 85.99     | 28                          |
|                    | NFFWP  | 105.47 | 226.64         | -      | 0.95   | 333.06  | 171.57      | 161.49    | 48                          |
|                    | NREGS  | Nil    | 44.86          | -      | -      | 44.86   | 0.41        | 44.45     | 99                          |
| 2006-07            | NREGS  | 340.68 | 269.52         | 40.26  | 4.04   | 654.50  | 375.43      | 279.07    | 43                          |
| Total              | SGRY   | 67.38  | 512.42         | 166.75 | 12.45  | 759.00  | 681.04      | 77.96     |                             |
|                    | NFFWP  | Nil    | 387.24         | -      | 0.96   | 388.20  | 216.59      | 171.61    | -                           |
|                    | NREGS  | Nil    | 314.38         | 40.26  | 4.04   | 358.68  | 375.84      | (-) 17.16 | -                           |
| <b>GRAND TOTAL</b> |        | 67.38  | 1214.04        | 207.01 | 17.45  | 1505.88 | 1273.47     | 232.41    | -                           |

(Source: DRDAs)\*

The analysis of data in the table and test check of records disclosed the following:

- The unutilized balance under SGRY and NFFWP ranged between 21 and 72 per cent.
- Three DRDAs failed to draw (2004-07) State share of SGRY and NREGS for Rs 1.12 crore<sup>6</sup> due to negligence of officials. This led to non-generation of employment for 0.90 lakh man-days during 2004-07 in these districts.
- Funds of SGRY amounting to Rs 4.83 crore were shown as funds in transit in the report of Chartered Accountant for four years (2002-06) in DRDA Madhubani which requires detailed investigation.
- SGRY and NFFWP guidelines stipulated that funds should be kept in savings bank account. But, three offices<sup>7</sup> deposited Rs 11.82 crore in current account during 2002-07 which led to loss of interest for Rs 17 lakh as on March 2007.
- Rupees 1.23 crore of SGRY funds was deposited (2002-03) in the Madhepura-Supaul Central Co-operative Bank, Supaul instead of nationalised banks in violation of paragraph 5.1.2 of the guidelines resulting in blockage of deposited amount as the bank is under liquidation since 2003.
- Rupees 99.70 lakh was misutilised on purchase of vehicle, generator, Xerox machine, furniture, cell phone etc though not permissible under the guidelines (*Appendix-XXXVIII*).

Funds for Rs 4.83 crore was in transit since four years

Rupees 1.23 crore was blocked and irrecoverable

\* DRDAs have been asked to scrutinise the difference between OB and CB.

<sup>6</sup> DRDA, Madhubani: Rs 81.88 lakh (SGRY), Katihar: Rs 15 lakh (NREGA) and Samastipur : Rs 15 lakh (NREGA).

<sup>7</sup> BDO, Chandi (Nalanda); Executive Engineer, Special Division, Supaul and District Engineer, ZP, Supaul



- The Zila Parishad (ZP) of Gaya and 35 gram panchayats (GP) of Gaya and Muzaffarpur spent Rs 18.39 lakh on contingencies in excess of norms of two per cent in ZP and 7.5 per cent or Rs 7500 in GP whichever is less. Further, Rs 47.44 lakh of NFFWP and NREGS was unauthorisedly transferred for contingent expenditure in four districts (**Appendix-XXXIX**).
  - The scheme prohibited utilisation of SGRY and NFFWP funds for payment of sales tax, marketing fees, transportation and handling charges and the same was to be borne by the concerned States. Eight DRDAs spent Rs 24.97 crore<sup>8</sup> out of cash component of the scheme on payment of sales tax, marketing fees, transportation and handling charges to FCI/SFC during 2002-06. Payment of Rs. 6.02 crore<sup>9</sup> was made to FCI/SFC in excess of the value of foodgrains supplied by them during 2002-06. This amount must be recovered as NREGS does not have foodgrains component.
  - The DRDAs of Nalanda and Supaul released Rs 20.41 crore less to their PRIs under SGRY during 2002-07 leading to reduction in employment generation by 16.33 lakh mandays. Though there was no allotment of foodgrains, DRDA Nalanda withdrew Rs 97 lakh in 2005-06 from special component of SGRY for expenditure on handling and transportation of foodgrains and kept in saving account. This led to loss of interest for Rs 9.33 lakh during July 2005 to July 2007 as funds kept in bank are not part of cash balance of the Government.
  - Unspent balances of SGRY and NFFWP of March 2006 amounting to Rs 59.48 crore<sup>10</sup> of four districts were not transferred to NREGS account up to June 2007 in violation of GOI instruction dated 20 March 2006.
  - The DRDA Madhubani and Munger, BDO Pusa, ZP Samastipur and BDO, Chandi (Nalanda) diverted Rs 2.05 crore of SGRY and NREGS funds on other scheme/works<sup>11</sup> from 2002-03 till August 2007.
  - In three ZPs, three IPs (Intermediate Panchayats) and three GPs no work was undertaken under NREGS during 2006-07, leaving funds of Rs 23.66 crore<sup>12</sup> unutilised.
- Rupees 24.87 crore was paid towards sales tax, marketing fees etc.**
- Two DRDAs released Rs 20.41 crore less to their PRIs under SGRY**
- Unspent balance of SGRY and NFFWP of Rs 59.48 crore were not transferred to NREGS**
- No work undertaken for Rs 23.66 crore in NREGS.**

<sup>8</sup> Gaya (Rs 5.87 crore), Katihar (Rs 2.11 crore), Madhubani (Rs 2.11 crore), Munger (Rs 2.66 crore), Muzaffarpur (Rs 5.56 crore), Nalanda (Rs 2.69 crore), Samastipur (Rs 2.29 crore) and Supaul (Rs 1.68 crore).

<sup>9</sup> Darbhanga (FCI-Rs 52 lakh), Gaya (FCI-Rs 32 lakh), Katihar(FCI-Rs 82 lakh), Madhubani, (FCI- Rs 1.10 crore, SFC-Rs 93 lakh), Munger (FCI-Rs 85 lakh), Muzaffarpur (FCI-Rs1.18 crore), Nalanda (FCI-Rs 13 lakh) and Samastipur(FCI-Rs six lakh, SFC-Rs 11 lakh).

<sup>10</sup> Gaya (Rs 20.50 crore), Katihar (Rs 7.01 crore), Samastipur (Rs 4.22 crore, and Supaul (Rs 27.75 crore).

<sup>11</sup> Basic minimum service, Buniyadi Indira Awas, Pay and Allowances of Staff of District Board, Office expenses and family welfare.

<sup>12</sup> ZP- Muzaffarpur, Gaya and Madhubani, BDO- Kanti (Muzaffarpur), Bibhutipur (Samastipur) and Benipatti (Darbhanga), GP- Madhopur Dulhan (Kanti), Sain (Kanti) and Pariya (Bariarpur in Munger).

- Interest amounting to Rs 4.07 lakh<sup>13</sup> was not taken in cash book of SGRY and NREGS in three blocks during September 2005 to March 2007 in violation of Rule 86 of Bihar Treasury Code.

### 3.4.8 Special safeguards for SC/ST

Despite availability of Rs 17.98 crore no schemes were taken up for SC/ST during 2002-06.

The SGRY guidelines provided that 22.5 per cent of the total allocation of ZP and IP was to be spent on individual /group beneficiary schemes for BPL category of SC / ST. In two DRDAs, two ZPs and six IPs of three districts<sup>14</sup>, no scheme was taken up for SC / ST during 2002-06 despite availability of Rs 17.98 crore.

Three ZPs and seven IPs and diverted Rs 4.32 crore<sup>15</sup> by providing benefits to non SC/ST beneficiaries.

### 3.4.9 Internal Controls of NREGS

National Rural Employment Guarantee Act provide for the enhancement of livelihood security of the households in rural areas of the country by providing at least 100 days of guaranteed wage employment in every financial year to every household.

The following deficiencies relating to internal controls of National Rural Employment Guarantee Scheme were noticed in test-checked districts, blocks and GPs.

#### 3.4.9.1 Issue of job cards

- Duplicate copy of job card was not being maintained for recording receipt of applications requesting for employment. Therefore denial of unemployment allowance could not be ascertained in audit. Reports of NREGS for the year 2006-07 of the State Employment Guarantee Council disclosed that 20,225 households in eight districts<sup>16</sup> were neither provided jobs nor paid unemployment allowances in contravention of NREGS guidelines. Similarly 2118 households in Nagarnausa and Hilsa blocks of Nalanda district were neither provided jobs nor paid unemployment allowances and also not reflected in State/District report as per guidelines of NREGS. Reasons for non payment of unemployment allowances were not on record.

<sup>13</sup> Chandi: Rs 1.13 lakh, Nagarnausa: Rs 0.62 lakh and Noorsarai: Rs 2.32 lakh

<sup>14</sup> DRDA: Supaul and Gaya, Zila Parishad: Nalanda and Katihar, IPs: Biharsharif, Barsoi (Katihar), Pipara, Chhatapur, Keshavpur and Supaul Sadar of Supaul district.

<sup>15</sup> Rs 4.18 crore for construction of 1938 Awas in ZPs Nalanda and Munger, IPs Biharsharif (Nalanda), Pratapganj, Chhatapur (Supaul), Rs 8.81 lakh on installation of 72 hand pumps in IPs: Benipatti (Madhubani), Akbarpur GP (Nalanda) Rs 4.86 lakh on distribution of 58 Rikshaws / thelas to non BPL SC/ST in ZP Muzaffarpur IP Kanti and Sakra (Muzaffarpur) and Rs 0.42 lakh on excavation of pond for non SC/ST in IP Amas (Gaya).

<sup>16</sup> Aurangabad, Bhojpur, Gaya, Jahanabad, Patna. Purnea, Rohtas and Sheohar.

- Individual / family photographs were not pasted in job card registers and not attested by Panchayat Secretary to enable identification of labourers.
- In Wajitpur Panchayat under Bahadurpur block of Darbhanga, 13 Job cards were received by Ward member which were to be issued to registered labourers.
- Coding system not adhered in preparation of job cards.

#### **3.4.9.2 Identification of works**

- Photographs of work at three stages were not taken to enable verification.
- Unique identity number was not assigned to work / project to avoid duplication. Asset register was not maintained.
- Notice Board was not displayed at work site.

#### **3.4.9.3 Transparency in payment of wages**

- Rozgar Guarantee Day was not being observed for processing work applications and related activities such as disclosure of information, allocation for work, payment of wages and payment of unemployment allowances.
- Muster Rolls were not displayed at the time of payment of wages. In Tardih block of Darbhanga muster rolls bearing the same number<sup>17</sup> were issued to 3 Gram Panchayats which was irregular.
- Expenditure reports were not being read out in Gram Sabhas.
- List of registered labour was not sent to Programme Offices at Block level.

#### **3.4.9.4 Maintenance of records and reporting system**

Employment register which provides information relating to number of days of employment provided to every registered household was not being maintained. In the absence of employment register in all test-checked panchayats and blocks, the performance of scheme for providing 100 days of employment to every registered household could not be worked out. Thus, the reporting of employment figures was without any basis. Few instances of misreporting were as under:

- The generation of mandays under NREGS during 2006-07 and expenditure there against was not based on actual calculation as shown in the table below:

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<sup>17</sup> 27001 to 27100 - Kakorha Gram Panchayat, 27001 to 27200 - Raj kharwar Gram Panchayat, 27001 to 27200 - Izarhatta Gram Panchayat

(Mandays in lakh and Rs in crore)

| Sl. No. | District     | Expenditure on unskilled labours | Mandays generated as per DRDA Report | Mandays as per expenditure | Differences (+) Excess / (-) Less (5-4) |
|---------|--------------|----------------------------------|--------------------------------------|----------------------------|---|
| 1       | 2            | 3                                | 4                                    | 5                          | 6                                       |
| 1       | Darbhanga    | 39.58                            | 53.63                                | 55.75                      | (-) 2.12                                |
| 2       | Gaya         | 20.60                            | 26.78                                | 29.01                      | (-) 2.23                                |
| 3       | Katihar      | 30.51                            | 30.81                                | 42.98                      | (-) 12.17                               |
| 3       | Madhubani    | 3.32                             | 8.68                                 | 4.68                       | (+) 4.00                                |
| 5       | Munger       | 21.16                            | 32.25                                | 29.80                      | (+) 2.45                                |
| 6       | Muzaffarpur  | 34.01                            | 51.84                                | 47.90                      | (+) 3.94                                |
| 7       | Nalanda      | 37.07                            | 35.01                                | 52.21                      | (-) 17.20                               |
| 8       | Samastipur   | 12.04                            | 48.79                                | 17.52                      | (+) 31.27                               |
| 9       | Supaul       | 22.58                            | 30.39                                | 31.80                      | (-) 1.41                                |
|         | <b>Total</b> | <b>220.87</b>                    | <b>318.18</b>                        | <b>311.65</b>              | <b>(-) 35.13</b><br><b>(+) 41.66</b>    |

Source: DRDAs Monthly progress report.

It may be seen from the table that Nalanda, Katihar, Gaya, Darbhanga and Supaul districts reported less generation of mandays by 35.03 lakh compared to expenditure on unskilled labour whereas Munger, Samastipur, Muzaffarpur and Madhubani showed excess generation by 41.66 lakh mandays in comparison to expenditure on unskilled labour. The inherent inconsistencies in the reports of these DRDAs shows that they were not based on facts and there is a need for strengthening the reporting system which should be based on reliable data.

- State report of NREGS for the year 2006-07 disclosed that in Darbhanga district not a single job card was issued to SC/ST households but as per district report, 71,810 SC/ST households were provided jobs which requires investigation.
- Excess reporting of 3,614 job cards in 12 gram panchayats of four blocks under three districts was noticed (*Appendix - XL*).

Further, application registration register, muster roll issue and receipt register and complaint register were not maintained at Panchayat and Block level though required.

Thus, all important controls essential for providing audit trail for tracking utilisation of funds had not been operationalised. This had adverse impact on the implementation of scheme as commented elsewhere in the report.

### 3.4.10 Execution of works

Out of 6,29,350 works taken up in the State under SGRY, NFFWP and NREGS during 2002-07, 3,78,421 works (60 per cent) were completed and remaining 2,50,929 works (40 per cent) were incomplete after incurring an expenditure of Rs 3,583.21 crore.

Similarly, out of 1,84,978 works taken up in test-checked districts, 1,05,901 works (57 per cent) were completed and remaining 79,077 works (43 per cent) were incomplete after incurring expenditure of Rs 1273.47 crore.

### 3.4.10.1 Payment of cash component of wages

The guidelines of SGRY and NFFWP provided payment of at least 25 per cent of wages in cash. Payment of entire wages was to be made in cash under NREGS. The deficiencies noticed in payment of cash component of wages were as under:

- Audit scrutiny of 40 muster rolls in Samastipur, Muzaffarpur and Nalanda districts disclosed that payment of Rs 26.36 lakh (@ Rs 68 per day) was made for 38,769 mandays under SGRY, NFFWP and NREGS schemes during 2006-07 against admissible payment of Rs 29.08 lakh (@ Rs 75 per day) resulting in less payment of Rs 2.71 lakh to labourers. Similarly, Rs 5.28 lakh was paid to 79,801 labourers in Nalanda and Muzaffarpur districts against minimum admissible cash component of Rs 10.31 lakh under SGRY.
- The guidelines of NREGS provided payment of wages through post office/ bank by opening an account in the name of registered labourers. However, in violation of the above instructions, wages under NREGS were paid in cash in all test-checked panchayats and thus, chances of misappropriation could not be ruled out. In the absence of bank/post office account, genuineness of payment could not be verified in audit.

### 3.4.10.2 Payment of foodgrains component of wages

The GOI provided rice at the rate of five kg per man-day to DRDAs for SGRY and NFFWP free of cost for payment of wages. The SFC lifts the rice from nearest depot of FCI and issues it to PDS dealers as per allotment made by DRDAs to scheme implementing agencies for distribution to labourers.

The discrepancies noticed in the distribution of foodgrains to labourers was as under

- Against entitlement of 474.40 MT foodgrains, labourers were provided only 0.45 MT foodgrains resulting in less distribution of 473.95 MT<sup>18</sup> rice during 2002-06 under SGRY and NFFWP.
- **The DRDA, Supaul did not have records of lifting and issue of one lakh MT rice by SFC during 2002-06 under SGRY and NFFWP. The DRDA, Supaul replied that no statement was provided by SFC Saharsa and Madhepura after several reminders which require investigation.**
- **Test check of records of six SFCs<sup>19</sup> disclosed that 31,156 MT rice was supplied to concerned PDS dealer / executing agent of ZPs of Nalanda, Muzaffarpur, Special Division Gaya, DRDA Munger and**

Non-accountal of  
5345 MT foodgrains  
valuing Rs 7.06 crore

<sup>18</sup> BDO, Sakra 0.29 MT, ZP Muzaffarpur 198.02 MT, BDO Kadwa 59.56 MT, NREP Katihar 132.14 MT, BDO Tarapur 28.86 MT, BDO Biharsharif 11.45 MT, BDO Rahika 43.63 MT.

<sup>19</sup> Gaya, Katihar, Munger, Muzaffarpur, Nalanda and Samastipur.

**18 blocks of six districts<sup>20</sup> during 2002-07. But, as per records of receiving offices, only 25,811 MT was received. Thus there was non-accountal of 5,345 MT rice during 2002-07 valuing Rs 7.06 crore which requires investigation. (Appendix-XLI).**

- Price of procurement from FCI ranged from Rs 1210 to Rs 1370 per quintal. However, the cost of unutilised foodgrains of 566.30 MT was recovered at BPL rate resulting in undue benefit of Rs 40.95 lakh to panchayat sewaks/ Circle Inspector (CI)/ Junior Engineer (JE)/ Public Distribution System (PDS) dealers in three districts<sup>21</sup>. Rice (105.93 MT) valuing Rs 7.36 lakh was issued irregularly (2002-07) at BPL rate to contractors by District Engineers of Madhubani and in Rahika (Madhubani) and Nagarnausa (Nalanda) blocks for payment of transportation charges of tractor and for purchase of buffalos resulting in undue aid to the executing agents.
- SGRY/NFFWP guidelines provided for distribution of common rice to labourers as part of wage. Lifting of 'A'-grade rice (91,066.12 MT) from FCI by the SFC in contravention of guidelines in test checked districts led to overpayment of Rs 5.02 crore<sup>22</sup> and resulted in less lifting of 3801 MT of approved grade rice. This also reduced employment generation by 7.6 lakh mandays.
- In six districts<sup>23</sup>, 20,870.87 MT rice valuing Rs 27.55 crore under SGRY and NFFWP was lying unutilized with SFC and PDS dealers as on July 2007. Actual balance of foodgrains with SFC and PDS dealers could not be verified due to non-submission of account of foodgrains by SFC and PDS dealers.
- **Scrutiny of delivery challans for the period December 2003 to March 2004 in respect of carriage of 1,724 MT rice valued Rs 23.62 lakh by SFC from FCI depot, Darbhanga disclosed that vehicles used in carriage were registered as motorcycles, scooters, trailer and bus as per the records of office of DTO, Darbhanga. Further, ten vehicles were found unregistered. Thus, lifting of 1,724 MT rice was doubtful and requires investigation.**

#### 3.4.10.3 Suspected fraudulent payment

**The deficiencies noticed in the execution of works under SGRY/NFFWP and NREGS in the test-checked districts were shown as under:**

<sup>20</sup> Gaya, Katihar, Munger, Muzaffarpur, Nalanda and Samastipur.

<sup>21</sup> Gaya, Muzaffarpur and Samastipur

<sup>22</sup> Darbhanga - 88 lakh, Gaya - 1.22 crore, Katihar - 22 lakh, Madhubani - 95 lakh, Munger - 14 lakh, Muzaffarpur - 73 lakh, Nalanda - 26 lakh, Samastipur - 44 lakh and Supaul - 18 lakh.

<sup>23</sup> Nalanda, Madhubani, Muzaffarpur, Katihar, Samastipur and Gaya

Fraudulent payment  
of Rs 19.81 lakh

- Test check of muster rolls in respect of 88 works under SGRY, NFFWP and NREGS in nine districts<sup>24</sup> disclosed that the name of the same labourer was recorded twice or thrice on same or different muster rolls of the same day/ period during 2003-07. Thus, Rs 19.81 lakh was paid as wages to fictitious labourers.
- Rupees 29.69 lakh was paid for 34,403 mandays in 37 schemes of SGRY and NFFWP in three ZPs<sup>25</sup> and nine IPs<sup>26</sup> during 2003-07 on muster rolls without having date and work order number. Thus, Rs 29.69 lakh was paid for doubtful execution of works.
- Works valued Rs 1.76 lakh under NREGS was shown as complete (April-May 2006) in Bahadurpur (Darbhanga) block before issue of work order (February 2007). In one case, work for Rs 3.98 lakh started in January 2006, completed in March 2006 but materials were purchased in May 2006.

Doubtful expenditure  
of Rs 36.16 lakh on  
execution of work

- Earth work was not to be done after 31 May and all the measurement of earth work was to be done before 15 June. In four offices, works for Rs 36.16 lakh<sup>27</sup> were started in June 2004 and shown as executed during flood period of 2004 and final measurement was also taken when whole district was under flood during July to October 2004. Thus, Rs 36.16 lakh was paid for doubtful execution of work.

Fake distribution of  
6,109 MT rice  
valuing Rs 8.06 crore

- Test check of muster rolls, records of food grains of SGRY and NFFWP in test checked districts disclosed that 6,109 MT rice valuing Rs 8.06 crore were shown as distributed on muster rolls against 458 schemes before the date of lifting of rice. All dates relating to lifting of rice viz. date of issue of permits, dates of SIOs (Supply Issue Orders) of SFC, date of lifting of foodgrains by executing agents were after the date of distribution of foodgrains on muster rolls which shows fake distribution. Thus, distribution of 6,109 MT rice valued Rs 8.06 crore was fake which requires investigation.

<sup>24</sup> Darbhanga, Gaya, Katihar, Madhubani, Munger, Muzaffarpur, Nalanda, Samastipur and Supaul.

<sup>25</sup> Katihar, Muzaffarpur and Supaul.

<sup>26</sup> Bahadurpur, Bariyarpur, Chhattapur, Guraru, Manpur, Mohanpur, Noorsarai, Tardih and Tarapur.

<sup>27</sup> District Engineer, Madhubani: Rs 19.99 lakh; BDO Benipatti: Rs 12.49lakh and Raj Nagar (Madhubani): Rs 3.68 lakh.

### 3.4.10.4 Excess payment to executing agents

Excess payments in execution of works were as under:

Excess payment of Rs 1.19 crore due to inflated rate of brick soling

- Schedule of rates (SOR) prepared by National Rural Employment Programme (NREP) Division, Muzaffarpur during 2002-06 was higher as compared to SOR of works division of Muzaffarpur. This led to excess payment of Rs 1.19 crore to executing agent on 150 brick soling works executed under SGRY and NFFWP in ZP Muzaffarpur and Kanti block.

Excess payment of Rs 19.74 lakh not recovered

- Excess payment of Rs 19.74 lakh made to executing agents against 94 works under SGRY due to the payment of more cash and foodgrains advance, abandoned works, short submission of vouchers in five test-checked districts<sup>28</sup> during 2002-07 was not recovered as of July 2007.

Non deduction of 20 per cent for compaction in earth work led to excess payment of Rs 1.47 crore

- Measurement in earthwork should be made after deduction of compaction at the rate 20 per cent from the total measurement of earthwork. In three test checked districts, the measurement was not taken after deducting 20 per cent compaction in 301 works under SGRY and NFFWP which resulted in excess payment of Rs 1.47 crore<sup>29</sup> during 2002-06.

### 3.4.10.5 Unfruitful expenditure on incomplete / abandoned schemes

- The number of incomplete works in the State under SGRY ranged from 36 to 43 per cent, 56 to 96 per cent under NFFWP during 2002-06 and 48 per cent under NREGS during 2006-07 on which Rs 104.97 crore was spent which may prove wasteful because of heavy rain and flood in 2006-07.
- Number of incomplete works in test-checked districts varied from 34 to 42 per cent in SGRY, 58 to 94 per cent in NFFWP during 2002-06 and 52 per cent in NREGS.
- 2,918 works<sup>30</sup> executed during 2002-06 remained incomplete in nine test-checked districts after incurring unfruitful expenditure of Rs 53.15 crore<sup>31</sup> till August 2007.

<sup>28</sup> Katihar, Nalanda, Samastipur, Madhubani and Muzaffarpur.

<sup>29</sup> District Engineer, Muzaffarpur (Rs 9.11 lakh) BDO, Kanti (Rs 3.04 lakh), Special Division, Darbhanga (Rs 93.79 lakh), REO, Benipur, Darbhanga (Rs 37.27 lakh), District Board, Nalanda (Rs 3.29 lakh).

<sup>30</sup> SGRY; 1,723 schemes in nine test checked districts and NFFWP: 1,195 schemes in eight test checked districts.

<sup>31</sup> SGRY: Rs 2,390.68 lakh, NFFWP: Rs 2,924.80 lakh



Wasteful expenditure of Rs 8.93 crore was incurred on abandoned work

- 233 NFFWP and 367 SGRY works amounting to Rs 8.93 crore was abandoned in five districts<sup>32</sup> by ten IPs, one Special Division and in one ZP during 2002-06 but no action was taken against the executing agents as of August 2007.

#### 3.4.10.6 Advances outstanding

Non-adjustment / recovery of advances of Rs 43.02 crore resulted in loss of interest for Rs 10.81 crore.

Rupees 43.02 crore was lying as advance due to non-submission of final bills by the concerned officials and non completion of works with 236 government servants in 16 executing offices<sup>33</sup> for the period ranging between one to four years. This resulted in loss of interest for Rs 10.81 crore up to August 2007 (*Appendix-XLII*).

Out of 236 government servant, two were transferred to other offices (Rs 46.60 lakh)<sup>34</sup>, Shri Manoj Kumar, AE, ZP, Supaul was transferred to Jharkhand (Rs 1.59 crore) and Shri H.D. Khan, AE, ZP, Supaul had (Rs 89 lakh) retired. The unadjusted advances must be recovered immediately and responsibility must be fixed in cases where officials were relieved on transfer and retirement benefits were paid without recovering the advance.

#### 3.4.10.7 Irregular selection of implementing agencies

Two NGOs were provided Rs 46.22 lakh (March 2006) under SGRY but works remained incomplete as per report of DM / DDC, Madhubani. Interestingly, new work of Rs 1.49 crore<sup>35</sup> under NREGS was again assigned (June 2006) to these NGOs against which Rs 74.33 lakh was paid as an advance. No work was carried out and FIR was lodged against them by DDC cum CEO in January 2007. However, no responsibility was fixed for selecting the same NGOs under NREGS who had not completed the works under SGRY.

#### 3.4.10.8 Suspected involvement of middle men

Involvement of middle men in execution of works valued Rs 91 lakh.

Bills for Rs 91 lakh were pending since July 2006 in ZP, Nalanda against works executed by three road sarkars (Gr 'D' staff). Execution of work for such a huge amount by Group 'D' staff without any advance payment was doubtful and indicates involvement of middle men in the execution of works which requires investigation.

<sup>32</sup> Darbhanga, Gaya, Madhubani, Munger and Muzaffarpur.

<sup>33</sup> DRDA Nalanda, Zila Parishad Muzaffarpur, Katihar and Supaul, NREP Katihar, Special Division Gaya, Rahika, Madhubani, Supaul, Katihar, Darbhanga and BDO Guraru, Mohanpur, Bodh Gaya, Benipatti and Khijarsarai.

<sup>34</sup> Shri Haribansh Singh, JE, Gaya: Rs 43 lakh; Shri Ashok Kumar Sharma, PS, BDO, Bodh Gaya: Rs 3.60 lakh;

<sup>35</sup> Grameen Smagra Vikas Parishad, Shivpatti Rajnagar, Madhubani (Rs 0.69 crore work value NREGS and Rs 28.74 lakh for SGRY) and Shakti Mahila Vikash Swalambi Sahkari Samiti, Madhubani (Rs 0.80 crore work value NREGS (Rs 49.83 lakh) and Rs 17.48 lakh for SGRY).

### 3.4.10.9 Payment without passing of vouchers

Payment of Rs 12.85 crore without passing MRs and vouchers.

Payment was to be made on passing muster rolls and vouchers. A test check of records disclosed that payment of Rs 12.85 crore<sup>36</sup> was made for 485 works during 2002-07 without passing the vouchers and MRs in four districts<sup>37</sup> under SGRY and NFFWP. In reply it was stated that payment was made by approving the MB which was not acceptable as payment can not be made without passing the vouchers.

### 3.4.11 Other points of interest

Non-recovery of empty gunny bags from executing agents and their sale led to loss of Rs 3.77 crore.

- The guidelines of SGRY/NFFWP provided that the gunny bags containing foodgrains received for distribution under the programme were to be disposed off in accordance with the prescribed procedure in the State. The sale proceeds was to be used for making payment towards the transportation cost/handling charges. Rice was supplied in gunny bags weighing 50 kg each. In test checked districts 31.40 lakh quintal of rice were shown distributed but the cost of empty gunny bags were not recovered. Thus due to non-recovery of 62.80 lakh empty gunny bags from executing agents and their sale as per guidelines of the scheme resulted in loss of Rs 3.77 crore (*Appendix-XLIII*).

Doubtful expenditure of Rs 48.78 lakh on plantation work.

- The DDC, Gaya sanctioned (January 2003) Rs 63.21 lakh for plantation of 3.52 lakh trees and released Rs 54.24 lakh (cash: Rs 48.86 lakh + Rs 5.38 lakh value of rice 85.88 MT) to DFO, Gaya. Rupees 46.86 lakh was spent on labour charge and Rs 1.92 lakh on cost of material but did not have records<sup>38</sup> in support of plantation being actually carried out. Thus execution of plantation work for Rs 48.78 lakh appeared doubtful and requires investigation.
- Ministry of Rural Development, GOI issued order (March 2006) for employment of registered labour on spill over 125 works of SGRY/NFFWP works after March 2006. Rupees 2.96 crore was paid during 2006-07 for 4.35 lakh labour mandays as wages to unregistered labourers (@ Rs 68 per manday) under SGRY, NFFWP and NREGS in five districts<sup>39</sup> in contravention of GOI guidelines.

### 3.4.12 Migration of Labourers

One of the objectives of NREGA was to stop the migration of labourers from Bihar to other States. However, reports relating to migration was not being prepared either at district or the State level. Thus, impact of the scheme on migration of labourers could not be evaluated.

<sup>36</sup> NREP, Katihar –Rs 54 lakh, DE, Katihar – Rs 6.06 crore, Spl. Div, - Katihar – Rs 2.27 crore, DE, Samastipur –Rs 1.03 crore, Spl. Div. Darbhanga- Rs 2.64 crore, BDO Rahika Rs 31 lakh.

<sup>37</sup> Katihar, Samastipur, Darbhanga and Madhubani.

<sup>38</sup> Plantation journal, plantation register and survival certificate of plant.

<sup>39</sup> Katihar, Nalanda, Samastipur, Supaul and Munger

### **3.4.13 Training**

Under SGRY, an amount up to Rs one lakh was to be utilised by the district panchayats from their annual share of funds for training / capacity building of officials / non-officials of the PRIs involved in the implementation of the scheme. But, no expenditure was incurred on training in any of the 38 districts of Bihar during 2004-05.

### **3.4.14 Inadequate technical manpower**

Works under wage employment schemes were to be executed departmentally through three tier PRIs. Due to absence of technical staff, work valued Rs 15.13 crore<sup>40</sup> was executed through non-qualified staff like peons, chainman, mukhiya, ward member, accounts clerk, road sarkar and private personnel during 2002-07. Execution of works amounting to Rs 26.58 lakh through private persons was in violation of rule.

### **3.4.15 Monitoring**

Implementation of the programme was to be monitored by the RDD through monthly and annual progress reports. Monitoring and vigilance committees at State and district levels were also to be formed to oversee the implementation of the scheme. For effective implementation of the NREGS, the State Government was required to ensure that the officers of the State, district, sub-division and block should monitor the programme through visits to worksite in the remote areas and ensure at least 10 per cent and two per cent of panchayats by district level and State level officers respectively. The guidelines also provided for periodic evaluation studies of the ongoing schemes by the reputed institutions and organisations from time to time.

Monitoring and vigilance committees were not constituted as of December 2006. The monitoring cells in the test checked districts were non-functional though Rs 46.84 lakh<sup>41</sup> was transferred to respective DMs for monitoring. The State Government did not carry out evaluation studies to ascertain the impact of the scheme. Bihar Rural Employment Guarantee Council was constituted in June 2007 for monitoring of NREGS at State level but it did not have representatives from Gram Panchayats though 50 per cent of schemes of NREGS are to be implemented by them.

### **3.4.16 Action taken by Government on earlier Audit Report**

Mention was made in para 3.3 of the report of the Comptroller and Auditor General of India for the year ended 31 March 1999 regarding Rural Employment Generation Programme in the State. The Report was laid on the table of legislative assembly on July 2000 and presented to PAC for discussion. The recommendations of PAC were presented to the State

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<sup>40</sup> Peon: Rs 1.03 crore; Chainman: Rs 36.08 lakh; Mukhia: Rs 1.56 lakh; Ward member: Rs 0.98 lakh; Villagers: Rs 26.58 lakh; Accounts clerk/ Typist etc Rs 45.42 lakh and Road sarkar: Rs 13.00 crore.

<sup>41</sup> Darbhanga –Rs 16.60 lakh (NFFWP), Munger –Rs 7.65 lakh (NREGS) and Muzaffarpur –Rs 22.59 lakh (NFFWP).

legislature. The system deficiencies pointed out in the earlier Audit Report such as misutilisation of funds, irregular annual action plans, incomplete works, non-maintenance of asset register, fraudulent payments persisted during 2002-07 as detailed in *Appendix-XLIV*.

### **3.4.17 Conclusion**

Implementation of wage employment programmes during 2002-07 neither generated adequate employment nor resulted in creation of durable community assets. Planning was not carried out with a view to all round development of the rural areas. Programme management was weak and compliance failures persisted as reflected in suspected fraudulent payments on muster rolls and distribution of foodgrains. The internal controls envisaged in NREGS are yet to be established. In the absence of compliance of internal controls, assurance regarding gainful utilisation of funds under NREGS can not be provided and deficiencies and programme failures in NREGS could not be ruled out.

### **Recommendations**

- Integrated planning by formulating annual action plans and perspective plans should be carried out to prepare a 'shelf of projects' to bring about integrated development of the area.
- Unspent balances of cash and foodgrains under SGRY and NFFWP should be transferred in NREGS account.
- State Employment Guarantee Fund should be established and payment of unemployment allowance should be enforced.
- Internal controls envisaged in the NREGS should be strictly enforced.
- Adequate trained manpower should be deployed as all the works under NREGS are to be executed departmentally.
- Monitoring mechanism should be strengthened by constituting and activating district level monitoring committees.

The matter was reported to Government (October 2007); their reply had not been received (November 2007).

## PUBLIC HEALTH ENGINEERING DEPARTMENT

### 3.5 Accelerated Rural Water Supply Programme

#### Highlights

*Accelerated Rural Water Supply Programme (ARWSP) intended to cover all rural habitations with access to safe drinking water and to ensure sustainability of drinking water systems and sources. Weak contract management led to delay in completion of schemes and low achievement against targets set for installation of handpumps. Swajaldhara started to institutionalise the reform initiative in rural sector failed to provide access to water even in Hajipur which was the sector reform district of the State as all schemes remained incomplete. The quality control mechanism for testing of water was also deficient and weak as no steps were taken to address biological and chemical contamination.*

Department did not prepare annual action plan to provide definite direction to the programme and no planning was made for ground water recharge. Department failed to cover 55336 (76 per cent) NC/PC habitations as of March 2007.

*(Paragraph 3.5.6 and 3.5.7)*

Out of 56 pipes water supply schemes in test checked divisions, 46 schemes remained incomplete for a period ranging from one to three years despite expenditure of Rs 25.35 crore.

*(Paragraph 3.5.9.1)*

There was infructuous expenditure of Rs 19.08 lakh on special repair of hand pumps and irregular expenditure of Rs 10.54 crore against departmental works on hand receipts.

*(Paragraph 3.5.10.2 and 3.5.10.3)*

Swajaldhara failed even in Hajipur which had been selected as a sector reform district.

*(Paragraph 3.5.11.1)*

There was blockage of materials valued Rs 15.03 crore resulting in denial of benefit to 69.97 lakh rural population.

*(Paragraph 3.5.12)*

Quality control, monitoring and evaluation mechanism was deficient.

*(Paragraph 3.5.13 and 3.5.14)*

#### Introduction

The Accelerated Rural Water Supply Programme (ARWSP), a centrally sponsored programme introduced in 1972-73 was revamped and given a mission approach in 1986. The programme objectives were to achieve coverage of all rural habitations with drinking water supply. The focus of the programme was on covering the not covered (NC)<sup>1</sup>, partially covered (PC)<sup>2</sup>

<sup>1</sup> Habitations with water supply less than 10 litres per capita per day (lpcd).

<sup>2</sup> Habitations with water supply more than 10 lpcd but less than 40 lpcd were PC

and quality affected habitations through hand pumps and pipe water supply schemes.

Sector reform in rural drinking was adopted in 1999 and pilot project in selected districts were taken up. The basic concept was a shift from supply driven to demand driven approach to include community participation in planning, implementation, operation and maintenance of the schemes of its choice.

### **3.5.2 Organisational set up**

The Department is headed by Commissioner-cum-Secretary who is assisted by Engineer-in-Chief-cum-Special Secretary (EIC), three Chief Engineers (CEs) at headquarters, three Regional Chief Engineers (RCEs), nineteen Superintending Engineers (SEs) and 49 divisions headed by Executive Engineers (EEs) (38 civil, 7 mechanical and 4 design) at field level.

### **3.5.3 Audit objectives**

The audit objectives were to examine whether :

- the survey of habitations was comprehensive and planning for ARWSP was effective;
- the financial management was adequate and effective ;
- the scheme was executed economically, efficiently and effectively;
- the objective of demand driven rural water supply through Swajaldhara was effectively achieved and
- the monitoring system was adequate and effective.

### **3.5.4 Audit criteria**

- Guidelines of ARWSP and SWAJALDHARA ;
- Project Implementation Plan for individual schemes;
- Bihar Public Works Accounts (BPWA) Code, Bihar Financial Rules (BFR) and Bihar Treasury Code (BTC).

### **3.5.5 Audit coverage and methodology**

The performance audit of Accelerated Rural Water Supply Programme was conducted between May and August 2007 for the period 2002-07 through test-check of records of Engineer-in-Chief office and 10 divisions<sup>3</sup> out of 38. The selection of divisions was made as per simple random sampling without replacement method. Entry conference with the Secretary, Public Health Engineering Department (PHED) was held (May 2007) in which audit objectives, criteria and methodology were explained. The audit findings were discussed with the senior officers of the department in a meeting held in

<sup>3</sup> Ara, Bhagalpur (W), Biharsharif, Hajipur, Motihari, Muzaffarpur, Patna (East), Samastipur, Sasaram and Sheikhpura.

October 2007. The views expressed in the meeting were taken into account while drafting the report.

### **Audit findings**

#### **3.5.6 Survey for identification of NC/PC habitations**

As per the GOI guidelines, the survey was to be completed by 31 March 2003 to ascertain reliable information on the status of drinking water supply in rural habitation / schools and to test the quality of existing water sources.

In test-checked divisions survey was completed after delay of two years (May 2005) which led to delay in commencement of schemes. No quality testing of existing water sources was carried out though required.

The Department identified 72,392 NC/PC habitations in the State on the basis of survey and converted only 17,056 NC/PC habitations (24 *per cent*) into FC habitations during 2005-07. The coverage of NC/PC habitations was being reported on the basis of hand pumps only in violation of ARWSP guideline which stated that one hand pump or standpost was estimated for every 250 persons. The department had not taken into account coverage of NC/PC habitations based on the 69 water supply schemes completed during 2002-07 under ARWSP. The number of standposts and their location was not available with the department. Thus, the number of NC/PC habitations was overstated and a realistic assessment was required to be made.

#### **3.5.7 Planning**

As per the ARWSP guidelines, the Department was required to prepare an annual action plan six months prior to the commencement of the financial year in order to provide a definite direction to the programme and to ensure monthly and quarterly monitoring of physical and financial progress. While preparing the plan, completion of incomplete schemes was to be given priority over taking up of new works. However, the number of incomplete schemes rose from five in 2003-04 to 46 in 2006-07 in test checked divisions.

The Department did not prepare annual action plan during 2002-07 as there was no planning wing in the Department. Annual plans available with the divisions were merely statements of target and achievement. As per records of Central Ground Water Board 6 blocks in the State were overexploited and 14 blocks have serious water problems but no plans were being formulated for construction of water harvesting structures for ground water recharge. The Secretary PHED accepted during exit conference that annual action plans were not being prepared during 2002-05. He accepted that planning for ground water recharge should receive emphasis.

#### **3.5.8 Financial management**

Under ARWSP, funds were provided to States for making provision of safe drinking water in rural habitations. Of this, 15 *per cent* funds can be spent on operation and maintenance (O&M) of the existing drinking water systems and sources. State Government should match funds released by the Government of India on 1:1 basis.

**Delay in completion of survey for two years**

**Action plan not prepared and no planning for ground water recharge**

20 per cent of the annual outlay of ARWSP was earmarked for implementation of reforms oriented Swajaldhara and Sector Reform projects. The funding pattern for these projects was in the ratio of 90 per cent from Government of India and 10 per cent by way of community contribution.

The funds released by the GOI and State Government and expenditure incurred thereagainst on ARWSP during 2002-07 was as under:

(Rs in crore)

| Year         | Opening balance of GOI funds | Funds allocated |               | Funds released |               | Total funds available |               | Expenditure   |               |
|--------------|------------------------------|-----------------|---------------|----------------|---------------|-----------------------|---------------|---------------|---------------|
|              |                              | GOI Funds       | State Funds   | GOI Funds      | State Funds   | GOI Funds (2+5)       | State Funds   | GOI Funds     | State Funds   |
| 1            | 2                            | 3               | 4             | 5              | 6             | 7                     | 8             | 9             | 10            |
| 2002-03      | 4.38                         | 74.06           | 44.55         | 37.03          | 44.27         | 41.41                 | 44.27         | 33.09         | 38.22         |
| 2003-04      | 8.32                         | 63.19           | 67.66         | 31.59          | 57.15         | 39.91                 | 57.15         | 24.28         | 52.69         |
| 2004-05      | 15.63                        | 54.67           | 53.33         | 74.00          | 35.98         | 89.63                 | 35.98         | 43.88         | 25.14         |
| 2005-06      | 45.75                        | 153.24          | 97.60         | 153.24         | 61.44         | 198.99                | 61.44         | 69.55         | 43.21         |
| 2006-07      | 129.44                       | 185.71          | 130.46        | 92.86          | 160.48        | 222.30                | 160.48        | 136.82        | 96.32         |
| <b>Total</b> |                              | <b>530.87</b>   | <b>393.60</b> | <b>388.72</b>  | <b>359.32</b> |                       | <b>359.32</b> | <b>307.62</b> | <b>255.58</b> |

(Source : Information furnished by Engineer-in-Chief)

It may be seen from the table that the GOI released only Rs 388.72 crore (73 per cent) against the total allocation of Rs 530.87 crore during 2002-07.

In test-checked divisions, the funds released and expenditure thereagainst on ARWSP was as shown below:

(Rs in crore)

| Year         | Opening balance of GOI funds | Funds released |               | Total funds available |               | Expenditure  |              |
|--------------|------------------------------|----------------|---------------|-----------------------|---------------|--------------|--------------|
|              |                              | GOI Funds      | State Funds*  | GOI Funds (2+3)       | State Funds   | GOI Funds    | State Funds  |
| 1            | 2                            | 3              | 4             | 5                     | 6             | 7            | 8            |
| 2002-03      | 0.09                         | 13.22          | 17.34         | 13.31                 | 17.34         | 10.15        | 16.11        |
| 2003-04      | 3.16                         | 13.63          | 17.63         | 16.79                 | 17.63         | 10.35        | 15.79        |
| 2004-05      | 6.44                         | 13.51          | 12.63         | 19.95                 | 12.63         | 6.64         | 8.45         |
| 2005-06      | 13.31                        | 31.84          | 20.34         | 45.15                 | 20.34         | 23.02        | 13.98        |
| 2006-07      | 22.13                        | 57.66          | 49.89         | 79.79                 | 49.89         | 29.99        | 31.35        |
| <b>Total</b> |                              | <b>129.86</b>  | <b>117.83</b> | -                     | <b>117.83</b> | <b>80.15</b> | <b>85.68</b> |

\* State Fund includes matching State share of ARWSP and funds for other schemes of RWS scheme under State plan

(Source : Information furnished by Divisions)



The following was observed:

In test checked divisions, out of Rs 129.86 crore released by GOI, only Rs 80.15 crore (62 per cent) was utilised during 2002-07.

**Irregular retention of funds of Rs 10.74 crore on proforma bills drawn**

Eight divisions kept Rs 17.10 crore in the shape of bank drafts in March 2007 by drawing funds on proforma bills for purchase of materials, out of which Rs 10.74 crore<sup>4</sup> was lying unutilised as of August 2007.

Under Swajaldhara GOI allocated Rs 19.24 crore as first instalment for the year 2005-06 and released Rs 14.43 crore (December 2005). The Department did not have information in respect of sanctioned schemes and expenditure under Swajaldhara for the entire State.

### 3.5.9 Implementation of pipe water supply schemes

#### 3.5.9.1. Incomplete schemes

182 pipe water supply schemes with an estimated cost of Rs 155.21 crore were taken up during 2002-07 in the State but information relating to status of schemes and expenditure thereagainst was not available with the Department (March 2007). Test-check disclosed that divisions furnished progress report in respect of pipe water supply scheme on monthly basis but the Department failed to compile such information for the entire State.

**Potable water was not being provided in nine out of ten schemes reported to be completed.**

Out of 56 pipe water supply schemes<sup>5</sup> taken up between 2002 and 2006 in test-checked divisions, ten schemes were reported to be completed after delay of one to two years from its target date of completion as of March 2007. Of these four remained non-functional due to non-energisation in PHED Motihari as of October 2007. Physical verification of five completed schemes disclosed that chlorinator was not installed in three schemes and was non functional in remaining two schemes. Thus potable water was not being provided to targeted beneficiaries through nine out of 10 reportedly completed schemes.

**Expenditure of Rs 25.35 crore on 46 incomplete schemes**

Forty six pipe water supply schemes with an estimated cost of Rs 38.27 crore remained incomplete after incurring expenditure of Rs 25.35 crore for a period ranging from one to three years as of March 2007. The reasons of their non-completion were delay in finalisation of tenders and award of work (23), non energisation by mechanical wing of PHED (4), site problem (5), delay on part of the contractor (4), delay in procurement of materials (8) and abandonment of work (2). As such, intended benefit to provide safe drinking water to 2.76 lakh persons was denied despite expenditure of Rs 25.35 crore.

During test check it was noticed that work for laying of C.I. rising main and construction of pump house under Ghoswari pipe water supply scheme under PHED, Patna (E) was awarded (July 2004) to an agency for Rs 5.77 lakh. The work was abandoned by the contractor after spending Rs 0.64 lakh due to

<sup>4</sup> Ara: Rs 2.35 crore, Bhagalpur (W): Rs 1.30 crore, Biharsharif: Rs 0.10 crore, Hajipur:Rs 2.35 crore, Patna (E): Rs 0.04 crore, Sasaram: Rs 0.67 crore, Sheikhpura Rs 2.22 crore and Motihari: Rs 1.71 crore.

<sup>5</sup> Ara (5), Samastipur (11), Motihari (7), Sheikhpura (3), Bhagalpur (4), Sasaram (8), Muzaffarpur (5), Biharsharif (6), Patna East (7)

faulty DPR which relied on electricity though there was no electricity in the area. A revised estimate on solar energy was being submitted for Rs 6.63 lakh. This shows that DPRs were being prepared without ascertaining ground realities. Thus, due to faulty planning there was cost escalation of Rs 1.50 lakh and blockage of materials valuing Rs 31.06 lakh as well as denial of benefit to the population of that area.

### 3.5.9.2 Cost escalation

As per the guidelines of ARWSP, amount released under the scheme could not be utilised/adjusted against any cost escalation.

Payment of  
Rs 27.93 lakh due to  
cost escalation

In five divisions, CE (Design) made provision of Rs 1.65 crore<sup>6</sup> irregularly for price variation during approval of technical sanction of 12 pipe water supply schemes against which Rs 27.93 lakh<sup>7</sup> was paid by the two divisions (March 2007). The Secretary accepted during exit conference that provision for cost escalation should not be made while providing technical sanction.

### 3.5.9.3 Unauthorised payment

Unauthorised  
payment of Rs 25  
lakh

As per provision under Bihar Public Works Accounts Code, a revised estimate was to be prepared where price variation was above 15 per cent than estimated cost. 12 agreements for construction of water tower in four divisions were made at higher rates ranging from 16 to 81 per cent over the estimated cost of Rs 2.49 crore during 2004-07. A payment of Rs 25 lakh on account of enhancement (March 2007) was made without approval of the revised estimate. The Secretary informed during exit conference that normally a tentative provision is made in the estimate which leads to some cost escalation at the time of approval depending on the local site location and its schedule of rate. The reply of the Department was not acceptable because estimates should be prepared after survey and site verification.

### 3.5.9.4 Substandard execution of water tower work

Substandard  
execution of water  
tower works

Rule 419 of BTC stipulates that the rough measurement should be recorded in notebook and the certificate of EE should be obtained in case of execution of work under lump-sum contracts to ensure execution of work as per prescribed specification. Further as per the terms of contract, payment in respect of construction of water tower should be made only after obtaining compressive strength test report of cubes casted at each stage of work.

In four divisions<sup>8</sup>, nine water tower works were executed on lump sum contracts without taking rough measurement, work done certificates of respective EEs and compressive strength test report of cubes. Thus, in view of non-compliance of quality control measures, substandard execution of water tower works valued Rs 1.68 crore could not be ruled out.

<sup>6</sup> Ara (Rs 32.16 lakh), Motihari (Rs 16.34 lakh), Patna (E) (Rs 9.93 lakh), Samastipur (Rs 93.44 lakh), Sasaram (Rs 13.39 lakh)

<sup>7</sup> Ara (Rs 20.43 lakh) and Motihari (Rs 7.50 lakh)

<sup>8</sup> Ara: 5, Bhagalpur (W): 1, Patna East: 2 and Motihari: 1

### 3.5.9.5 Unfruitful expenditure

Construction work of water tower of pipe water supply scheme (Tarari) under PHE division Ara was abandoned (April 2005) after incurring expenditure of Rs 16.72 lakh due to death of contractor. The Division did not take any action to complete the work (August 2007). Thus expenditure of Rs 16.72 lakh incurred on the scheme remained unfruitful.

### 3.5.9.6 Inadequate system of prequalification of contractors

The work valued Rs 57 lakh for construction of high yield tube well under Shahkund pipe water supply scheme under PHE division, Bhagalpur (W) was awarded (December 2006) to a contractor who did not possess rig machine though required for execution of work. As such, the work could not be started by the agency as of July 2007, which led to denial of intended benefit to 13000 persons besides idle store valued Rs 34.20 lakh procured for the work (September 2007). Department should have a pre qualification mechanism to ensure that only contractors owing necessary equipment were permitted to participate in financial bids.

### 3.5.10 Installation of hand pump

#### 3.5.10.1 Low achievement against target

The Department transferred Rs 88.74 crore for sinking of 47,536 hand pumps and Rs 22.33 crore for special repair of 46,101 hand pumps to panchayats during 2002-05 but no utilisation certificates from panchayats were obtained by the divisions / Department as of March 2007. Subsequently, the Department took up the work of sinking and special repair of hand pumps departmentally from 2005-06.

The targets fixed by the Department for installation and special repair of hand pumps and achievement vis-à-vis expenditure incurred under different components during 2005-07 were as under:

| Hand pumps under | Period: 2005-07 |                         |              |                         |
|------------------|-----------------|-------------------------|--------------|-------------------------|
|                  | Target          |                         | Achievement  |                         |
|                  | Physical        | Financial (Rs in crore) | Physical     | Financial (Rs in crore) |
| NC/PC            | 50923           | 113.59                  | 24704        | 81.33                   |
| SM               | 13534           | 36.49                   | 9577         | 31.10                   |
| SC Tola          | 1740            | 3.54                    | 1552         | 3.39                    |
| Special Repair   | 16485           | 9.25                    | 13939        | 8.10                    |
| School           | 4087            | 6.74                    | 202          | 2.89                    |
| <b>Total</b>     | <b>86769</b>    | <b>169.61</b>           | <b>49974</b> | <b>126.81</b>           |

(Source : Information furnished by Engineer-in-Chief)

Achievement for sinking of hand pumps under different components of ARWSP during 2005-07 was only 49,974 (57 per cent) against 86,769 indicating poor achievement. In test-checked divisions the achievement of installation of hand pumps was only 11,317 (35 per cent) against target of 32,321 during 2005-07.

Award of work valued Rs 57 lakh without assessing the competency of agency led to incomplete work

Utilisation certificates for Rs 111.07 crore not received from panchayat

### 3.5.10.2 *Infructuous expenditure on special repairs*

**Infructuous expenditure of Rs 19.08 lakh on special repairs**

Test-check disclosed that lowering of 40 mm GI pipes in special repair work of hand pumps ranged from 14 meter to 35 meter in 555 test-checked hand pumps in seven divisions<sup>9</sup> whereas potable water was available after 41 meter. Thus due to insufficient lowering of pipe, potable water could not be provided after special repairs and expenditure of Rs 19.08 lakh on special repair of hand pumps was infructuous. Engineer in Chief cum Special Secretary assured that instructions will be issued so that SR work is executed as per required depth.

### 3.5.10.3 *Irregular expenditure on hand receipts*

As per the provision under Bihar Public Works Account Code, payment on hand receipts (HR) was not permissible except in emergency cases. Payment of labour charges was to be made through Muster Roll.

**Irregular payment of Rs 10.54 crore for departmental work on HR**

Payment of Rs 10.54 crore<sup>10</sup> was made on HR during 2005-07 against departmental works for sinking, repair, maintenance of hand pumps and pipe water supply schemes. The details regarding labour engaged, period of execution of works, sanction order of estimate were not recorded on HR. Also, detailed measurement of executed work was not recorded in the measurement book. Thus, expenditure of Rs 10.54 crore for departmental works on HR was irregular.

The Secretary accepted during exit conference (October 2007) that payment through incomplete HR was irregular and necessary instructions had been issued to all officers to record detailed entry of work as per codal provisions.

### 3.5.11 *Implementation of Swajaldhara*

Swajaldhara was launched by scaling up the sector reform initiatives in rural drinking water supply schemes throughout the country.

#### 3.5.11.1 *Incomplete schemes*

The funds under Swajaldhara was to be provided by GOI subject to a maximum of 90 *per cent* of the capital cost for 40-lpcd and 80 *per cent* for 55 lpcd service levels and remaining amount was to be met through community contribution. GOI fund was to be released in two equal instalments (each 50 *per cent* of the GOI's share) under Swajaldhara.

<sup>9</sup> Ara (Rs 2.03 lakh), Muzaffarpur (Rs 3.82 lakh), Samastipur (Rs 3.11 lakh), Motihari (Rs 4.01 lakh), Bhagalpur West (Rs 0.58 lakh), Sasaram (Rs 4.67 lakh), Patna East (Rs 0.86 lakh)

<sup>10</sup> Ara (Rs 1.54 crore), Bhagalpur (Rs 0.40 crore), Biharsharif (Rs 1.10 crore), Hajipur (Rs 0.63 crore), Motihari (Rs 1.08 crore), Muzaffarpur (Rs 1.64 crore), Samastipur (Rs 0.86 crore), Patna East (Rs 0.88 crore), Sasaram (Rs 1.77 crore), Sheikhpura (Rs 0.64 crore)

Utilization  
certificates of Rs 5.69  
crore not received

GOI funds of Rs 5.69 crore was released to 395 Village Water and Sanitation Committees (VWSCs) in eight divisions<sup>11</sup> as first installment for 358 hand pumps schemes and 37 pipe water supply schemes during 2004-07. All the projects remained incomplete as of September 2007. Due to non-submission of utilisation certificate of first installment second installment of GOI funds was not released (March 2007).

During test-check of PHED Vaishali Division, Hajipur<sup>12</sup> it was observed that out of Rs 5.69 crore, Rs 3.44 crore was sanctioned under Swajaldhara for construction of 2891 hand pumps of 40 lpcd and 55 lpcd service level in 349 VWSCs in PHED, Hajipur (Vaishali) with Rs 3.11 crore as a GOI share. Of these, the division released Rs 2.61 crore (84 per cent) for installation of hand pumps as the first instalment during 2004-06 in excess of 50 per cent share. The respective VWSCs had not taken second instalment due to non-submission of utilisation certificate of first instalment. Therefore, all the projects remained incomplete till September 2007.

Similarly, two pipe water supply schemes (Phulhara bano and Bithauli Anirudh) under Swajaldhara were taken up by PHED, Hajipur on the closure of earlier pilot project in December 2003 remained incomplete.

Thus there was a complete denial of benefits under water supply scheme to population of Vaishali district during 2002-07.

### 3.5.12 Store management

Blockage of store  
valuing  
Rs 15.03 crore

The Department procured 27,989 IM III hand pump sets valuing Rs 14.20 crore and 62,248 strainer (40 mm) valued Rs 0.83 crore (March 2007). The department could not procure 40 mm and 65 mm GI pipes and 125 mm UPVC casing pipe due to non finalisation of tender and court case pending with Hon'ble High Court, Patna against Government's decision to procure UPVC pipe from manufacturers located in Bihar only. This resulted in blockage of materials valued Rs 15.03 crore besides denial of intended benefit to 69.97 lakh<sup>13</sup> rural population.

Other points noticed were as under:

- In five divisions<sup>14</sup> store materials (80 mm and 125 mm GI pipe) valued Rs 25.17 lakh were lying idle for more than six years as of September 2007.
- Scrap taken out during repairs of hand pumps was not entered in the stock registers during 2002-07. Thus, possibility of misappropriation of

<sup>11</sup> VWSC, Biharsharif (17), Hajipur (351), Motihari (1), Sasaram (10), Sheikhpura (6), Patna East (8), Muzaffarpur (1), Ara (1)

<sup>12</sup> Vaishali was declared as the Sector Reform District for implementation of Swajaldhara

<sup>13</sup> 27,989 x 250 = 69.97 lakh.

<sup>14</sup> Samastipur (Rs 1.92 lakh), Motihari (Rs 1.92 lakh), Bhagalpur (Rs 1.27 lakh), Sasaram (Rs 1.05 lakh), Hazipur (Rs 19.01 lakh).

scrap could not be ruled out. The Secretary assured (October 2007) to issue instructions to account for the scrap in the stock registers.

- Annual physical verification of stores was not conducted regularly though required under rules in test checked divisions.

### 3.5.13 *Quality control mechanism*

Periodic testing and monitoring of water quality was essential for providing safe drinking water to rural people on a sustained basis. Chemical examination of water was necessary to ensure supply of potable water to people. Analysis of water quality monitoring report of the Department disclosed that out of 44,677 samples of water tested during 2005-07, 7,970 samples (18 per cent) were having bacteriological and chemical problem but no corrective action was taken. In test-checked divisions, 1,167<sup>15</sup> hand pumps were affected with bacteriological and chemical contamination but no steps were taken either for water treatment or for marking of these hand pumps as of September 2007.

Communication and Capacity Development Unit of State Water and Sanitation Mission was to provide field testing kits for quality testing of drinking water. Test checked divisions were not provided with field testing kits in for quality test of drinking water. The Secretary intimated in exit conference that field testing kits had been procured (October 2007) and training was being imparted at district level.

### 3.5.14 *Monitoring and inspection*

The monitoring cell headed by SE under EIC with the assistance of two Deputy Directors (each one for evaluation and investigation) and one EE (monitoring) was responsible for coordination and monitoring of the schemes.

As per the departmental order Engineer-in-Chief, Chief Engineer (M), Regional Chief Engineer, SE and EE were required to do field inspection for 3, 4, 6, 10 and 15 days respectively in a month. Test check disclosed that no inspection report of inspection done by SE, CE, RCE and EIC was available during 2002-07. Further, information relating to incomplete schemes under ARWSP and Swajaldhara for the entire State was not being compiled by the Department indicating total absence of monitoring during 2002-07. The Secretary intimated (October 2007) that monitoring mechanism would be strengthened through web monitoring system.

### 3.5.15 *Action taken report on previous audit report*

Review on ARWSP for the period 1997-2001 was featured in Audit Report (Civil) for the year ended 31 March 2001. The audit findings were yet to be discussed by the Public Account Committee as of October 2007. Deficiencies pointed out in the earlier Audit Report relating to programme achievement, execution of work, water testing laboratories etc. persisted during 2002-07 as detailed in *Appendix XLV*.

15 Patna (East) : 22 ; Hajipur : 33 ; Sheikhpura : 284 ; Sasaram : 91 ; Ara : 61 ; Biharsharif : 8 ; Bhagalpur : 668.

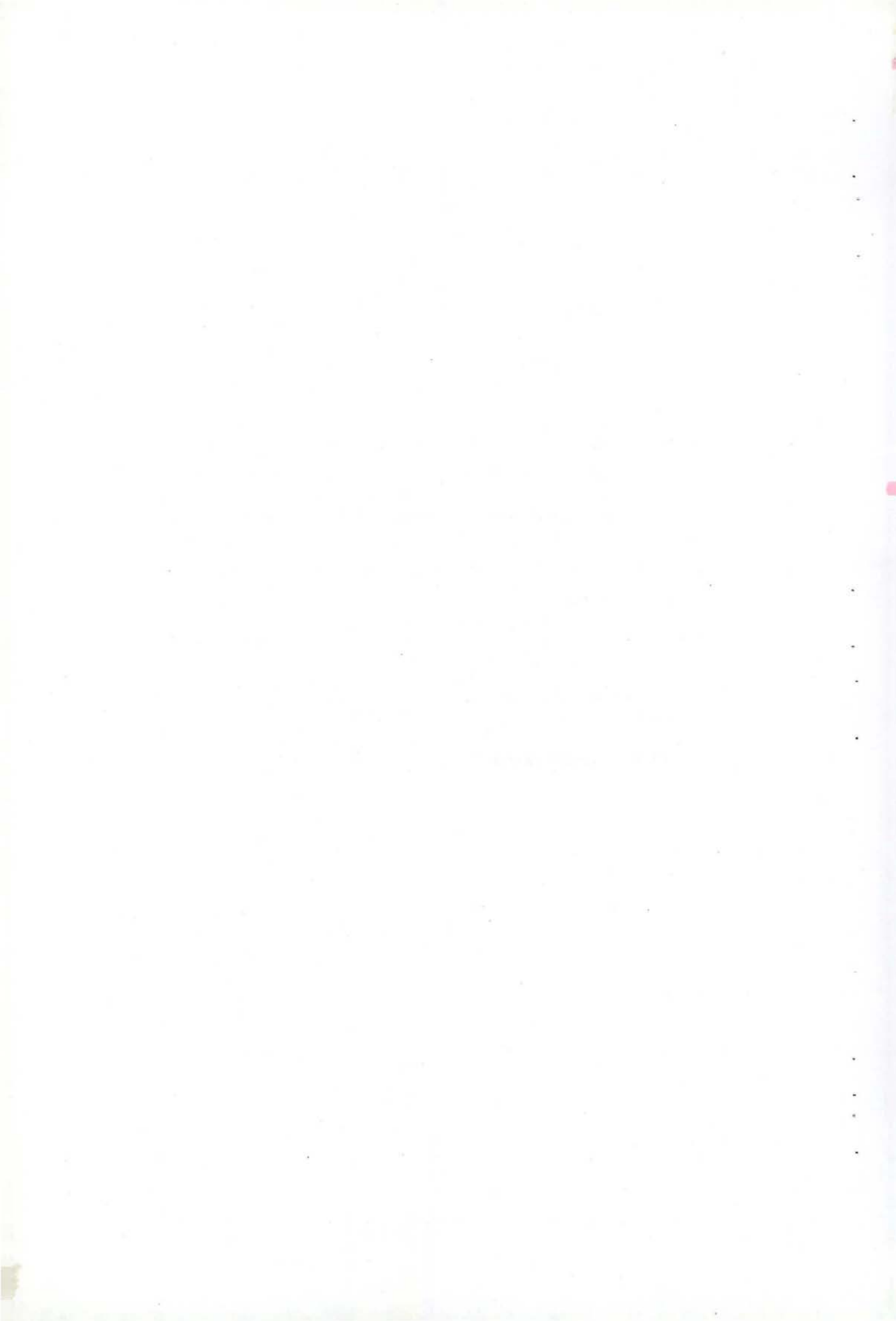
### **3.5.16 Conclusion**

ARWSP failed to provide potable water in the State due to large number of incomplete works under pipe water supply, handpumps and Swajaldhara during 2002-07. Low priority on completion of existing works over taking up of new schemes resulted in increase in number of incomplete schemes during 2002-07. There was no planning for ground water recharge despite the existence of over exploited blocks in the State. Special repairs resulted in wasteful expenditure as pipes were not lowered upto the required depth. Quality control mechanism was deficient as field testing kits were yet to be distributed. Monitoring system was not in place as evidenced from the fact that the department did not have updated status of works being implemented in the State.

### **Recommendations**

- Incomplete schemes should be completed on priority basis.
- Integrated planning should be made to decide a judicious mix of surface water supply and ground water supply schemes which should also provide for ground water recharge for sustainable use of water resources.
- Water quality issues should be addressed immediately.
- Procurement of materials should be done well in time and keeping in view the requirement of PWSS and hand pumps.
- Monitoring mechanism should be strengthened.

The above points were reported to State Government (October 2007); their reply has not been received (October 2007).





## ***CHAPTER-IV***

### ***AUDIT OF TRANSACTIONS***

- 4.1 Fraud/misappropriation/embezzlement/losses**
- 4.2 Infuctuous/wasteful expenditure and overpayment**
- 4.3 Violation of contractual obligation/undue favour to contractors/avoidable and unfruitful expenditure**
- 4.4 Irregular expenditure / Idle expenditure / blocking/ misutilisation of funds**
- 4.5 Regularity issues, Irregular expenditure and others**



AUDIT OF TRANSACTIONS

4.1 Fraud/ misappropriation/ embezzlement/ losses detected in audit

RURAL DEVELOPMENT DEPARTMENT

4.1.1 Misappropriation of Government money

*Violation of codal provisions in block offices resulted in misappropriation of Government money amounting to Rs 9.32 lakh.*

Rule 86 of Bihar Treasury Code provides that Government servant receiving money on behalf of Government is required to maintain a cashbook to record all money transaction as soon as they occur and the head of the office should attest every entry in the cashbook. The cashbook should be closed and balanced every day and head of the office should verify the total of cashbook. At the end of each month, he should physically verify the cash balance and record a certificate to that effect.

During test check (December 2005, September and November 2006) of records in the offices of the Block Development Officers (BDOs) of Wazirganj (Gaya) and Harnaut (Nalanda) disclosed that BDOs violated the aforesaid codal provisions which resulted in misappropriation of Government money amounting to Rs 9.32 lakh as detailed below:

- The cashier of Wazirganj (Gaya) block did not hand over the charge to his successor (14 May 2005). Hence, a new cashbook was opened (27 June 2005) by the orders of the BDO with zero balance. At the instance of audit (December 2005), the BDO verified (December 2005) the cash balance of previous cashier and found available cash of Rs 3.04 crore against the cash balance of Rs 3.12 crore recorded in general cashbook on 14th May 2005. Thus, there was a shortage of Rs eight lakh which was defalcated by the cashier.
- In Harnaut (Nalanda) block, against expenditure of Rs 7.15 lakh (20 August 2005), Rs 7.31 lakh was shown as spent in subsidiary cashbook of Indira Awas Yojana and general cashbook. This resulted in overstatement of expenditure amounting to Rs 0.16 lakh. Further, unadmitted vouchers<sup>1</sup> of Rs 0.56 lakh (2004-05) and Rs 0.60 lakh (2005-06) were shown as adjusted in the subsidiary cashbook of Community Development Programme (CDP) and general cashbook but no contra-entry in the register of unadmitted vouchers was made. As a result, value of unadmitted vouchers was

<sup>1</sup> Vouchers on which payment has been made but are kept as a part of closing balance for want of allotment are termed as unadmitted vouchers by block nazarat.

over stated by Rs 1.16 lakh. Thus, there was defalcation of Rs 1.32 lakh against which Rs 0.71 lakh was deposited by the cashier after detection of misappropriation by audit.

Thus, a total of Rs 9.32 lakh was misappropriated in aforesaid blocks due to violation of Rule 86 of Bihar Treasury Code.

The matter was reported to Government (July 2007); their reply had not been received (October 2007). The matter was discussed with Development Commissioner as well as Principal Secretary, Rural Development Department (November 2007).

## REVENUE AND LAND REFORM DEPARTMENT

### 4.1.2 Deficient cash management

*Violation of financial rules resulted in suspected misappropriation of Rs 2.10 crore, temporary advances of Rs 13.17 crore and retention of Rs 53.41 crore outside cash balance of the Government.*

Rule 300 of Bihar Treasury code (BTC) provides that money should be drawn from treasury only for immediate disbursement and undisbursed / unutilised cash if any, should be deposited into treasury at the end of financial year. Further, Rule 305 read with Rule 115 of Bihar Financial Rules provides that the Drawing and Disbursing Officer (DDO) is responsible to see that the expenditure is within the available appropriation. As provided in Rule 86, the DDO should also check and attest the entries made in the cashbook and physically verify the cash balance at least once in a month and record certificate to that effect in the cashbook.

A test check (July-August 2006) of cashbooks/ records of four district Nazarat (Bhagalpur, Jehanabad, Madhubani, Jamui ) for the period 2005-06 disclosed that aforesaid financial rules were violated and closing balance was Rs 26.19 crore<sup>2</sup> as on 31 March 2006. The closing balance consisted of temporary advances (Rs 2.41 crore<sup>3</sup>), cash in hand (Rs 1.27 lakh), cash in bank (Rs 18.28 crore<sup>4</sup>), unadmitted vouchers<sup>5</sup>

<sup>2</sup> Bhagalpur : Rs 13.79 crore, Jamui :Rs 4.71 crore, Jehanabad : Rs 4.74 crore and Madhubani : Rs 2.95 crore

<sup>3</sup> Bhagalpur: Rs 1.17 crore, Jamui: Rs 45 lakh, Jehanabad: Rs 34 lakh and Madhubani: Rs 45 lakh

<sup>4</sup> Bhagalpur: Rs 10.45 crore, Jamui: Rs 3.68 crore, Jehanabad: Rs 2.89 crore and Madhubani: Rs 1.26 crore

<sup>5</sup> Vouchers on which payment had been made but are kept as a part of closing balance for want of allotment are termed as unadmitted vouchers by Zila Nazarat

(Rs 5.32 crore<sup>6</sup>) and reported defalcation (Rs 17 lakh). Further, unadmitted vouchers of Rs 1.59 crore and Rs 1.23 crore were not handed over by the cashiers to their successors during August 2001 and July 2005 in Bhagalpur and Jehanabad respectively.

Audit requested Jehanabad and Bhagalpur Nazarats to furnish the details of unadmitted vouchers and unadjusted advances. The Nazarat Deputy Collector (NDC), Jehanabad intimated (June 2007) that unadmitted vouchers of Rs 1.13 crore were available against Rs 1.23 crore pointed out by audit. NDC, Jehanabad also reported unadjusted advances of Rs 41.12 lakh wherein names of recipients of the advances were unreadable in most of the cases.

Nazarat Deputy Collector, Bhagalpur intimated (September 2007) that listing of unadmitted vouchers and advances was underway.

Similarly in seven other districts, closing balance<sup>7</sup> of Rs 55.84 crore was noticed as on 31 March 2006. This comprised cash in bank (Rs 35.13 crore), unadmitted vouchers (Rs 9.75 crore), temporary advances (Rs 10.76 crore) and cash in hand (Rs 20 lakh).

Thus, the closing balance of Rs 82.03 crore in 11 districts as on 31 March 2006 comprised cash in bank (Rs 53.41 crore), unadmitted vouchers (Rs 15.07 crore), temporary advances (Rs 13.17 crore), cash in hand (Rs 21.17 lakh) and reported defalcation (Rs 17 lakh). Further, unadmitted vouchers amounting to Rs 2.82 crore were not handed over by the cashiers to their successors. In one case, the NDC reported the availability of unadmitted vouchers of Rs 1.13 crore out of 1.23 crore and amount of temporary advance of Rs 41.12 lakh containing the names which were unreadable. Thus, there was suspected misappropriation of Rs 2.10 crore<sup>8</sup>. As the amount is substantial it would be appropriate that a detailed investigation is made and responsibility fixed.

The aforesaid instances indicate that unadmitted vouchers, temporary advances and funds retained outside cash balance of Government are prone to misappropriation. Thus, the Government must ensure that unadmitted vouchers are reduced to nil, temporary advances are adjusted/ recovered and unspent funds are deposited into treasury.

The matter was reported to Government (July 2007); their reply had not been received (October 2007). The matter was discussed with Development Commissioner (November 2007).

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<sup>6</sup> Bhagalpur: Rs 2.16 crore, Jamui: Rs 57 lakh, Jehanabad: Rs 1.45 crore and Madhubani: Rs 1.14 crore

<sup>7</sup> Arwal :Rs. 10.57 crore, Champaran East: Rs.6.57 crore, Katihar: Rs. 10.14 crore, Khagaria: Rs. 2.23 crore, Muzaffarpur: Rs. 7.38 crore, Saharsa:Rs.6.40 crore, Sitamarhi: Rs.12.55 crore

<sup>8</sup> Jehanabad[Unadjusted advance:Rs 41.12 lakh and unadmitted vouchers:Rs 9.90 lakh],Bhagalpur:Rs 1.59 crore

**ROAD CONSTRUCTION DEPARTMENT /  
RURAL ENGINEERING ORGANISATION**

4.1.3 *Fraudulent payment and sub-standard execution of road work*

*Less utilisation of bitumen in strengthening of road crust, special repair and non-utilisation of SMG in special repair led to fraudulent payment of Rs 63.90 lakh and substandard execution of work.*

As per clause 18 (b), (c) of Special condition of contract, the bitumen was to be procured from the Government of India undertakings and the contractor was required to submit the documents to the Executive Engineer within 48 hours of the receipt of the bitumen from the oil company. As per clause 28 of Special condition of contract, the contractor had to submit form 'M' and 'N' duly filled as per Bihar Mines and Mineral Act 1972. As per clause 18(f) of Special condition of contracts and departmental letter (July 1991), the bitumen and other materials was to be used only when the quality test was found satisfactory.

The works of strengthening of road crust in 17.5 Km to 27.3 Km of Supaul-Singheshwar road (Work-A), special repair work of south / north lane of Bailey road, Patna from Railway crossing to Jagdev path (Work-B), improvement of Kataiya-Panchdewari road via Bhaisia more from 6 to 10 Km (Work-C), widening and strengthening in 10 Km length of Raniganj-Aajan via Chaukhara Parsawan (Work-D) and special repair in 2nd to 4th, 6(P), 7th, 11th and 12(P) Km of Maltipur-Daulatpur road (Work-E) were awarded to six contractors between March 2003 and November 2006.

A test-check of records (October 2006, August 2006, November 2006 and May 2007) relating to aforesaid works disclosed that 1053.48 MT bitumen and 1705.35 cum stone metal grade (SMG)-III was required for execution of works shown in the measurement books. Thus challans of 1053.48 MT bitumen and 1705.35 cum stone metal were required to be submitted by the Contractors before releasing payment for the work shown in measurement books. Against that, challans of 858.38 MT bitumen and no challan of stone metal was available in the divisions but payment for full quantity of bitumen and stone metal was made in violation of rules as stated above. Cross verification of records by audit with public sector oil companies and mining officer/goods supervisor disclosed only 858.38 MT bitumen and nil quantity of SMG-III was actually lifted as against 1053.48 MT bitumen and 1705.35 cum SMG-III which resulted in fraudulent payment of Rs 63.90 lakh as shown in the table below :

| Name of department           | Name of work | Value of contract (Rs in crore) | Quantity required based on execution shown in the M.B. | Quantity of challan available | Difference in quantity   | Rate (Rs. in lakh)         | Fraudulent payment (Rs in lakh) | Confirmed by (for quantity lifted)                               |
|------------------------------|--------------|---------------------------------|--|-------------------------------|--------------------------|----------------------------|---------------------------------|--|
| <b>Bitumen</b>               |              |                                 |  |                               |                          |                            |                                 |  |
| RCD                          | A            | 1.34                            | 266 MT bitumen   | 217 MT                        | 49 MT                    | 0.1547/MT                  | 7.58                            | IOC (217 MT)   |
| RCD                          | B            | 2.42                            | 554.20 MT bitumen                                      | 487.67 MT                     | 66.53 MT                 | 0.1602/MT                  | 10.66                           | HPCL (487.67 MT)   |
| REO                          | C            | 1.39                            | 83.27 MT bitumen                                       | 50.29 MT                      | 32.98 MT                 | 0.1668/MT                  | 5.50                            | IOC (50.29 MT)   |
| REO                          | D            | 1.62                            | 150.01 MT bitumen                                      | 103.39 MT                     | 46.62 MT                 | 0.2300/MT                  | 10.72                           | HPCL (103.39 MT)   |
| <b>Stone metal Grade-III</b> |              |                                 |  |                               |                          |                            |                                 |  |
| RCD                          | E            | 0.99                            | (a) 821.14 cum SMG<br>(b) 884.21 cum SMG               | Nil                           | 821.14 cum<br>884.21 cum | 0.0171 /cum<br>0.0173 /cum | 14.06<br>15.38                  | Goods Superintendent, Begusarai and Mining Officer, Munger (Nil) |
| <b>Total</b>                 |              | 7.76                            |  |                               |                          |                            | 63.90                           |  |

2

The quality test report and supporting vouchers in respect of purchase of other materials were also not available on the records.

The execution of works valued Rs seven crore<sup>9</sup> without adequate quantity<sup>10</sup> of bitumen, SMG-III and quality test also resulted in substandard execution of roadwork.

The Executive Engineers (EEs) in respect of Work-A and C replied that challan of bitumen would be procured and submitted. Regarding Work-B and D, the concerned EEs stated that matter would be replied after thorough verification. The replies of the EEs were not acceptable as the payment was in violation of Rule 18 (b), (c), (f) and 28 of special condition of contract and the quantity of bitumen and stone chips valued Rs 63.90 lakh was not actually lifted.

The matter was reported to Government (April, May, August and September 2007); their replies had not been received (October 2007). The matter was discussed with Development Commissioner, Secretary, Rural

<sup>9</sup> Work A: Rs 1.05 crore + Work B: Rs 2.38 crore + Work C: Rs 99.15 lakh + Work D: Rs 1.37 crore + Work E: Rs 1.21 crore

<sup>10</sup> As per the manual of MORTH regarding construction and supervision of bituminous works, insufficient bitumen content in localised areas of the surfacing layer can cause pot holes.

Engineering Organisation and Chief Engineer Road Construction Department (November 2007).

## RURAL ENGINEERING ORGANISATION

### 4.1.4 Fraudulent payment for doubtful compaction

*Fraudulent payment of Rs 98.46 lakh due to doubtful compaction in widening and strengthening of Maharajganj-Basantpur road and upgradation of Tineri More to Latta road besides substandard execution of work.*

The works of widening and strengthening of 3.50 Km to 13 Km of Maharajganj-Basantpur road under REO (W) division, Siwan (Work-A) and upgradation of Tineri More to Latta Road (8.20 Km) under REO (W) division, Aurangabad (Work-B) were awarded (March 2006) to two contractors at Rs 2.19 crore and Rs 1.50 crore respectively. Both the contractors possessed one road roller each. As per special condition of the contract, the compaction capacity of a road roller was 34 cum jhama metal, 35 cum stone metal grade (SMG)-I and 39 cum SMG-II / III in a day (8 hours).

A test check of records of two Divisions<sup>11</sup> (October 2006) disclosed that agreement for work A was signed on 11 March 2006 and for work B was signed on 22 March 2006. The work of compaction of earth and stone/jhama metal in both the roads was shown to be carried out by 30 March 2006 which was not possible by one road roller. This resulted in fraudulent payment of Rs 48.27 lakh in Work A and Rs 50.19 lakh in Work B as shown in table below:

| Sl No  | Date of payment | Amount (Rs in lakh) | RA Bill No | Item of work | Date of execution | Shown Compaction (in cum) | Maximum Compaction possible (in cum) | Difference (in cum) | Fraudulent payment (Rs in lakh) |
|--------|-----------------|---------------------|------------|--------------|-------------------|---------------------------|--------------------------------------|---------------------|---------------------------------|
| Work-A |                 |                     |            |              |                   |                           |                                      |                     |                                 |
| 1      | 19.3.06         | 1.51                | I          | JM           | 12.3.06-16.3.06   | 150.94                    | 113.35                               | 37.59               | 0.38                            |
| 2      | 25.3.06         | 5.60                | II         | SMG II       | 17.3.06-20.3.06   | 252.73                    | 117.28                               | 135.45              | 3.00                            |
| 3      | 25.3.06         | 28.67               | II         | SMG III      | 21.3.06-24.3.06   | 1263.39                   | 117.28                               | 1146.11             | 26.01                           |
| 4      | 30.3.06         | 3.80                | III        | SMG II       | 25.3.06-28.3.06   | 171.54                    | 117.28                               | 54.26               | 1.20                            |
| 5      | 30.3.06         | 19.01               | III        | SMG III      | 29.3.06-30.3.06   | 837.80                    | 58.64                                | 779.16              | 17.68                           |
| Total  |                 | 58.59               |            |              |                   |                           |                                      |                     | 48.27                           |

<sup>11</sup> REO (W) division, Aurangabad and Siwan



| Sl No  | Date of payment | Amount (Rs in lakh) | RA Bill No | Item of work | Date of execution | Shown Compaction (in cum) | Maximum Compaction possible (in cum) | Difference (in cum) | Fraudulent payment (Rs in lakh) |
|--------|-----------------|---------------------|------------|--------------|-------------------|---------------------------|--------------------------------------|---------------------|---------------------------------|
| Work-B |                 |                     |            |              |                   |                           |                                      |                     |                                 |
| 1      | 23.3.06         | 8.37                | I          | SMG I        | 17.3.06-18.3.06   | 622.23                    | 52.64                                | 569.59              | 7.66                            |
| 2      | 23.3.06         | 15.50               | I          | SMG II       | 19.3.06-21.3.06   | 1101.46                   | 87.96                                | 1013.50             | 14.26                           |
| 3      | 25.3.06         | 8.71                | II         | SMG II       | 22.3.06-24.3.06   | 618.75                    | 87.96                                | 530.76              | 7.47                            |
| 4      | 25.3.06         | 6.39                | II         | SMG III      | 22.3.06-24.3.06   | 455.62                    | 87.96                                | 367.66              | 5.16                            |
| 5      | 28.3.06         | 17.29               | III        | SMG III      | 25.3.06-28.3.06   | 1231.87                   | 117.28                               | 1114.59             | 15.64                           |
| Total  |                 | 56.26               |            |              |                   |                           |                                      |                     | 50.19                           |

The doubtful execution of compaction work was corroborated by the following facts:

- Work A was shown as started on 28 February 2006 and first measurement was taken on 06 March 2006 i.e. before the date of signing of agreement on 11 March 2006. The site inspection report (May 2006) of Superintending Engineer, REO, Chapra disclosed that compaction of stone metal was under way in the last part of road but compaction work was shown as completed on 30 March 2006.
- Work B was shown as started on 17 March 2006 and first measurement was taken on 18 March 2006 i.e. before the date of signing of agreement on 22 March 2006. As per letter of the Executive Engineer (April 2006), the detailed verification of work was not made before payment but compaction work was shown as completed on 28 March 2006.
- Stone metal was to be brought from Jamalpur (Work-A) and Karbindia (Work-B) but neither challans nor quality test reports were on record though entry in the MB was made that work was executed as per specification (Work-A) and challan were received (Work-B).

Thus, the compaction of jhama/stone metal upto desired level was not possible in both works with one roller but shown as completed in MB which resulted in fraudulent payment of Rs 98.46 lakh.

Executive Engineers (EEs) of the divisions stated that four and eight to ten rollers were used in work A and B respectively. The replies were not acceptable as JE/AE incharge certified in the MB that contractor of work A had used his own roller and the contractor of work B possessed single roller. Further, the EEs could not furnish any record to establish the use of additional road rollers.

The matter was reported to Government (June 2007); their replies had not been received (October 2007). The matter was discussed with Development Commissioner as well as Secretary, Rural Engineering Organisation (November 2007).

## BUILDING CONSTRUCTION DEPARTMENT

### 4.1.5 Suspected Fraudulent payment

**Fraudulent payment of Rs 48 lakh on MS reinforcement and Rs 48.59 lakh on carriage of materials without any proof.**

The work for construction of 75-bedded sub-divisional hospital, Mahua was awarded (June 2006) to a contractor at a value of Rs 3.68 crore which was supplemented (November 2006) by Rs 27.41 lakh for carriage of stone chips. The work was still under progress (September 2007).

Audit scrutiny (May 2007) disclosed the following:

- As per the Bill of quantity (BOQ), 280 MT mild steel reinforcement was to be used for 3272.36 cum (total estimated) RCC<sup>12</sup> work. Upto 7th running account bill (May 2007), 3580.64 cum RCC work was executed but payment for 462.89 MT (Rs 4.04 crore) was made against 306.38 MT (Rs 3.56 crore) of mild steel. Thus, there was excess payment of Rs 48 lakh on excess consumption of 156.51 MT mild steel. There were no purchase vouchers of mild steel reinforcement, brick and cement though required under Rule 84 of Bihar Public Works Account code.
- As per the agreement stone chips were to be brought from Sheikhpura and sand from Kiul and locally. Forms M, N and F<sup>13</sup> were required to be submitted by the contractor in support of purchase of minor minerals. The contractor did not submit the document but the division made the payment of Rs 48.59 lakh<sup>14</sup> (May 2007) on account of carriage of minor minerals as per the agreement.
- There was no quality test laboratory of contractor as stipulated in the special condition of the contract as such the quality of material used in works was not tested.

Thus, there was suspected fraudulent payment of Rs 48 lakh and carriage payment of Rs 48.59 lakh was made without any proof.

The matter was reported to Government (September 2007); their reply had not been received (October 2007). The matter was discussed with Development Commissioner as well as Principal Secretary, Building Construction Department (November 2007).

<sup>12</sup> Reinforcement Cement Concrete

<sup>13</sup> Form 'M': Affidavit of the contractor for lifting of minor-minerals from authorised quarry / seller, Form 'N': Details of minor minerals issued by the authorised quarry / seller and Form 'F': Challan issued by authorised quarry duly verified by Mining Department.

<sup>14</sup> Stone chips (Rs. 28,07,269+22,45,82) + K.Sand (Rs. 12,88,050 + 10,30,44) + Local Sand (Rs. 1,77,220+Rs. 14,178) + Bricks (Rs. 22,6,284+Rs. 18,103)=Rs. 48,58,730/-

#### 4.1.6 Fraudulent payment

**Fraudulent payment of Rs 14.44 lakh on account of labour charges and less consumption of stone material led to substandard execution of work valued Rs three crore.**

The Civil Aviation Department accorded (March 2001) the administrative approval of Rs three crore and Building Construction Department accorded the technical sanction (February 2004) of Rs 3.40 crore for construction of pucca-runway at Kishanganj aerodrome. The work envisaged 3300 / 100 feet runway, end strip on both side for accidental run off of the aeroplane, taxiway and apron. The work was divided into earthwork, construction of runway and fencing of boundary wall. The work was executed departmentally on the plea that allotment of funds would lapse, violating the instructions of vigilance department, which prohibited departmental work except under special circumstances.

Scrutiny of records of Building Construction Division, Kishanganj (November 2006) disclosed the following:

- SMG-III (6177.02 cum) and stone chips (1469.26 cum) were required for execution of work shown in MB. Against the requirement, only 2349.20 cum SMG-III and 954.29 cum stone chips had been received for which no excess payment was made. However, payment for labour charges was made for the required quantity of SMG-III and stone chips leading to fraudulent payment of Rs 14.44 lakh on account of labour charges as shown in the table below :

| Sl no. | Item of work            | Work shown as executed as per M.B and SMG III/ Stone chips required |  | Actual receipt of SMG III / Stone chips and Possible work from received SMG III / Stone chips |  | Excess work shown and payment made on account of labour charges |                                   |                              |
|--------|-------------------------|---|--|---|--|---|-----------------------------------|------------------------------|
|        |                         | Quantity as per MB  | SMG III/ <sup>15</sup> Stonechips required     | Actual receipt of SMG III/ Stone chips  | Possible work from received SMG III/ Stone chips | Excess quantity of item of work shown as executed               | Labour rate as per estimate (Rs.) | Labour charges (Rs. in lakh) |
| 1      | 2                       | 3   | 4  | 5   | 6  | 7 (3-6)   | 8                                 | 9 (7 x 8)                    |
| 1      | Built up spray Grouting | 30669.14 sqm.   | SMG-III 3066.91cum.<br>Stone chips 365.02 cum. | SMGIII 2349.20 cum.<br>Stone chips 295.71 cum.  | 23492.03 sqm.                                    | 7177.11 sqm.  | 57.95 per sqm.                    | 4.16                         |
| 2      | Water Bound Macadam     | 2338.43 cum.  | SMG-III 3110.11 cum.                           | Nil   | Nil  | 2338.43 cum.  | 170.90 per cum.                   | 4.00                         |
| 3      | 20 mm premix Carpet     | 30669.14 sqm.   | Stone chips 828.22 cum.                        | Stone chips .542.56 cum.  | 20094.98 sqm.                                    | 10574.16 sqm.   | 32.25 per sqm.                    | 3.41                         |
| 4      | Seal Coat               | 30669.14 sqm.   | Stone chips. 276.02 cum.                       | Stone chips 116.02 cum.   | 12891.22 sqm.                                    | 17777.92 sqm.   | 16.15 per sqm.                    | 2.87                         |
|        | GT                      |   |  |   |  |   |                                   | 14.44                        |

<sup>15</sup> 1. 1 cum SMG-III was required for 10 sqm BUSG work. 2. 1.33 cum SMG\_III was required for 1 cum WBM work 3. 0.27 cum stone chips was required for 10 sqm 20 mm pre mix carpet work. 4. 0.09 cum stone chips was required for 10 sqm seal coat.

Quantity of earth filling and rolling/compaction was 38029.57 and 33950.83 cum respectively against estimated quantity of 53046.18 cum in both sub-works.

End strip work was not executed which was included in the estimate and was essential to prohibit accidental run-off of the aeroplane as per guidelines of Aviation Planning Circle, CPWD Delhi. Taxiway and apron were also not constructed.

The Vigilance Department prohibited (May 1977) payment on hand receipts (HRs) but Rs 69 lakh<sup>16</sup> was paid on HRs to seven persons for material and labour, which was irregular.

Besides fraudulent payment of Rs 14.44 lakh to labour mates there was substandard execution of departmental work valued Rs three crore using lesser quantity of SMG-III, stone chips and inadequate compaction. At the instance of audit, the DM, Kishanganj (April 2007) got the quality testing of runway done by a committee consisting of Civil SDO, Executive Engineer and Research Assistant of Road Construction Division. The report of the committee confirmed that the work was substandard.

The matter was reported to Government (May 2007); their reply had not been received (October 2007). The matter was discussed with Development Commissioner as well as Principal Secretary, Building Construction Department (November 2007).

## PUBLIC HEALTH ENGINEERING DEPARTMENT

### 4.1.7 *Fraudulent payment*

*Fraudulent payment of Rs 3.13 lakh, loss of interest for Rs 14.94 lakh due to keeping of TSC fund in current account and unauthorised payment of Rs 2.91 lakh to motivator.*

The Government of India released (November 2001) Rs 3.20 crore for Banka district under Total Sanitation Campaign (TSC) of the Restructured Central Rural Sanitation Programme for construction of individual household latrines (IHL) for BPL families, community sanitary complex (CSC) for women and sanitary facility in schools (SFS). As per guidelines of TSC, funds were to be kept in savings bank account. The interest accrued on TSC funds were to be treated as part of TSC resources. The State Government also released its share of Rs 72 lakh and bank interest of Rs 29 lakh was earned upto March 2007. Thus, amount available for implementation of the scheme was Rs 4.21 crore. Of this,

<sup>16</sup> Mukesh Gupta (Rs. 8.83 lakh), Satweer Singh (Rs 5.25 lakh), Amar Jyoti roadways (Rs 0.66 lakh), Mohammad Khalid Ansari (Rs 13.62 lakh), Raju Kumdu (Rs 8.14 lakh), Mohammad Maslay (Rs 29.01 lakh) and Ramesh Das (Rs 3.43 lakh).

Rs 1.41 crore was spent on construction of 27601 units individual household latrines<sup>17</sup> as of March 2007.

Audit scrutiny (April-May 2007) of vouchers of four blocks<sup>18</sup> in Divisional Office, Banka disclosed the following :

- In violation of the guidelines, the Division kept the entire amount of Rs 3.20 crore in current account during December 2001 to January 2003. This resulted in loss of interest of Rs 14.94 lakh.
- In three blocks (Dhoraiya, Banka and Barahat), payment of Rs 8.85 lakh was made during April 2004 to January 2006 for construction of 1791 units of individual household latrines but list contained name of only 1741 beneficiaries as there were gap in the serial numbers of the list. Thus, fraudulent payment of Rs 0.25 lakh was made to executing agency.
- Names of IHL beneficiaries were recorded in one bill as per their BPL number and in another bill as per Lal Card number. Names of 297 beneficiaries appeared twice, 18 appeared thrice and 4 appeared four times leading to fraudulent payment of Rs 1.73 lakh<sup>19</sup> between February 2004 and November 2006. In addition, payment was also made twice/thrice to 216 persons against 187 beneficiaries who hold the same BPL number in the same panchayat/village (which was not possible) resulting in fraudulent payment of Rs 1.15 lakh<sup>20</sup>.

The Division paid Rs 2.91 lakh between November 2004 and September 2005<sup>21</sup> to five motivators directly from the TSC funds whereas payment of motivators was to be made from the contribution of beneficiaries.

Thus, there was fraudulent payment of Rs 3.13 lakh, loss of interest of Rs 14.94 lakh and unauthorised payment of Rs 2.91 lakh. Based on the findings of audit, the Executive Engineer directed the executing agencies to deposit the amount.

The matter was reported to Government (July 2007); their reply had not been received (October 2007). The matter was discussed with Development Commissioner as well as Engineer-in-Chief, Public Health Engineering Department (November 2007).

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<sup>17</sup> At the rate of Rs 625 up to March 2006 and Rs 1500 from April 2006 per unit

<sup>18</sup> Barahat, Banka, Dhoraiya and Shambhuganj

<sup>19</sup>  $345 \times 500 = 1.73$  lakh

<sup>20</sup>  $205 \times 500 + 11 \times 1200 = 1.15$  lakh

<sup>21</sup> 9.11.04 : Rs 1.80 lakh, 8.12.04 : Rs 0.28 lakh and 23.9.05 : Rs 0.84 lakh

## FOREST AND ENVIRONMENT DEPARTMENT

### 4.1.8 Fraudulent payment

*Rehabilitation of degraded forests shown to be carried out in 400 hectare of land against actual available land of 140.05 hectare led to fraudulent payment of Rs 35.28 lakh.*

The scheme of plantation under RDF was to be sanctioned on the basis of proposal / estimate with actual position (percentage of forest) of degraded forest based on basic records of notified areas of protected forest and reserved forest. Besides, plantation journal<sup>22</sup> and plantation register<sup>23</sup> was to be maintained. Forest and Environment Department, Bihar accorded sanction of 11 schemes under rehabilitation of degraded forest (RDF) in 750 hectares for Munger division during 2006-11. The Regional Chief Conservator of Forest allotted Rs 1.01 crore (February 2007) for advance work in 750 hectare. The Conservator of Forests, Bhagalpur also allotted (March 2007) Rs 12.84 lakh for the same scheme in 130 hectare.

Scrutiny (August 2006) of records of DFO, Munger disclosed the following:

- No Plantation journal was maintained but division had shown execution of rehabilitation work in 400 hectare of forest land in 14 plots<sup>24</sup> and spent Rs 54.29 lakh. Cross verification by audit with records of Circle Officers disclosed that total forest land area of aforesaid plots was 140.05 hectare. Thus, rehabilitation work in 400 hectare was not possible against available land of 140.05 hectare.
- Neither division nor any higher authority carried out survey for density of forest and so the initial list of survived / existed trees in the ranges which was the basis of preparation of proposal / estimate was not on record. The plantation work was shown to be carried out without ascertaining the density of forests. After shown plantation, species-wise survival of plants, physical verification report and self-satisfaction certificate were not sent to higher authorities, though required as per sanction.

Thus, doubtful execution of rehabilitation of forest in 259.95 hectare<sup>25</sup> of land resulted in fraudulent payment of Rs 35.28 lakh<sup>26</sup>.

<sup>22</sup> Plantation journal is a basic document prescribed by Forest Department for afforestation works. It contains details regarding location of plant, source of seed/tree shoots, period of hoeing and weeding, application of fertilizers and inspection reports regarding cutting/raising of plants.

<sup>23</sup> Giving details of trees planted as well as failed and reasons for failure

<sup>24</sup> Plot nos.: 11, 21, 29, 172, 216, 217, 253, 374, 1040, 1045, 1077, 1078, 1082 and 2077.

<sup>25</sup> 400 Ha-140.05=299.95 Ha.

<sup>26</sup> 259.95 hectare (excess area shown) /400 hectare (total area) X Rs 54.29 lakh (total expenditure shown) =Rs 35.28 lakh

The matter was reported to Government (August 2007); their reply had not been received (October 2007). The matter was discussed with Development Commissioner (November 2007).

**4.1.9 Suspected fraudulent payment on doubtful afforestation and maintenance after flood**

**Rupees 53.11 lakh was spent on doubtful afforestation as source of stump roots was not shown and Rs 54.99 lakh was shown as expenditure on washed away plants.**

As per Forest Department guidelines (2000), plantation journal<sup>27</sup> and plantation register<sup>28</sup> was required to be maintained by the Divisions. The Deputy Development Commissioner-cum-Chief Executive Officer, District Rural Development Agency, Darbhanga provided Rs 1.36 crore (cash Rs 1.06 crore and 4850.17 quintal rice valued Rs 30.27 lakh) between February 2004 and March 2005 to Divisional Forest Officer (DFO), Darbhanga for 23 afforestation schemes of social forestry under Sampoorna Grameen Rojgar Yojana (SGRY). The scheme was to be executed during 2003-07, which consisted of growing four lakh stump roots at four permanent nurseries<sup>29</sup>. Out of which 3.22 lakh stump roots were to be planted at 19 locations.

Scrutiny of records of DFO, Darbhanga (July 2006, September 2007) disclosed that against the total expenditure of Rs 1.08 crore<sup>30</sup> incurred upto December 2005, Rs 53.11 lakh (cash: Rs 39.22 lakh and 2208.73 quintal rice valued Rs 13.89 lakh) was shown as spent against plantation work but no expenditure was incurred on growing / purchase of stump roots or on utilisation of departmental stump roots up to June 2004. In the absence of source of stump roots and non maintenance of plantation journal and plantation register, the entire work was doubtful. The plants were shown as washed away by the Division in flood of July 2004 but Rs 54.99 lakh (Cash: Rs 46.00 lakh and Rice: 1429.21 quintal valued Rs 8.99 lakh) was spent on maintenance after flood. Commissioner, Darbhanga Division (September 2004) had instructed not to incur expenditure on any new or old plantation schemes pending investigation. Thus, in absence of any proof in support of plantation, suspected fraudulent payment of Rs 1.08 crore was made on doubtful afforestation and maintenance. This was also substantiated from the report of the District Magistrate, Darbhanga (May 2005) that no afforestation was visible during his visit in the area.

<sup>27</sup> Plantation journal is a basic document prescribed by Forest Department for afforestation works. It contains details regarding location of plant, source of seed/tree shoots, period of hoeing and weeding, application of fertilizers and inspection reports regarding cutting/raising of plants.

<sup>28</sup> Giving details of trees planted as well as failed and reasons for failure

<sup>29</sup> (i) Bucheha Permanent Nursery, (ii) Charwaha school Pachari, (iii) III Campus Ramnagar and (iv) Range office Campus, Benipur.

<sup>30</sup> Purchase of seeds: Rs 1.48 lakh, Purchase/hire of plant / nursery: Rs 3.18 lakh, purchase of other material: Rs 0.65 lakh, labour charges: Rs 79.91 lakh and rice 3637.94 quintal valued Rs 22.88 lakh.

In reply, DFO Darbhanga stated (May 2007) that site inspection was carried out (July 2006) by Society for Social Services, Madhya Bharat Chapter, Bhilai (Chattishgarh) deputed by National Afforestation Environment Board, Ministry of Environment and Forests, Government of India. Besides, 3,01,998 stump roots were available in departmental nurseries.

The reply was not acceptable as report related to study on survival rate of plants based on sample plant (8 to 25 per cent) of 15 locations earmarked for 2004-05 instead of growing of stump roots and plantation for 2003-04. According to the report of the department only 50,998 stump roots were available as against 3,01,998 reported by DFO, Darbhanga in the nurseries as on March 2004 and there was no proof of procurement.

Forest and Environment Department directed (September 2007) the Principal Chief Conservator of Forest to inquire into the matter on the basis of audit findings.

The matter was reported to Government (August 2007); their reply had not been received (October 2007). The matter was discussed with Development Commissioner (November 2007).

## RURAL DEVELOPMENT DEPARTMENT

### 4.1.10 *Fraudulent payment*

*Fraudulent payment amounting to Rs 57.91 lakh of IAY funds to non-BPL families.*

Indira Awas Yojana (IAY), a centrally sponsored scheme aimed to provide dwelling houses to below poverty line (BPL) households.

A test check of records of six blocks<sup>31</sup>(September 2006-February 2007) disclosed the following :

- Cross checking of payment to beneficiaries with BPL lists showed that in 222 cases Rs 49.14 lakh<sup>32</sup> was paid to beneficiaries whose BPL numbers were not in the BPL list.
- Payment of Rs 6.92 lakh was made to 35 beneficiaries in Nathnagar (Bhagalpur) block against their ration card number but their names were not found in BPL list.
- In Rajauli (Nawada), Rahui (Biharsharif) and Pandaul (Madhubani) payments were made by showing same BPL number against two beneficiaries in eight cases resulting in fraudulent payment of Rs 1.85 lakh.

<sup>31</sup> Nathnagar (Bhagalpur), Rajauli (Nawada), Rahui (Biharsharif), Rohtas, Pandaul (Madhubani) and Manjhi (Saran)

<sup>32</sup> Nathnagar: Rs 6.14 lakh, Rajauli: Rs 2.14 lakh, Rahui: Rs 23.05 lakh, Rohtas: Rs 6.56 lakh and Pandaul: Rs 11.25 lakh.



- The Block Development Officer of Manjhi block (Saran) issued cheques to 36 beneficiaries for Rs 5.40 lakh on 24 March 2006 as first installment for construction of their house under IAY. Though, the cheques were encashed during April-June 2006, the remaining amount (second installment) of Rs 2.68 lakh was released to them within a week of the release of first installment on certificate of Panchayat Sachiv that construction was made up to lintel level.

Thus, fraudulent payment of Rs 57.91 lakh of IAY funds besides irregular release of second installment for Rs 2.68 lakh was made. The matter requires investigation.

The matter was reported to the Government (May 2007); their reply had not been received (October 2007). The matter was discussed with Development Commissioner as well as the Principal Secretary, Rural Development Department (November 2007).

## WATER RESOURCES DEPARTMENT

### 4.1.11 Fraudulent payment

*Fraudulent payment of Rs 1.05 crore by showing execution of boulder pitching work as the execution of work was not possible in highest water level at 46.28 m to 47.73m.*

The Flood Control Division Khagaria issued work order of Rs 4.36 crore (February 2006) to a contractor for the construction of retire line<sup>33</sup> from 27.90 Km. to 31.11 Km. of Badlaghat - Nagarpara embankment before flood 2006 against estimated value of Rs 4.16 crore revised to Rs 5.34 crore (December 2006). The work was executed till 14 July 2006. As per normal work calendar of the Water Resource Department, execution of work should be completed up to 31 March 2006 in Kosi River.

Audit scrutiny showed that 9870.20 cum boulder pitching work valued Rs 1.05 crore<sup>34</sup> was shown as executed during 9 June to 12 July 2006 by falsely recording Highest Water Level (HWL) between 27 metre and 30.75 metre at Basua site in Kosi river in the level book of division. However, as per records of Executive Engineer, Middle Ganga Division no. IV, Patna (Central Water Commission, Government of India) HWL ranged between 46.28 metres and 47.73 metres during this period at the above mentioned site. Thus execution of work was doubtful, as boulder-pitching work was not possible in HWL ranging from 46.28 metres to 47.73 metres for which Rs 1.05 crore was fraudulently paid to the contractor.

The matter was reported to Government (November 2007); the department had asked (November 2007) Chief Engineer, Samastipur to

<sup>33</sup> Retire line is the line alongwith dam which is constructed as second defence when there is threat on main embankment.

<sup>34</sup> Price of boulder: Rs.23.29 lakh +Carriage of boulder: Rs. 60.39 lakh+ Labour payment: Rs.21.18 lakh =: Rs.104.86 lakh.

examine the matter. The matter was discussed with Development Commissioner (November 2007).

#### 4.1.12 *Doubtful execution of canal work*

*Doubtful execution of canal work valued Rs 1.33 crore as work of atleast 295 days was shown as executed in 152 days.*

Construction work of seven canal distributaries, one SLR bridge, one cart bridge and two head regulators at different chain of Sakri branch canal with estimated cost of Rs 1.15 crore under WKC Division, Baheri was allotted (January 2005) to a contractor at a cost of Rs 1.26 crore. The work consisted of earthwork (E/W), PCC / RCC structure, dewatering etc. The agency had labour licence of 50 labourers. The work was to be completed within two years. However, the work was shown as completed in 152 days (18 January 2005 to 18 June 2005) and Rs 1.33 crore was paid (July 2005) to the agency.

Audit scrutiny (March 2007) disclosed the following:

- As per norms of Labour Department (May 2004) one labour was capable to excavate or fill 90 cft to 110 cft (average 100 cft) earth per day. The agency had shown execution of 34854 cum E/W in 152 days which would have taken 246 days with 50 labourers. There was nothing on record about pre and post section measurement though required as per prescribed norms (October 1977). In the absence of pre and post section measurement, excavation / filling work was not verifiable;
- As per the estimate for PCC / RCC structure with centering, shuttering and its removal, brick work, railing post, dewatering etc required at least 49<sup>35</sup> days and said work could only be started after excavation;
- There was no work programme on record though required as per NIT and work order.

Thus, work of at least 295 days was shown as executed in 152 days making execution of canal work valued Rs 1.33 crore doubtful.

Executive Engineer stated (March 2007) that agency had executed the work by mechanical means for early completion of work. Reply was not acceptable, as specific details of tools and plant was not mentioned in technical bid and work programme. Further, the work included several components, which required considerable time for completion.

The matter was reported to Government (August 2007); their reply had not been received (October 2007).

<sup>35</sup> Removal of props under slab (21 days)+ wall ,column and vertical faces of all structure (7 days) + Removal of props beam and&arches(21 days).

## RURAL DEVELOPMENT DEPARTMENT

### 4.1.13 *Doubtful purchase and fictitious distribution of rickshaws and thela*

*Purchase of rickshaws and thela valued Rs 27.63 lakh was doubtful as supplier had less turnover than of the quantity shown to be purchased from them.*

The DRDA, Bhagalpur provided Rs 32.24 lakh to Nathnagar block for implementation of schemes under special component of Sampoorna Grameen Rojgar Yojana (30 per cent) during the year 2004-05. The Zila Parishad accorded approval of Rs 28.71 lakh for purchase and distribution of 311 rickshaws and 162 thela among SC / ST population. However, the Block Development Officer (BDO), Nathnagar purchased 297 rickshaws and 159 thela at a cost of Rs 27.63 lakh from two Bhagalpur based firms during March 2005 to February 2006 and distributed 270 rickshaws and 135 thela upto January 2007.

Test check (December 2006-January 2007) of records of BDO, Nathnagar and cross verification by audit with Sales Tax Office disclosed the following:

- Firm 'A' was a registered dealer for cycle and cycle parts with turn over of Rs 3.29 lakh but rickshaws/ thela, costing Rs 14.76 lakh was purchased from that firm.
- Firm 'B' had turn over of Rs 3.16 lakh only during 2004-06 but had supplied rickshaws / thela valued Rs 14.76 lakh.
- Passed for payment orders were not recorded and signed by the BDO on vouchers.
- Twenty seven rickshaws and 24 thela valued at Rs 2.99 lakh were missing as no stock entry and distribution of these rickshaws/thela was seen on record.
- Thumb impression for receipt of five thela amounting to Rs 0.25 lakh in five cases was not visible and was not certified by Panchayat Sewak/ BDO.

Thus, doubtful purchase and fictitious distribution of rickshaws/ thela valued Rs 27.63 lakh could not be ruled out.

The BDO replied (January 2007) that the matter would be investigated.

The matter was reported to Government (August 2007); their reply had not been received (October 2007).

## ROAD CONSTRUCTION DEPARTMENT

### 4.1.14 Loss on dismantling and resetting of Pontoon bridge

*Failure of division to prevent loss of dismantled materials resulted in loss of Rs 68.95 lakh.*

Pontoon Bridge situated at the confluence of Sone-Soti and Ganga River near Danapur gets dismantled and resettled in June and October respectively every year. Superintending Engineer (SE) instructed (October 2002) Executive Engineer (EE) that utmost care should be taken during dismantling so that components of the bridge might not fall or lost otherwise concerned EE, Assistant Engineer (AE) and Junior Engineer (JE) would be held responsible and if cost of missing items exceeded 10 per cent of the value of all materials received after dismantling then recovery would be made as per departmental rules. It was further stressed that site accounts and surplus accounts might be submitted after proper verification by the SE. This was reiterated subsequently (May, June, September 2003 and February 2005). Rates of the non-scheduled items were to be approved by the convener of the Schedule Committee.

A test check of records of Patna Road Division (West) (October 2006), disclosed that no action had been taken against the responsible JE (December 2002) for shortage of 680 cross bearings worth Rs 1.75 lakh and consequently due to this inaction of the Division, the value of the missing items sharply went up to Rs 17.82 lakh (89.46 per cent of estimate of resetting) in 2003-04, Rs 28.58 lakh (49.53 per cent of estimate of resetting) in 2004-05 and Rs 16.52 lakh (44.70 per cent of estimate of resetting) in 2005-06. The missing items were neither reported at the time of dismantling though required as per Rule 270, 271 of Bihar Public Works Account (BPWA) Code nor site account/ surplus account was maintained though required under rule 118 of BPWA code and Rule 273, 274 of Bihar Public Works Department Code (BPWD) Code. Interestingly, payment of Rs 7.03 lakh<sup>36</sup> for dismantling and bringing those items to safe site was made to the contractors during 2003-05 and dismantling was executed departmentally in 2005-06. The items were shown as missing at the time of preparation of estimate for resetting the bridge. Due to increase in missing items in subsequent years, the estimates for resetting increased to Rs 19.92 lakh in 2003-04, Rs 57.70 lakh in 2004-05 and Rs 36.96 lakh in 2005-06 though the length of bridge as well as cost of materials remained the same except for Usha Martin wire rope and Gasset plate. Major missing items were 204<sup>37</sup> anchors and 11280<sup>38</sup> meter wire rope valued at Rs 12.24 lakh and Rs 26.01 lakh respectively.

The value of non-scheduled items ranged from 43 to 77 per cent (Rs 1.15 crore<sup>39</sup>) and rates were not approved by the convener of schedule committee.

<sup>36</sup> 2003-04 (Rs.3.37 lakh), 2004-05 (Rs.3.66 lakh)

<sup>37</sup> 2003-04 (80 no.), 2004-05 ( 89 no) &2005-06 (35 no.)

<sup>38</sup> 2003-04 (3320 mtrs), 2004-05 ( 4210 mtrs) & 2005-06 (3750 mtrs)

<sup>39</sup> 2003-04 (Rs. 19.92 lakh), 2004-05 (Rs.57.70 lakh ) & 2005-06 ( Rs.36.96 lakh)

The vouchers relating to purchase of materials valued Rs 69.10 lakh<sup>40</sup> were not available on records. Weight of the nuts and bolts of the same specification (per set) was shown 0.05 MT in the year 2003-04 and 0.30 MT in the year 2004-05 and thus excess payment of 14.25 MT<sup>41</sup> valued Rs 4.28 lakh was made during 2004-05.

Division, in its reply stated (October 2006) that due to increase in water level it was not possible to pull anchor and wire rope and loss of other components was natural due to traffic rush. The reply was not acceptable as dismantling work was carried out in June<sup>42</sup> every year before increase of water level in the river and no item was shown as missing at the time of or after dismantling though required. No action was taken against JE /AE/ EE in accordance with the instructions of SE.

Thus, failure of division to prevent loss of dismantled material resulted in loss of Rs 64.67<sup>43</sup> lakh and excess payment of Rs 4.28 lakh on account of showing extra weight of materials without any change in specification.

The matter was reported to Government (April 2007); their reply had not been received (October 2007). The matter was discussed with Development Commissioner as well as Deputy Secretary, Road Construction Department (November 2007).

## 4.2 Infructuous/ wasteful expenditure and overpayment

### WATER RESOURCES DEPARTMENT

#### 4.2.1 Wasteful expenditure

***Embankment constructed at the cost of Rs 42.46 lakh was washed away during flood 2004 due to sub standard execution of work.***

Ganga-Sone Flood Protection Division, Patna awarded anti erosion work from RD 3.5 to 6 (left bank of river Ganga) valued Rs 45.93 lakh to a contractor with stipulated date of completion as May 2004. The work was completed in May 2004 and final payment of Rs 42.46 lakh made to the contractor in December 2004. The embankment was washed away in the flood of August 2004.

A test-check of the records (June 2007) of Ganga-Sone Flood Protection Division, Patna showed the following:

- The work of making lap joints<sup>44</sup> (150 mm to 200 mm diameter) in 124 Sal- ballah piles was not carried out as required in the estimate;

<sup>40</sup> Anchor: Rs. 12.24 lakh, Usha Martin wire rope: Rs.36.01 lakh, 4" dia 6' long nut bolts with washer: Rs. 4.38 lakh, Gasset plate:Rs. 4.60 lakh, Various size nut & bolts with washer: Rs.5.79 lakh, 16 mm dia rope:5.25 lakh, Manila rope:Rs.0.93 lakh

<sup>41</sup> 57 sets @ 0.05 MT = 2.85 MT was used but shown payment of 17.10 MT  
<sup>42</sup> 2003-04 (28/06/03),2004-05 (29/06/04)

<sup>43</sup> 2002-03:Rs.1.75 lakh, 2003-04:Rs.17.82 lakh, 2004-05:Rs.28.58 lakh, 2005-06: Rs.16.52 lakh

<sup>44</sup> Iron Joints for Sal ballah to upper ballah with nut and bolts.

- Labour charge for pitching of bricks in crate was paid for 1642.95 cum for which 7.01 lakh bricks were required but only 6.70 lakh bricks were available on site. Thus, crates were not properly packed with bricks;
- The construction material like BA wire (12.11 MT), Nylon crates (713), empty cement bags (53,099), Sal balla (992 meter) were provided by the Department but purchase vouchers were not available on record;
- There was nothing on record about checking pre-level of site and quality of work and material used by Quality Control Organisation as envisaged in sanctioned estimate;
- Work was shown as completed on 31 May 2004 but it was in progress on 19 June 2004 as per the inspection report of SE.

Thus, due to substandard execution of work, the embankment could not withstand the flood of 2004, which led to wasteful expenditure of Rs 42.46 lakh. On the same point, expenditure of Rs 1.25 crore was incurred upto June 2006 after flood of 2004.

The Executive Engineer stated (June 2007) that the work was executed on experimental basis on recommendation of Ganga Specialist Committee. The reply was not acceptable because work failed as it was not executed as per the contract.

The matter was reported to Government (August 2007); their reply had not been received (October 2007).

#### 4.2.2 *Infructuous expenditure on incomplete execution of anti-erosion work*

*Due to repeated incomplete execution of work, infructuous expenditure of Rs 6.19 crore was incurred as embankment was eroded every year during 2004-06. Besides, penalty amounting to Rs 47.61 lakh was not recovered from the contractor.*

The State Review Committee (SRC) approved anti erosion works<sup>45</sup> to prevent erosion by river Gandak between 26.50 mile and 32 mile near Patjirwa of Champaran embankment before flood of 2004. SRC approved anti erosion and restoration works before the flood of 2005<sup>46</sup> and 2006<sup>47</sup> respectively at the same stretch as the works executed in previous year were washed away in the flood of 2004 and 2005. The expenditure incurred in different years was as under:

<sup>45</sup> construction of boulder revetment with 12 x 1.2 m apron with 25 cm thick boulder pitching.

<sup>46</sup> construction of PD retired ring bandh, seven<sup>1</sup>(S-5, S-6, S-7, S-8, S-12, S-13, S-14) number armed spur, protection of downstream cut end of ring bandh with 6 m x 1.20 crated boulder and apron and slope pitching with 0.3 thick boulder; closure of breach in P.D. ring bandh.

<sup>47</sup> Restoration of nose, U/s Shank and D/s Shank (total length 205 m) of spur with sal ballah toe filling at interval of 1 m c/c apart, Boulder edge crating in three layers inside toe, pilling in nose, U/s Shank, D/s Shank portion over 3 m x 0.6 m crated boulder base.

(Rupees in crore)

| Period            | Agreement Number     | Estimated cost | Expenditure |
|-------------------|----------------------|----------------|-------------|
| Before flood 2004 | 53 F2/ 03 - 04       | 3.11           | 2.29        |
| Before flood 2005 | 9 F2, 13 F2/ 04 - 05 | 4.70           | 3.90        |
| Before flood 2006 | 48 F2/ 05 - 06       | 0.64           | 0.41        |
| <b>Total</b>      |                      | <b>8.45</b>    | <b>6.60</b> |

Irregularities noticed in execution of works were as under:

- As per flood calendar of the Department, scheduled date of sanction of estimate, award of work and completion were upto 12 December, 20 January and 30 April respectively every year but these works were executed after scheduled dates as detailed below:

| Period            | Date of sanction of estimate | Date of award of work       | Execution of work up to                      |
|-------------------|------------------------------|-----------------------------|--|
| Before flood 2004 | 13 December 2003             | 30 March 2004               | 31 July 2004 (incomplete)                    |
| Before flood 2005 | 5 January 2005               | 10 February & 09 March 2005 | 30 May 2005 and 21 October 2005 (incomplete) |
| Before flood 2006 | 23 December 2005             | 15 February 2006            | 10 June 2006 (complete)                      |

- The Joint Secretary unauthorisedly granted (November 2004 and September 2005) post-facto time-extension for the works awarded in 2004 / 2005 after flood of 2004/2005. Besides, measurement of October 2005 was entered in January 2006, which was against vigilance circular (December 1983) that measurement after two months was to be taken on written approval of EE alongwith mentioning the reasons for such delay;
- There was no proof of land acquisition, crop compensation, lead sanction, check of pre-level by SE and work programme of contractors. Form 'M', 'N', 'F' (Challan) for minor minerals (boulder, sand) were not obtained;
- The quality test report and vouchers relating to purchase and carriage of materials were not available;
- There was no evidence that the agency carried the departmental material like sal ballah, black annealed wire and empty cement bags to the site before flood of 2006. However, the value of the related work was shown as Rs 6.80 lakh, which was doubtful and
- As per contract, the work was to be completed within the time schedule otherwise 10 per cent of estimated cost was to be deducted from the agency. However, division failed to deduct Rs 47.61 lakh<sup>48</sup> as penalty from the agencies against four works.

<sup>48</sup> Rs 2.73 lakh (53F2/2003-04)+ Rs 37.84 lakh (9F2/2004-05)+ Rs 2.92 lakh (13F2/2004-05) + Rs 4.12 lakh (48F2/2005-06)

Thus, repeated failure to complete the work before flood resulted in infructuous expenditure of Rs 6.19 crore<sup>49</sup> as embankment was eroded between 26.50 mile to 32 mile near Patjirwa of Champaran embankment during flood of 2004 and 2005. Besides, penalty amounting to Rs 47.61 lakh was not recovered from the contractor.

The matter was reported to Government (September 2007), their reply had not been received (October 2007).

## **HUMAN RESOURCES DEVELOPMENT DEPARTMENT (HIGHER EDUCATION)**

### *4.2.3 Excess payment of salary and illegal regularisation of services of teachers*

*Excess and irregular payment of salary amounting to Rs 41.37 crore to teaching and non-teaching staff in Bhim Rao Ambedkar Bihar University due to irregular regularisation of service, operating the post in excess of sanctioned strength and irregular fixation of pay.*

Universities are governed by the Bihar State Universities Act, 1976 (Act) along with Statutes, Rules and Regulations made there under for appointment, promotion, payment of salaries and allowances etc. The salary and pension of teaching and non-teaching employees were paid from the grants sanctioned by the State Government.

A test check (September 2006) of records of BRA Bihar University disclosed the following:

#### *Counting of service before issuance of statutes*

The Hon'ble High Court in C.W.J.C. No- 5859 of 1996 held (February 2000) that those teachers who were not holding any post in the regular manner on the dates of their absorption but were absorbed under one of the three Statutes approved by the Chancellor during February 1978 to January 1986 would be entitled to count their services for the purpose of calculation of their entitlement and also for merit / time-bound promotion from the following dates:-

|   |                                   |             |
|---|-----------------------------------|-------------|
| a | If absorbed under the 1st Statute | 30.06.1977* |
| b | If absorbed under the 2nd Statute | 01.01.1981* |
| c | If absorbed under the 3rd Statute | 28.02.1982* |

\* The dates of issuance of these statutes.

The State Government (Government) also directed (June 2004) the University to implement the orders of the Hon'ble High Court in letter and spirit.

<sup>49</sup> Rs 14.72 lakh (53F2/2003-04) + Rs 2.15 crore (Cost of departmental material used in 53F2/2003-04)+ Rs 3.63 crore (9F2/2004-05)+ Rs 26.73 lakh (13F2/2204-05) = Rs 6.19 crore.



In violation of orders of the Hon'ble High Court and directions of the State Government, excess payment of Rs 2.37 crore was made to 68 teachers<sup>50</sup> during April 1997 to July 2006 due to counting of their services from the dates earlier than the issuance of Statues.

The University replied (August 2007) that the order of the Hon'ble High Court in Case No. 5859 of 1996 and Government's direction had not yet been implemented. The reply was not acceptable as University authorities had falsely certified to Human Resources Development Department that payments of salaries were made in accordance with orders of the Hon'ble High Court.

### **Illegal regularisation of services of teachers**

The norms for absorption of services of lecturers as per third absorption statute approved by the Chancellor (January 1986) were as follows:

- (i) had been appointed as lecturer on or before 28.02.1982
- (ii) possessed at least a second class Master's degree in the subject
- (iii) the post on which the lecturer concerned has been appointed was either duly sanctioned by the competent authority or the proposal for sanction of the post had been submitted by the University/ College to the State Government on or before 28.02.1982 which was subsequently approved by the State Government or the said proposal was under consideration.

A test check of records ( August 2007) of 221 teachers whose services were absorbed during October 1994 to January 1997 under this statute disclosed that 21 teachers were absorbed without fulfilling the requisite norms of regularization as detailed in the table below:

| Sl. No. | Number of lecturers absorbed | Date of appointment      | Date of approval of the Chancellor | Irregularities noticed   |
|---------|------------------------------|--------------------------|------------------------------------|--|
| 1.      | 06 <sup>51</sup>             | 18.12.1979 to 25.01.1981 | 29.09.1994                         | Proposal for sanction of posts sent by the University/ Colleges to the State Government after cut-off date i.e. 28.02.1982                                       |
| 2.      | 07 <sup>52</sup>             | 11.12.1976 to 28.02.1982 | 04.01.1997                         | Regularised against non sanctioned/ non-recommended posts of the colleges.   |
| 3.      | 06 <sup>53</sup>             | 22.12.1979 to 28.02.1990 | 29.09.1994 and 23.03.1996          | Initially appointed by the Vice-Chancellor for six months only and continued without any further extension, as such, were not in valid service as on 28.02.1982. |
| 4.      | 02 <sup>54</sup>             | 08.02.1982 to 24.06.1982 | 29.09.1994 and 04.12.1996          | Not possessed the requisite qualification as on 28.02.1982.  |

<sup>50</sup> The teachers who were absorbed in February 1981 and between August 1991 and January 1997.

<sup>51</sup> M.J.K. College, Bettiah-1, T.P. Verma, College, Narkatiyaganj-2, Rameshwar College, Muzaffarpur-3

<sup>52</sup> D.C. College, Hajipur-5, S.N.S College, Motihari-1, R.P.S. College, Chakiya-1

<sup>53</sup> R.D.S. College, Muzaffarpur-1, S.R.K.G. College, Sitamarhi-1, M.S. College, Motihari-2, L.N. College Bhagwanpur-1, L.S. College, Muzaffarpur-1

<sup>54</sup> Niteshwar College, Muzaffarpur-1, R.S. College, Muzaffarpur-1

Further, 30 teachers were absorbed against posts recommended for sanction to the State Government by the University/ Colleges before 28.02.1982 but were not sanctioned as of July 2007. In addition, details regarding fulfillment of conditions for regularisation of services and Chancellor's approval thereof in regard to 28 teachers were not available in the University.

Thus, due to illegal regularisation of services in violation of provisions of section 35 (3) of the Act and conditions laid down by the State Government for payment of salary, Rs 10.71 crore (approximately) was unauthorisedly paid to 51 teachers during 2001-02 to 2006-07.

The University stated (August 2007) that absorption of services of teachers was made after approval of the Chancellor. The reply was not acceptable as these teachers did not fulfill the conditions laid down in third statute for regularisation of service. The matter requires detailed investigation.

#### ***Operation of posts in excess of sanctioned strength***

Section 35 of the Act stipulates that no teaching or non-teaching post involving financial liabilities would be created without prior approval of the Government.

A test check of records regarding sanctioned strength *vis-a-vis* men-in-position in respect of Group C and Group D employees in the University, Allied Units, Post Graduate Departments and Constituent Colleges showed that 142 posts were being operated in excess of sanctioned strength as shown in the table below.

| Sl.No.       | Category of posts | Sanctioned strength | Men-in-position | Excess           |
|--------------|-------------------|---------------------|-----------------|------------------|
| 1            | Programme Officer | Nil                 | 2               | 2 <sup>55</sup>  |
| 2            | IIIrd Grade       | 183                 | 241             | 58 <sup>56</sup> |
| 3            | IVth Grade        | 102                 | 184             | 82 <sup>57</sup> |
| <b>Total</b> |                   | <b>285</b>          | <b>427</b>      | <b>142</b>       |

In violation of the aforesaid provision of the Act, the University incurred unauthorized expenditure of Rs 5.76 crore on payment of salary and allowances during 2001-07.

#### ***Irregular fixation of pay***

Under UGC package, the State government modified (September 2005) the scale of Readers promoted under time bound scheme as under:

| Sl No. | Category of Readers       | Modified scale      |
|--------|---------------------------|---------------------|
| 1      | Promoted till 01-03-1989  | Rs. 12000-420-18300 |
| 2      | Promoted after 01-03-1989 | Rs. 10000-325-15200 |

<sup>55</sup> Adult Education Department-2

<sup>56</sup> University Office-14 (Fixed Salaries-3, Regular Salaries-11), Library-1, P.G. Department-8, University Press-4, Adult Education Department-3, 10 Constituent Colleges-28

<sup>57</sup> University Office-50 (Fixed Salaries), P.G. Department-24, 6 Constituent Colleges-8.

Scrutiny of pay fixation chart of 666 Readers promoted under time bound promotion scheme disclosed that the pay of 517 Readers promoted after 1 March 1989 were fixed (April 2006) in the scale of Rs 12000-420-18300 and minimum pay at Rs 14940 was allowed to all 666 Readers as and when they completed five years of service in the grade/ scale of Reader without approval of the Government and in contravention of the resolution of Pay Fixation Committee meeting (May 2006). Further, it was allowed (May 2005) by the Government in respect of Readers directly recruited / promoted under Merit Promotion / Career Advancement Scheme.

Thus, wrong fixation of pay in higher scale as well as at higher stage in violation of section 35 (1) (ii) of the Act and conditions laid down by the Government resulted in excess payment of Rs 22.53 crore from March 2006 including arrear of January 1996 to March 2000 (paid during May -June 2007).

The University, while accepting (August 2007) the above observations stated that payments were being made in anticipation of approval of the Government. The reply was not acceptable, as Government never sanctioned the enhanced pay scale and higher stage of pay to Readers promoted under time bound promotion scheme.

The matter was reported to Government (September 2007); their reply had not been received (October 2007).

## HUMAN RESOURCES DEVELOPMENT DEPARTMENT

### 4.2.4 Excess payment of dearness allowance

***The belated action of the department resulted in loss of Rs 39.24 lakh due to non-recovery of excess amount of dearness allowance paid and loss of interest for Rs 41.03 lakh due to non-remittance of recovered amount in treasury. Besides, Rs 1.44 crore remained to be recovered.***

The Human Resource Development Department (HRDD), Bihar provides grant to madarasas for salaries payment to teachers. The Directorate of Secondary Education provides funds to District Education Officers (DEOs) through bank drafts to madarsa-in- charge for payment of salaries to teachers.

Test check (June 2007) of records of DEOs in Araria, Kishanganj, Purnea and Sitamarhi disclosed that after detecting (April 1998) excess payment of dearness allowance (DA) beyond 71 *per cent* to madarsa teachers during 1988-97, the HRDD directed (August 2005) all the DEOs to recover excess paid amount in six instalments from subsequent grants to be released to madarasas. An amount of Rs 8.27 crore<sup>58</sup> was paid in excess to madarsa teachers in the four districts during above period. In response to aforesaid instructions, the DEOs of respective districts recovered (2005-07) Rs 6.44

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<sup>58</sup> Araria: Rs 1.70 crore, Kishanganj: Rs 3.55 crore, Purnea: Rs 2.15 crore and Sitamarhi: Rs 0.87 crore.

crore<sup>59</sup> from salaries of madarsa teachers and kept in current account instead of depositing it in treasuries. An amount of Rs 1.83 crore was yet to be recovered as of June 2007. Out of Rs 1.83 crore excess paid DA to 112 teachers of Araria, Kishanganj and Sitamarhi who retired/ died/ resigned / removed from service during August 1996-February 2005 amounting to Rs 39.24 lakh was not recoverable.

The DEOs of the aforesaid districts stated (June 2007) that due to lack of any direction from the Government, the recovered amount was kept in current account in banks.

Thus there was loss of Rs 39.24 lakh due to non recovery from 112 teachers and loss of interest of Rs 41.03 lakh at the rate of 7.5 percent (borrowing rate of state) per annum on account of non remittance of Rs 6.44 crore. Besides, Rs. 1.44 crore was yet to be recovered due to deficient and ineffective monitoring by the Department.

The matter was reported to Government (July 2007); their reply had not been received (October 2007). The matter was discussed with Development Commissioner (November 2007).

#### **4.3 Violation of contractual obligations, undue favour to contractors, avoidable/ unfruitful expenditure**

### **ANIMAL HUSBANDRY AND FISHERIES DEPARTMENT/ HUMAN RESOURCES DEVELOPMENT DEPARTMENT/ HEALTH AND FAMILY WELFARE DEPARTMENT**

#### **4.3.1 Unfruitful expenditure**

#### **Payment on account of salary to idle staff and lecturers resulted in unfruitful expenditure of Rs 1.69 crore.**

A test check (September 2006 to March 2007) of records relating to schemes executed through six offices/ institutions revealed following salary payment of Rs 1.69 crore to idle staff as shown below:

| Name of Department/<br>office/institution  | Number<br>of idle<br>staff | Salary paid for idle period |                         | Remarks  |
|--|----------------------------|-----------------------------|-------------------------|--|
|  |                            | Period                      | Payment<br>(Rs in lakh) |  |
| Animal Husbandry and<br>Fisheries Department<br>District Animal<br>Husbandry officer<br>Muzaffarpur and Munger | 8 <sup>60</sup>            | 2003-07                     | 33.69 <sup>61</sup>     | Staff were deployed for<br>bull distribution, fodder<br>development and poultry<br>development. The<br>schemes were not carried<br>out since 2003-04 |

<sup>59</sup> Araria: Rs 1.20 crore, Kishanganj: Rs 2.96 crore, Purnea: Rs 1.67 crore and Sitamarhi: Rs 0.61 crore.

<sup>60</sup> Munger: Veterinary assistant-3, Peon-1, Worker-1 and Muzaffarpur: Veterinary inspector-1, Veterinary assistant-1, Assistant Poultry development officer - 1

<sup>61</sup> Munger Rs 13.72 lakh and Muzaffarpur Rs 19.97 lakh.

| Name of Department/<br>office/institution   | Number<br>of idle<br>staff | Salary paid for idle period           |                         | Remarks  |
|---|----------------------------|---------------------------------------|-------------------------|--|
|   |                            | Period                                | Payment<br>(Rs in lakh) |  |
| <b>Human Resources<br/>Development<br/>Department</b><br>Primary Teachers<br>Training College, Banka              | 9                          | 2003-07                               | 30.81 <sup>62</sup>     | No training class/<br>refresher course was<br>conducted from 2003-04   |
| <b>Human Resources<br/>Development<br/>Department</b><br>Govt. Girls High School,<br>Gulzarbag                    | 1                          | September<br>2003 to<br>February 2007 | 7.65                    | No student in Maithili<br>was admitted in the<br>school from the date of<br>appointment of Maithili<br>lecturer (February 1990). |
| <b>Health and Family<br/>Welfare Department</b><br>Auxiliary Nursing<br>Midwife (ANM) Training<br>School, Sasaram | 10                         | 2001-06                               | 77.13                   | Training school was not<br>functional since<br>December 1996   |
| <b>Health and Family<br/>Welfare Department</b><br>ANM Training School,<br>Hathua, Gopalganj                      | 7                          | 2004 to<br>November<br>2006           | 19.84                   | No trainees were<br>admitted during 2004-07  |
|   |                            |                                       | <b>169.12</b>           |  |

The Principal of Government Girls High School, Gulzarbagh stated (March 2007) that matter would be referred to the Government. Principal of ANM school, Sasaram replied that several requests were made to Commissioner-cum-Secretary / Director for transfer of these staff elsewhere but no direction was received so far (November 2006). He further intimated that they were engaged in Sadar Hospital which was not acceptable as they were drawing salary from the budget provision of the ANM training school. The Civil Surgeon-cum Chief Medical Officer, Gopalganj stated (November 2006) that matter would be referred to Director-in-chief, Health Services.

Thus, inaction on the part of Animal Husbandry Department, Human Resources Development Department and Health and Family Welfare Department to redeploy the staff resulted in unfruitful expenditure on payment of salary amounting to Rs 1.69 crore during 2003-07.

The matter was reported to Government (September 2007); their reply had not been received (October 2007).

<sup>62</sup>

2003-04 : Rs 9.00 lakh, 2004-05 : Rs 8.62, 2005-06 : Rs 13.19 lakh.

## BUILDING CONSTRUCTION DEPARTMENT

### 4.3.2 Doubtful execution of special repair

***Suspected fraudulent payment for doubtful special repair works amounting to Rs 58.66 lakh in absence of exact location of execution of work.***

Rule 194 of BPWD code stipulates that special repairs (such as re-roofing of a building, renewal of flooring) are of a more extensive nature and are required at longer intervals necessitated by long wear or unusual circumstances. Departmental letter (October 1998) also reiterated that work of special repair was not to be executed annually. Estimates for special repairs should indicate expenditure incurred during previous three years. Failure to do so would make the officer liable for departmental action.

Central Building Division and Patliputra Building Division carried out the repair and maintenance work of Government buildings (residential and non-residential) of Patna. Scrutiny of records disclosed the following:

- According to instructions of Building Construction Department (BCD) (October 1998 revised in 2003) total entitlement of both the divisions based on rates per square feet for repair and maintenance works of different categories of buildings was Rs 7.58 crore<sup>63</sup>. Against that Rs 49.83 crore<sup>64</sup> was provided by BCD and Rs 46.02 crore<sup>65</sup> was spent resulting in excess expenditure of Rs 38.44 crore<sup>66</sup>.
- In contravention of above rule and directions, Patliputra Building Division, Patna carried out special repairs repeatedly every year in guesthouse number one to 100. The year wise expenditure during the years 2004-07 was as under:

*(Rupees in lakh)*

| Sl. No. | Guest house no.                     | 2004-05 | 2005-06 | 2006-07 |
|---------|-------------------------------------|---------|---------|---------|
| I       | 1 to 34                             | 2.57    | 3.98    | 4.58    |
| II      | 35 to 50                            | 2.14    | 1.66    | 22.02   |
| III     | 51 to 66                            | 2.24    | NA      | 18.34   |
| IV      | 67 to 100                           | 2.98    | 3.66    | 4.42    |
|         | Total                               | 9.94    | 9.30    | 49.36   |
|         | Doubtful expenditure during 2005-07 |         |         | 58.66   |

(NA: Records not made available by the division)

The entries in measurement book did not indicate exact location of work. Details of expenditure of last three years was also not recorded on the

<sup>63</sup> Rs 4.84 crore (Patliputra Building Division) + Rs 2.74 crore (Central Building Division) = Rs 7.58 crore.

<sup>64</sup> Rs 22.07 crore (Patliputra Building Division) + Rs 27.76 crore (Central Building Division) = Rs 49.83 crore

<sup>65</sup> Rs 21.47 crore (Patliputra Building Division) + Rs 24.55 crore (Central Building Division) = Rs 46.02 crore

<sup>66</sup> Rs 21.47 crore (Patliputra Building Division) + Rs 24.55 crore (Central Building Division) - Rs 7.58 crore = Rs 38.44 crore

estimates of special repairs, though required. Thus expenditure shown as incurred in the years 2005-07 (Rs 58.66 lakh) was doubtful.

- Scrutiny relating to repair of 109 residential/ non-residential buildings disclosed that divisions incurred excess expenditure of Rs 6.19 crore on these repairs.
- There was no proof of purchase of cement steel etc. though required under Rule 84 of BPWA code. In the absence of purchase vouchers, the actual utilisation of these materials was not ascertainable.
- The requisitions and occupancy certificates to the effect that work had been completed in accordance with the agreement of work were not on records though required.

The Executive Engineers (Patliputra and Central Divisions) stated (October 2007) that expenditure was incurred on the basis of priority list approved by higher authorities incorporating the desired needs of VIPs and the allotments received from time to time for the same. Also the special works in the residences of VIPs do not come in the purview of plinth area limitations.

The reply of the Executive Engineers (October 2007) was not tenable as execution of works was in contravention of BPWA Code and departmental instructions (circular no. 4275 dated 17.10.98).

The matter was reported to Government (September 2007); their reply had not been received (October 2007).

## **WATER RESOURCES DEPARTMENT**

### **4.3.3 Unfruitful expenditure**

***Deficient planning and lack of co-ordination between two divisions led to unfruitful expenditure of Rs 53.22 lakh and avoidable expenditure of Rs 64.54 lakh.***

The Water Resource Department decided (March 2000) to construct Anti Flood Sluice (sliding type vertical) at 34.45 km (Paikat Dhar) of Badlaghat Nagarpara Embankment. The civil work was to be executed by Flood Control division no. II Khagaria division and sluice along with its sliding system were to be constructed and installed by the Mechanical Division, Darbhanga. The Chief Engineer, Samastipur allotted (March 2000) the civil work of the sluice to an agency for Rs 54.65 lakh. During computation of hoist capacity of sluice, Chief Engineer (Mechanical), Water Resources Department, Patna found (April 2004) that the operation of gate was not possible manually and mechanical device would not be economical and practical. Accordingly the mechanical wing requested the Central Design Organisation (CDO) for revising the design of the gate, so that the manually operated screw hoist might easily be installed. Later, CDO revised (October/November 2004) the

design of gate into fixed wheel type. In the meantime, the civil wing completed the structure on the basis of sliding type vertical design at an expenditure of Rs 53.22 lakh (March 2006) and embedded parts were fitted therein by the Mechanical wing leaving no gap for fixing of wheel type gate.

Thus, due to faulty planning and lack of co-ordination between two divisions of the department, the expenditure of Rs 53.22 lakh incurred on civil structure (March 2006) remained unfruitful. In the absence of sluice, the Division incurred an expenditure of Rs 64.54 lakh<sup>67</sup> on maintenance of the embankment and closure of gap during 2004-06 which is likely to go up in future.

The Executive Engineer stated (July 2007) that action is being taken for rectification of defect.

The matter was reported to Government (April 2007); their reply had not been received (October 2007).

#### 4.3.4 Avoidable expenditure

***Injudicious action of department resulted in avoidable expenditure of Rs 1.47 crore on flood fighting and restoration work.***

The Technical Advisory Committee (TAC) recommended construction of 12 spurs (S-1 to S-12) and four retire lines on river Ganga before flood 2002 (agenda no 76/335) for flood protection between Jarlahi to Karhagola under Flood Control Division Karhagola. But, the Water Resource Department decided (January 2002) to construct 11 spurs (S-2 to S-12) and three retire lines. However, in view of the inadequate availability of the boulders, the division took up the construction work of only six spurs (S-2, S-3, S-5, S-8, S-11 and S-12) before flood of 2002. Work of four spurs (S-2, S-3, S-5 and S-11) was completed before flood of 2002 at a cost of Rs 5.89 crore whereas work of spur S-8 was completed before flood 2003 at a cost of Rs 1.26 crore. Due to omission to construct spur-4, severe erosion took place between spur-3 and spur-5 during the floods of 2004 necessitating restoration work valued Rs 39.91 lakh before flood of 2005 and flood fighting work valued Rs 3.65 lakh during flood of 2005. But despite these efforts, spur-5 could not be saved. Subsequently the department had to approve (December 2005) the proposal for construction of spur-4 as well as re-construction of spur-5 at a cost of Rs 2.53 crore<sup>68</sup>. Both the works were completed (June 2006) at a cost of Rs 2.12 crore<sup>69</sup>.

The expenditure of Rs 1.47 crore<sup>70</sup> on account of restoration of spur-5 and flood fighting could have been avoided if the spur-4 had been constructed before flood of 2002.

<sup>67</sup> 2004-05 - Rs 32.76 lakh (Adjustment Vr No.- 1 dt 27.09.06).

2005-06 - Rs 31.78 lakh ( Vr No. - 1 dt 08.07.06).

<sup>68</sup> Construction of spur-4: Rs 1.45 crore and re-construction of spur-5: Rs 1.08 crore.

<sup>69</sup> Construction of spur-4: Rs 1.09 crore and re-construction of spur-5: Rs 1.03 crore.

<sup>70</sup> Flood fighting: Rs 3.65 lakh, restoration work of spur-5 before flood 2005: Rs 39.91 lakh and re-construction of spur-5: Rs 1.03 crore.



The Executive Engineer (EE) replied (November 2006) that spur- 4 was not included in the agenda 76/335 and the Division repeatedly proposed for construction of spur-4 before flood 2003, 2004 and 2005 keeping in view the severe erosion threat but the department did not approve the proposal.

Reply of the EE was not acceptable because the construction work of spur-4 was also sanctioned simultaneously with other spurs as per technical report (January 2002). After communication of approval of the work by Government in 2002, the Division had six months which was sufficient to obtain required boulders.

The matter was reported to Government (July 2007); their reply had not been received (October 2007).

## **HOME (POLICE) DEPARTMENT**

### **4.3.5 Unfruitful expenditure**

***Injudicious purchase of Kerosene Oil Gen Sets by IG (Provision) resulted in unfruitful expenditure of Rs 2.61 crore.***

Paragraph 3 of kerosene (Restriction on use and fixation of ceiling price) order, 1993 stipulates that no person shall use kerosene supplied under the public distribution system for any purpose other than cooking and illumination; Provided that the Central or State Government may by order permit any person to use kerosene for such other purposes as it may specify in the order.

Scrutiny (July 2007) of records of Inspector General (IG) Provision, Patna disclosed the 522 Portable Kerosene Oil Generator Sets (Gen sets) valued Rs 2.61crore (@ Rs.0.50 lakh per set) were purchased (March 2006) without obtaining permission from the State Government to use kerosene for running of generator sets. For running of these 522 gen sets for eight hours in a day, 1.87 lakh litres of kerosene oil were required per month.

Interestingly, the DGP wrote to Food and Civil Supply Department in July 2006 to supply adequate amount of kerosene oil after making the purchase. However, no quota was fixed by Food and Civil Supply Department. Thus, placing the orders of purchase of gen sets without obtaining permit to use kerosene oil resulted in unfruitful expenditure of Rs 2.61 crore.

Inspector General (Provision) accepted (November 2007) that no quota for kerosene had been fixed by Food and Civil Supply Department but stated that generator sets were being run on the kerosene oil which the SsP procured from local district administration under their monthly quota. In evidence, photocopies of letter of SsP of 10 districts were enclosed.

The reply was unacceptable because letters sent by SsP did not indicate the source from which kerosene oil was obtained to run the gen sets. Further, DMs were not permitted to provide kerosene oil without fixation of quota by

the Food and Civil Supply Department. Out of the 10 SsP, two in their earlier letters had informed the office of DGP that gen sets were lying unutilised due to non-provisioning of kerosene by district administration. SP of Vaishali district had confirmed (May 2007) that gen sets were not being used due to non provisioning of kerosene. SP Gaya reconfirmed (November 2007) that generator sets were lying unutilised because of non provisioning of kerosene.

The matter was reported to department (September 2007); their reply had not been received (October 2007).

## WATER RESOURCES DEPARTMENT

### 4.3.6 Unfruitful expenditure on incomplete work

**Construction of anti flood sluice without acquisition of land resulted in unfruitful expenditure of Rs 33.67 lakh.**

Work of construction of anti flood sluice at 6.5 Km of Sormarahat Hayaghat embankment near village Ghogharaha was administratively approved by Water Resources Department, Patna (December 2000) for Rs 51.62 lakh. Chief Engineer accorded technical sanction for Rs 50.96 lakh in January 2001. Accordingly, Executive Engineer, Flood Control Division, Darbhanga executed an agreement at five *per cent* above schedule rate (Rs 39.91 lakh). The work was to be completed by June 2001, which was further extended up to March 2003. However, the agency could execute work of Rs 33.67 lakh only upto March 2003 and the work remained incomplete (October 2007).

During test check of records of Executive Engineer, Flood Control Division, Darbhanga (December 2005), it was observed that the work was taken up without acquisition of land. Though Rs 6.25 lakh was made available to District Land Acquisition officer in February 2003, the amount of compensation was not paid to the landowners due to which land was not acquired and work remained incomplete.

Thus, taking up of work without acquisition of land, contrary to the codal provision resulted in non-completion of work and unfruitful expenditure of Rs 33.67 lakh.

The Executive Engineer stated (October 2007) that the work would be completed after acquisition of land. However, District Land Acquisition Officer, Samastipur stated (October 2007) that land acquisition was not possible due to non-furnishing of no objection certificate (NOC) by EE.

The matter was reported to Government (September 2007); their reply had not been received (October 2007).

## RURAL DEVELOPMENT DEPARTMENT

### 4.3.7 Unfruitful expenditure

**Unfruitful expenditure of Rs 3.86 crore and irregular subsidy payment of Rs 69.04 crore was made in eight districts under SGSY scheme.**

Swarn Jayanti Gram Swarojgar Yojna (SGSY) was launched by GOI to improve the socio-economic conditions of the rural poor families through providing them self-employment. Under the scheme, swarogaris / self-help groups (SHGs) were to be assisted through bank credit and government subsidy to create income generating assets for their regular income. Twenty per cent of SGSY funds to be utilised for infrastructure development corresponding to the need of swarogaris / SHGs. Minimum skill requirement through imparting training was mandatory for grant of loan / subsidy to swarogaris / SHGs. The District Rural Development Agency (DRDA) was responsible for implementation and monitoring of the scheme including recovery of loan, maintenance of records and physical verification of assets.

#### (a) Infrastructure funds

Test-check (May 2007) of records of DRDA, Samastipur and Aurangabad disclosed that against available fund of Rs 9.70 crore, the expenditure of Rs 3.86 crore was made on infrastructure development but expenditure was unfruitful as shown in the table below :

| Name of District | Date of release of funds         | Expenditure (Rs in crore) | Audit observations  |
|------------------|----------------------------------|---------------------------|---|
| DRDA, Samastipur | 12.02.2000                       | 1.25                      | The training was to be imparted in established engineering colleges, ITIs, Polytechnic and allied institutions but 21 training-cum-production centres (TCPC) were constructed without conforming to the need of swarogaris / SHGs and thus, all the TCPCs remained non-functional till May 2007                 |
| DRDA, Samastipur | 2001-02                          | 0.05                      | Construction of milk parlours by DRDA, Samastipur was unfruitful as these were non functional till May 2007.  |
| DRDA, Samastipur | February 2002 and September 2004 | 0.50                      | Payment was made to Mithila Milk Union, Samastipur for the construction and commissioning of chilling plant was irregular as 50 per cent of members of the union were not swarogaris.   |
| DRDA, Samastipur | September 2000 and January 2002  | 1.16                      | The DRDA advanced Rs 1.16 crore to Assistant Engineer, Rural Sepcial Division no. I, Samastipur for construction of 22 shops but only seven shops valued Rs 0.57 crore were completed. These shops also remained non functional (May 2007). The remaining amount of Rs 0.59 lakh was unutilised as of May 2007. |

| Name of District | Date of release of funds | Expenditure (Rs in crore) | Audit observations   |
|------------------|--------------------------|---------------------------|--|
| --do--           | 2001-02                  | 0.15                      | Construction of five shops were incomplete (May 2007).   |
| Aurangabad       | 2004-06                  | 0.75                      | Expenditure was made on renovation of 13 ponds for pisciculture, earth work and sinking of hand pumps in two nurseries and construction of one weaver shed but no swarojgari was selected for these activities as of August 2007. Thus, investment of Rs 75 lakh was unfruitful. |
| <b>Total</b>     |                          | <b>3.86</b>               |  |

(b) *Subsidy*

The subsidy of Rs 68.85 crore was paid (2003-07) to 96751 beneficiaries in seven districts<sup>71</sup> in violation of SGSY guideline without imparting training and minimum skill for self-employment.

Further records of DRDA, Bhojpur and Gaya disclosed that Rs 63 lakh (loan: Rs 44.37 lakh and subsidy: Rs 18.54 lakh) was paid to 310 swarojgaris during the 2000-04. Despite non repayment of loan, subsidy Rs 18.54 lakh was adjusted against defaulting swarojgaris.

Thus, there was unfruitful expenditure of Rs 3.86 crore and irregular subsidy payment of Rs 69.04 crore<sup>72</sup> under SGSY.

The matter was reported to Government (September 2007); their reply had not been received (October 2007).

## MINOR IRRIGATION DEPARTMENT

### 4.3.8 *Unfruitful expenditure*

*Expenditure of Rs 2.57 crore made on construction of 203 platforms remained unfruitful. Besides there was doubtful expenditure of Rs. 37.66 lakh on installation of 107 pump sets.*

The Minor Irrigation (MI) Department sanctioned 262<sup>73</sup> Barge Lift Irrigation schemes<sup>74</sup> at a cost of Rs. 4.27 crore in MI Division, Saharsa under RIDF Phase 8 (financed by 90 per cent NABARD loan). The Barge scheme is implemented through construction of floating platform and installation of pump set on the platform. The barge-site was to be selected on the basis of agreement among the committee of beneficiaries, panchayat and concerned MI Division. After completion, the schemes were to be handed over to respective beneficiary committees for operation and maintenance.

The Chief Engineer MI, Bhagalpur issued (March 2004) purchase order to a private firm of Agra for procurement of 262 pump sets. The purchase order

<sup>71</sup> Arraria, Aurangabad, Bhojpur, Buxar, Gopalganj, Muzaffarpur, Sitamarhi

<sup>72</sup> Rs 68.85 crore + Rs 18.54 lakh = Rs 69.04 crore.

<sup>73</sup> Saharsa sub division: 119, Supaul sub division: 82 and Madhepura subdivision: 61.

<sup>74</sup> A pump set installed on floating platform in the river or jheel to irrigate adjacent area.

*inter alia* envisaged supply, installation and commissioning of 10 HP air-cooled diesel engine with accessories after inspection by DGS&D in presence of authorised representative of the Office of the Chief Engineer, MI Department, Bhagalpur. The pumps were supplied and commissioned as per certificate furnished (March 2006) by Assistant Engineer (AE), Saharsa and accordingly payment (March 2006) of Rs one crore for all the 262 pump sets was made to the agency.

For construction of floating platforms, nine agreements valued Rs.3.62<sup>75</sup> crore were executed by the division with three agencies (January-February 2004) and payment of Rs. 3.39<sup>76</sup> crore was made upto April 2007.

Scrutiny (May 2007) of records disclosed following:

- Certificate of AE Saharsa in respect of supply, installation and commissioning the pump sets was incorrect as 59 pump sets valued Rs. 20.77 lakh under Madhepura sub division were not traceable which were shown as commissioned but not handed over to beneficiary committee as confirmed in physical verification by the Department (May 2007). Similarly, 48 pump sets valued Rs. 16.89 lakh under Supaul sub division were shown as installed, commissioned and handed over to beneficiary committees prior to construction of floating platforms. Thus, installation of 107 pump sets valued Rs 37.66 lakh was doubtful;
- There was nothing on record about inspection of DGS&D in presence of representative of CE office;
- Payment for 131 pump sets was made without obtaining invoice / challans and packing list identifying the content of each pack,
- Out of 262 floating platforms, 59 were complete and remaining 203 were incomplete. Expenditure of Rs. 2.57 crore was incurred on incomplete floating platforms;
- Stock register and site account was not found maintained and
- No agreement was on record regarding selection of site.

Thus, unfruitful expenditure of Rs.2.57 crore was made on incomplete platforms and doubtful installation of 107 pump sets valued Rs 37.66 lakh.

The matter was reported to Government (August 2007); their reply had not been received (October 2007).

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<sup>75</sup> Firm-A: (1F2: Rs.45,67,016, 2F2:Rs.40,13,439, 3F2: Rs.35,98,255, 4F2: Rs.37,36,650, 5F2: Rs.41,51,833 and 6F2: Rs.42,90,227), Firm-B: (7F2: Rs.42,90,227 and 8F2: Rs.38,75,044) and Firm-C: (9F2: Rs.37,36,650).

<sup>76</sup> 1F2: Rs.39,54,285 upto 9<sup>th</sup> RA, 2F2: Rs.31,40,636 upto 3<sup>rd</sup> RA, 3F2: Rs.30,09,404 upto 6<sup>th</sup> RA, 4F2: Rs.37,36,486 upto 3<sup>rd</sup> RA, 5F2: Rs.41,51,094 upto 5<sup>th</sup> RA, 6F2: Rs.40,41,455 upto 2<sup>nd</sup> RA, 7F2: Rs.42,90,227 Final, 8F2: Rs.38,75,044 upto Final and 9F2: Rs.37,36,656 upto 9<sup>th</sup> RA.

## RURAL DEVELOPMENT DEPARTMENT

### 4.3.9 Unfruitful expenditure

***Unfruitful expenditure of Rs 48.58 lakh on construction of gabions without any plantation.***

The District Rural Development Agency (DRDA), Jehanabad provided Rs 48.60 lakh to Minor Irrigation Division, Jehanabad between August 2004 and December 2004. Rupees 48.60 lakh was earmarked for Social Forestry Scheme of Sampurna Grameen Rojgar Yojana (SGRY). DRDA, Jehanabad released the entire amount for construction of 6075 bricks gabions for protection of plants to be planted on the bank of embankment, Ahar, Pine and Ponds. No funds were provided for plantation of trees inside the gabions.

A test check of records (December 2006) of DRDA, Jehanabad disclosed that during September 2004 to February 2005, 6075 gabions were constructed at an expenditure of Rs 48.58 lakh. However, plantation was not done till April 2007, as DRDA did not provide funds for plantation resulting in unfruitful expenditure of Rs 48.58 lakh.

In reply, the Deputy Development Commissioner, Jehanabad stated (April 2007) that correspondence was made (May 2005) with Forest Department for availability of plants and District Engineer, Jehanabad had been directed (July 2005) to furnish model estimate for plantation.

The reply was not acceptable as planting of trees did not take place till 2007 and the funds should have been provided for planting of trees along with construction of gabions by the DRDA, Jehanabad.

The matter was reported to Government (May 2007), their reply had not been received (October 2007).

## 4.4 Irregular/ idle expenditure, blocking/ misutilisation of funds

### HUMAN RESOURCES DEVELOPMENT DEPARTMENT

#### 4.4.1 Blockage of funds and loss of interest

***Drawal of funds amounting to Rs 22 crore without project reports and plan for implementation of the schemes resulted in blockage of funds and loss of interest for Rs 71 lakh.***

Rule 13 of Bihar Financial Rules (BFR) read with note below Rule 300 of Bihar Treasury Codes stipulates that no money should be drawn from the treasury unless it is required for immediate payment. It has been clearly instructed in note below rule 13 of BFR that money should neither be drawn from the treasury simply on ground that competent authority has sanctioned the charge, nor it is permissible to draw money from the treasury and then to place it in deposit in order to avoid lapse of allotment.

Test check (April 2007) of records of Director, Secondary Education disclosed that Rs 22 crore drawn (2004-2006) by Human Resources Development

(HRD) Department, Bihar, Patna and provided to Bihar Intermediate Education Council (BIEC) for IT education in 100 plus-2 schools<sup>77</sup> remained unutilised till May 2007. However, after lapse of 10 months the Director (Secondary education) instructed the BIEC (February 2007) to transfer the above amount to Bihar State Electronics Development Corporation (BELTRON) for implementation of the programme. The BIEC did not transfer the amount to BELTRON as of May 2007 and meanwhile Government decided to wind up (April 2007) the BIEC. The BIEC kept Rs 16 crore in fixed deposit and Rs one crore was kept in the savings account and earned interest of Rs 71 lakh upto April 2007.

The Human Resources Development Department, Bihar, Patna decided (2004-05) to establish residential high school for boys at Simmultallah (Jamui) and for girls at Dehri (Rohtas) in order to provide better education facilities to meritorious students of the state. Accordingly, the department provided Rs 2.5 crore (May 2005) each to both the schools (Rs 1.75 crore for construction of building and Rs 75 lakh for establishment expenditure for each school). Neither the land was acquired nor the project report was prepared for construction of school building as of May 2007. Without project report and acquisition of land, the release of funds of Rs 5 crore to School Education Committee was in contravention of financial rules and sound financial management.

As the Government raised market loans and paid interest at the rate of 7.5 per cent per annum to meet expenditure on development work and thus paid/had to pay interest of Rs 2.03 crore. Thus the Government sustained loss of interest of Rs 71 lakh.

Thus, due to withdrawal of funds without any plan for implementation of the programme and project report, the funds of Rs 22 crore remained blocked for period ranging from 12 to 24 months which resulting in loss of interest for Rs 71 lakh.

The matter was reported to the Government (June 2007); their reply had not been received (October 2007).

#### **4.4.2 Idle expenditure on procurement of computers**

***Computers and their accessories valued Rs 38.21 lakh meant for training centres remained idle due to non-construction of buildings.***

The Bihar Government decided to establish District Computer Training Centre (DCTC) as per recommendation of the 11th Finance Commission (2000-05) to impart computer education at school level. The centres were to be managed by District Computer Society (DCS) which were required to be registered. In the DCTCs at State High School, Araria and Zila School, Darbhanga, 100 computers (50 computers at each centre) were to be installed. In view of the above, the Director, Secondary Education provided Rs 22.56 lakh (@ Rs 11.28 lakh per school) to Building Construction Department (March 2003) for construction of centre at both the schools. The computers and other accessories meant for the centre were procured at the Directorate level.

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<sup>77</sup> @ Rs 17.00 lakh per school.

During test check (July 2007) of records of both the schools, it was observed that 48 computers with accessories, laser printer and 7.5 KVA power supply system valued Rs 18.99 lakh were supplied (March 2005) to Araria and 50 Computers valued Rs 19.22 lakh were supplied (March 2003) to Darbhanga but these were not installed as of July 2007 as buildings for proposed computer centres were incomplete and not handed over to schools. In case of Zila School, Darbhanga warranty clause of 36 months from date of installation also lapsed without their utilisation. The registration of DCS, Araria was pending till the date of audit (July 2007).

As a result, the computers and their accessories procured at a cost of Rs 38.21 lakh for the training centres remained idle by 27 to 51 months thereby defeating the objective of the scheme.

The matter was reported to Government (August 2007); their reply had not been received (October 2007).

## LABOUR, EMPLOYMENT AND TRAINING DEPARTMENT

### 4.4.3 *Misutilisation, non-utilisation and short receipt of old age pension funds*

*Parking of funds in bank resulted in denial of benefit to the pensioners and resulted in loss of interest of Rs 44.03 lakh. Besides, Rs 53.63 lakh was misutilised on purchase of furniture, repair of buildings and payment to daily wage staff.*

Government of India instructed (October 1995) that the funds provided for administrative expenditure under National Social Assistance Programme (NSAP) should be utilized for publicity, printing and money order commission and not for salaries, vehicles, equipment etc. The distribution of national old age pension (NOAP) and State Old Age Pension (SOAP) was made through blocks by arranging camps up to 2005-06 and from 2006-07 it was directly transferred to the account of beneficiaries in the post office. Following was noticed:

- A test check of records (May 2007) of five offices of the Assistant Directors, Social Security (Patna, Bettiah, Madhubani, Samastipur and Sitamarhi) disclosed Rs 53.63 lakh<sup>78</sup> meant for administrative expenses of national old age pension scheme and national family benefit scheme (a component of NSAP) was misutilised during 2003-07 on purchase of furniture/ repair of residential and non-residential buildings and payment to daily wages staff by Assistant Directors, Social Security.
- Test check of records of Assistant Directors, Social Security of five districts<sup>79</sup> (May-June 2007) disclosed that NOAP fund of Rs 6.29 crore pertaining to the period prior to the year 2006-07 was deposited in

<sup>78</sup> Patna: Rs 13.70 lakh (99.63% of allotment), Bettiah: Rs 12.27 lakh(56.16% of allotment), Madhbani: Rs 11.44 lakh(28.70%of allotment) and Samastipur: 16.22 lakh(53.97% of allotment).

<sup>79</sup> Patna, Sitamarhi, Betiah, Samastipur and Madhubani.



banks. These funds were required to be remitted to treasury for onward transfer to district post offices of Samastipur and Madhubani.

Thus, parking of funds in bank resulted in denial of benefit to the pensioners and resulted in loss of interest of Rs 44.03 lakh.

- Government provided (2006-07) Rs 25.24 crore to the Director, Social Security for transfer to GPO, Patna. However, Director released Rs 13.29 crore in March 2007 and Rs 11.95 crore after expiry of the financial year. Consequently, GPO Patna released the above amount to the district Post Offices in next financial year (April 2007 to May 2007). Rupees 2.69 crore was not received in the above district Head Post Offices as of June 2007 resulting in denial of benefits to old age pensioners.

Thus, Rs 53.63 lakh was misutilised on purchase of furniture, repair of buildings etc., Rs 6.29 crore was deposited in banks instead of transferring it to district post office resulted in loss of interest of Rs 44.03 lakh and there was short receipt of Rs 2.69 crore.

The matter was reported to Government (August 2007); their reply had not been received (October 2007).

## **ANIMAL HUSBANDRY AND FISHERIES (DAIRY DEVELOPMENT) DEPARTMENT**

### **4.4.4 Misutilisation of central grant**

***Funds amounting to Rs 34.10 lakh meant for dairy development in Kosi area was misutilised on strengthening of the units of the implementing agency.***

The Intensive Dairy Development Programme (IDDP) was launched by the Government of India (GOI) in order to increase the milk production, improving the nutritional standard of the people, generating employment opportunities and to improve the income level in rural areas especially for small and marginal farmers and agricultural labourers in the hilly and backward areas. GOI released Rs 64.67 lakh during May 2004.

Test check (April/May 2007) of records of Director, Dairy Development, Bihar Patna, showed that GOI (November 2001) approved the project proposal for dairy development in Saharsa, Supaul and Madhepura districts of Kosi area. Accordingly, the State Government provided (May 2004) Rs 64.47 lakh to COMFED from the amount received from GOI. The COMFED provided (May 2004) the above amount to Deshratan Dr. Rajendra Prasad Dugdh Utpadak Sahkari Sangh Ltd. (DRMU), Barauni for execution of scheme.

As per physical and financial progress report the DRMU, Barauni incurred expenditure of Rs 59.02 lakh upto December 2006 and retained the balance amount of Rs 5.45 lakh, which was lying unutilised as of May 2007. Further, out of Rs 59.02 lakh, a sum of Rs 24.92 lakh was spent for implementation of scheme in above districts and balance amount of Rs 34.10 lakh was spent on

procurement of items<sup>80</sup> for its own unit though guidelines of Central Government prohibit expenditure for implementing agency.

Thus, the DRMU, Barauni misutilised the Central grant amounting to Rs 34.10 lakh on strengthening of its own unit and the objective of the scheme was defeated.

Government replied (June 2007) that expenditure made in strengthening of Barauni Dairy was as per the project proposal submitted to Agriculture Ministry and approved cost break up received from Central Government. The reply was not acceptable because funds were provided specifically for Dairy Development in Saharsa, Supaul and Madhepura districts of Kosi area. The items were to be utilised by Dairy Cooperative Societies located in Kosi region not by DRMU, Barauni.

The matter was reported to Government (May 2007); their reply had not been received (October 2007).

#### 4.5 Regularity issues, Irregular expenditure and others

### PUBLIC HEALTH ENGINEERING DEPARTMENT

#### 4.5.1 Irregular purchase and doubtful utilisation

*Spare parts valued Rs 76.49 lakh was irregularly purchased by splitting up of purchase orders to avoid competitive bidding. Besides, utilisation of material was doubtful as material account and location of hand pumps were not on record.*

The Public Health Engineering Department (PHED) issued instructions (August 2006) for purchase of materials<sup>81</sup> after administrative approval of estimates and on the recommendation of rates approved by the regional purchase committee<sup>82</sup>. As per departmental instructions (October 1987) spare parts of India Mark II deep well hand pump were to be purchased from qualified suppliers approved by UNICEF or ISI mark manufacturers of the State. Further, publicity of NIT through newspapers/ internet was compulsory if the value of tender exceeded Rs one lakh as envisaged in para 159 of BPWD code. Vigilance department directed (March 1994 and February 2000) that only Head of the Department (HOD) was empowered to permit execution of work/supply upto Rs 2000 on cash payment without inviting tender/quotation and even HOD was not competent to split any work/supply for bringing it in his competency.

<sup>80</sup> S.S. Khoapan 120 L Cap tiling cap : Rs 2.34 lakh ; Gulabjamun frying pan with conv : Rs 5.41 lakh ; Gulab jamun sugar syrup making pan : Rs 5.77 lakh ; Dahi making and packing equipment : Rs 7.23 lakh ; Stainless steel milk canes : Rs 13.35 lakh.

<sup>81</sup> Spare parts of IM II and III hand pumps, PVC tanks, submersible pump of 1&2 HP capacity, GI pipe of less than 40 mm dia, bleaching powders, all type chemicals etc.

<sup>82</sup> Headed by Regional Chief Engineer with senior most Superintending Engineer (SE) of the region, S.E. related to concerned work and representative of Industries Department as its member.

Scrutiny of records of PHED, Gaya disclosed that spare parts for hand pumps amounting to Rs 76.49 lakh were purchased between June 2006 and March 2007 on the basis of 111 quotations (April 2006 to February 2007) in violation of aforesaid instructions. Wide publicity through print media was not made. Quotations were splitted to avoid sanction of the higher authority. It included purchase of spare parts of India Mark II deep well hand pump amounting to Rs 44.70 lakh from supplier of outside the State. The quality test of purchased materials was also not carried out and payments were made on bill/ invoice without certificate of stock entry though required under Rule 118 of Bihar Public Works Accounts (BPWA) Code.

The spare parts were issued to JEs who further issued it to tubewell khalasis. However, receipt of spare parts by tube well khalasis were not taken though required under Rule 121 of BPWA code. Besides, no material account was rendered by JEs though required to be submitted monthly as per Rule 123 of BPWA code. Exact location of handpumps in which spare parts were consumed was not on record and measurements were not recorded in MB. Thus, utilisation of materials was doubtful.

The Executive Engineer stated (July 2007) that purchases were made on quotations on the consent of higher authority. The reply was not acceptable, because even HOD was not competent to split up purchases and the entire purchase was in violation of extant rules and instructions.

The matter was reported to Government (September 2007); their reply had not been received (October 2007).

#### **4.5.2 Irregular expenditure on printing of advertisement**

***Inadequate mass awareness was created as entire funds of Rs 45.92 lakh was irregularly spent by State Water and Sanitation Mission on printing of advertisements in newspapers.***

Guidelines of Total Sanitation Campaign issued by Central Government (May 2002) for creation of demand and awareness provides for information education communication activities (IEC) to be carried out through motivators and use of local communication channels like puppet shows, street plays, bhajan mandalies etc. The illustrative list of IEC activities given in guidelines of Rajiv Gandhi National Drinking Water Mission (RGNDWM) included Inter-Personal communication (door to door contact), Audio-visual publicity, hoarding and wall writing.

Scrutiny of records (July 2007) of Communication and Capacity Development Unit of State Water and Sanitation Mission (SWSM) disclosed that:

- Out of Rs six crore provided for IEC, Rs 1.80 crore were transferred to District Water and Sanitation Committees (DWSCs) and Rs 3.69 crore was lying unspent as on 31 March 2007. Rupees 45.92 lakh was spent by SWSM on printing of advertisements in newspapers between March 2006 and June 2007 in contravention of aforesaid guidelines;
- The expenditure on advertisements was wasteful as total daily circulation of six newspapers in which advertisements were printed

was 9.53 lakh against total population of 83 million. Besides, the BPL population of State was 35.69 million out of which 31.76 million (89 per cent) resided in rural areas<sup>83</sup>. Further, rural literacy rate was 41 per cent as per census of 2001. The Public Relation Department also viewed (April 2007) that advertisement through newspaper was not enough and proper in respect of issues that required providing information to public on sustained basis. The Member Secretary of SWSM did not obtain approval of Apex Executive committee as required and incurred Rs 2.31 crore<sup>84</sup>. (July 2007).

Member Secretary, SWSM replied that about 50 lakh above poverty line population were literate and who can read and understand advertisements. The reply was not acceptable, as resorting to newspaper advertisements as the only method of spreading awareness regarding the campaign and ignoring other effective means such as inter-personal communication (door-to-door contact), audio-visual publicity, hoarding and wall-writing resulted in poor dissemination of the message of total sanitation.

The matter was reported to Government (September 2007); their reply had been received (October 2007) which has been incorporated as above.

## VIDHAN SABHA SECRETARIAT

### 4.5.3 Irregular expenditure

***Irregular appointment/promotion of officials by the Hon'ble Speaker, of the Legislative Assembly resulted in unauthorised expenditure of Rs 26.42 crore.***

Provision below Rule 3 of Bihar Vidhan Sabha Secretariat (Recruitment and condition of service) Rules, 1964, empowered Hon'ble Speaker of the Bihar Legislative Assembly to create posts of class II, III and IV grades staff temporarily for a financial year or part thereof, provided the cost of pay and allowances thereof could be met out of budget savings of the year. Such posts could be created in consultation with the Finance Department. However, the Hon'ble Speaker was not empowered to create class-I post.

Scrutiny of records (November 2006) of the Bihar Legislative Assembly Secretariat, disclosed that the Hon'ble Speaker created posts<sup>85</sup> of class I to IV grade staff ranging from 139 to 388 during 1975-2005 without consultation with Finance Department and the officials appointed against such posts continued in service during 2000-06.

<sup>83</sup> *Rural Water Supply and Sanitation Sector (RWSS) Vision, Strategy and Policy for Bihar (March 2006)*

<sup>84</sup> *IEC : Rs 51 lakh, transferred to DWSCs Rs 1.80 crore*

<sup>85</sup> *Additional Personal Secretary: 03, Section Officer: 55, Deputy Secretary:18, Administrative Officer : 77, Superintendent (type) :10, Superintendent (Routine) :04, Assistant Marshal : 02, Head Typist :05, Urdu Translator :03, Peon :56, Assistant Awadhawak :01, Suchikar : 01, Candidate Peon : 33, Head Driver : 01, Watch man: 04, Farrash : 15, Sweeper : 13, Driver : 12, Assistant Secretary : 75. Total No. 388.*

Though the Hon'ble Speaker was not empowered to create Class I posts but against five sanctioned post of Class-I grade, 41 posts were created during 2000-05 without consultation of Finance Department. The expenditure of these posts was met from the supplementary budget<sup>86</sup>. As there were no savings, these posts should not have been created.

Thus, continuance of 139 to 343 persons in service against temporarily created posts by the Hon'ble Speaker resulted in unauthorised expenditure of Rs 26.42 crore during 2000-06 on payment of salaries.

Even the recruitment made against these posts were in contravention of rules as detailed below:

- Sixteen Class III employees were appointed in February 2004 though they had no requisite qualifications.
- Twenty-four grade IV temporary employees were appointed during March 2004 as clerk against created posts after limited competitive examination though they had rendered 10 months services only in IV grade against requirement of minimum three years of service.
- Six security guards were appointed between July 2004 to April 2005 from time barred merit list / panel.
- Six drivers were appointed in March 2005 from the merit list/panel approved in 2002 which was effective for one year only.
- Requisite qualification and number of vacant posts were not shown in advertisements.

The Secretary, Bihar Legislative Assembly Secretariat replied (December 2007) that the appointment of 16 class III employees, 24 grade IV employees, six drivers and six security guards had been challenged through four separate writ petitions and the matter was pending before Hon'ble High Court, Patna. He stated that the judgment of Hon'ble High Court could only be the suitable reply of audit objection. The contention of Secretary was untenable as there was no mention of any stay order passed by the Hon'ble High Court in the reply furnished by him. The details of writ petitions, though called for, were not provided to audit by the Legislative Assembly Secretariat.

A mention of irregular appointments in Bihar Legislative Council Secretariat was made in the C & AG's Audit Report for the year ended 31 March 2000. The matter was referred to the Finance Department by the Bihar Legislative Council Secretariat. The opinion of the Finance Department was in agreement with the points raised by audit.

<sup>86</sup>

(Rs in lakh)

| Year    | Budget Provision | Supplementary Budget | Revised budget |
|---------|------------------|----------------------|----------------|
| 2004-05 | 629.03           | 55.45                | 684.48         |
| 2005-06 | 773.70           | 67.65                | 841.35         |

## ENERGY DEPARTMENT

### 4.5.4 Irregular expenditure

*Unauthorised expenditure of Rs 1.64 crore towards establishment cost of BREDA and maintenance of Aditya Solar Shop by diversion of bank interest.*

Bihar Renewable Energy Development Agency (BREDA) was financed by Central/State grants for meeting the establishment expenditure and implementation cost of various schemes/programmes. The department issued instructions (December 2003) prohibiting the utilisation of interest earned on the plan funds deposited in bank.

Test check (March 2007) of records of Director, BREDA, Patna disclosed that during the year 2003-06, the BREDA spent Rs 3.62 crore on establishment against the provision of Rs 2.25 crore. The excess expenditure of Rs 1.37 crore was met from bank interest (Rs 9.71 crore) earned on deposit of plan funds.

Further, Ministry of Non-conventional Energy Sources (MNES), Government of India, decided (2002-03) to promote establishment of Aditya Solar shops to sell renewable energy devices to people and provide after sales services. They were to function on normal commercial principles and were expected to earn revenue on sales and services to meet operational and maintenance cost in future.

MNES provided grant of Rs 6.35 lakh for establishment of Aditya Solar Shops to BREDA during 2002-03. BREDA obtained a space on lease for 66 years for Aditya Solar shop and spent Rs 35.65 lakh<sup>87</sup> on establishment and operational cost against the receipt of Rs 1.82 lakh only during 2003-07. Excess expenditure of Rs 27.48 lakh over receipt of Rs 8.17 lakh (receipt: Rs 1.82 lakh; grant: Rs 6.35 lakh) was met from interest earned on deposit of central/state funds received for implementation of schemes. The shop was non functional as items of non-conventional source of renewable energy (NRSE) and energy conservation devices were not available in the shop since August 2003 to till date of audit (March 2007).

Thus there was an unauthorised expenditure of Rs 1.64 crore<sup>88</sup> on the establishment cost in contravention of Government instruction, which prohibits expenditure on establishment out of interest earned on scheme funds.

The matter was reported to Government (May 2007); their reply had not been received (October 2007).

<sup>87</sup> Cost of lease of space: Rs 19.65 lakh, Interior decoration etc.: Rs 5.41 lakh, Cost of inauguration of shop: Rs 0.30 lakh, Pay and allowance of staff: Rs 9.24 lakh, Maintenance cost of shop: Rs 1.05 lakh.

<sup>88</sup> Rs 1.37 crore + Rs 27 lakh.

*CHAPTER-V*

*INTERNAL CONTROL SYSTEM*





**CHAPTER-V**  
**INTERNAL CONTROL SYSTEM IN GOVERNMENT**  
**DEPARTMENT**

**AGRICULTURE DEPARTMENT**

**5.1 Internal Control System in Agriculture Department**

**Highlights**

*Internal control is an integral component of an organisations' management processes which are established in order to provide reasonable assurance that the operations are carried out effectively and efficiently, financial reports and operational data is reliable, applicable laws and regulations are complied with so as to achieve organisational objectives. A review of internal control of selected areas of Agriculture Department has shown that budgetary, expenditure and operational controls required strengthening. Some of the important findings are given below.*

Budgetary controls were ineffective which resulted in savings, surrenders and unnecessary supplementary grants.

*(Paragraph 5.1.5.1)*

Poor financial management resulted in pending DC bills amounting to Rs 98.09 crore and unadjusted advances of Rs 24.92 crore as on 31 March 2007.

*(Paragraph 5.1.5.6 & 5.1.5.7)*

Sample tests of fertilizers, seed and soil were below the targets. No action was taken on substandard samples.

*(Paragraph 5.1.6.6)*

Despite expenditure of Rs 1.01 crore, the soil and water testing facilities could not be established. Expenditure incurred on development of market yards amounting to Rs 1.38 crore remained unfruitful.

*(Paragraph 5.1.6.7 & 5.1.6.8)*

Rupees 21.32 crore was spent on payment of salary to idle staff of 154 seed production farms during 2002-07.

*(Paragraph 5.1.7)*

The coverage by internal audit was low as only 17 offices out of 334 were audited during 2002-07.

*(Paragraph 5.1.8.2)*

**5.1.1 Introduction**

Internal Control System is a process meant to ensure that the departmental operations are carried out according to the applicable laws and regulations and in an economical, efficient and effective manner so as to give a reasonable assurance that organisation's objectives are achieved.

As per Rules of Executive Business 1979, the Agriculture Department was responsible for agricultural education, extension and research, protection

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against pests, prevention of plant diseases; agriculture marketing and warehousing. Administrative control of Agro-Industrial Development Corporation, Seeds Corporation, Rajendra Agriculture University and Agriculture Marketing Board was also vested with the Department.

The centrally sponsored schemes i.e. Macromode Management (2002) and Integrated Scheme of Oilseeds, Pulses, Oil Palm and Maize (ISOPOM) were implemented (2004) with a view to increase production of foodgrains, oilseeds and pulses in the State.

### **5.1.2 Organizational set up**

Agriculture Production Commissioner (APC) was overall incharge of the Department and responsible for the planning and management of agriculture activities of the State. He was assisted by the Director of Agriculture, Additional Director, seven Joint Directors, 11 Deputy Directors, 36 District Agriculture Officers (DAOs), 20 Assistant Soil Scientists, Principal (Training Centre) and 50 Sub-divisional Agriculture Officers.

### **5.1.3 Audit objectives**

The audit objectives were to assess whether:

- the budgetary and expenditure controls were adequate ;
- the operational controls were adequate to achieve the objectives of the Department in an economic, efficient and effective manner ;
- the monitoring was adequate and
- the effective internal audit arrangement was in place.

### **5.1.4 Audit coverage and methodology**

Internal Control System in the Department for the period 2002-07 was reviewed between January 2007 and July 2007 by test check of the records of the Director, Agriculture Department and 10 District Agriculture Offices<sup>1</sup> fertilizer quality control laboratory, three seed testing laboratories<sup>2</sup> and four soil testing laboratories<sup>3</sup>, Rajendra Agriculture University and Bihar State Agriculture Marketing Board.

An entry conference was held with the Agriculture Production Commissioner (APC) to explain the audit objectives and methodology in July 2007. The findings as well as recommendations of audit were discussed with Senior Officials of the Department in a meeting held in October 2007.

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<sup>1</sup> Bhagalpur, Bhojpur, Chapra, Darbhanga, Gaya, Gopalganj, Madhubani, Munger, Muzaffarpur and Patna.

<sup>2</sup> Dholi, Darbhanga and Patna

<sup>3</sup> Gaya, Chapra, Gopalganj and Muzaffarpur

**Audit findings****5.1.5 Financial management****5.1.5.1 Compliance with instructions in the Budget Manual**

Internationally the best practices in internal control have been given in the COSO<sup>4</sup> framework, which is widely accepted model for internal controls. The Government of India has prescribed comprehensive instructions on maintenance of internal control in Government departments through Rule-64 of General Financial Rules 2005 enlisting the duties and responsibilities of the chief accounting authority i.e., the Secretary of a Ministry/ Department. However, no such framework has been made in the Bihar Financial Rules (October 2007).

Bihar Budget Manual and standing instructions for the Drawing and Disbursing Officers (DDOs) provides that revised estimates for the current year and budget estimates for the next year should be sent to the Department by the first July which in turn sends it to the Finance Department by the first October every year.

The delay in receipt of the budget estimates from DAOs ranged from one to seven months and the delay in submission by the Agriculture Department to the Finance Department ranged from one to three months during 2002-07. This shows that the department did not observe the control prescribed for submission of budget estimates. The Budget provision and the expenditure incurred during period 2002-07 are shown in the following table:

(Rupees in crore)

| Year         | Budget provision | Supplementary provision | Total          | Expenditure         | Saving (per cent) |
|--------------|------------------|-------------------------|----------------|---------------------|-------------------|
| 2002-03      | 211.38           | 16.45                   | 227.83         | 138.76              | 89.07(39)         |
| 2003-04      | 205.47           | 4.61                    | 210.08         | 136.17              | 73.91(35)         |
| 2004-05      | 198.16           | 15.38                   | 213.54         | 158.55              | 54.99(26)         |
| 2005-06      | 245.14           | 0.00                    | 245.14         | 241.15 <sup>5</sup> | 3.99(2)           |
| 2006-07      | 195.66           | 92.87                   | 288.53         | 247.95              | 40.58(14)         |
| <b>Total</b> | <b>1055.81</b>   | <b>129.31</b>           | <b>1185.12</b> | <b>922.58</b>       | <b>262.54(22)</b> |

(Source: Detailed Appropriation Account)

It may be seen from the table that there were substantial savings in each year except during 2005-06. Despite provision of the budget manual to surrender the unspent balance latest by 25th March of the year, Rs 260.45 crore (22 per cent) was surrendered after the stipulated date on 31 March.

**5.1.5.2 Short utilisation of central funds**

Rupees 79.32 crore and Rs 11 crore were spent during 2002-07 and 2004-07 respectively against available funds of Rs 109.50 crore under Macromode and Rs 17.44 crore under ISOPOM. Unspent funds ranged between 33 and 35 per cent during 2002-06 under macromode and 22 and 66 per cent during 2004-07

<sup>4</sup> Committee of Sponsoring Organisation of the National Commission on Fraudulent Financial Reporting or the Tread way commission.

<sup>5</sup> Rs 100 crore received under Rashtriya Sam Vikas Yojana was not included in the budget provision.

Budget preparation exercise was marked by delays at the level of districts as well as Department

Surrender of funds on 31 March

under ISOPOM indicating the failure of the Department to utilize the funds sanctioned for centrally sponsored schemes.

**Non-reconciliation of expenditure**

### 5.1.5.3 Non-reconciliation of expenditure

Rule 475 of Bihar Financial Rules provided that departmental controlling officers should reconcile the departmental figures of expenditure with the books of the Accountant General. The Department had not reconciled the figure for any years during the aforesaid period. Persistent non-reconciliation of the expenditure was fraught with the risk of serious irregularities.

### 5.1.5.4 Deficiencies in maintenance of the cash book

Rule 86 of the Bihar Treasury Code (BTC) provides that all monetary transactions should be entered in the cashbook as soon as they occur and head of the office should verify the cash balance in the cashbook at the end of each month. The following was noticed:

- Director withdrew Rs 2.06 crore under 2401-crop husbandry on 31 March 2007 but the transaction was not entered in the cashbook as of July 2007.
- A test check of records in the field offices disclosed that monthly physical verification was not conducted at the end of each month.
- In test-checked districts, there was a total difference of Rs 2.53 crore between the balances in the bank and in the cashbook. In absence of reconciliation, the possibility of serious irregularities such as fraud, misappropriation cannot be ruled out.
- In the District Agriculture Office, Munger, Rs 1.07 lakh interest earned in Munger Kshetriya Gramin Bank was not taken as receipt in the cashbook.

**Monthly verification of cashbook was not conducted**

**Difference of Rs 2.53 crore between the balances in bank and in the cashbook**

### 5.1.5.5 Drawal of funds without immediate requirement

Rule 300 of BTC stipulates that no money should be drawn from the treasury unless it is required for immediate payment. The unspent balance of the amount so drawn should be refunded before the end of the financial year.

The DAOs of the test checked districts drew funds without immediate requirement and retained the accumulated undisbursed cash in hand/deposited in banks in the form of deposit-at-call receipts (DCR)/bank drafts etc. The balances ranged between Rs 1.34 crore and Rs 8.43 crore during 2002-07 as shown in the table below:

(Rupees in lakh)

| Sl.No. | Name of DAOs | Closing Balance as on 31 March |         |         |         |         |
|--------|--------------|--------------------------------|---------|---------|---------|---------|
|        |              | 2002-03                        | 2003-04 | 2004-05 | 2005-06 | 2006-07 |
| 1.     | Bhagalpur    | 23.67                          | 15.65   | 38.10   | 48.70   | 103.11  |
| 2.     | Bhojpur      | 3.78                           | 1.46    | 0.96    | 27.66   | 56.95   |
| 3.     | Chhapra      | 19.29                          | 28.72   | 30.60   | 38.83   | 70.98   |
| 4.     | Darbhanga    | 6.57                           | 7.58    | 30.60   | 22.40   | 129.64  |
| 5.     | Gaya         | 40.24                          | 32.40   | 58.49   | 37.37   | 129.92  |
| 6.     | Gopalganj    | 4.85                           | 3.41    | 5.58    | 6.09    | 23.63   |
| 7.     | Madhubani    | 6.34                           | 13.73   | 36.08   | 49.07   | 94.59   |

**Rupees 8.43 crore retained as closing balance**

(Rupees in lakh)

| Sl.No.       | Name of DAOs | Closing Balance as on 31 March |               |               |               |               |
|--------------|--------------|--------------------------------|---------------|---------------|---------------|---------------|
|              |              | 2002-03                        | 2003-04       | 2004-05       | 2005-06       | 2006-07       |
| 8.           | Munger       | 11.09                          | 14.37         | 8.19          | 18.71         | 28.90         |
| 9.           | Muzaffarpur  | 7.84                           | 15.59         | 16.52         | 45.57         | 85.14         |
| 10.          | Patna        | 10.26                          | 20.06         | 36.35         | 21.78         | 120.35        |
| <b>Total</b> |              | <b>133.93</b>                  | <b>152.97</b> | <b>261.47</b> | <b>316.18</b> | <b>843.21</b> |

The heavy closing balances at the end of the financial year indicate lack of financial control. The funds were drawn in violation of the codal provision to avoid lapse of the budget grant. Further, as the funds were parked in banks, they were not part of cash balance of the Government.

#### 5.1.5.6 Drawal of funds through abstract contingent bills

Pending submission of DC Bills amounting to Rs 98.09 crore

Rule 322(2) of BTC stipulates that the detailed contingent (DC) bills against abstract contingent (AC) bills drawn should be submitted to the Accountant General by 25th of the following month (revised to six months from November 2006) failing which no subsequent drawal on AC bill was permitted.

DC bills for Rs 98.09 crore in the office of the Director (Rs 87.09 crore<sup>6</sup>) and in test checked districts (Rs 11 crore<sup>7</sup>) during 2002-07 were pending for submission to the Accountant General. Out of Rs 11 crore, Rs 2.76 crore were unadjusted advances against different agencies (Zila Parishads, Block Agriculture Officers, Building Divisions etc.), Rs 3.84 crore kept in banks, Rs 0.52 crore kept in Civil Deposit and Rs 3.88 crore in the shape of unadmitted vouchers. Thus Department failed to monitor the adjustment of the AC bills since last five years. The details of DC bills in the Directorate amounting to Rs 87.09 crore though called for were not furnished.

#### 5.1.5.7 Unadjusted advances

Paragraph 232 of Manual of Agriculture Department stipulates that advance shall not be drawn unless it is needed for immediate disbursement and a second advance shall not be granted until the first advance has been accounted for. An advance shall be regularly and promptly adjusted and any unspent balance of an advance shall be immediately refunded.

Unadjusted advances amounting to Rs 24.92 crore

The details of unadjusted advances as on 31 March 2007 were shown in the table below:

(Rupees in lakh)

| Sl. No. | Name of districts             | No. of cases | Amount of advance outstanding upto |         |         |         |         | Total   |
|---------|-------------------------------|--------------|------------------------------------|---------|---------|---------|---------|---------|
|         |                               |              | 2002-03                            | 2003-04 | 2004-05 | 2005-06 | 2006-07 |         |
| 1.      | Director of Agriculture Patna | 34           | 356.52                             | 490.63  | 543.66  | 125.92  | 892.61  | 2409.34 |
| 2.      | Bhagalpur                     | 28           | 0.31                               | 0       | 0       | 0.79    | 5.18    | 6.28    |
| 3.      | Bhojpur                       | 2            | 0                                  | 0       | 1.48    | 0       | 0       | 1.48    |

<sup>6</sup> (1) Major Head: 2401-Crop Husbandary: 2003-04-Rs 10.17 crore, 2004-05-Rs 15.54 crore, 2005-06-Rs 5.04 crore and 2006-07-Rs 51.34 crore. (2) Major Head: 2415-Agriculture Research and Education: 2004-05-Rs 0.16 lakh, 2005-06-Rs 0.79 lakh and 2006-07- Rs 4.99 crore.

<sup>7</sup> 2002-03: Rs 97 lakh, 2003-04: Rs 1.44 crore, 2004-05: Rs 3.34 crore, 2005-06: Rs 54 lakh and 2006-07: Rs 4.71 crore.

(Rupees in lakh)

| Sl. No. | Name of districts | No. of cases           | Amount of advance outstanding upto |               |               |               |               | Total          |
|---------|-------------------|------------------------|------------------------------------|---------------|---------------|---------------|---------------|----------------|
|         |                   |                        | 2002-03                            | 2003-04       | 2004-05       | 2005-06       | 2006-07       |                |
| 4.      | Chhapra           | 146 since 16.06.1987   | 6.42                               | 0.25          | 3.10          | 2.72          | 4.36          | 16.85          |
| 5.      | Darbhanga         | 25 since 31.01.1983    | 1.57                               | 0             | 0             | 0.54          | 0             | 2.11           |
| 6.      | Gaya              | 24 prior to 20.10.1997 | 1.80                               | 0.86          | 0.40          | 5.63          | 0.95          | 9.64           |
| 7.      | Gopalganj         | 1 since 1982-83        | 0.15                               | 0             | 0             | 0             | 0             | 0.15           |
| 8.      | Madhubani         | 37 since 3.11.1987     | 0.38                               | 0             | 0.72          | 2.02          | 1.84          | 4.96           |
| 9.      | Munger            | 1                      | 0                                  | 0             | 0             | 0             | 0.20          | 0.20           |
| 10.     | Muzaffarpur       | 108 since 03.11.1987   | 0.52                               | 7.34          | 0             | 18.32         | 1.35          | 27.53          |
| 11.     | Patna             | 61 since 06.06.1988    | 0.02                               | 0.15          | 0.19          | 0.08          | 13.09         | 13.53          |
|         | <b>Total</b>      | <b>467 Cases</b>       | <b>367.69</b>                      | <b>499.23</b> | <b>549.55</b> | <b>156.02</b> | <b>919.58</b> | <b>2492.07</b> |

Payment of temporary advance without adjustment of previous advances

The advances remain outstanding for over a long period showed that controls were not working. In three test-checked districts Rs 22.50 lakh<sup>8</sup> was paid for the same purpose without adjustment of previous advances.

#### 5.1.5.8 Non-monitoring of funds advanced to other Departments

Clause 233 of the Manual of Agriculture Department provides that different accounts in the Advance Ledger shall be balanced quarterly and signed by the Officer concerned. The Officer signing the accounts shall satisfy himself that steps are being taken to recover or adjust the advances which have been outstanding for over three months. Test check disclosed that above provisions were not followed by the Department which led to outstanding advances for long period and consequent loss of interest as discussed below:

- A sum of Rs 3.53 crore was paid to the Bihar State Co-operative Milk Producers Federation Limited (COMFED) in March 2005 for establishment of the Fruit and Vegetable Federation. The COMFED did not take any action for setting up of Federation and returned the entire amount (July 2007) after a lapse of 27 months. This resulted in loss of interest of Rs 83 lakh to the Government due to lack of proper monitoring by the Department for setting up of federations.
- In eight test-checked districts, Rs 2.41 crore<sup>9</sup> was advanced to Zila Parishads (ZPs) for execution of the schemes during 2003-05. Of these, Rs 1.30 crore<sup>10</sup> were returned after delay ranging from two to 40 months without execution of schemes and Rs 1.11 crore was retained by ZPs. This resulted in loss of interest amounting to Rs 49.42 lakh and also adversely affected the implementation of Macromode and ISOPOM schemes.

<sup>8</sup> Chapra (Rs 7.25 lakh), Patna (Rs 7.87 lakh) and Gaya (Rs 7.38 lakh)

<sup>9</sup> Bhagalpur (Rs 36.84 lakh), Bhojpur (Rs 9.26 lakh), Chhapra (Rs 49.86 lakh), Darbhanga (Rs 18.45 lakh), Gaya (Rs 14.25 lakh), Madhubani (Rs 44.52 lakh), Munger (Rs 13.63 lakh), Muzaffarpur (Rs 54.66 lakh)

<sup>10</sup> Bhagalpur (Rs 25.89 lakh), Chhapra (Rs 38.17 lakh), Munger (Rs 11.40 lakh), Muzaffarpur (Rs 54.66 lakh)

### 5.1.6 Operational controls

#### 5.1.6.1 Departmental manual

No updating of Manual (1956) of Agriculture Department

Every organisation should have a comprehensive manual prescribing the procedure of work, responsibility, structure and control mechanism. Documentation of procedure for various functions of the Department and its updation are essential. Further, Guard files containing correction slips and important departmental instructions issued by the Government from time to time are also to be maintained for effective control to achieve the objectives. The Agriculture Department has a manual compiled in 1956. Since then no updation was made despite expansion in the activities of the department.

#### 5.1.6.2 Diversion of funds

BRBN unauthorisedly spent Rs 1.54 crore on payment of TA, telephone bills, electric bill etc.

An amount of Rs 7.35 crore was advanced (January 2007) to the Bihar Small Farmers Agriculture Trading Union for implementation of certified seed programme. Of this, Rs 7.02 crore was released to Bihar Rajya Beej Nigam (BRBN) for production of certified seeds. However, BRBN unauthorisedly diverted and spent Rs 1.54 crore on payment of traveling allowances, telephone bills and electric dues etc. Action taken by the Department for unauthorized diversion of fund by BRBN was not on record.

#### 5.1.6.3 Seeds replacement

Seeds replacement rate for crops was below the norms

As stipulated in Bihar Seed Plan, the required Seed Replacement Rate was 25 per cent for self-pollinated crops and 33 per cent for cross pollinated crops. However, replacement rate ranged from seven to 12 per cent in Kharif crops except maize and five to 11 per cent in Rabi crops except maize and rai during 2004-07.

Thus, seeds replacement rate for food grains and pulses was far below the norms. However, Department has prepared a new seed plan (May 2007) to increase the seed replacement rate.

#### 5.1.6.4 No increase in the cropped area

The total cropped area<sup>11</sup> remained almost same during 2002-07 at 79.46 lakh hectares. Total production of food grains declined from 110.85 lakh tonne in 2002-03 to 81.12 lakh tonne in 2005-06. The decline in food production together with stagnant total cropped area indicates failure of the Department to achieve its objective of enhancing agricultural production.

#### 5.1.6.5 Subsidy claim submitted without physical verification

Fertilizer supplied to the farmers was not verified at the first point

Fertilizer supplied to the farmers was not verified physically at the first point i.e. at buffer godown, as instructed (July 2003) by the Government. The quantity was verified from entry in stock registers after a period ranging from three to 40 months. The reports regarding the certification of the physical

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<sup>11</sup> Total cropped area = Net sown area + Area cropped more than once

verification in Form-A<sup>12</sup> was submitted to Government after delay ranging from six to 35 months during 2002-06 and the forms for the year 2006-07 were still being submitted. Similarly report in the Form B<sup>13</sup> was submitted to State / Central Government after delay ranging from two to 35 months during 2002-06. The details were as under:

| Year    | Total fertilizer supplied (MT) | Delay in verification from entry in the stock register (month) | Delay in submission of Form 'A' to the Government (month) | Delay in dispatch of Form 'B' after certification (month) |
|---------|--------------------------------|--|---|---|
| 2002-03 | 44844.82                       | 10-40  | 17-35   | 14-35   |
| 2003-04 | 23272.90                       | 6-28   | 6-24  | 2-23  |
| 2004-05 | 73197.10                       | 4-22   | 9-21  | 4-22  |
| 2005-06 | 102362.72                      | 3-15   | 8-15  | 4-15  |

Thus, report for subsidy claims were forwarded to the Government of India without physical verification.

#### 5.1.6.6 Quality testing of fertilizers, seeds and soil

An analysis of the samples in respect of the performance of one Fertilizers Quality Testing Laboratory, Patna, seven seed testing laboratories and four soil-testing laboratories during 2002-07 disclosed the following:

- 5950 samples were analysed during 2002-05 against the total of 7397 samples of fertilizers. Of these, 162 samples were found substandard. No action was taken on the samples found substandard.
- Testing of seed sample was only 54715 (30 per cent) against the target of 179400 samples. No action was taken against the 2192 samples found substandard in testing.
- Only 40670 (21 per cent) soil samples were tested in four laboratories against the target of 194500 samples.

Thus, Department failed to provide scientific information to farmers in respect of seeds, fertilizers and soil.

#### 5.1.6.7 Setting up of soil and water testing laboratories

The Indian Council of Agriculture Research (ICAR) provided Rs 1.06 crore during 2004-05 to Rajendra Agriculture University (RAU), Pusa, Samastipur for establishing soil and water testing laboratories in its nine Krishi Vigyan Kendras (KVKs)<sup>14</sup>. A test-check (May 2007) of records of RAU disclosed that university spent Rs 67 lakh on purchase of equipment, chemical, glass wares

**Non-establishment of soil and water testing laboratories despite expenditure of Rs 1.01 crore**

<sup>12</sup> Form 'A' : Statement of physical verification by DAOs to be submitted within one month from receipt of fertilizer.

<sup>13</sup> Form 'B' : Statement of report on sales by Director of Agriculture to be submitted to GOI within two months of receipt of Form 'A' from districts.

<sup>14</sup> KVKs: Agwanpur (Barh), Agwanpur (Saharsa), Banka, Harnaut, Hariharpur, Jale, Khodawand pur, Munger. and Saraiya,



during December 2004 to March 2005 and released Rs 6.30 lakh to KVKs for soil and plant survey, processing of storage facility and for purchase of petty items. Further, an amount of Rs 27.63 lakh was released (February-March 2005) to its engineering division for setting up of laboratories.

The university authorities, however, did not monitor utilisation of Rs 33.93 lakh during 2005-07. At the instance of audit (May 2007), the university authorities directed (May 2007) the KVKs to intimate the status of aforesaid works. All the laboratories were non-functional due to non-availability of laboratory building (5), technical expert and electric supply (3) and specialist of soil science (1).

Thus despite expenditure of Rs 1.01 crore, soil and water testing laboratories in KVKs could not be made functional and university failed to extend soil-testing facility to farmers.

#### **5.1.6.8 Development of Marketing Yards**

**Expenditure incurred on development of market yards amounting to Rs 1.38 crore remained unfruitful**

The Agriculture Commissioner released (March 2004), central share of Rs 2.38 crore (out of available central funds of Rs 2.65 crore) to Bihar State Agriculture Marketing Board (BSAMB) for development of market yards under Macromode Management Scheme for the year 2003-04. The BSAMB undertook the work to provide drainage facilities in Agriculture Marketing Yards at Musallahpur (Patna), Muzaffarpur and Gulab bagh (Purnea) at an estimated cost of Rs 2.36 crore and released Rs 1.58 crore to works divisions<sup>15</sup> for execution of work in 2005-07.

The divisions could spend only Rs 1.38 crore against the work as on October 2006. In the meantime, the Government of Bihar decided (September 2006) to dissolve the BSAMB and consequently, all ongoing schemes were left incomplete since September 2006. No action so far (September 2007) has been taken to complete the ongoing schemes.

Thus, expenditure of Rs 1.38 crore incurred on the incomplete schemes was remained unfruitful.

#### **5.1.7 Manpower management**

**Rupees 21.32 crore spent on payment of salaries to idle staff of seed production farms during 2002-07**

The manpower of an organisation should be so utilised that optimum output is achieved from the available manpower for attaining the objectives of the Department. The Director did not furnish the number of sanctioned strength and men-in-position of the Department. In test-checked districts, there were vacancies ranging from 39 to 48 *per cent* in all cadres as on March 2007. Further, 407 staff of 154 seed production farms remained idle during 2002-07 as no seed production was carried out during aforesaid period though Rs 21.32 crore<sup>16</sup> was spent on payment of salary to these staff during 2002-07.

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<sup>15</sup> Muzaffarpur, Patna and Purnea.

<sup>16</sup> 2002-03: Rs 4.21 crore, 2003-04: Rs 3.96 crore, 2004-05: Rs 3.64 crore, 2005-06: Rs 3.94 crore and 2006-07: Rs 5.57 crore.

No service book was updated at Secretariat level and services of the employees were not verified. Leave accounts were also not being maintained.

This shows that the manpower management in the Department was inadequate, which adversely affected the programme implementation as well as activities of the Department.

### 5.1.8 *Monitoring including Internal Audit*

#### 5.1.8.1 *Monitoring*

Monitoring is an important control tool, which should be exercised effectively by the Department. Though monthly meetings were being organised, it did not translate into higher production and productivity. Quality of fertilisers and seeds being distributed was also not being monitored.

#### 5.1.8.2 *Internal Audit*

**Very low coverage of internal audit**

Internal audit was to examine and evaluate the level of compliance to the Departmental rules, regulations and procedures so as to provide assurance to the management on the adequacy of the risk management and internal control framework of the Department.

There was no internal audit wing functioning under the control of Agriculture Department. However, internal audit wing was established (1953) under the administrative control of Finance Department. During the period of 2002-07, the internal audit wing could audit 17 offices of the Agriculture Department out of 334, which indicates that coverage of units was very low.

#### 5.1.8.3 *Lack of response to statutory audit*

**Inadequate follow up action led to accumulation of unsettled audit objections**

As of June 2007, 347 paragraphs pertaining to 68 Inspection Reports (IRs) worth Rs 32.33 crore were pending for settlement. Of these, thirty one paragraphs pertaining to 28 IRs were of serious irregularities like suspected defalcation (Rs 6.21 lakh)<sup>17</sup>, losses (Rs 3.41 lakh)<sup>18</sup>, recoverable amount (Rs 2.77 lakh)<sup>19</sup> and unfruitful expenditure (Rs 6.45 crore)<sup>20</sup>.

This showed lack of response and absence of suitable mechanism to closely monitor timely action on audit objections.

### 5.1.9 *Conclusion*

The Internal Control system in the Agriculture Department was found to be deficient. Budgetary and expenditure controls were weak as evidenced by persistent savings against budget provisions, unreconciled differences between bank balance statement and cashbook balances, pending DC bills and unadjusted advances. The department did not update its manual for last 50

<sup>17</sup> 2003-04: Rs 1.11 lakh and 2006-07: Rs 5.10 lakh

<sup>18</sup> 2003-04: Rs 3.41 lakh.

<sup>19</sup> 2003-04: Rs 2.62 lakh and 2004-05: Rs 0.15 lakh.

<sup>20</sup> 2002-03: Rs 32.87 lakh, 2003-04: Rs 5.17 crore, 2004-05: Rs 0.94 crore and 2005-06: Rs 1.08 lakh.

years. Ineffective operational control resulted in stagnant gross cropped area along with decline in agricultural production during 2002-07 as well as non-establishing the soil and water testing laboratories. Inefficient manpower management was reflected in payment of salary to idle staff. Internal audit coverage was inadequate and there was lack of response to statutory audit conducted by the Principal Accountant General (Audit), Bihar.


**Recommendations**

- To strengthen internal control system, a provision may be made in the Bihar Financial Rules on the lines prescribed under Rule-64 of the General Financial Rules, 2005 of the Government of India.
- Budget control system should be made effective so as to ensure realistic assessment of requirement and timely utilisation of funds.
- Control checks prescribed for the cashbook and bank reconciliation should be ensured to guard against possible fraud and defalcation.
- Internal audit should be strengthened.

The matter was reported to Government (September 2007); their reply had not been received (October 2007).

31 DEC 2007

Patna  
The



(ARUN KUMAR SINGH)

PRINCIPAL ACCOUNTANT GENERAL (AUDIT), BIHAR

Countersigned



(VIJAYENDRA N. KAUL)

03 JAN 2008

New Delhi  
The

COMPTROLLER AND AUDITOR GENERAL OF INDIA



## APPENDICES



## **APPENDIX-I**

### **Appendix 1.1**

#### *Part A: Structure and Form of Government Accounts* (Refer: Paragraph 1.1 Page-1)

**Structure of Government Accounts:** The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account.

#### **Part I: Consolidated Fund**

All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund entitled 'The Consolidated Fund of State' established under Article 266(1) of the Constitution of India.

#### **Part II: Contingency Fund**

Contingency Fund of State established under Article 267(2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by the Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.

#### **Part III: Public Account**

Receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances etc which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State legislature.

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**PART B**  
**Layout of Finance Accounts**  
(Refer: Paragraph 1.1 Page-1)

| Statement       | Lay Out   |
|-----------------|---|
| Statement No.1  | Presents the summary of transactions of the State Government –receipts and expenditure, revenue and capital, public debt receipts and disbursements etc in the Consolidated Fund, Contingency Fund and Public Account of the State. |
| Statement No.2  | Contains the summarized statement of capital outlay showing progressive expenditure to the end of 2006-07   |
| Statement No.3  | Gives financial results of irrigation works, their revenue receipts, working expenses and maintenance charges, capital outlay, net profit or loss, etc.   |
| Statement No.4  | Indicates the summary of debt position of the State which includes borrowing from intern debt, Government of India, other obligations and servicing of debt.  |
| Statement No. 5 | Gives the summary of loans and advances given by the State Government during the year repayments made, recoveries in arrears etc  |
| Statement No.6  | Gives the summary of guarantees given by the Government for repayment of loans etc. raised by the statutory corporations, local bodies and other institutions.  |
| Statement No.7  | Gives the summary of cash balances and investments made out of such balances.   |
| Statement No.8  | Depicts the summary of balances under Consolidated Fund, Contingency Fund and Public Account as on 31 March 2007  |
| Statement No.9  | Shows the revenue and expenditure under different heads for the year 2006-07as a percentage of total revenue/expenditure  |
| Statement No.10 | Indicates the distribution between the charged and voted expenditure incurred during the year   |
| Statement No.11 | Indicates the detailed account of revenue receipts by minor heads   |
| Statement No.12 | Provides accounts of revenue expenditure by minor heads under non-plan and plan separately and capital expenditure by major head wise   |
| Statement No.13 | depicts the detailed capital expenditure incurred during and to the end of 2006-07  |
| Statement No.14 | Shows the details of investment of the State Government in statutory corporations, Government companies, other joint stock companies, co-operative banks and societies etc up to the end of 2006-07                                 |
| Statement No.15 | Depicts the capital and other expenditure to the end of 2006-07and the principal sources from which the funds were provided for that expenditure  |
| Statement No.16 | Gives the detailed account of receipts disbursements and balances under heads of account relating to Debt, Contingency Fund and Public Account  |
| Statement No.17 | Presents detailed account of debt and other interest bearing obligations of the Government of Bihar   |
| Statement No.18 | Provides the detailed account of loans and advances given by the Government of Maharashtra, the amount of loan repaid during the year, the balance as on 31 March 2007  |
| Statement No.19 | Gives the details of earmarked balances of reserve funds  |



**Part C**  
**List of Terms used in the Chapter I and basis of their calculation**  
**(Refer: Paragraph 1.2 Page-4)**

| Terms  | Basis of calculation   |
|--|--|
| Buoyancy of a parameter  | Rate of Growth of the parameter/<br>GSDP Growth  |
| Buoyancy of a parameter (X)<br>With respect to another parameter (Y) | Rate of Growth of parameter (X)/<br>Rate of Growth of parameter (Y)  |
| Rate of Growth (ROG)   | $[(\text{Current year Amount} / \text{Previous year Amount}) - 1] * 100$   |
| Development Expenditure  | Social Services + Economic Services  |
| Average interest paid by the State                                   | Interest payment / $[(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities}) / 2] * 100$  |
| Weighted Interest Rate ( $I_w$ )                                     | $I_w = \sum_i^n I_i W_i$ , where $I_i$ is the rate of interest on the $i^{\text{th}}$ stock of debt and $W_i$ is the share of $i^{\text{th}}$ stock in the total debt stock of the State.  |
| Interest spread  | GSDP growth – Weighted Interest Rate   |
| Quantum spread   | Debt stock * Interest spread   |
| Interest received as per cent to Loans Outstanding                   | Interest Received $[(\text{Opening balance} + \text{Closing balance of Loans and Advances}) / 2] * 100$  |
| Revenue Deficit  | Revenue Receipt – Revenue Expenditure  |
| Fiscal Deficit   | Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts   |
| Primary Deficit  | Fiscal Deficit – Interest payments   |
| Balance from Current Revenue (BCR)                                   | Revenue Receipts <b>minus</b> all Plan grants and Non-plan Revenue Expenditure excluding expenditure recorded under the major head 2048 – Appropriation for reduction of Avoidance of debt |

**APPENDIX 1.2**  
**Outcome Indicators of the States' Own Fiscal Correction Path**  
**(Refer: Paragraph 1.2.2 Page-4)**

(Rupees. in crore)

|   | Base Year Estimate | 2004-05    | 2005-06     | 2006-07    | 2007-08    | 2008-09     | 2009-10     |
|---|--------------------|------------|-------------|------------|------------|-------------|-------------|
| 1   | 2                  | 3          | 4           | 5          | 6          | 7           | 8           |
| <b>A. STATE REVENUE ACCOUNT:</b>  |                    |            |             |            |            |             |             |
| 1. Own Tax Revenue  | 2890               | 3348       | 3934        | 4523       | 5020       | 5597        | 6241        |
| 2. Own Non-tax Revenue  | 320                | 418        | 298         | 342        | 353        | 363         | 374         |
| 3. Own Tax + Non-tax Revenue(1+2)   | 3210               | 3765       | 4232        | 4865       | 5373       | 5961        | 6615        |
| 4. Share in Central Taxes & Duties  | 7628               | 9117       | 10480       | 12156      | 13237      | 15222       | 17543       |
| 5. Plan Grants  | 1466               | 2148       | 3047        | 3721       | 4094       | 4503        | 4953        |
| 6. Non-Plan Grants  | 152                | 684        | 1357        | 1648       | 1735       | 1830        | 1935        |
| 7. Total Central Transfer (4 to 5)  | 9245               | 11949      | 14883       | 17526      | 19065      | 21555       | 24431       |
| 8. Total Revenue Receipts (3+7)   | 12455              | 15714      | 19116       | 22391      | 24438      | 27515       | 31047       |
| 9. Plan Expenditure   | 1084               | 1996       | 3315        | 4171       | 4463       | 4776        | 5158        |
| 10. Non-Plan Expenditure  | 11627              | 12642      | 15953       | 17608      | 18665      | 17785       | 22357       |
| 11. Salary Expenditure  | 5020               | 5005       | 7372        | 7831       | 8066       | 8308        | 8557        |
| 12. Pension   | 2269               | 2325       | 2748        | 3020       | 3259       | 3527        | 3794        |
| 13. Interest Payments   | 3343               | 3474       | 3633        | 4210       | 4400       | 4840        | 5324        |
| 14. Subsidies - General   | 0                  | 0          | 0           | 0          | 0          | 0           | 0           |
| 15. Subsidies - Power   | 2209               | 730        | 1409        | 730        | 917        | 800         | 700         |
| 16. Total Revenue Expenditure (9+10)  | 12711              | 14638      | 19269       | 21780      | 23128      | 24560       | 27514       |
| 17. Salary + Interest + Pensions (11+12+13)   | 10632              | 10804      | 13752       | 15061      | 15725      | 16675       | 17676       |
| 18. as % of Revenue Receipts (17/8)   | 85                 | 69         | 72          | 67         | 64         | 61          | 57          |
| 19. Revenue Surplus/Deficit (8-16)  | -255               | 1076       | -153        | 611        | 1310       | 2955        | 3532        |
| <b>B. CONSOLIDATED REVENUE ACCOUNT:</b>   |                    |            |             |            |            |             |             |
| 1. Power Sector loss/profit net of actual subsidy transfer  | 758                | 775        | 943         | 979        | 760        | 590         | 340         |
| 2. Increase in debtors during the year in power utility accounts (Increase(-))                            | -667               | -637       | -646        | -670       | -500       | -400        | -300        |
| 3. Interest payment on off budget borrowings and SPV borrowings made by PSU/SPVs outside budget.          | 36                 | 32         | 35          | 83         | 58         | 64          | 70          |
| 4. Total (1 to 3)   | 127                | 170        | 332         | 392        | 318        | 254         | 110         |
| <b>5. Consolidated Revenue Deficit (A.19 + B4)</b>  | <b>-383</b>        | <b>906</b> | <b>-484</b> | <b>219</b> | <b>992</b> | <b>2701</b> | <b>3422</b> |
| <b>C. CONSOLIDATED DEBT:</b>  |                    |            |             |            |            |             |             |
| 1. Outstanding debt and liability   | 37453              | 42483      | 43641       | 47962      | 52122      | 54928       | 58006       |
| 2. Total Outstanding guarantee of which (a) guarantee on account off budgeted borrowing and SPV borrowing | 711                | 831        | 1311        | 2283       | 2542       | 2833        | 3161        |
| <b>D. CAPITAL ACCOUNT:</b>  |                    |            |             |            |            |             |             |
| 1. Capital Outlay   | 1549               | 1205       | 3307        | 4912       | 5158       | 5416        | 6228        |
| 2. Disbursement of Loans and Advances   | 2569               | 1128       | 1647        | 332        | 365        | 402         | 442         |
| 3. Recovery of Loans and Advances   | 10                 | 15         | 68          | 51         | 54         | 56          | 59          |
| 4. Other Capital Receipts   |                    |            |             |            |            |             |             |
| <b>E. GROSS FISCAL DEFICIT (GFD)</b>  |                    |            |             |            |            |             |             |
| GSDP at current prices GoB  | 56412              | 62792      | 68465       | 76115      | 84724      | 94422       | 105361      |
| Actual/Assumed Nominal Growth Rate (%)  | 7.73               | 1.98       | 7.36        | 6.02       | 4.91       | 2.97        | 2.92        |

**APPENDIX – II**  
(Refer: Paragraph 1.2; Page-3)

**Abstract of receipts and disbursements for the year 2006-07**

(Rupees in crore)

| Receipts |   |          | Disbursements |          |   |          |         |          |
|----------|---|----------|---------------|----------|---|----------|---------|----------|
| 2005-06  |   | 2006-07  | 2005-06       |          | Non-Plan  | Plan     | 2006-07 |          |
|          | <b>Section A:<br/>Revenue</b>                               |          |               |          |   |          |         |          |
| 17836.71 | <b>I Revenue Receipts</b>                                   |          | 23083.19      | 17756.00 | <b>I Revenue<br/>Expenditure</b>  | 16519.74 | 4065.31 | 20585.05 |
| 3561.10  | Tax Revenue   | 4033.08  |               | 8522.79  | <b>General<br/>Services</b>   | 8205.83  | 437.20  | 8643.03  |
| 522.30   | Non Tax Revenue   | 511.28   |               | 6861.92  | <b>Social Services</b>  | 5538.38  | 2378.83 | 7917.21  |
| 10420.59 | State's Share of<br>Union Taxes and<br>Duties               | 13291.72 |               | 4393.95  | Education,<br>Sport, Art and<br>Culture   | 4225.69  | 1026.86 | 5252.55  |
| 1201.08  | Non Plan Grants   | 1683.41  |               | 876.94   | Health and<br>Family Welfare  | 849.87   | 134.74  | 984.61   |
| 1555.66  | Grants for State Plan<br>Schemes                            | 2445.24  |               | 407.49   | Water Supply,<br>Sanitation,<br>Housing and<br>Urban<br>Development                           | 192.13   | 321.60  | 513.73   |
| 89.99    | Grants for Central<br>Plan Schemes                          | 144.29   |               | 13.59    | Information and<br>Broadcasting   | 13.84    | 3.17    | 17.01    |
| 485.99   | Grants for Centrally<br>Sponsored Schemes                   | 974.17   |               | 100.45   | Welfare of<br>Scheduled<br>Castes,<br>Scheduled<br>Tribes and<br>Other<br>Backward<br>Classes | 33.32    | 97.42   | 130.74   |
|          |   |          |               | 135.52   | Labour and<br>Labour Welfare  | 32.74    | 636.16  | 395.90   |
|          |   |          |               | 922.10   | Social Welfare<br>and Nutrition   | 175.50   | 430.68  | 606.18   |
|          |   |          |               | 11.88    | Others  | 15.29    | 1.20    | 16.49    |
|          |   |          |               | 2367.09  | <b>Economic<br/>Services</b>  | 2771.53  | 1249.28 | 4020.81  |
|          |   |          |               | 410.45   | Agriculture and<br>Allied<br>Activities   | 277.15   | 308.00  | 585.15   |
|          |   |          |               | 1062.58  | Rural<br>Development  | 530.08   | 788.79  | 1318.87  |
|          |   |          |               | 482.76   | Irrigation and<br>Flood Control   | 354.49   | 80.81   | 435.30   |
|          |   |          |               | 1.42     | Energy  | 1078.90  | 1.74    | 1080.64  |
|          |   |          |               | 35.93    | Industry and<br>Minerals  | 24.01    | 62.33   | 86.34    |
|          |   |          |               | 285.01   | Transport   | 412.38   | 1.76    | 414.14   |
|          |   |          |               | 88.94    | General<br>Economic<br>Services   | 94.52    | 5.85    | 100.37   |
|          |   |          |               | 4.20     | <b>Grants-in-aid<br/>and<br/>Contributions</b>  | 4.00     |         | 4.00     |
|          | <b>II Revenue Deficit<br/>Carried Over to<br/>Section B</b> |          |               | 80.71    | <b>II Revenue<br/>Surplus<br/>Carried Over<br/>to Section B</b>                               |          |         | 2498.14  |
| 17836.71 | <b>Total Section A</b>                                      |          | 23083.19      | 17836.71 |   |          |         | 23083.19 |

| Receipts |   |         | Disbursements |  |        |         |         |  |
|----------|---|---------|---------------|--|--------|---------|---------|--|
| 2005-06  |   | 2006-07 | 2005-06       |  |        |         | 2006-07 |  |
|          | <b>Section B: Others</b>  |         |               |  |        |         |         |  |
| 1518.47  | III Opening Cash Balance Including Permanent Advances and Cash Balance Investment | 1887.58 | 2083.90       | II Capital Outlay  | 78.76  | 5132.37 | 5211.13 |  |
|          |   |         | 71.91         | General Services   | 73.91  | 81.19   | 155.10  |  |
|          |   |         | 328.43        | Social Services  | 3.53   | 592.34  | 595.87  |  |
|          |   |         | 29.14         | Education, Sport, Art and Culture  |        | 106.44  | 106.44  |  |
|          |   |         | 137.91        | Health and Family Welfare  |        | 168.13  | 168.13  |  |
|          |   |         | 124.20        | Water Supply, Sanitation, Housing and Urban Development                  | 3.53   | 249.11  | 252.64  |  |
|          |   |         | 37.18         | Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes |        | 59.01   | 59.01   |  |
|          |   |         |               | Social Welfare and Nutrition   |        | 6.84    | 6.84    |  |
|          |   |         |               | Others   |        | 2.81    | 2.81    |  |
|          |   |         | 1683.56       | Economic Services  | 1.32   | 4458.84 | 4460.16 |  |
|          |   |         | 93.19         | Agriculture and Allied Activities  | 1.31   | 9.93    | 11.24   |  |
|          |   |         | 404.23        | Rural Development  |        | 1289.28 | 1289.28 |  |
|          |   |         | 591.46        | Irrigation and Flood Control   |        | 631.70  | 631.70  |  |
|          |   |         | 302.01        | Energy   |        | 433.76  | 433.76  |  |
|          |   |         | 5.29          | Industry and Minerals  |        | 411.47  | 411.47  |  |
|          |   |         | 274.99        | Transport  |        | 1661.57 | 1661.57 |  |
|          |   |         | 12.39         | General Economic Services  | 0.01   | 21.13   | 21.14   |  |
| 50.86    | IV Recoveries of Loans and Advances   | 7.40    | 1747.82       | III Loans and Advances Disbursed   | 115.84 | 199.48  | 315.32  |  |
|          | From Power Projects   |         | 1735.27       | For Power Projects   | 55.78  | 123.51  | 179.29  |  |
| 4.29     | From Government Servants  | 3.86    | 3.68          | To Government Servants   | 7.21   |         | 7.21    |  |
| 46.57    | From Others   | 3.54    | 8.87          | To Others  | 52.85  | 75.97   | 128.82  |  |
| 80.71    | V Revenue surplus brought down  | 2498.14 |               |  |        |         |         |  |
| 3770.37  | VI Public Debt Receipts   | 2357.86 | 980.76        | IV Repayment of Public Debt  |        |         | 1024.98 |  |

| Receipts        |   |         | Disbursements   |                 |   |          |                 |
|-----------------|---|---------|-----------------|-----------------|---|----------|-----------------|
| 2005-06         |   |         | 2006-07         | 2005-06         |   |          | 2006-07         |
| 3768.55         | Internal Debt Other than Ways and Means Advance and Overdraft | 2354.65 |                 | 492.90          | Internal Debt Other than Ways and Means Advance and Overdraft | 707.61   |                 |
|                 | Net Transaction under Ways and Means Advance and Overdraft    |         |                 |                 | Net Transaction under Ways and Means Advance and Overdraft    |          |                 |
| 1.82            | Loans and Advances from Central Government                    | 3.21    |                 | 487.86          | Repayment of Loans and Advances to Central Government         | 317.37   |                 |
| <b>5694.52</b>  | <b>VI Public Account Receipts</b>                             |         | <b>9224.07</b>  | <b>4414.87</b>  | <b>VI Public Account Disbursements</b>                        |          | <b>8016.04</b>  |
| 1087.66         | Small Savings, Provident Fund etc.                            | 1012.16 |                 | 722.65          | Small Savings, Provident Fund etc.                            | 617.11   |                 |
| 439.62          | Reserve Funds   | 0.00    |                 | 0.00            | Reserve Funds   |          |                 |
| 1886.05         | Deposits and Advances   | 3014.13 |                 | 1471.49         | Deposits and Advances   | 2144.65  |                 |
| 211.45          | Suspense and Miscellaneous                                    | 159.78  |                 | 181.14          | Suspense and Miscellaneous                                    | 153.13   |                 |
| 2069.74         | Remittances   | 5038.00 |                 | 2039.59         | Remittances   | 5101.15  |                 |
|                 |   |         |                 | <b>1887.58</b>  | <b>VII Cash Balance at the end</b>                            |          | <b>1407.58</b>  |
|                 |   |         |                 | -1125.59        | Deposits with Reserve Bank                                    | -1028.59 |                 |
|                 |   |         |                 | 160.09          | Departmental Cash Balance including Permanent Advances etc.   | 209.54   |                 |
|                 |   |         |                 | 2853.08         | Cash Balance Investment                                       | 2226.62  |                 |
| <b>11114.93</b> | <b>Total Section A</b>  |         | <b>15975.05</b> | <b>11114.93</b> |   |          | <b>15975.05</b> |

### APPENDIX - III

(Refer: Paragraph - 1.2; Page-3)

#### Sources and application of funds

(Rupees in crore)

| 2005-06  | Sources      |   | 2006-07  |
|----------|--------------|---|----------|
| 17836.71 |              | Revenue Receipts                                      | 23083.19 |
| 50.86    |              | Recoveries of Loans and Advances                      | 7.40     |
| 2789.61  |              | Increase in Public debt                               | 1332.88  |
| 1279.65  |              | Net Receipts from Public Account -                    | 1208.03  |
|          | 365.01       | Increase in Small Savings, Provident Funds, etc.      | 395.05   |
|          | 414.56       | Increase in Deposits and Advances                     | 869.48   |
|          | 439.62       | Increase in Reserve funds                             | 0.00     |
|          | 30.31        | Net effect of Suspense and Miscellaneous transactions | 6.65     |
|          | 30.15        | Net effect of Remittance transactions                 | -63.15   |
|          |              | <b>Decrease in cash balance</b>                       |          |
| 21956.83 | <b>Total</b> |   | 25631.50 |
| 2005-06  | Application  |   | 2006-07  |
| 17756.00 |              | Revenue expenditure                                   | 20585.05 |
| 1747.82  |              | Loans & advances                                      | 315.32   |
| 2083.90  |              | Capital expenditure                                   | 5211.13  |
| 369.11   |              | Increase in cash balance                              | -480.00  |
| 21956.83 | <b>Total</b> |   | 25631.50 |

**APPENDIX - IV***(Refer : Paragraph 1.5.5; Page-18)**Utilisation certificates relating to grants-in-aid paid upto March 2007 but not received upto September 2007**(Rupees in lakh)*

| Year                   | Utilisation Due |                  | Utilisation Received |                 | Utilisation Awaited |                  |
|------------------------|-----------------|------------------|----------------------|-----------------|---------------------|------------------|
|                        | Number          | Amount           | Number               | Amount          | Number              | Amount           |
| Upto<br>14.11.2000     | 20190           | 111182.83        | --                   | --              | 20190               | 111182.82        |
| 2001-02                | 452             | 26161.66         | --                   | --              | 452                 | 26161.66         |
| 2002-03                | 40              | 3427.67          | --                   | --              | 40                  | 3427.67          |
| 2003-04                | 61              | 15005.87         | --                   | --              | 61                  | 15005.87         |
| 2004-05                | 89              | 20854.61         | 3                    | 270.35          | 86                  | 20584.25         |
| 2005-06                | 80              | 99783.93         | 5                    | 595.61          | 75                  | 99188.32         |
| 2006-07                | 284             | 191240.83        | 22                   | 21337.18        | 262                 | 169903.65        |
| <b>Grant<br/>Total</b> | <b>21196</b>    | <b>467657.40</b> | <b>30</b>            | <b>22203.14</b> | <b>21166</b>        | <b>445454.24</b> |

**APPENDIX - V**  
(Refer : Paragraph 1.5.6; Page-18)

**Details with status of accounts submitted by Autonomous bodies to State Legislature**

| Sl. No. | Name of the body                                | Period of entrustment of audit of accounts to CAG | Year for which accounts due | Year upto which account submitted | Year upto which Audit Report issued | Year upto which Audit Report submitted to State Legislature | Reasons for non-finalisation of Audit Reports  |
|---------|---|---|-----------------------------|-----------------------------------|-------------------------------------|---|--|
| 1       | Bihar State Housing Board, Patna                | 2003-04   | 2003-04                     | 2002-03                           | 1993-94                             | 1993-94   | Comments on draft SARs for 1994-95 to 1998-99 have been received from BSHB, Patna for scrutiny. Audit of annual accounts for 1999-00 to 2002-03 will be taken up on finalisation of SARs for 1994-95 to 1998-99. |
| 2       | Bihar Khadi and Village Industries Board, Patna | 2002-03   | 1999-02 to 2002-03          | 1998-99                           | 1988-89                             | 1986-87   | Draft SARs for 1989-90 to 1998-99 are in process of finalisation (as on 31.7.07).  |
| 3       | Bihar State Legal Service Authority, Patna      | Permanent   | 2006-07                     | 2005-06                           | 2003-04                             | --  | Audit of accounts for 2004-05 & 2005-06 have been completed. SARs are in process of finalisation (as on 31.7.07; status of submission of SAR to legislature not yet intimated to audit.                          |



## APPENDIX - VI

(Refer: Paragraph - 1.6; Page-18)

Summarised financial position of the Government of Bihar

| As on 31<br>March 2006 | Liabilities |   | As on 31<br>March<br>2007 |
|------------------------|-------------|---|---------------------------|
| (Rupees in<br>crore)   |             |   | (Rupees in<br>crore)      |
| 25181.52               |             | <b>Internal Debt</b>  | 26828.55                  |
|                        | 10810.0     |   |                           |
|                        | 2           | Market loan bearing interest                                      | 10392.46                  |
|                        | -4.56       | Market loan not bearing interest                                  | 0.28                      |
|                        | 13.46       | Loans from LIC  | 24.55                     |
|                        | 14362.6     |   |                           |
|                        | 0           | Loans from other institutions etc.                                | 16411.26                  |
| 1125.59                |             | Ways and means advances Shortfall<br>in deposit with Reserve Bank | 1028.58                   |
| 8551.01                |             | <b>Loans and Advances from Central<br/>Government</b>             | 8236.86                   |
|                        | 360.91      | Pre 1984-85 Loans   | 3.91                      |
|                        | 254.41      | Non-Plan Loans  | 97.72                     |
|                        | 7866.46     | Loans for State Plan Schemes                                      | 8065.32                   |
|                        | 9.13        | Loans for Central Plan Schemes                                    | 8.53                      |
|                        | 17.14       | Loans for Centrally Sponsored Plan<br>Schemes                     | 18.42                     |
|                        | 42.96       | Ways and Means Advances   | 42.96                     |
| 350.00                 |             | <b>Contingency Fund</b>   | 350.00                    |
| 8765.73                |             | <b>Small Savings, Provident Fund etc.</b>                         | 9160.78                   |
| 3020.37                |             | <b>Deposits</b>   | 3886.48                   |
| 976.25                 |             | <b>Reserve Funds</b>  | 976.25                    |
|                        |             | <b>Remittance Balances</b>  |                           |
|                        |             | <b>Suspense and Miscellaneous<br/>Balances</b>                    |                           |
| 47970.47               |             | <b>Total</b>  | 50467.50                  |
| As on 31<br>March 2006 | Assets      |   | As on 31<br>March<br>2007 |
| 19168.57               |             | <b>Gross Capital Outlay</b>                                       | 24379.70                  |
|                        | 805.64      | Investment in shares of companies,<br>corporations, etc.          | 821.10                    |
|                        | 18362.9     |   |                           |
|                        | 3           | Other Capital Outlay  | 23558.60                  |
| 13573.66               |             | <b>Loans and Advances</b>   | 13881.57                  |
|                        | 11436.5     |   |                           |
|                        | 7           | Loans for Power Projects  | 11615.86                  |
|                        | 2074.21     | Other Development Loans   | 2199.48                   |

| As on 31<br>March 2006 | Liabilities |   | As on 31<br>March<br>2007 |
|------------------------|-------------|---|---------------------------|
| (Rupees in<br>crore)   |             |   | (Rupees in<br>crore)      |
|                        | 62.88       | Loans to Government Servants etc.   | 66.23                     |
| <b>198.73</b>          |             | <b>Advances</b>   | <b>195.36</b>             |
| <b>1612.74</b>         |             | <b>Remittance Balances</b>  | <b>1675.89</b>            |
| <b>955.18</b>          |             | <b>Suspense and Miscellaneous<br/>Balances</b>                                  | <b>948.54</b>             |
| <b>3013.17</b>         |             | <b>Cash</b>   | <b>2436.16</b>            |
|                        |             | Cash in Treasuries and Local<br>Remittances                                     |                           |
|                        | 159.90      | Departmental Balances   | 209.30                    |
|                        | 0.19        | Permanent Cash Imperest   | 0.24                      |
|                        | 2853.08     | Cash Balance Investment and Other<br>Reserve Fund Investment                    | 2226.62                   |
|                        |             | Deposit with Reserve Bank   |                           |
| <b>9448.42</b>         |             | <b>Deficit on Government Account</b>  | <b>6950.28</b>            |
|                        | -80.71      | Add Revenue Deficit / Less Revenue<br>surplus of the current year               | (-)2498.14                |
|                        | 9529.13     | Accumulated Deficit up to preceding<br>year Miscellaneous Government<br>Account | 9448.42                   |
| <b>47970.47</b>        |             | <b>Total</b>  | <b>50467.50</b>           |

## APPENDIX VII

(Refer: Paragraph - 1.6; Page-18)

## Time series data on State Government finances

| (Rupees in crore)  |                  |                 |                 |                  |                  |
|--|------------------|-----------------|-----------------|------------------|------------------|
|  | 2002-03          | 2003-04         | 2004-05         | 2005-06          | 2006-07          |
| <b>Part A. Receipts</b>  |                  |                 |                 |                  |                  |
|  | No. of unit      |                 |                 |                  |                  |
| <b>1. Revenue Receipts</b>                                     | <b>10968</b>     | <b>12456</b>    | <b>15714</b>    | <b>17837</b>     | <b>23083</b>     |
| <b>(i) Tax Revenue</b>   | <b>2761(25)</b>  | <b>2890(23)</b> | <b>3347(21)</b> | <b>3561(20)</b>  | <b>4033(17)</b>  |
| Taxes on Sales, Trade, etc.                                    | 1648(60)         | 1637(57)        | 1891(57)        | 1734(49)         | 2081(52)         |
| State Excise   | 242(9)           | 240(8)          | 272(8)          | 319(9)           | 382(9)           |
| Taxes on Vehicles  | 178(6)           | 209(7)          | 213(6)          | 302(8)           | 181(4)           |
| Stamps and Registration Fees                                   | 348(13)          | 418(14)         | 429(13)         | 505(14)          | 455(11)          |
| Land Revenue   | 36(1)            | 34(1)           | 33(1)           | 55(2)            | 75(2)            |
| Other Taxes  | 309(11)          | 352(13)         | 509(15)         | 646(18)          | 859(20)          |
| <b>(ii) Non-Tax Revenue</b>                                    | <b>261(2)</b>    | <b>320(3)</b>   | <b>418(3)</b>   | <b>522(3)</b>    | <b>511(2)</b>    |
| <b>(iii) State's share in Union taxes and duties</b>           | <b>6549(60)</b>  | <b>7628(61)</b> | <b>9117(58)</b> | <b>10421(58)</b> | <b>13292(58)</b> |
| <b>(iv) Grants-in-aid from Government of India</b>             | <b>1397(13)</b>  | <b>1618(13)</b> | <b>2832(18)</b> | <b>3333(19)</b>  | <b>5247(23)</b>  |
| <b>2. Misc. Capital Receipts</b>                               | <b>1</b>         |                 |                 |                  |                  |
| <b>3. Total Revenue and Non debt capital receipt (1+2)</b>     | <b>10968</b>     | <b>12456</b>    | <b>15714</b>    | <b>17837</b>     | <b>23083</b>     |
| <b>4. Recoveries of Loans and Advances</b>                     | <b>16</b>        | <b>10</b>       | <b>15</b>       | <b>51</b>        | <b>7</b>         |
| <b>5. Public Debt Receipts</b>                                 | <b>4190</b>      | <b>5069</b>     | <b>7623</b>     | <b>3770</b>      | <b>2358</b>      |
| Internal Debt (excluding Ways & Means Advances and Overdrafts) | 2935             | 4249            | 5969            | 3768             | 2355             |
| Net transactions under Ways and Means Advances and Overdraft   | -                | -               | -               | -                | -                |
| Loans and Advances from Government of India <sup>[1]</sup>     | 1255             | 820             | 1654            | 2                | 3                |
| <b>6. Total Receipts in the Consolidated Fund (3+4+5)</b>      | <b>15174</b>     | <b>17535</b>    | <b>23352</b>    | <b>21658</b>     | <b>25448</b>     |
| <b>7. Contingency Fund Receipts</b>                            | <b>-</b>         | <b>-</b>        | <b>-</b>        | <b>-</b>         | <b>-</b>         |
| <b>8. Public Accounts receipts</b>                             | <b>5584</b>      | <b>7440</b>     | <b>4092</b>     | <b>5695</b>      | <b>9224</b>      |
| <b>9. Total receipts of the State (6+7+8)</b>                  | <b>20758</b>     | <b>24975</b>    | <b>27444</b>    | <b>27353</b>     | <b>34672</b>     |
| <b>Part B. Expenditure</b>                                     |                  |                 |                 |                  |                  |
| <b>10. Revenue Expenditure</b>                                 | <b>12255(88)</b> | <b>12711</b>    | <b>14638</b>    | <b>17756</b>     | <b>20585</b>     |
| Plan   | 1354(11)         | 1084(9)         | 1996(14)        | 2736(15)         | 4065(20)         |
| Non-plan   | 10901(89)        | 11627(91)       | 12642(86)       | 15020(85)        | 16520(80)        |
| General Services (including Interests payments)                | 6574(54)         | 7176(56)        | 7803(53)        | 8523(48)         | 8643(42)         |
| Economic Services  | 1763(14)         | 1498(12)        | 2036(33)        | 2367(13)         | 4021(20)         |
| Social Services  | 3916(32)         | 4033(32)        | 4795(14)        | 6862(38)         | 7917(38)         |
| Grants-in-aid and contributions                                | 1.82             | 4               | 4               | 4                | 4                |
| <b>11. Capital Expenditure</b>                                 | <b>970</b>       | <b>1549</b>     | <b>1205</b>     | <b>2084</b>      | <b>5211</b>      |
| Plan   | 970(100)         | 1493(96)        | 1170(97)        | 2061(99)         | 5132(98)         |
| Non-plan   | Negligible       | 56(4)           | 35(3)           | 23(1)            | 79(2)            |
| General Services   | 81(8)            | 22(1)           | 68(6)           | 72(3)            | 155(3)           |
| Economic Services  | 747(77)          | 1364(88)        | 1000(83)        | 1684(81)         | 4460(86)         |
| Social Services  | 142(15)          | 163(11)         | 137(11)         | 328(16)          | 596(11)          |
| <b>12. Disbursement of Loans and Advances</b>                  | <b>747</b>       | <b>2569</b>     | <b>1128</b>     | <b>1748</b>      | <b>315</b>       |
| <b>13. Total (10+11+12)</b>                                    | <b>13972</b>     | <b>16829</b>    | <b>16971</b>    | <b>21588</b>     | <b>26111</b>     |

|  | (Rupees in crore) |                 |                   |                 |                 |
|--|-------------------|-----------------|-------------------|-----------------|-----------------|
|  | 2002-03           | 2003-04         | 2004-05           | 2005-06         | 2006-07         |
| <b>14. Repayments of Public Debt</b>   | <b>1526</b>       | <b>2802</b>     | <b>3084</b>       | <b>981</b>      | <b>1025</b>     |
| Internal Debt (excluding Ways and Means Advances and Overdrafts)                             | 145               | 422             | 361               | 493             | 708             |
| Net transactions under Ways and Means Advances and Overdraft                                 | -                 | -               | -                 | -               | -               |
| Loans and Advances from Government of India  | 1381              | 2380            | 2723              | 488             | 317             |
| <b>15. Appropriation to Contingency Fund</b>   | <b>-</b>          | <b>-</b>        | <b>-</b>          | <b>-</b>        | <b>-</b>        |
| <b>16. Total disbursement out of Consolidated Fund (13+14+15)</b>                            | <b>15498</b>      | <b>19631</b>    | <b>20055</b>      | <b>22569</b>    | <b>27136</b>    |
| <b>17. Contingency Fund disbursements</b>  | <b>-</b>          | <b>-</b>        | <b>-</b>          | <b>-</b>        | <b>-</b>        |
| <b>18. Public Accounts disbursements</b>   | <b>4822</b>       | <b>5789</b>     | <b>5519</b>       | <b>4415</b>     | <b>8016</b>     |
| <b>19. Total disbursement by the State (16+17+18)</b>  | <b>20320</b>      | <b>25420</b>    | <b>25574</b>      | <b>26984</b>    | <b>35152</b>    |
| <b>Part C. Deficits</b>  |                   |                 |                   |                 |                 |
| <b>20. Revenue Deficit (1-10)</b>  | <b>(-)1287</b>    | <b>(-)255</b>   | <b>1076</b>       | <b>81</b>       | <b>2498</b>     |
| <b>21. Fiscal Deficit (3+4-13)</b>   | <b>(-)2988</b>    | <b>(-)4363</b>  | <b>(-)1242</b>    | <b>(-)3700</b>  | <b>(-)3021</b>  |
| <b>22. Primary Deficit (-)/surplus (+) (21-23)</b>   | <b>(+) 34</b>     | <b>(-)1020</b>  | <b>(+)2232</b>    | <b>(-)51</b>    | <b>(+)395</b>   |
| <b>Part D. Other data</b>  |                   |                 |                   |                 |                 |
| <b>23. Interest Payments (included in revenue expenditure)</b>                               | <b>3022</b>       | <b>3343</b>     | <b>3474</b>       | <b>3649</b>     | <b>3416</b>     |
| <b>24. Arrears of Revenue (Percentage of Tax &amp; non-tax Revenue Receipts in brackets)</b> | <b>1485(49)</b>   | <b>1357(42)</b> | <b>1101(29)</b>   | <b>1345(9)</b>  | <b>NA</b>       |
| <b>25. Financial Assistance to local bodies etc.</b>   | <b>1022</b>       | <b>788</b>      | <b>813</b>        | <b>1110</b>     | <b>1017</b>     |
| <b>26. Ways and Means Advances (WMA)/Overdraft availed (days)</b>                            | <b>1</b>          | <b>44</b>       | <b>3</b>          | <b>NIL</b>      | <b>NIL</b>      |
| <b>27. Interest on WMA/Overdraft</b>   | <b>negligible</b> | <b>5</b>        | <b>negligible</b> | <b>NIL</b>      | <b>NIL</b>      |
| <b>28. Gross State Domestic Product (GSDP)</b>   | <b>64275</b>      | <b>65994</b>    | <b>71092(P)</b>   | <b>76568(Q)</b> | <b>81270(A)</b> |
| <b>29. Fiscal liability (year end)</b>   | <b>35249</b>      | <b>37453</b>    | <b>42483</b>      | <b>46495</b>    | <b>49089</b>    |
| <b>30. Outstanding guarantees including interest (year end)</b>                              | <b>393</b>        | <b>471</b>      | <b>473</b>        | <b>605</b>      | <b>608</b>      |
| <b>31. Maximum amount guaranteed (year end)</b>  | <b>NA</b>         | <b>1531</b>     | <b>1531</b>       | <b>1531</b>     | <b>1538</b>     |
| <b>32. Number of incomplete projects</b>   | <b>22</b>         | <b>22</b>       | <b>18</b>         | <b>6</b>        | <b>6</b>        |
| <b>33. Capital blocked in incomplete projects</b>  | <b>NIL</b>        | <b>N.A.</b>     | <b>1183</b>       | <b>2393</b>     | <b>2393</b>     |

\* Quick estimates figure provided by the Government of Bihar, revised during 2006-07

**APPENDIX - VIII***(Refer : Paragraph – 1.6.3; Page-19)**Departmentally managed commercial/quasi-commercial undertakings which have not prepared proforma accounts since their inception*

| Sl. No. | Name of the commercial /quasi-commercial undertakings | No. of unit | Date of establishment of undertakings |
|---------|---|-------------|---------------------------------------|
|         | <b>Animal Husbandry &amp; Fisheries Department</b>    |             |                                       |
| 1       | Central Poultry Farm, Patna                           | 1           | Dec-48                                |
| 2       | Regional Poultry Farm, Bhagalpur                      | 1           | Dec-59                                |
| 3       | Regional Poultry Farm, Muzaffarpur                    | 1           | Oct-71                                |
|         | <b>Industries Department</b>                          |             |                                       |
| 4       | Adarsh Iron workshop                                  | 5           | 1956-61                               |
| 5       | Adarsh Wooden workshop                                | 8           | 1956-64                               |
| 6       | Procurement Centre                                    | 7           | --                                    |
| 7       | Salt Petre Refinery, Mahesi, East Champaran           | 1           | 1953                                  |
|         | <b>Excise &amp; Prohibition Department</b>            |             |                                       |
| 8       | Purchase & sale of opium stock                        | 1           | --                                    |
| 9       | Grain Gola  | 1           | 1947-48                               |
|         | <b>Total</b>  | <b>26</b>   |                                       |

## APPENDIX - IX

(Refer : Paragraph – 1.6.3; Page-19.)

*Departmentally managed commercial/quasi-commercial undertakings, the proforma accounts of which are in arrears*

| Sl. No. | Name of the commercial/quasi-commercial undertakings | Status of accounts                 |
|---------|--|------------------------------------|
|         | <b>Agriculture Department</b>                        |                                    |
| 1       | State Tractor Organisation, Purnea                   | 1977 onwards (November to October) |
|         | <b>Home (Jail) Department</b>                        |                                    |
| 2       | Manufacturing Department of Central Jail, Bhagalpur  | 1981 to 2006 (January to December) |
| 3       | Manufacturing Department of Central Jail, Buxar      | 1987 to 2006 (January to December) |

## APPENDIX - X

(Refer : Paragraph – 2.3.2; Page-33)

Areas in which Major Savings Occurred ( Rs. 10 crore and above)

|                            |   |  | (Rupees in crore) |
|----------------------------|---|--|-------------------|
| Sl. No.                    | Grant No. / Department  | Head of Account Major / Minor / Sub Head   | Major Savings     |
| <b>A Revenue Voted</b>     |   |  |                   |
| <b>I</b>                   | <b>20 Health, Medical Education and Family Welfare Department</b> | <b>2210 Medical and Public Health</b>  |                   |
| 1.                         |   | 0001-Patna Medical College Hospital<br>01 - 110 - 0001                                     | 26.59             |
| 2.                         |   | 0002 Darbhanga Medical College Hospital<br>01-110-0002                                     | 17.57             |
| 3.                         |   | 0009 Bhagalpur Medical College Hospital, Bhagalpur<br>01-110-0009                          | 12.56             |
| 4.                         |   | 0014 Sub-divisional Hospital<br>01-110-0014  | 13.80             |
| 5.                         |   | 0005 Other Dispensaries (Local Dispensaries)<br>01-200-0005                                | 13.15             |
| 6.                         |   | 0002-Additional Primary Health Centre<br>03-101-0002                                       | 14.22             |
| 7.                         |   | 0001 Primary Health Centre<br>03-103-0001  | 89.11             |
| 8.                         |   | 0001 Referral Hospital<br>03-110-0001  | 35.07             |
| 9                          |   | 0602 National Malaria Eradication Programme including Kalajar<br>03-101-0602               | 16.51             |
| <b>2211-Family Welfare</b> |   |  |                   |
| 10                         |   | 0602 Health Sub-Centre<br>2211-00-101-0602   | 37.90             |
| <b>II</b>                  | <b>39-Disaster Management Department</b>                          | <b>2245 Relief on account of Natural Calamities</b>  |                   |
| 11                         |   | 0003 Other Works (Grants to Agricultural Department for Agricultural input)<br>01-800-0003 | 27.97             |

| Sl. No.    | Grant No. / Department                 | Head of Account<br>Major / Minor / Sub Head  | Major Savings |
|------------|--|--|---------------|
| 12         |  | 0001 Cash payment to helpless and handicapped persons.<br>02-101-0001  | 24.42         |
| 13         |  | 0002 Supply of food grains<br>02-101-0002  | 39.88         |
| 14         |  | 0002 Evacuation of population<br>02-112-0002   | 15.86         |
| 15         |  | 0005 Cash pay to Rural Development Department for Swarojgar Yojana.<br>02-800-0005                                   | 10.00         |
| <b>III</b> | <b>48 Urban Development Department</b> | <b>2215 Water Supply and Sanitation</b>  |               |
| 16         |  | 0102 Assistance to Drinking Water Supply and Drainage on the recommendation of Finance Commission<br>01-192-0102     | 11.48         |
| 17         |  | 0116 Grants-in-aid to Urban local bodies for Integrated urban development<br>02-800-0116                             | 10.00         |
| 18         |  | 0122 For Jawaharlal Nehru National Urban Renewal Mission scheme<br>02-800-0122                                       | 317.85        |
| <b>IV</b>  | <b>50 Minor Irrigation Department</b>  | <b>2702 Minor Irrigation</b>   |               |
| 19         |  | 0001 Survey and Investigation<br>02-005-0001   | 12.41         |
| 20         |  | 0002 Government Tube wells<br>03-103-0002  | 11.36         |
| 21         |  | 0105 Rastriya Sam Vikas Yojana<br>03-103-0105  | 255.00        |
| <b>V</b>   | <b>51 Welfare Department</b>           | <b>2235 Social Security and Welfare</b>  |               |
| 22         |  | 0602 Consolidated Child Development Scheme<br>02 - 102 - 0602  | 46.53         |
| 23         |  | 0603 Externally Sponsored Scheme (World Bank) State Sponsored Integrated Child Development Scheme<br>02 - 102 - 0603 | 62.10         |



| Sl. No.    | Grant No. / Department                         | Head of Account<br>Major / Minor / Sub Head  | Major Savings  |
|------------|--|--|----------------|
|            |  | <b>2236 Nutrition</b>  |                |
| 24         |  | 0102 Scheme for distribution of nutritious food to pregnant women, children and nursing mother                               |                |
|            |  | 02 - 101 - 0102  | 136.32         |
| 25         |  | 0802 Special Programme for distribution of food grains to under nutrition Pregnant/Post Delivery women and Adolescent girls. |                |
|            |  | 02-101-0802  | 15.18          |
|            |  | <b>Total A :</b>   | <b>1272.84</b> |
|            | <b>B Capital Voted</b>                         |  |                |
| <b>VI</b>  | <b>10 Energy Department</b>                    | <b>6801 Loans for Power Projects</b>   |                |
| 26         |  | 0105 Loans to Bihar State Jal Vidyut Nigam (NABARD)  |                |
|            |  | 00-201-0105  | 24.50          |
| 27         |  | 0004 Payment of arrears against the bonds issued by Bihar State Electricity Board.   |                |
|            |  | 00-800-0004  | 13.00          |
| 28         |  | 0101 Loans to Bihar State Electricity Board  |                |
|            |  | 00-800-0101  | 20.26          |
| 29         |  | 0106 Loan to Bihar State Electricity Board APDPRD  |                |
|            |  | 00-800-0106  | 150.03         |
| <b>VII</b> | <b>36 Public Health Engineering Department</b> | <b>4215 Capital Outlay on Water Supply and Sanitation</b>  |                |
| 30         |  | 0602 Central Rural Water Supply Program  |                |
|            |  | 01 - 102 - 0602  | 218.52         |
| 31         |  | 0603 Accelerated Urban Water Supply Scheme   |                |
|            |  | 02 - 102 - 0603  | 20.52          |
| 32         |  | 0103 Rural Piped Water Supply Scheme (Tube Well, Wells, Pipes etc.)  |                |
|            |  | 01-102-0103  | 25.28          |
| 33         |  | 0116 Loans from NABARD for development of infrastructure for supply of drinking water in Rural Areas                         |                |
|            |  | 01 - 102 - 0116  | 16.25          |

| Sl. No.     | Grant No. / Department               | Head of Account<br>Major / Minor / Sub Head  | Major Savings |
|-------------|--------------------------------------|--|---------------|
| 34          |                                      | 0117-Rural Piped Water Supply Schemes-Minimum Needs Programme                          |               |
|             |                                      | 01-102-0117  | 13.09         |
| <b>VIII</b> | <b>49 Water Resources Department</b> | <b>4700 Capital outlay on Major Irrigation</b>   |               |
| 35          |                                      | 0101 Irrigation Project for Kosi Basin (Works)   |               |
|             |                                      | 01-800-0101  | 19.06         |
| 36          |                                      | 0102 Project for Kosi Basin (Works) (AIBP)   |               |
|             |                                      | 01-800-0102  | 65.81         |
| 37          |                                      | 0101 Establishment   |               |
|             |                                      | 03-001-0101  | 11.44         |
| 38          |                                      | 0103 Irrigation Project for Sone Basin (works)   |               |
|             |                                      | 03-800-0103  | 20.60         |
| 39          |                                      | 0102 Irrigation Project for Kiul-Badua Chandan Basin (Works) (AIBP)                    |               |
|             |                                      | 04-800-0102  | 24.83         |
| 40          |                                      | 0103 Irrigation Project for Kiul-Badua Chandan Basin (Works) NABARD Sponsored Project) |               |
|             |                                      | 04-800-0103  | 11.00         |
| 41          |                                      | 0102 Irrigation Project for Sone Basin (Works) (AIBP)                                  |               |
|             |                                      | 80-800-0102  | 15.57         |
| 42          |                                      | 0103 Irrigation Project for Kiul-Badua Chandan Basin (Works) NABARD Sponsored Project) |               |
|             |                                      | 80-800-0103  | 14.33         |
|             |                                      | <b>4711 Capital Outlay on Flood Control Project</b>                                    |               |
| 43          |                                      | 0111 Flood Control Embankment Road Scheme (NABARD Sponsored Scheme (Works)             |               |
|             |                                      | 01-001-0111  | 13.92         |

| Sl. No.                  | Grant No. / Department             | Head of Account<br>Major / Minor / Sub Head  | Major Savings |
|--------------------------|------------------------------------|--|---------------|
| 44                       |                                    | 0112 Drainage Projects (NABARD Sponsored Projects) (Works)   |               |
|                          |                                    | 01-001-0112  | 74.06         |
| 45                       |                                    | 0404 Extension of Embankment of Kamala river (Indian portion) and Heightening and Strengthening (100% Central Share) |               |
|                          |                                    | 01-001-0404  | 10.41         |
| 46                       |                                    | 0409 Strengthening and extension of embankment of Bagmati River  |               |
|                          |                                    | 01-001-0409  | 48.48         |
| 47                       |                                    | 0602 Construction work of Tinmuhni-Kursaila embankment   |               |
|                          |                                    | 01-800-0602  | 10.00         |
| 48                       |                                    | 0610 Anti Erosion Work on river Ganga  |               |
|                          |                                    | 01-800-0610  | 42.35         |
| 49                       |                                    | 0611 Water Drainage Project under Additional Central Assistance  |               |
|                          |                                    | 01-800-0611  | 15.00         |
| <b>Total B :</b>         |                                    |  | <b>898.31</b> |
| <b>C Capital Charged</b> |                                    |  |               |
| <b>VIX</b>               | <b>14 Repayment of Public Debt</b> | <b>6003 Internal Debt of the State Government</b>  |               |
| 50                       |                                    | M0009 13.85 Bihar State Development Loan, 2006   |               |
|                          |                                    | 00-101-M0009   | 186.04        |
| 51                       |                                    | 0001 Loan from National Agricultural Credit Fund of the Reserve Bank of India  |               |
|                          |                                    | 00-105-0001  | 10.36         |
| 52                       |                                    | 0001 Says and Means Advances from the Reserve Bank of India  |               |
|                          |                                    | 00-110-0001  | 1000.00       |
| 53                       |                                    | 0001 Special Securities issued to National Small Savings Fund of the Central Government                              |               |
|                          |                                    | 00-111-0001  | 47.08         |
| 54                       |                                    | 0002 Loan received from 1984-85  |               |
|                          |                                    | 01-102-0002  | 40.68         |

| Sl. No. | Grant No. / Department | Head of Account<br>Major / Minor / Sub Head  | Major Savings  |
|---------|------------------------|--|----------------|
| 55      |                        | 0001 Block Loans Received from 1989-90   |                |
|         |                        | 02-101-0001  | 126.98         |
| 56      |                        | 0001 Small Savings Loans   |                |
|         |                        | 07-105-0001  | 10.49          |
| 57      |                        | 0001 Pre-1979-80 Consolidated Loans Reconsolidated into 25 years and 30 years Loans repayable Annually Over 30 years |                |
|         |                        | 07-107-0001  | 16.52          |
| 58      |                        | 0001 1979-84 Consolidated Loans Repayable Annually over 30 years.  |                |
|         |                        | 07-108-0001  | 16.93          |
|         |                        | <b>Total C :</b>   | <b>1455.08</b> |
|         |                        | <b>Grand Total (A+B+C)</b>   | <b>3626.23</b> |

## APPENDIX - XI

(Refer : Paragraph - 2.3.3; Page-33 )

Cases where expenditure fell short of Budget provisions (in excess of Rupees one crore or more and also by more than 20 per cent of the total provisions in each case)

| Sl No.                          | Number and Name of Grant / Appropriation             | Amount of Grant/ Appropriation | Amount of Savings                     | Main reasons of Savings as furnished by the Government   |
|---------------------------------|--|--------------------------------|---------------------------------------|--|
|                                 |  |                                | (Percentage of Provision in brackets) |  |
|                                 |  | ( Rupees in crore)             |                                       |  |
| <b>A. Revenue Voted Section</b> |  |                                |                                       |  |
| 1.                              | 4 - Cabinet Secretariat and Co-ordination Department | 9.26                           | 2.04 (22.06)                          | Reasons for saving of Rs. 0.12 crore were due to non receipt of administrative approval and technical sanction and receipt of electric bills and reasons for balance amount was not intimated. |
| 2.                              | 6 - Election   | 36.72                          | 19.79 (53.90)                         | Reasons for the saving have not been intimated.  |
| 3.                              | 7 - Vigilance  | 11.00                          | 2.27 (20.67)                          | Reasons for the saving have not been intimated.  |
| 4.                              | 11 - Excise and Prohibition Department               | 23.77                          | 5.35 (22.52)                          | Reasons for saving of Rs. 4.83 crore were due to non-issue of order of A.C.P. and non submission of T.A. bills and the reasons for the balance amount was not intimated.                       |
| 5.                              | 12 - Finance Department                              | 93.94                          | 21.04 (22.40)                         | Reasons for savings of Rs. 19.00 crore were due to less no of Ministers & Deputy Ministers economy measures and reasons for the balance was not intimated.                                     |
| 6.                              | 17 - Finance (Commercial Tax)                        | 37.85                          | 10.54 (27.86)                         | Reasons for the saving have not been intimated.  |
| 7.                              | 18 - Food Supply and Commercial Department           | 94.62                          | 34.12 (36.06)                         | Reasons for the saving have not been intimated.  |

| SI No. | Number and Name of Grant / Appropriation                     | Amount of Grant/ Appropriation | Amount of Savings                     | Main reasons of Savings as furnished by the Government   |
|--------|--|--------------------------------|---------------------------------------|--|
|        |  |                                | (Percentage of Provision in brackets) |  |
| 8.     | 20 - Health, Medical Education and Family Welfare Department | 1258.46                        | 355.35<br>(28.24)                     | The saving of Rs. 1.70 crore in the construction of R.H was due to non feasibility of expenditure and saving of Rs. 4.80 crore was due to non sanction of fund saving of Rs. 57.42 crore was due to excess earmarked fund by 12th Finance Commission savings of Rs. 25.24 crore was due to non payment of honoraria to employees, office expenses, rent to health centers and release of fund by Central Government savings of Rs. 44.16 crore was due to excess provision of fund and non utilisation of fund for repair, non payment of fund on account of A.C.P. promotion and non purchase of Machinery equipment. |
| 9.     | 23-Industry Department                                       | 107.44                         | 30.15(28.06)                          | Savings of Rs. 22.93 crore was due to reduction of plan outlay and the rest of the balance of savings has not been intimated.  |
| 10.    | 29 - Mines and Geology Department                            | 8.95                           | 2.45 (27.39)                          | Reasons for the saving have not been intimated.  |
| 11.    | 30-Minorities Welfare Department                             | 4.62                           | 1.55(33.55)                           | The savings were due to non sanction of fund by Finance Department non computerisation economy measures and vacant post.   |
| 12.    | 33 - Personnel and Administrative Reforms Department         | 18.30                          | 8.22 (44.89)                          | The savings were due to non drawal of fund, post kept vacant and non approval of Technical sanction to estimate.   |
| 13.    | 39 - Disaster Management Department                          | 209.20                         | 152.54<br>(72.91)                     | Reasons for the saving have not been intimated.  |

| SI No.                            | Number and Name of Grant / Appropriation                            | Amount of Grant/ Appropriation | Amount of Savings                     | Main reasons of Savings as furnished by the Government  |
|-----------------------------------|---|--------------------------------|---------------------------------------|---|
|                                   |   |                                | (Percentage of Provision in brackets) |   |
| 14.                               | 43 - Science and Technology Department                              | 42.35                          | 18.50 (43.68)                         | Reasons for the saving have not been intimated.   |
| 15.                               | 45 - Sugar Cane Department  | 27.34                          | 11.03 (40.33)                         | The savings were non receipt of sanction, non receipt of concurrence of Finance Department.   |
| 16.                               | 48 - Urban Development Department                                   | 736.15                         | 351.77 (47.78)                        | In most of the cases the reasons for savings have not been intimated.   |
| 17.                               | 50 - Minor Irrigation Department                                    | 425.91                         | 289.99 (68.09)                        | Savings of Rs. 260.40 crore in revenue and Rs. 5.54 crore in capital was due to reduction of plan outlay, Savings of Rs. 5.46 crore was due to on receipt of benefits under A.C.P. to officers, staff, and termination of work changed staff. |
| 18.                               | 51 - Welfare Department   | 854.85                         | 284.67 (33.30)                        | Saving of Rs. 109.99 crore was due to non functioning of new Anganwari Centers and rest of the balance of saving have not been intimated.   |
| 19.                               | 52 - Youth, Art and Culture Department                              | 31.30                          | 6.72 (21.46)                          | Reasons for the saving have not been intimated.   |
| 20.                               | 53 - Health (Medical, Education and Indigenous Medicine) Department | 143.36                         | 65.13 (45.43)                         | Saving of Rs. 50.00 crore was due to reduction in plan outlay and the balance of savings has not been intimated.  |
| <b>Total (A) :</b>                |   | <b>4175.39</b>                 | <b>1673.25</b>                        |   |
| <b>B. - Capital Voted Section</b> |   |                                |                                       |   |
| 21.                               | 3 - Building Construction and Housing Department                    | 126.60                         | 75.94 (59.98)                         | Saving of Rs. 26.05 crore was due to non receipt of sanction from Education Department and the rest of balance of saving have not been intimated.   |
| 22.                               | 10-Energy   | 849.77                         | 229.61(27.02)                         | Reasons for the saving have not been intimated.   |

| SI No.                              | Number and Name of Grant / Appropriation      | Amount of Grant/ Appropriation | Amount of Savings                     | Main reasons of Savings as furnished by the Government   |
|-------------------------------------|---|--------------------------------|---------------------------------------|--|
|                                     |   |                                | (Percentage of Provision in brackets) |  |
| 23.                                 | 11 - Excise and Prohibition Department        | 36.00                          | 30.12 (83.66)                         | Reasons for the saving have not been intimated.  |
| 24.                                 | 12 - Finance Department                       | 9.95                           | 2.74 (27.57)                          | Saving of Rs. 2.10 crore was due to non receipt of allotment order.  |
| 25.                                 | 17 - Finance (Commercial Tax)                 | 9.15                           | 4.34 (47.39)                          | Reasons for saving have not been intimated   |
| 26.                                 | 22-Home Department                            | 149.62                         | 94.97(63.47)                          | Saving of Rs. 22.77 crore was due to non-receipt of Central Share and the balance of saving have not been intimated                              |
| 27.                                 | 26-Labour, Employment and Training Department | 4.49                           | 1.68(37.42)                           | The saving for saving of Rs. 1.68 crore was due to non receipt of Administrative approval of the estimate.                                       |
| 28.                                 | 36 - Public Health Engineering Department     | 566.90                         | 318.63 (56.21)                        | The saving of Rs. 7.72 crore was due to reduction in plan outlay and the reasons for the final saving of Rs. 3.95 crore have not been intimated. |
| 29.                                 | 49 - Water Resources Department               | 1047.19                        | 463.82 (44.29)                        | The reasons for savings were due to economic measure and in most of the case reasons for savings have not been intimated.                        |
| 30.                                 | 50 - Minor Irrigation Department              | 109.05                         | 60.72 (55.68)                         | Reasons for savings of Rs. 42.45 crore was due to reduction in plan outlay and the rest of the balance of saving have not been intimated.        |
| <b>Total (B) :</b>                  |   | <b>2908.72</b>                 | <b>1282.57</b>                        |  |
| <b>C. - Capital Charged Section</b> |   |                                |                                       |  |
| 31.                                 | 14 - Repayment of Loans                       | 2199.86                        | 1174.88 (53.41)                       | Reasons for the saving have not been intimated.  |
| <b>Total (C) :</b>                  |   | <b>2199.86</b>                 | <b>1174.88</b>                        | <b>Percentage</b>  |
| <b>Grand Total:</b>                 | <b>(A+B+C)</b>                                | <b>9283.97</b>                 | <b>4130.70</b>                        | <b>44.49</b>   |



## APPENDIX - XII

(Refer: Paragraph 2.3.4; Page-33)

*Cases of persistent savings exceeding Rupees two crore or more and 10 percent or more of the total provisions in each case*

| Sl. No.                  | Number and name of Grant/ Appropriation                   | Savings (In crore of rupees) and its percentage to provision in bracket) |                |                |
|--------------------------|---|--|----------------|----------------|
|                          |   | Year   |                |                |
|                          |   | 2004-05  | 2005-06        | 2006-07        |
| <b>A-REVENUE VOTED</b>   |   |  |                |                |
| 1                        | 2-Animal Husbandry and Fisheries Department               | 24.39(26)  | 24.75(25.29)   | 20.10(12.27)   |
| 2                        | 3-Building Construction and Housing Department            | 12.67(12.25)   | 17.01(14.05)   | 40.47(19.31)   |
| 3                        | 6-Election  | 32.68(18)  | 37.30(26.98)   | 19.79(53.90)   |
| 4                        | 12-Finance Department                                     | 415.81(81)   | 39.65(42.99)   | 21.04(22.40)   |
| 5                        | 17-Finance (Commercial Tax) Department                    | 14.39(40.02)   | 5.94(18.92)    | 10.54(27.86)   |
| 6                        | 20-Health Medical Education and Family Welfare Department | 207.41(26)   | 457.13(34.35)  | 355.35(28.24)  |
| 7                        | 23-Industries Department                                  | 9.23(25)   | 9.56(24.88)    | 30.15(28.06)   |
| 8                        | 27-Law Department   | 41.15(25)  | 74.10(34.89)   | 29.54(16.49)   |
| 9                        | 33-Personnel and Administrative Reforms Department        | 9.09(53.97)  | 10.63(58.12)   | 8.22(44.90)    |
| 10                       | 40-Revenue and Land Reform Department                     | 42.14(17)  | 54.71(20.04)   | 36.53(12.57)   |
| 11                       | 41-Road Construction Department                           | 26.64(11)  | 31.94(10.94)   | 37.82(10.96)   |
| 12                       | 43-Science and Technology Department                      | 12.02(28)  | 4.62(11.90)    | 18.50(43.67)   |
| 13                       | 45-Sugarcane Department                                   | 2.05(17.66)  | 6.45(42.97)    | 11.03(40.33)   |
| 14                       | 50-Minor Irrigation Department                            | 29.95(10.74)   | 128.97(31.08)  | 289.99 (68.09) |
| 15                       | 51-Welfare Department                                     | 163.72(34)   | 212.86(29.40)  | 284.66(33.30)  |
| 16                       | 52-Art, Culture and Youth Department                      | 2.98(16)   | 5.38(19.51)    | 6.72(21.46)    |
| <b>TOTAL</b>             |   | <b>1046.32</b>   | <b>1121.00</b> | <b>1220.45</b> |
| <b>B-CAPITAL – VOTED</b> |   |  |                |                |
| 1                        | 3-Building Construction and Housing Department            | 37.17(41)  | 97.33(71.76)   | 75.94(59.98)   |
| 2                        | 12-Finance Department                                     | 11.89(80)  | 7.43(66.88)    | 2.74(27.57)    |
| 3                        | 22-Home Department  | 72.96 (100)  | 79.27(93.54)   | 94.97(63.48)   |

| Sl. No.                          | Number and name of Grant/ Appropriation | Savings (In crore of rupees) and its percentage to provision in bracket) |                |                |
|----------------------------------|---|--|----------------|----------------|
| 4                                | 36-Public Health Engineering Department | 97.98(59)  | 209.96(63.44)  | 318.63(56.21)  |
| 5                                | 41-Road Construction Department         | 576.98(80)   | 385.13(59.66)  | 176.20(10)     |
| 6                                | 49- Water Resources Department          | 241.73(39)   | 313.30(35.72)  | 463.82(44.29)  |
| 7                                | 50-Minor Irrigation Department          | 20.34(25.50)   | 42.49(59.87)   | 60.72(55.68)   |
| <b>TOTAL</b>                     |   | <b>1059.05</b>   | <b>1134.91</b> | <b>1193.02</b> |
| <b>C-Revenue Charged Section</b> |   |  |                |                |
| 1                                | 14-Repayment of Public Debt             | 1095.37(26.19)   | 2243.66(69.58) | 1174.88(53.41) |
| <b>TOTAL</b>                     |   | <b>1095.37</b>   | <b>2243.66</b> | <b>1174.88</b> |
| <b>GRAND TOTAL (A+B+C)</b>       |   | <b>3200.74</b>   | <b>4499.57</b> | <b>3588.35</b> |

## APPENDIX - XIII

(Refer : Paragraph – 2.3.5; Page-33)

## Excesses for the years 1977-78 to 2005-06

| Year           | No. of Grants/<br>Appropriation | Grants/Appropriation<br>number | Amount<br>of<br>excess | Amount for<br>which<br>explanation not<br>furnished to<br>PAC |
|----------------|---------------------------------|--------------------------------|------------------------|---|
|                |                                 |                                | (Rupees in crore)      |   |
| 1977-78        | 2                               | 5, 24                          | 0.4                    | 0.4   |
| 1978-79        | 2                               | 17, 27                         | 16.17                  | 16.17   |
| 1979-80        | 1                               | 17                             | 33.46                  | 33.46   |
| 1980-81        | 2                               | 12, 17                         | 26.03                  | 26.03   |
| 1981-82        | 7                               | 3, 11, 12, 13, 15, 17, 24      | 39.24                  | 39.24   |
| 1982-83        | 2                               | 12, 22                         | 4.79                   | 4.79  |
| 1983-84        | 2                               | 11, 12                         | 9.98                   | 9.98  |
| 1984-85        | 2                               | 3, 14                          | 2.62                   | 2.62  |
| 1985-86        | 2                               | 10, 13                         | 14.83                  | 14.83   |
| 1986-87        | 1                               | 13                             | 65.62                  | 65.62   |
| 1987-88        | 6                               | 9, 19, 25, 38, 48              | 244.76                 | 244.76  |
| 1988-89        | 3                               | 9, 25, 38                      | 85.15                  | 85.15   |
| 1989-90        | 3                               | 25, 27, 38                     | 99.4                   | 99.4  |
| 1990-91        | 4                               | 37, 38, 42, 43                 | 92.07                  | 92.07   |
| 1991-92        | 2                               | 6, 38, 43                      | 85.11                  | 85.11   |
| 1992-93        | 2                               | 25, 38                         | 93.25                  | 93.25   |
| 1993-94        | 2                               | 25, 37                         | 157.68                 | 157.68  |
| 1994-95        | 1                               | 37                             | 170.61                 | 170.61  |
| 1995-96        | 3                               | 25, 36, 37                     | 213.22                 | 213.22  |
| 1996-97        | 3                               | 20, 23, 37                     | 22.44                  | 22.44   |
| 1997-98        | 1                               | 7                              | 0.01                   | 0.01  |
| 1998-99        | 1                               | 30                             | 0.33                   | 0.33  |
| 1999-00        | 5                               | 10, 13, 14, 40, 50             | 196.23                 | 196.23  |
| 2000-01        | 5                               | 5, 13, 15, 25, 32              | 712.34                 | 712.34  |
| 2001-02        | 1                               | 15                             | 491.24                 | 491.24  |
| 2002-03        | 2                               | 15, 47                         | 10.15                  | 10.15   |
| 2003-04        | 7                               | 10, 11, 14, 15, 30, 32,<br>50  | 3782.34                | 3782.34   |
| 2004-05        | 4                               | 19, 20, 21, 46                 | 5.68                   | 5.68  |
| <b>2005-06</b> | <b>4</b>                        | <b>10, 39, 40, 46</b>          | <b>349.56</b>          | <b>349.56</b>   |
| <b>Total</b>   |                                 |                                | <b>7024.71</b>         | <b>7024.71</b>  |

**APPENDIX - XIV**

(Refer: Paragraph 2.3.5; Page-34)

*Significant cases of excess expenditure exceeding Rupees One Crore or More in each cases against the provision in Minor Head.*

(Rupees in crore)

| Sl No.                          | Grant No.                        | Head of A/c (Major/Minor/Subhead)   | Total/Final Provision | Expenditure | Excess | Percentage of excess |
|---------------------------------|----------------------------------|---|-----------------------|-------------|--------|----------------------|
| <b>A. Revenue Section-Voted</b> |                                  |   |                       |             |        |                      |
| <b>I</b>                        | <b>12-Finance Department</b>     | <b>2070-Other Administrative Services</b>   |                       |             |        |                      |
| 1                               |                                  | 0008-Miscellaneous and Contingent Expenditure 00-502-0008                                   | 1.00                  | 3.05        | 2.05   | 205.00               |
| <b>II</b>                       | <b>15-Pension</b>                | <b>2071-Pensions and Other Retirement Benefits</b>  |                       |             |        |                      |
| 2                               |                                  | 0002-Payment of pension to the employees retiring from successor state of Bihar 01-101-0002 | 681.04                | 684.14      | 3.10   | 0.46                 |
| <b>III</b>                      | <b>19-Forest and Environment</b> | <b>2406-Forestry and Wild Life</b>  |                       |             |        |                      |
| 3                               |                                  | 0126-Rastriya Sum Vikas Yojana 01-101-0001  | 10.00                 | 14.00       | 4.00   | 40.00                |

| <b>B. Capital Section-Voted</b>   |   |  |                  |                |               |              |
|-----------------------------------|---|--|------------------|----------------|---------------|--------------|
| <b>IV</b>                         | <b>54-Rural Development (REO,PR, MLA/MLC, KK YoJ) Department.</b> | <b>4515-Capital Outlay on other Rural Development Programmes</b> |                  |                |               |              |
| 4                                 |   | 0101-Minimum Needs Programme<br>00-103-0101                      | 425.21           | 467.84         | 42.63         | 10.03        |
| <b>B. Capital Section-Charged</b> |   |  |                  |                |               |              |
| <b>V</b>                          | <b>14-Recovery of Public Debt</b>                                 | <b>6003-Internal Debt of the State Government</b>                |                  |                |               |              |
| 5                                 |   | M0015-13.75% Bihar State Development Loan,2007<br>00-101-M0015   | 0.0001           | 186.01         | 186.01        | 186009900.00 |
| 6                                 |   | 0003-8.5% Tax free special Bonds (Power Bonds)<br>00-106-0003    | 103.78           | 207.56         | 103.78        | 100.00       |
|                                   | <b>Total</b>  |  | <b>1221.0301</b> | <b>1562.60</b> | <b>341.57</b> |              |

## APPENDIX - XV

(Refer : Paragraph 2.3.5; Page-34)

*Expenditure without Budget provision in Minor Heads exceeding Rupees 20 lakh or More in each cases against the provision in Minor Heads*

(Rupees in Crore)

| Sl no.                       | Number and Name of Grant/ Appropriation          | Major/Sub./Minor Head of Account/Scheme                 | Provision (Original + Supplementary) | Actual Expenditure | Excess |
|------------------------------|--|---|--------------------------------------|--------------------|--------|
| <i>Revenue Section-Voted</i> |  |   |                                      |                    |        |
| <b>I</b>                     | <b>44-Secondary, Primary and Adult Education</b> | <b>2202-General Education</b>                           |                                      |                    |        |
| 1                            |  | 0109-Bihar Education Project<br>01-800-0109             | 0.00                                 | 2.56               | 2.56   |
| <i>Capital Section-Voted</i> |  |   |                                      |                    |        |
| <b>II</b>                    | <b>41-Road Construction Department</b>           | <b>5054-Capital Outlay on Roads and Bridges</b>         |                                      |                    |        |
| 2                            |  | 0102-Miscellaneous Works Advance (Mobilisation & Tools) | 0.00                                 | 76.42              | 76.42  |
| <b>III</b>                   | <b>49-Water Resources Department</b>             | <b>4700-Capital Outlay on Major Irrigation</b>          |                                      |                    |        |
| 3                            |  | 0103-Stock Suspense (Sone Basis)<br>03-799-0103         | 0.00                                 | 2.41               | 2.41   |
| 4                            |  | <b>4701-Capital Outlay on Medium Irrigation</b>         |                                      |                    |        |
| 5                            |  | 0101-Misc. P.W. Advances<br>4701-03-799-0101            | 0.00                                 | 8.46               | 8.46   |
| 6                            |  | 4711-Capital Outlay on Flood Control Projects           |                                      |                    |        |
| 7                            |  | 0101-Misc. P.W. Advances<br>4711-01-799-0101            | 0.00                                 | 0.56               | 0.56   |

| <b>Capital Section-Charged</b> |                             |   |             |              |              |
|--------------------------------|-----------------------------|---|-------------|--------------|--------------|
| <b>V</b>                       | <b>14-Repayment of Loan</b> | <b>6004-Loans and Advances from Central Government</b>                            |             |              |              |
| 8                              |                             | 0020 National Water shed Development Project for Rained areas<br>6004-04-800-0020 | 0.00        | 0.46         | 0.46         |
| 9                              |                             | 0021- Macromanagement<br>6004-04-800-0021   | 0.00        | 0.34         | 0.34         |
|                                |                             | <b>Total</b>  | <b>0.00</b> | <b>91.21</b> | <b>91.21</b> |

**APPENDIX - XVI**

(Refer : Paragraph – 2.3.7; Page-35)

Statement showing cases where supplementary provision was unnecessary

(Rupees in crore)

| Sl No.                           | Number and name of the Grant / Appropriation               | Original Grant/ Appropriation | Expenditure | Savings | Amount of unnecessary Grant/ Appropriation |
|----------------------------------|--|-------------------------------|-------------|---------|--|
| 1                                | 2  | 3                             | 6           | 7       | 4  |
| <b>A. REVENUE SECTION -Voted</b> |  |                               |             |         |  |
| 1                                | 3-Building Construction and Housing Department             | 208.29                        | 169.08      | 39.21   | 1.26                                       |
| 2                                | 6- Election  | 35.83                         | 16.93       | 18.90   | 0.89                                       |
| 3                                | 11-Excise and Prohibition Department                       | 22.29                         | 18.42       | 3.87    | 1.48                                       |
| 4                                | 12-Finance Department                                      | 85.26                         | 72.89       | 12.37   | 8.67                                       |
| 5                                | 15-Pension   | 3017.57                       | 2496.09     | 521.48  | 8.17                                       |
| 6                                | 16-National Savings  | 2.40                          | 2.35        | 0.05    | 0.26                                       |
| 7                                | 17-Finance (Commercial Tax) Department                     | 32.77                         | 27.30       | 5.47    | 5.08                                       |
| 8                                | 18-Food Supply and Commercial Department                   | 89.49                         | 60.50       | 28.99   | 5.13                                       |
| 9                                | 20-Health, Medical Education and Family Welfare Department | 981.43                        | 903.11      | 78.32   | 277.03                                     |
| 10                               | 22-Home Department   | 1468.58                       | 1401.13     | 67.45   | 171.15                                     |
| 11                               | 24-Information and Public relation Department              | 18.05                         | 17.17       | 0.88    | 0.23                                       |
| 12                               | 27-Law Department  | 175.77                        | 149.59      | 26.18   | 3.36                                       |
| 13                               | 29-Mines and Geology Department                            | 8.20                          | 6.50        | 1.70    | 0.75                                       |
| 14                               | 30-Minorities Welfare Department                           | 4.35                          | 3.07        | 1.28    | 0.26                                       |
| 15                               | 33-Personnel and Administrative Reforms Department         | 15.58                         | 10.08       | 5.50    | 2.72                                       |
| 16                               | 35-Planning and Development Department                     | 484.96                        | 411.32      | 73.64   | 0.61                                       |



| Sl No.                            | Number and name of the Grant / Appropriation                     | Original Grant/ Appropriation | Expenditure    | Savings        | Amount of unnecessary Grant/ Appropriation |
|-----------------------------------|--|-------------------------------|----------------|----------------|--|
| 1                                 | 2  | 3                             | 6              | 7              | 4  |
| 17                                | 36-Public Health Engineering Department                          | 153.31                        | 130.26         | 23.05          | 1.06                                       |
| 18                                | 39-Disaster Management Department                                | 157.65                        | 56.67          | 100.98         | 51.56                                      |
| 19                                | 40-Revenue and Land Reforms Department                           | 286.05                        | 254.04         | 32.01          | 4.52                                       |
| 20                                | 43- science and Technology Department                            | 41.85                         | 23.85          | 18.00          | 0.50                                       |
| 21                                | 47-Transport Department  | 8.60                          | 7.72           | 0.88           | 0.28                                       |
| 22                                | 48-Urban Development Department                                  | 684.39                        | 384.38         | 300.01         | 51.76                                      |
| 23                                | 49-Water Resources Department                                    | 318.24                        | 305.11         | 13.13          | 18.92                                      |
| 24                                | 50-Minor Irrigation Department                                   | 415.09                        | 135.91         | 279.18         | 10.82                                      |
| 25                                | 51-Welfare Department  | 786.95                        | 570.19         | 216.76         | 67.91                                      |
| 26                                | 52-Art, Culture and Youth Department                             | 29.43                         | 24.58          | 4.85           | 1.87                                       |
| 27                                | 53-Health (Medical Education and Indigenous Medicine) Department | 110.71                        | 78.23          | 32.48          | 32.66                                      |
| 28                                | 54-Rural Development (REO,PR, MLA/MLC, KK Yoj.) Department       | 591.19                        | 586.16         | 5.03           | 45.90                                      |
|                                   | <b>Total:</b>  | <b>10234.28</b>               | <b>8322.63</b> | <b>1911.65</b> | <b>774.81</b>                              |
| <b>B. CAPITAL SECTION - Voted</b> |  |                               |                |                |  |
| 1                                 | 3- Building Construction and Housing Department                  | 119.30                        | 50.66          | 68.64          | 7.30                                       |
| 2                                 | 10-Energy Department   | 769.69                        | 620.16         | 149.53         | 80.08                                      |
| 3                                 | 22-Home Department   | 85.05                         | 54.65          | 30.40          | 64.57                                      |
| 4                                 | 23-Industries Department   | 13.32                         | 0.64           | 12.68          | 5.32                                       |
| 5                                 | 30-Minorities Welfare Department                                 | 17.90                         | 17.71          | 0.19           | 2.55                                       |

| Sl No.                             | Number and name of the Grant / Appropriation                     | Original Grant/ Appropriation | Expenditure     | Savings        | Amount of unnecessary Grant/ Appropriation |
|------------------------------------|--|-------------------------------|-----------------|----------------|--|
| 1                                  | 2  | 3                             | 6               | 7              | 4  |
| 6                                  | 33-Personnel and Administrative Reforms Department               | 24.50                         | 23.74           | 0.76           | 1.09                                       |
| 7                                  | 36-Public Health Engineering Department                          | 419.70                        | 248.27          | 171.43         | 147.20                                     |
| 8                                  | 43- science and Technology Department                            | 26.00                         | 23.89           | 2.11           | 0.80                                       |
| 9                                  | 49-Water Resources Department                                    | 976.80                        | 583.37          | 393.43         | 70.39                                      |
| 10                                 | 50-Minor Irrigation Department                                   | 68.62                         | 48.33           | 20.29          | 40.43                                      |
| 11                                 | 51-Welfare Department  | 54.92                         | 53.34           | 1.58           | 4.02                                       |
| 12                                 | 53-Health (Medical Education and Indigenous Medicine) Department | 30.00                         | 27.33           | 2.67           | 3.23                                       |
|                                    | <b>Total:</b>  | <b>2605.80</b>                | <b>1752.09</b>  | <b>853.71</b>  | <b>426.98</b>                              |
| <b>C. REVENUE SECTION -Charged</b> |  |                               |                 |                |  |
| 1                                  | 15-Pension   | 3017.57                       | 2496.09         | 521.48         | 8.17                                       |
| 2                                  | 32-Legislature Department  | 0.16                          | 0.13            | 0.03           | 0.08                                       |
| 3                                  | 34-Bihar Public Service Commission                               | 6.08                          | 5.79            | 0.29           | 0.12                                       |
|                                    | <b>Total:</b>  | <b>3023.81</b>                | <b>2502.01</b>  | <b>521.80</b>  | <b>8.37</b>                                |
| <b>D. Capital Charged</b>          |  |                               |                 |                |  |
| 1                                  | 14-Repayment of Loan   | 2196.94                       | 1024.98         | 1171.96        | 2.92                                       |
|                                    | <b>Total:</b>  | <b>2196.94</b>                | <b>1024.98</b>  | <b>1171.96</b> | <b>2.92</b>                                |
|                                    | <b>Grand Total (A+B+C+D)</b>                                     | <b>18060.83</b>               | <b>13601.71</b> | <b>4459.12</b> | <b>1213.08</b>                             |

## APPENDIX - XVII

(Refer: Paragraph-2.3.7 Page-35)

Statement showing cases where supplementary provision obtained proved excessive  
(Saving in each case being more than Rs. 20 lakh)

(Rupees in crore)

| Sl No.   | Number and Name of the Grant/Appropriation            | Original Provision | Expenditure | Actual requirement | Supplementary provision | Excess supplementary Provision |
|----------|---|--------------------|-------------|--------------------|-------------------------|--------------------------------|
| <b>A</b> | <b>Revenue Section-Voted</b>                          |                    |             |                    |                         |                                |
| 1        | 1-Agriculture Department                              | 195.66             | 248.03      | 52.37              | 92.87                   | 40.50                          |
| 2        | 2-Animal Husbandry and Fisheries Department           | 95.22              | 143.66      | 48.44              | 68.54                   | 20.10                          |
| 3        | 4- Cabinet Secretariat and Co-ordination Department   | 7.18               | 7.22        | 0.04               | 2.08                    | 2.04                           |
| 4        | 9- Co-operative Department                            | 70.99              | 122.17      | 51.18              | 54.84                   | 3.66                           |
| 5        | 10-Energy Department                                  | 430.64             | 1093.88     | 663.24             | 669.94                  | 6.70                           |
| 6        | 19- Forest and Environment Department                 | 51.16              | 66.96       | 15.80              | 22.62                   | 6.82                           |
| 7        | 21- Higher Education Department                       | 767.61             | 827.73      | 60.12              | 74.06                   | 13.94                          |
| 8        | 22-Home Department                                    |                    |             |                    |                         |                                |
| 9        | 23- Industries Department                             | 44.81              | 77.30       | 32.49              | 62.63                   | 30.14                          |
| 10       | 26-Labour Employment and Training Department          | 248.18             | 502.20      | 254.02             | 267.17                  | 13.15                          |
| 11       | 32-Legislature  | 40.29              | 44.47       | 4.18               | 10.57                   | 6.39                           |
| 12       | 38- Registration Department                           | 30.70              | 36.86       | 6.16               | 8.92                    | 2.76                           |
| 13       | 42- Rural Development Department                      | 797.22             | 900.39      | 103.17             | 296.82                  | 193.65                         |
| 14       | 44- Secondary, Primary and Adult Education Department | 4117.02            | 4378.49     | 261.47             | 531.94                  | 270.47                         |
| 15       | 45-Sugarcane Department                               | 15.66              | 16.32       | 0.66               | 11.69                   | 11.03                          |

| Sl No. | Number and Name of the Grant/Appropriation                   | Original Provision | Expenditure     | Actual requirement | Supplementary provision | Excess supplementary Provision |
|--------|--|--------------------|-----------------|--------------------|-------------------------|--------------------------------|
|        | <b>Total "A"</b>   | <b>6912.34</b>     | <b>8465.68</b>  | <b>1553.34</b>     | <b>2174.69</b>          | <b>621.35</b>                  |
| 16     | <b>Capital Section-Voted</b>                                 |                    |                 |                    |                         |                                |
| 17     | 9- Co-operative Department                                   | 13.45              | 53.40           | 39.95              | 40.49                   | 0.54                           |
| 18     | 11-Excise and Prohibition Department                         | 1.00               | 5.88            | 4.88               | 35.00                   | 30.12                          |
| 19     | 12- Finance Department                                       | 4.45               | 7.21            | 2.76               | 5.50                    | 2.74                           |
| 20     | 17-Finance (Commercial Taxes) Department                     | 4.50               | 4.81            | 0.31               | 4.65                    | 4.34                           |
| 21     | 20- Health, Medical Education and Family Welfare Department  | 101.87             | 140.80          | 38.93              | 46.26                   | 7.33                           |
| 22     | 41- Road Construction Department                             | 1245.97            | 1660.57         | 414.60             | 590.80                  | 176.20                         |
| 23     | 54-Rural Development (REO, PR, MLA/MLC, KKY Yoj.) Department | 975.01             | 1241.53         | 266.52             | 348.07                  | 81.55                          |
|        | <b>Total "B"</b>   | <b>2346.25</b>     | <b>3114.20</b>  | <b>767.95</b>      | <b>1070.77</b>          | <b>302.82</b>                  |
|        | <b>Grand Total (A+B)</b>                                     | <b>9258.59</b>     | <b>11579.88</b> | <b>2321.29</b>     | <b>3245.46</b>          | <b>924.17</b>                  |

## APPENDIX - XVIII

(Refer: Paragraph 2.3.8 Page-35)

Statement of unjustified/excessive surrenders (Exceeding Rs one crore or more)

(Rupees in crore)

| Sl No.                         | Number and Name Grant/ Appropriation           | Head of Account (Major/Minor/ Sub-head)  | Total Provision Original + Supplementary | Surrender (Reappropriation) | Total  | Expenditure | Excess after surrender/ Reappropriation |
|--------------------------------|--|--|--|-----------------------------|--------|-------------|---|
| <b>A Revenue Voted Section</b> |  |  |  |                             |        |             |   |
| I                              | 2-Animal Husbandry and Fisheries Department    | 2405- Fisheries  |  |                             |        |             |   |
| 1                              |  | 0001 Fisheries Development Scheme<br>2405-00-001-0001  | 7.22                                     | 1.85                        | 5.37   | 5.39        | 0.02                                    |
| II                             | 3-Building Construction and Housing Department | 2059- Public Works   |  |                             |        |             |   |
| 2                              |  | 0009-Maintenance of Block Building<br>2059-01-053-0009                                       | 13.07                                    | 4.59                        | 8.48   | 8.62        | 0.14                                    |
| III                            | 22-Home Department                             | 2055-Police  |  |                             |        |             |   |
| 3                              |  | 0002-Order Police<br>2055-00-111-0002  | 42.48                                    | 1.49                        | 40.99  | 48.88       | 7.89                                    |
| IV                             | 27-Law Department                              | 2014-Administration Justice  |  |                             |        |             |   |
| 4                              |  | 0001-Civil and Session Courts<br>2014-00-105-0001  | 148.24                                   | 22.38                       | 125.86 | 126.47      | 0.61                                    |
| V                              | 29-Mines and Geology Department                | 2853-Non-ferrous Mining and metallurgical Industries   |  |                             |        |             |   |
| 5                              |  | 0001-Mining and Geological Establishment<br>2853-02-001-0001                                 | 6.14                                     | 1.70                        | 4.44   | 4.87        | 0.43                                    |
| VI                             | 39-Disaster Management Department              | 2245-Relief on Natural Calamities  |  |                             |        |             |   |
| 6                              |  | 0003-Other Works (Grant to Agriculture Department for Agriculture input)<br>2245-01-102-0003 | 50.68                                    | 38.19                       | 12.49  | 22.71       | 10.22                                   |
| 7                              |  | 0004-Self Employment<br>2245-01-102-0004   | 7.51                                     | 7.51                        | 0.00   | 0.46        | 0.46                                    |

| Sl No. | Number and Name Grant/<br>Appropriation                | Head of Account<br>(Major/Minor/Sub-head)  | Total<br>Provision<br>Original +<br>Supplem<br>entary | Surrender<br>(Rea<br>ppropriati<br>on | Total         | Expen<br>diture | Excess after<br>surrender/ R<br>appropriation |
|--------|--|--|---|---------------------------------------|---------------|-----------------|---|
| 8      |  | 0001-Cash payment<br>to helpless and<br>handicapped persons<br>2245-02-101-0001                        | 30.00   | 28.36                                 | 1.64          | 5.58            | 3.94  |
| 9      |  | 0002-Supply of food<br>grains 2245-02-101-<br>0002   | 45.00   | 44.12                                 | 0.88          | 5.12            | 4.24  |
| 10     |  | 0001-Supply of<br>fodder<br>2245-02-104-0001   | 1.10  | 1.10                                  | 0.00          | 0.05            | 0.05  |
| 11     |  | 0002-Evacuation of<br>population<br>2245-02-112-002  | 17.00   | 16.12                                 | 0.88          | 1.14            | 0.26  |
| 12     |  | 0001-Supply of<br>medicine for human<br>beings<br>2245-02-282-001                                      | 1.10  | 1.03                                  | 0.07          | 0.16            | 0.09  |
| 13     |  | 0005-Cash Payment<br>to Rural<br>Development<br>department for<br>Swarojgar Yojana<br>2245-02-800-0005 | 10.00   | 10.00                                 | 0.00          | 0.00            | 0.00  |
| VII    | 40-Revenue and Land<br>Reforms Department              | 2053-District Administration   |   |                                       |               |                 |   |
| 14     |  | 0001-District<br>Administration<br>2053-00-093-0001  | 60.55   | 11.12                                 | 49.43         | 49.51           | 0.08  |
|        |  | <b>Total (A)</b>   | <b>440.09</b>   | <b>189.56</b>                         | <b>250.53</b> | <b>278.96</b>   | <b>28.43</b>                                  |
| B      | Capital Voted Section                                  |  |   |                                       |               |                 |   |
| VIII   | 54-Rural Development<br>(REO,PR,MLA/MLC,<br>K.K. Yoj.) | 4515-Capital outlay on other Rural Development Programmes  |   |                                       |               |                 |   |
| 15     |  | 0101-Minimum<br>Needs Programmes<br>4515-00-103-0101   | 425.21  | 17.01                                 | 408.20        | 467.84          | 59.64   |
|        |  | <b>Total (B)</b>   | <b>425.21</b>   | <b>17.01</b>                          | <b>408.20</b> | <b>467.84</b>   | <b>59.64</b>                                  |
| B      | Revenue Charged Section                                |  |   |                                       |               |                 |   |
| IX     | 13-Interest Payment                                    | 2049-Interest payments   |   |                                       |               |                 |   |
| 16     |  | 0001-Interest on<br>Loans received from<br>NABARD<br>2049-01-200-0001                                  | 21.52   | 7.93                                  | 13.59         | 13.59           | 0.00  |
|        |  | <b>Total (C)</b>   | <b>21.52</b>  | <b>7.93</b>                           | <b>13.59</b>  | <b>13.59</b>    | <b>0.00</b>                                   |
|        | <b>Grant Total (A+B+C)</b>                             |  | <b>886.82</b>   | <b>214.50</b>                         | <b>672.32</b> | <b>760.40</b>   | <b>88.07</b>                                  |

## APPENDIX - XIX

(Refer : Paragraph – 2.3.9; Page-35 )

Anticipated savings not surrendered (Exceeding Rupees one crore)

(Rupees in crore)

| Sl. No.                          | Number and name of the Grant / Appropriation                | Savings        | Surrender      | Unsurrendered Savings | Percentage of Savings |
|----------------------------------|---|----------------|----------------|-----------------------|-----------------------|
| <b>A-Revenue Section-Voted</b>   |   |                |                |                       |                       |
| 1                                | 1-Agriculture Department                                    | 40.51          | 27.05          | 13.46                 | 33.23                 |
| 2                                | 2-Animal Husbandry and Fisheries Department                 | 20.10          | 18.73          | 1.37                  | 6.82                  |
| 3                                | 3- Building Construction and Housing Department             | 40.47          | 26.91          | 13.56                 | 33.51                 |
| 4                                | 4-Cabinet Secretariat And Co-Ordination Department          | 2.04           | 0.66           | 1.38                  | 67.65                 |
| 5                                | 6-Election  | 19.79          | 18.21          | 1.58                  | 7.98                  |
| 6                                | 12-Finance Department                                       | 21.04          | 19.40          | 1.64                  | 7.79                  |
| 7                                | 15-Pension  | 529.65         | 4.72           | 524.93                | 99.11                 |
| 8                                | 18-Food Supply and Commerce Department                      | 34.12          | 4.46           | 29.66                 | 86.93                 |
| 9                                | 20-Health, Medical, Education and Family Welfare Department | 355.35         | 241.56         | 113.79                | 32.02                 |
| 10                               | 21-Higher Education Department                              | 13.94          | 0.00           | 13.94                 | 100.00                |
| 11                               | 22-Home Department  | 238.60         | 226.48         | 12.12                 | 5.08                  |
| 12                               | 26-Labour Employment and Training Department                | 13.15          | 10.48          | 2.67                  | 20.30                 |
| 13                               | 33-Personel and Administrative Reforms                      | 8.22           | 1.68           | 6.54                  | 79.56                 |
| 14                               | 36-Public Health and Engineering Department                 | 24.12          | 13.48          | 10.64                 | 44.11                 |
| 15                               | 41-Road Construction Department                             | 37.82          | 33.16          | 4.66                  | 12.32                 |
| 16                               | 42-Rural Development Department                             | 193.65         | 164.42         | 29.23                 | 15.09                 |
| 17                               | 43-Science and Technology Department                        | 18.50          | 0.22           | 18.28                 | 98.81                 |
| 18                               | 44- Secondary, Primary and Adult Education Department       | 270.46         | 148.8          | 121.66                | 44.98                 |
| 19                               | 45-Sugar cane Department                                    | 11.03          | 7.51           | 3.52                  | 31.91                 |
| 20                               | 46-Urban Development Department                             | 351.77         | 319.6          | 32.17                 | 9.15                  |
| 21                               | 49-Water Resources Department                               | 32.05          | 29.81          | 2.24                  | 6.99                  |
| 22                               | 50-Minor Irrigation Department                              | 289.99         | 280.89         | 9.10                  | 3.14                  |
| 23                               | 51-Welfare Department                                       | 284.67         | 186.29         | 98.38                 | 34.56                 |
| 24                               | 52-Art, Culture and Youth Department                        | 6.72           | 5.57           | 1.15                  | 17.11                 |
| 25                               | 53-Health (Medical Education and Indigenous, Medicine)      | 65.14          | 54.00          | 11.14                 | 17.10                 |
| 26                               | 54-Rural Development (REO,PR,MLA/MLC, KK Yojna) Department  | 50.94          | 38.31          | 12.63                 | 24.79                 |
| <b>Total (A)</b>                 |   | <b>2973.84</b> | <b>1882.40</b> | <b>1091.44</b>        |                       |
| <b>B-Capital Section – Voted</b> |   |                |                |                       |                       |
| 1                                | 3-Building Construction and Housing Department              | 75.94          | 44.54          | 31.40                 | 41.35                 |
| 2                                | 10- Energy Department                                       | 229.61         | 218.09         | 11.52                 | 5.02                  |
| 3                                | 36-Public Health and Engineering Department                 | 318.64         | 4.75           | 313.89                | 98.51                 |
| 4                                | 41-Road Construction Department                             | 176.20         | 174.52         | 1.68                  | 0.95                  |
| 5                                | 42-Rural Development Department                             | 3.74           | 1.24           | 2.50                  | 66.84                 |

| Sl. No.                            | Number and name of the Grant / Appropriation               | Savings        | Surrender      | Unsurrendered Savings | Percentage of Savings |
|------------------------------------|--|----------------|----------------|-----------------------|-----------------------|
| 6                                  | 43- Science and Technology Department                      | 2.20           | 0.00           | 2.20                  | 100.00                |
| 7                                  | 49-Water Resources Department                              | 463.82         | 438.92         | 24.90                 | 5.37                  |
| 8                                  | 50-Minor Irrigation Department                             | 60.72          | 42.45          | 18.27                 | 30.09                 |
| 9                                  | 53-Health (Medical Education and Indigenous, Medicine)     | 5.90           | 1.00           | 4.90                  | 83.05                 |
| 10                                 | 54-Rural Development (REO,PR,MLA/MLC, KK Yojna) Department | 81.55          | 67.27          | 14.28                 | 17.51                 |
| <b>Total (B)</b>                   |  | <b>1418.32</b> | <b>992.78</b>  | <b>425.54</b>         |                       |
| <b>C-Revenue Section-Charged</b>   |  |                |                |                       |                       |
| 1                                  | 13-Interest Payment  | 801.41         | 13.74          | 787.67                | 98.29                 |
| 2                                  | 15-Pension   | 1.37           | 0.00           | 1.37                  | 100.00                |
| <b>Total (C)</b>                   |  | <b>802.78</b>  | <b>13.74</b>   | <b>789.04</b>         |                       |
| <b>D-Capital Section - Charged</b> |  |                |                |                       |                       |
| 1                                  | 14-Repayment of Loans                                      | 1174.88        | 1014.33        | 160.55                | 13.67                 |
| <b>Total (D)</b>                   |  | <b>1174.88</b> | <b>1014.33</b> | <b>160.55</b>         |                       |
| <b>Grand Total (A+B+C+D)</b>       |  | <b>6369.82</b> | <b>3903.25</b> | <b>2466.57</b>        |                       |



## APPENDIX - XX

(Refer : Paragraph – 2.3.10; Page-35)

Amount surrendered on the last day of March 2007

(Rupees in crore)

| Sl. No. | Number and name of the Grant/<br>Appropriation                       | Amount<br>surrendered on<br>the last day of<br>March 2007 |
|---------|--|---|
| A       | <b>Revenue Section – Voted</b>                                       |   |
| 1       | 1- Agriculture Department  | 27.05   |
| 2       | 2-Animal Husbandry & Fisheries Department                            | 18.73   |
| 3       | 3-Building Construction and Housing Department                       | 26.91   |
| 4       | 4- Cabinet Secretariat and Co-ordination Department                  | 0.66  |
| 5       | 6- Election  | 18.21   |
| 6       | 7-Vigilance  | 1.97  |
| 7       | 8-Civil Aviation Department  | 0.33  |
| 8       | 9- Co-operative Department   | 3.98  |
| 9       | 10-Energy Department   | 6.67  |
| 10      | 11-Excise and Prohibition Department                                 | 5.28  |
| 11      | 12-Finance Department  | 19.40   |
| 12      | 15- Pension  | 4.72  |
| 13      | 16- National savings   | 0.31  |
| 14      | 17-Finance (Commercial Taxes) Department                             | 10.21   |
| 15      | 18- Food, Supply and Commerce Department                             | 4.46  |
| 16      | 19- Forest and Environment Department                                | 10.14   |
| 17      | 20- Health, Medical Education and Family Welfare<br>Department       | 241.56  |
| 18      | 22-Home Department   | 226.48  |
| 19      | 23- Industries Department  | 29.36   |
| 20      | 24- Information and Public Relation Department                       | 0.61  |
| 21      | 25- Institutional Finance and Programme<br>Implementation Department | 0.18  |
| 22      | 26- Labour, Employment and Training Department                       | 10.48   |
| 23      | 27- Law Department   | 29.24   |
| 24      | 29- Mines and Geology Department                                     | 2.88  |
| 25      | 30- Minorities Welfare Department                                    | 1.55  |
| 26      | 31- Parliamentary Affairs Department                                 | 0.26  |
| 27      | 32-Legislature   | 5.98  |
| 28      | 33- Personnel and Administrative Reforms Department                  | 1.68  |
| 29      | 35- Planning and Development Department                              | 74.15   |

| Sl. No.  | Number and name of the Grant/<br>Appropriation                     | Amount<br>surrendered on<br>the last day of<br>March 2007 |
|----------|--|---|
| 30       | 36- Public Health and Engineering Department                       | 13.48   |
| 31       | 37-Raj Bhasha Department   | 1.37  |
| 32       | 38- Registration Department  | 6.54  |
| 33       | 39-Disaster Management   | 174.12  |
| 34       | 40- Revenue and Land Reform Department                             | 35.73   |
| 35       | 41-Road Construction Department                                    | 33.17   |
| 36       | 42- Rural Development Department                                   | 164.43  |
| 37       | 43-Science and Technology Department                               | 0.22  |
| 38       | 44- Secondary, Primary and Adult Education<br>Department           | 148.81  |
| 39       | 45-Sugarcane Department  | 7.51  |
| 40       | 46- Tourism Department   | 0.03  |
| 41       | 47-Transport Department  | 0.85  |
| 42       | 48-Urban Development Department                                    | 319.60  |
| 43       | 49-Water Resources Department                                      | 29.81   |
| 44       | 50-Minor Irrigation Department                                     | 280.89  |
| 45       | 51-Welfare Department  | 186.29  |
| 46       | 52- Art, Culture and Youth Department                              | 5.57  |
| 47       | 53-Health (Medical Education and Ingenious Medicine)<br>Department | 54.00   |
| 48       | 54-Rural Development (REO, PR, MLA/MLC, KK<br>YOJ) Department      | 38.31   |
|          | <b>Total</b>   | <b>2284.17</b>  |
| <b>B</b> | <b>Revenue Section -Charged</b>                                    |   |
| 1        | 5- Secretariat of the Governor                                     | 0.14  |
| 2        | 13- Interest Payment   | 13.74   |
| 3        | 28- High Court of Bihar  | 4.41  |
| 4        | 32-Legislature   | 0.11  |
| 5        | 34- Bihar Public Service Commission                                | 0.35  |
|          | <b>Total</b>   | <b>18.75</b>  |
| <b>C</b> | <b>Capital Section-Voted</b>                                       |   |
| 1        | 3- Building Construction and Housing Department                    | 44.54   |
| 2        | 10-Energy Department   | 218.09  |
| 3        | 11-Excise and Prohibition Department                               | 30.12   |
| 4        | 12- Finance Department   | 2.17  |
| 5        | 17-Finance (Commercial Taxes) Department                           | 4.34  |
| 6        | 20- Health, Medical Education and Family Welfare                   | 7.32  |

| Sl. No.  | Number and name of the Grant/<br>Appropriation                     | Amount<br>surrendered on<br>the last day of<br>March 2007 |
|----------|--|---|
|          | Department   |   |
| 7        | 22-Home Department   | 94.77   |
| 8        | 26- Labour, Employment and Training Department                     | 1.68  |
| 9        | 30-Minority Welfare Department                                     | 2.01  |
| 10       | 33- Personnel and Administrative Reforms Department                | 1.85  |
| 11       | 36-Public Health Engineering Department                            | 4.75  |
| 12       | 38- Registration Department  | 0.28  |
| 13       | 40- Revenue and Land Reforms Department                            | 0.01  |
| 14       | 41- Road Construction Department                                   | 174.52  |
| 15       | 42-Rural Development Department                                    | 1.23  |
| 16       | 44-Secondary, Primary and Adult Education<br>Department            | 0.03  |
| 17       | 45-Sugarcane Department  | 0.02  |
| 18       | 46- Tourism Department   | 0.07  |
| 19       | 49-Water Resources Department                                      | 438.93  |
| 20       | 50- Minor Irrigation Department                                    | 42.45   |
| 21       | 51-Welfare Department  | 5.59  |
| 22       | 52- Art, Culture and Youth Department                              | 0.01  |
| 23       | 53-Health (Medical Education and Ingenious Medicine)<br>Department | 1.00  |
| 24       | 54-Rural Development (REO, PR, MLA/MLC, KK<br>YOJ) Department      | 67.27   |
|          | <b>Total</b>   | <b>1143.05</b>  |
| <b>D</b> | <b>Capital- Section-Charged</b>                                    |   |
| 1        | 14-Repayment of Loans  | 1014.33   |
|          | <b>Total</b>   | <b>1014.33</b>  |
|          | <b>Grand Total (A+B+C+D)</b>                                       | <b>4460.30</b>  |

**APPENDIX - XXI**

( Refer paragraph 2.3.11; Page-36 )

Statement showing non-utilisation of entire provision ( exceeding Rs five crore or more in each case )

| (Rupees in crore)      |  |  |                             |
|------------------------|--|--|-----------------------------|
| Sl. No.                | Grant No. / Department                                     | Major Head / Area in which Major Saving Occurred   | Total Grant / Appropriation |
| <b>I-Non Plan Head</b> |  |  |                             |
| <b>A Revenue Voted</b> |  |  |                             |
| <b>I</b>               | <b>15-Pension</b>  | <b>2071-Pension and Other Retirement Benefits.</b>                                       |                             |
| 1.                     |  | 0004 Payment of dearness relief to the employees retiring from successor State of Bihar. |                             |
|                        |  | 2071-01-101-0004   | 16.71                       |
| <b>II</b>              | <b>36 Public Health Engineering Department</b>             | <b>2215 Water Supply and Sanitation</b>  |                             |
| 2                      |  | 0001 Grants-in-aid to Village Panchayats for repairing of tubewell                       |                             |
|                        |  | 2215-00 - 198 - 0001   | 7.20                        |
| <b>III</b>             | <b>39 Disaster Management Department</b>                   | <b>2245 Relief on account of Natural Calamities</b>                                      |                             |
| 3                      |  | 0005-Cash Payment to Rural Development Department for Swarojgar Yojana                   |                             |
|                        |  | 2245-02-800-0005   | 10.00                       |
| 4                      |  | 0001-Calamity Relief Fund  |                             |
|                        |  | 2245-05-101-0001   | 153.23                      |
| <b>IV</b>              | <b>44-Secondary,Primary and Adult Education Department</b> | <b>2202-General Education</b>  |                             |
| 5                      |  | 0001-Grants for Honorarium to Panchayat Sikshamitra                                      |                             |
|                        |  | 2202-01-98-0001  | 10.00                       |
| 6                      |  | 0004-Lunch   |                             |
|                        |  | 2202-01-800-0004   | 10.00                       |
| 7                      |  | 0011-Sarva Siksha Abhiyan  |                             |
|                        |  | 2202-01-800-0011   | 10.00                       |

| Sl. No.                  | Grant No. / Department                            | Major Head / Area in which Major Saving Occurred   | Total Grant / Appropriation |
|--------------------------|---|--|-----------------------------|
| V                        | 53-Health (Medical Education Indigenous Medicine) | 2210-Medical and Public Health   |                             |
| 8                        |   | 0017-Indira Gandhi Institute of Medical Sciences, Patna<br>2210-05-105-0017                            | 10.00                       |
| <b>B Capital Voted</b>   |   |  |                             |
| VI                       | 10 Energy Department                              | 6801 Loan for Power Projects   |                             |
| 9                        |   | 0004-Payment of arrears against the bonds issued by Bihar State Electricity Board.<br>6801-00-800-0004 | 13.00                       |
| VII                      | 12 Finance Department                             | 7610-Loans to Government Servants.   |                             |
| 10                       |   | 0002-House Building Advance to Officers of all India Services.<br>7610-00-201-0002                     | 10.00                       |
| VIII                     | 22 Home Department                                | 4055 Capital Outlay on Police  |                             |
| 11                       |   | 0001 Equivalent amount of Central Government under Police Modernisation Scheme<br>4055-00 - 207 - 0001 | 72.00                       |
| <b>C Capital Charged</b> |   |  |                             |
| IX                       | 14 Repayment of Loan                              | 6003 Internal Debt of the State Government   |                             |
| 12                       |   | 0001 Ways and Means Advances from Reserve Bank of India<br>6003-00 - 110 - 0001                        | 1000.00                     |
|                          | II-Plan Head                                      |  |                             |
|                          | A-Revenue Voted Section                           |  |                             |
|                          |   | As per Appendix-XXVI (II) in four cases  | 290.18                      |
|                          | B-Capital Voted section                           |  |                             |
|                          |   | As per Appendix-XXVI(II) in seven cases  | 251.03                      |
| <b>Grand Total:</b>      |   |  | <b>1863.35</b>              |

**APPENDIX - XXII**

(Refer : Paragraph – 2.3.12; Page-36 )

*Surrender in excess of actual savings in grants*

| Sl. No.                           | Number and name of Grant / Appropriation | Total Grant   | Savings       | Amount surrendered | Amount surrendered in excess |
|-----------------------------------|--|---------------|---------------|--------------------|------------------------------|
| ( Rupees in crore)                |  |               |               |                    |                              |
| <b>A. Revenue Voted Section</b>   |  |               |               |                    |                              |
| 1.                                | 9 - Co-operative Department              | 125.83        | 3.66          | 3.98               | 0.32                         |
| 2.                                | 19 - Forest                              | 73.78         | 6.82          | 10.14              | 3.32                         |
| 3.                                | 29 - Mines and Minerals Department       | 8.95          | 2.45          | 2.88               | 0.43                         |
| 4.                                | 38 - Registration Department             | 39.62         | 2.76          | 6.54               | 3.78                         |
| 5.                                | 39 - Disaster Management Department      | 209.20        | 152.54        | 174.12             | 21.58                        |
|                                   | Total (A) :                              | <b>457.38</b> | <b>168.23</b> | <b>197.66</b>      | <b>29.43</b>                 |
| <b>B. - Capital Voted Section</b> |  |               |               |                    |                              |
| 6                                 | 38 - Registration Department             | 1.36          | 0.13          | 0.28               | 0.15                         |
|                                   | Total (B) :                              | <b>1.36</b>   | <b>0.13</b>   | <b>0.28</b>        | <b>0.15</b>                  |
| <b>Grand Total:</b>               | (A+B)                                    | <b>458.74</b> | <b>168.36</b> | <b>197.94</b>      | <b>29.58</b>                 |

## APPENDIX - XXIII

(Refer : Paragraph – 2.3.13; Page-36 )

*Rush of Expenditure during March 2007*

| Treasury Month           | Revenue Expenditure | Capital Expenditure | Total Expenditure | Percentage of Expenditure in each quarter | Percentage of Expenditure in March |
|--------------------------|---------------------|---------------------|-------------------|---|------------------------------------|
| Apr-06                   | 6.42                | 4.70                | 11.12             |   |                                    |
| May-06                   | 145.04              | 23.69               | 168.73            |   |                                    |
| Jun-06                   | 1154.20             | 43.07               | 1197.27           |   |                                    |
| <b>Total:</b>            | <b>1305.66</b>      | <b>71.46</b>        | <b>1377.12</b>    | <b>5</b>                                  |                                    |
| Jul-06                   | 1873.58             | 52.19               | 1925.77           |   |                                    |
| Aug-06                   | 1280.12             | 78.66               | 1358.78           |   |                                    |
| Sep-06                   | 1154.92             | 70.90               | 1225.82           |   |                                    |
| <b>Total:</b>            | <b>4308.62</b>      | <b>201.75</b>       | <b>4510.37</b>    | <b>18</b>                                 |                                    |
| Oct-06                   | 1574.38             | 165.59              | 1739.97           |   |                                    |
| Nov-06                   | 834.67              | 394.99              | 1229.66           |   |                                    |
| Dec-06                   | 1291.79             | 608.24              | 1900.03           |   |                                    |
| <b>Total:</b>            | <b>3700.84</b>      | <b>1168.82</b>      | <b>4869.66</b>    | <b>19</b>                                 |                                    |
| Jan-07                   | 2282.57             | 274.51              | 2557.08           |   |                                    |
| Feb-07                   | 1471.20             | 227.78              | 1698.98           |   |                                    |
| Mar-07<br>(P)            | 6710.85             | 2267.71             | 8978.56           |   |                                    |
| Mar-07<br>(S)            | 805.30              | 999.10              | 1804.40           |   |                                    |
| <b>Total:</b>            | <b>11269.92</b>     | <b>3769.10</b>      | <b>15039.02</b>   | <b>58</b>                                 | <b>42</b>                          |
| <b>Grand Total (Net)</b> | <b>20585.04</b>     | <b>5211.13</b>      | <b>25796.17</b>   | <b>100.00</b>                             |                                    |

**APPENDIX - XXIV (I)**

(Refer : Paragraph – 2.3.14; Page-36 )

**Statement of un-reconciled expenditure**

(Rupees in Crore)

| Sl. No. | Major Heads                              | No. of Controlling Officer | Amount reconciled | Amount unreconciled |
|---------|--|----------------------------|-------------------|---------------------|
| 1.      | 2011-State legislature                   | 2                          | 9.13              | 35.47               |
| 2.      | 2012-Governor                            | 1                          |                   | 3.05                |
| 3.      | 2013-Council of Ministers                | 1                          | 1.42              | 4.10                |
| 4.      | 2014-Administration of Justice           | 2                          | 32.72             | 145.34              |
| 5.      | 2015-Election                            | 1                          | 2.59              | 76.76               |
| 6.      | 2029-Land Revenue                        | 4                          | 0.18              | 156.75              |
| 7.      | 2030-Stamps & Registration               | 1                          | 23.5              | 13.35               |
| 8.      | 2039-State Excise                        | 1                          | 9.45              | 8.85                |
| 9.      | 2040-Sales Tax                           | 1                          | 11.15             | 16.15               |
| 10.     | 2041-Taxes on Motor Vehicles, Transport  | 1                          | 0                 | 6.03                |
| 11.     | 2045-Other Taxes                         | 1                          | 0.12              | 0.40                |
| 12.     | 2047-Other Fiscal Services               | 1                          |                   | 2.35                |
| 13.     | 2049-Interest Payment                    | 1                          |                   | 3415.66             |
| 14.     | 2051-Public Service Commission           | 1                          | 0.96              | 6.13                |
| 15.     | 2052-Secretariate General Services       | 48                         | 12.21             | 43.92               |
| 16.     | 2053-District Administration             | 2                          | 24.15             | 471.81              |
| 17.     | 2054-Trg. & Accounts Administration      | 1                          | 0.04              | 28.96               |
| 18.     | 2055-Police                              | 2                          | 133.27            | 1080.44             |
| 19.     | 4055-Police                              | 1                          |                   | 16.55               |
| 20.     | 2056-Jail                                | 1                          | 31.27             | 46.41               |
| 21.     | 2058-Stationary & Printing               | 4                          | 4.33              | 3.93                |
| 22.     | 2059-Public works                        | 2                          | 25.32             | 37.38               |
| 23.     | 2070-Other Administrative services       | 12                         | 1.41              | 106.00              |
| 24.     | 2071-Pension & Other Retirement benefits | 1                          |                   | 2497.09             |



| Sl. No. | Major Heads                                  | No. of Controlling Officer | Partially reconciled | Amount unreconciled |
|---------|--|----------------------------|----------------------|---------------------|
| 25.     | 2075-Misc. General Services                  | 1                          |                      | 0.00                |
| 26.     | 2202-General Education                       | 2                          | 12.35                | 5191.48             |
| 27.     | 2203-Technical Education                     | 1                          |                      | 23.49               |
| 28.     | 2204-Sports & Youth Services                 | 1                          | 2.71                 | 11.99               |
| 29.     | 2205-Art & Culture                           | 1                          |                      | 1.05                |
| 30.     | 2210-Medical & Public Health                 | 3                          |                      | 847.82              |
| 31.     | 2211-Family Welfare                          | 1                          |                      | 136.80              |
| 32.     | 2215-Water Supply & Sanitation               | 1                          | 0.18                 | 195.88              |
| 33.     | 2217-Urban Development                       | 1                          |                      | 279.58              |
| 34.     | 2220-Information & Publicity                 | 1                          | 10.06                | 6.95                |
| 35.     | 2225-Welfare of SC, ST &OBCs                 | 1                          |                      | 130.74              |
| 36.     | 2230-Labour & Employment                     | 3                          | 104.61               | 291.30              |
| 37.     | 2235-Social Security & Welfare               | 2                          | 63.65                | 230.79              |
| 38.     | 2236-Nurition                                | 1                          |                      | 260.87              |
| 39.     | 2245-Relief on accounts of Natural calamity  | 1                          |                      | 36.89               |
| 40.     | 2250-Other Social Services                   | 1                          | 0.0031               | 2.71                |
| 41.     | 4250-Capital Outlay on Other Social Services |                            |                      | 2.81                |
| 42.     | 2251-Secretariat Social Services             | 12                         | 3.18                 | 10.60               |
| 43.     | 2401-Crop Husbandry                          | 1                          | 143.81               | 101.51              |
| 44.     | 2402-Soil & Water Conservation               | 1                          | 3.42                 | 6.41                |
| 45.     | 2403-Animal Husbandry                        | 1                          |                      | 71.95               |
| 46.     | 2404-Dairy Development                       | 1                          |                      | 58.94               |
| 47.     | 2405-Fisheries                               | 1                          | 1.34                 | 8.62                |
| 48.     | 2406-Forestry and Wild Life                  | 8                          | 61.58                | 4.11                |
| 49.     | 2415-Agriculture Research                    | 1                          | 2.12                 | 79.23               |
| 50.     | 2425-Co-operation                            | 1                          | 27.25                | 12.52               |
| 51.     | 2435-Other Agricultural Programmes           | 1                          | 1.26                 | 1.09                |

| Sl. No. | Major Heads  | No. of Controlling Officer | Partially reconciled | Amount unreconciled |
|---------|--|----------------------------|----------------------|---------------------|
| 52.     | 2501-Special Programme for Rural Development           | 1                          |                      | 51.57               |
| 53.     | 2505-Rural Employment                                  | 1                          | 0.02                 | 735.48              |
| 54.     | 2506-Land Reforms                                      | 1                          |                      | 0.00                |
| 55.     | 2515-Other Rural Development Programme                 | 2                          | 3.02                 | 521.99              |
| 56.     | 2700-Major Irrigation                                  | 1                          | 36.44                | 60.10               |
| 57.     | 2701- Medium Irrigation                                |                            | 11.86                | 36.88               |
| 58.     | 2702-Minor Irrigation                                  | 1                          | 1.68                 | 112.36              |
| 59.     | 2705-Command Area Development                          | 1                          |                      | 54.50               |
| 60.     | 2711-Flood Control                                     | 1                          | 22.23                | 20.61               |
| 61.     | 2801-Power   | 1                          |                      | 1078.90             |
| 62.     | 2810-Non-Conventional Sources of Energy                |                            |                      | 1.74                |
| 63.     | 2851-Village & Small Industries                        | 1                          | 0.2                  | 55.53               |
| 64.     | 2852-Industries  |                            | 1.18                 | 23.05               |
| 65.     | 2853-Non-Ferrous Mining & Metallurgical Industries     | 1                          | 3.54                 | 2.85                |
| 66.     | 3053-Civil Aviation                                    | 1                          |                      | 1.10                |
| 67.     | 3054-Roads & Bridges                                   | 1                          | 7.74                 | 103.33              |
| 68.     | 5054-Capital Outlay on Roads & Bridges                 |                            |                      | 843.75              |
| 69.     | 3055-Road Transport                                    | 1                          |                      | 1.14                |
| 70.     | 3075-Other transport services                          | 2                          |                      | 0.23                |
| 71.     | 3451-Secretariate Economic Services                    | 12                         | 2.13                 | 16.96               |
| 72.     | 3452-Tourism   | 1                          | 1.78                 | 1.58                |
| 73.     | 3454-Census, Survey & Statistics                       | 3                          |                      | 15.01               |
| 74.     | 3456-Civil Supplies                                    | 1                          | 0.45                 | 58.28               |
| 75.     | 3475-Other General Economic Services                   | 3                          | 4.06                 | 0.12                |
| 76.     | 3604-Compensation and assignment to Local bodies & PRI | 1                          |                      | 4.00                |
| 77.     | 4047-Capital Outlay on Other Fiscal Services           | 1                          |                      | 14.59               |
| 78.     | 4058-Capital Outlay on Stationery and Printing         | 1                          |                      | 0.00                |
| 79.     | 4059-Capital Outlay on Public Works                    | 1                          |                      | 32.20               |
| 80.     | 4070-Capital Outlay on Other Administrative Services   | 1                          |                      | 70.56               |
| 81.     | 4202-Capital Outlay on Education & Sports etc.         | 1                          |                      | 106.44              |
| 82.     | 4210-Capital Outlay on Medical & Public Health         | 1                          |                      | 168.13              |

| Sl. No. | Major Heads   | No. of Controlling Officer | Partially reconciled | Amount unreconciled |
|---------|---|----------------------------|----------------------|---------------------|
| 83      | 4215-Capital Outlay on Water Supply & Sanitation          | 1                          |                      | 1.07                |
| 84      | 2216-Housing  | 1                          |                      | 0.15                |
| 85      | 4225-Capital Outlay on Welfare of SC, ST, & OBCs.         | 1                          |                      | 59.01               |
| 86      | 4235-Capital Outlay on Social Security and Welfare        | 1                          | 2.02                 | 4.82                |
| 87      | 4403-Capital Outlay on Animal Husbandry                   | 1                          |                      | 0.00                |
| 88      | 4406-Capital outlay on Forestry and Wild Life             | 1                          | 0.77                 | 0.02                |
| 89      | 4425-Capital Outlay on Co-operation                       | 1                          | 7.93                 | 2.52                |
| 90      | 4515-Capital Outlay other Rural Development Programme     | 1                          | 9.5                  | 396.84              |
| 91      | 4700-Capital Outlay on Major Irrigation                   | 1                          | 36.45                | 59.88               |
| 92      | 4701-Capital Outlay on Medium Irrigation                  |                            | 4.31                 | 7.60                |
| 93      | 4702-Capital Outlay on Minor Irrigation                   | 1                          |                      | 0.28                |
| 94      | 4711-Capital Outlay on Flood Control                      | 1                          | 13.76                | 28.83               |
| 95      | 4801-Capital Outlay on Power Project                      | 1                          |                      | 433.76              |
| 96      | 4810-Capital Out lay on Non conventional Source of Energy | 1                          |                      | 0.00                |
| 97      | 4885-Capital Outlay on Industries and Minerals            | 1                          |                      | 411.47              |
| 98      | 5452-Capital Outlay on Tourism                            | 1                          | 8.33                 | 8.81                |
| 99      | 5475-Capital Outlay on Other General Economic Services    | 1                          |                      | 0.00                |
| 100     | 5053-Capital Outlay on Civil Aviation                     | 1                          |                      | 1.00                |
|         | <b>Total</b>  | <b>204.00</b>              | <b>940.14</b>        | <b>21838.05</b>     |

**APPENDIX-XXIV (II)**

(Refer: Paragraph 2.3.14; Page-36)

*Statement of Deptmentwise Un-reconciled expenditure*

| Sl. No. | Name of Department   | Controlling Officers   | Amount not reconciled Rupees in Crore. |
|---------|--|--|--|
| 1       | Finance Department   | (I) Secretary, Finance Department  | 6049.74                                |
| 2       | I-General Education<br>Human Resources Department<br>III-Technical Education | I-Secretary , Primary & Adult Education<br>II-Secretary, Higher Education, Patna<br>III- Dy. Secretary, Art & Culture<br>IV-Dy. Secretary, Science & technology Department | 5334.45                                |
| 3       | Rural Development Department   | I-Commissioner, R.D. Department  | 1709.88                                |
| 4       | Energy Department  | I-Secretary, Energy Department   | 1514.40                                |
| 5       | Health, Medical and Family Welfare Department                                | Secretary, Health Department   | 1349.70                                |
| 6       | Home Department  | I-Director & Inspector General of police, Bihar, Patna.<br>II-I.G. (Prison), Home Department   | 1143.40                                |
| 7       | Road & Bridges   | I-Chief Engineer-Cum-Spl. Secretary, Road Construction Department  | 948.45                                 |
| 8       | Social Welfare   | I-Secretary, Welfare Department  | 702.35                                 |
| 9       | Revenue Department   | Secretary, Board of Revenue, Revenue Department  | 805.12                                 |
| 10      | Industries Department  | Director of Industry   | 490.05                                 |
| 11      | Urban Development  | Secretary, Urban Development   | 476.53                                 |
| 12      | Water Resources Department   | Commissioner cum Secretary, W.R.D.   | 310.04                                 |
| 13      | Labour & Employment  | Secretary, Labour Department   | 291.3                                  |
| 14      | Agriculture Department   | Secretary, Agriculture Department  | 188.24                                 |
| 15      | Animal Husbandry Department  | Secretary, Animal Husbandry  | 139.51                                 |
| 16      | Law Department   | Secretary, Law Department  | 145.34                                 |
|         |  | <b>Total</b>   | <b>21598.50</b>                        |

## APPENDIX-XXV (I)

(Refer: Paragraph 2.3.15; Page-37)

## (I) Statement of savings under Planned Schemes

(Rs. in crore)

| Schemes                     | Total Provision (Original + Supplementary) | Actual Expenditure | Savings        | Percentage of saving to provisions |
|-----------------------------|--|--------------------|----------------|------------------------------------|
| 1. State Plan               | 10622.90                                   | 8456.76            | 2166.14        | 20.39                              |
| 2. Central Plan             | 94.54                                      | 19.18              | 75.36          | 79.71                              |
| 3. Central Sponsored        | 1506.41                                    | 921.21             | 585.20         | 38.85                              |
| <b>Total</b>                | <b>12223.85</b>                            | <b>9397.15</b>     | <b>2826.70</b> | <b>23.12</b>                       |
| 4. Non-Planned              | 19623.62                                   | 16714.35           | 2909.27        | 14.83                              |
| 5. Repayment of Public Debt | 2199.86                                    | 1024.98            | 1174.88        | 53.41                              |
| <b>Grand Total Net</b>      | <b>34047.33</b>                            | <b>27136.48</b>    | <b>6910.85</b> | <b>20.30</b>                       |
| 6. Reduction of expenditure | 0.00                                       | 7.09               | -7.09          |                                    |
| <b>Grand total Gross</b>    | <b>34047.33</b>                            | <b>27143.57</b>    | <b>6903.76</b> |                                    |

**APPENDIX - XXV (II)**

(Refer: Paragraph 2.3.15; Page-37)

(II) Statement of substantial savings of Rupees Five Crore and above in Plan Schemes.

(Rupees in crore)

| Sl. No.    | Grant No.         | Head of Account (Major/Minor/Sub-Head/Scheme)   | Total Provision (Original + Supplementary) | Actual Expenditure | Savings |
|------------|-------------------|---|--|--------------------|---------|
| <b>A</b>   | <b>State Plan</b> |   |  |                    |         |
| <b>I</b>   | <b>3</b>          | <b>4059-Capital Outlay on Public Works</b>  |  |                    |         |
| <b>1</b>   |                   | 0111 Building Construction (Secondary Education)<br>4059-80-051-0111                        | 26.20                                      | 0.15               | 26.05   |
| <b>II</b>  | <b>10</b>         | <b>6801-Loans for Power Projects</b>  |  |                    |         |
| <b>2</b>   |                   | 0105 Loans to Bihar State Jal Vidyut Nigam (NABARD)<br>6801-00-201-0105                     | 52.17                                      | 27.67              | 24.50   |
| <b>3</b>   |                   | 0101 Loans to Bihar State Electricity Board<br>6801-00-800-0101                             | 83.26                                      | 63.00              | 20.26   |
| <b>4</b>   |                   | 0106-Loan to Bihar State Electricity Board, APDPRD<br>6801-00-800-0106                      | 150.03                                     | 0.00               | 150.03  |
| <b>III</b> | <b>18</b>         | <b>3456-Civil Supplies</b>  |  |                    |         |
| <b>5</b>   |                   | 0102 District Charges- Public distribution system (consumer Protection)<br>3456-00-800-0102 | 28.04                                      | 0.01               | 28.03   |
| <b>IV</b>  | <b>21</b>         | <b>2202-General Education</b>   |  |                    |         |
| <b>6</b>   |                   | 0118 For Management Institution of National Level<br>2202-03-102-0118                       | 20.00                                      | 1.55               | 18.45   |
| <b>V</b>   | <b>22</b>         | <b>2070 Other Administrative Services</b>   |  |                    |         |
| <b>7</b>   |                   | 0102 Purchase of Fire Equipments 2070-00-108-0102   | 9.51                                       | 3.71               | 5.80    |

| Sl. No.     | Grant No. | Head of Account (Major/Minor/Sub-Head/Scheme)   | Total Provision (Original + Supplementary) | Actual Expenditure | Savings |
|-------------|-----------|---|--|--------------------|---------|
| <b>VI</b>   | <b>23</b> | <b>2852 Industries</b>  |  |                    |         |
| 8           |           | 0110 Industrial Area Development Authority Grants-in-aid-Patna, Darbhanga, Muzaffarpur 2852-80-102-0110               | 34.19                                      | 11.26              | 22.93   |
| <b>VII</b>  | <b>35</b> | <b>2053 District Administration</b>   |  |                    |         |
| 9           |           | 0104 Rastriya Sam Vikas Yojana 2053-00-800-0104   | 345.00                                     | 285.00             | 60.00   |
| <b>VIII</b> | <b>36</b> | <b>4215-Capital Outlay on Water Supply and Sanitation</b>   |  |                    |         |
| 10          |           | 0101 Rural Piped Water Supply General 4215-01-102-0101  | 52.18                                      | 25.32              | 26.86   |
| 11          |           | 0102 Upto 20000 populated Rural/Sub-Urban Area 4215-01-102-0102   | 8.00                                       | 2.72               | 5.28    |
| 12          |           | 0103 Rural Piped Water Supply Scheme (Tube wells, Wells, Pipes etc) 4215-01-102-0103                                  | 42.00                                      | 16.72              | 25.28   |
| 13          |           | 0116 Loans for NABARD for development of infrastructure for supply of drinking water in rural areas. 4215-01-102-0116 | 35.00                                      | 18.75              | 16.25   |
| 14          |           | 0117 Rural piped water supply schemes-Minimum Needs Programme. 4215-01-102-0117                                       | 15.00                                      | 1.91               | 13.09   |
| 15          |           | 0118 Rural Water Supply Scheme to Primary/Middle School Programme. 4215-01-102-0118                                   | 7.88                                       | 2.20               | 5.68    |
| <b>IX</b>   | <b>41</b> | <b>5054-Capital Outlay on Road and Bridges</b>  |  |                    |         |
| 16          |           | 0103 Bridge(NABARD Loan) 5054-03-101-0103   | 80.00                                      | 50.55              | 29.45   |
| 17          |           | 0102 Major roads 5054-03-337-0102   | 678.29                                     | 501.08             | 177.21  |

| Sl. No. | Grant No. | Head of Account (Major/Minor/Sub-Head/Scheme)                             | Total Provision (Original + Supplementary) | Actual Expenditure | Savings |
|---------|-----------|---|--|--------------------|---------|
| 18      |           | 0104 Border Area Development Scheme Road Construction<br>5054-03-337-0104 | 7.65                                       | 0.68               | 6.97    |
| 19      |           | 0106 Central Road Fund<br>5054-03-337-0106                                | 80.00                                      | 36.42              | 43.58   |
| 20      |           | 0101 Bridges<br>5054-03-101-0101  | 180.57                                     | 173.55             | 7.02    |
| X       | 42        | <b>2501-Special Programme for Rural Development</b>                       |  |                    |         |
| 21      |           | 0102 Swaran Jayanti Gram Swarojgar Yojna<br>2501-01-800-0102              | 84.10                                      | 48.71              | 35.39   |
|         |           | <b>2505</b>   |  |                    |         |
| 22      |           | 0110 Complete Rural Employment Scheme<br>2505-01-701-0110                 | 118.00                                     | 100.84             | 17.16   |
| 23      |           | 0102 Rastriya Gramine Rojgar Guarantee Yojana<br>2505-60-105-0102         | 200.00                                     | 125.77             | 74.23   |
| 24      |           | 0103 Rajya Gramin Rojgar Guarantee Yojna<br>2505-60-105-0103              | 120.00                                     | 86.54              | 33.46   |
|         |           | <b>2515 Other Rural Development Programmes</b>                            |  |                    |         |
| 25      |           | 0001 Post Stage 2 Blocks<br>2515-00-102-0001                              | 130.00                                     | 107.65             | 22.35   |
| XI      | 43        | <b>2203 Technical Education</b>   |  |                    |         |
| 26      |           | 0103 Director of Technical Education<br>2203-00-001-0103                  | 14.60                                      | 2.30               | 12.30   |
| XII     | 44        | <b>2202-General Education</b>   |  |                    |         |
| 27      |           | 0101 Grants for Honorarium to Panchayat Sikshamitras<br>2202-01-198-0101  | 74.25                                      | 56.87              | 17.38   |
| 28      |           | 0011 Sarva Siksha Abhiyan<br>2202-01-198-0011                             | 10.00                                      | 0.00               | 10.00   |
| 29      |           | 0101 Purchase of equipment for middle school<br>2202-01-052-0101          | 7.50                                       | 0.75               | 6.75    |
| XIII    | 45        | <b>2401 Crop Husbandry</b>  |  |                    |         |
| 30      |           | 0109 Sugarcane Development<br>2401-00-108-0109                            | 13.69                                      | 6.90               | 6.79    |



| Sl. No. | Grant No. | Head of Account (Major/Minor/Sub-Head/Scheme)   | Total Provision (Original + Supplementary) | Actual Expenditure | Savings |
|---------|-----------|---|--|--------------------|---------|
| XIV     | 48        | <b>2215-Water Supply and Sanitation</b>   |  |                    |         |
| 31      |           | 0102 Assistance to Drinking Water Supply and Drainage on the recommendation of Finance Commission<br>2215-01-192-0102 | 30.00                                      | 18.52              | 11.48   |
| 32      |           | 0116 Grants-in-aid to urban local bodies for integrated urban development<br>2215-01-193-0116                         | 10.00                                      | 0.00               | 10.00   |
| 33      |           | 0122 For Jawaharlal Nehru National Urban Renewal Mission Scheme 2215-01-800-0122                                      | 500.00                                     | 182.15             | 317.85  |
| XV      | 49        | <b>4700-Capital Outlay on Major Irrigation</b>  |  |                    |         |
| 34      |           | 0101 Irrigation Project for Kosi Basin (Works)<br>4700-01-800-0101  | 20.00                                      | 0.94               | 19.06   |
| 35      |           | 0102 Irrigation Project for Kosi Basin (Works) A.I.B.P. 4700-01-800-0102  | 100.00                                     | 34.19              | 65.81   |
| 36      |           | 0103 Irrigation Project for Kiul-Badua-Chandan Basin (Works) (NABARD Sponsored Project)<br>4700-04-800-0103           | 11.00                                      | 0.00               | 11.00   |
|         |           | <b>4701-Capital Outlay on Medium Irrigation</b>   |  |                    |         |
| 37      |           | 0102 Irrigation Project for Sone Basin (works) (NABARD aided project)<br>4701-03-800-0102                             | 20.00                                      | 4.43               | 15.57   |
| 38      |           | 0103 Irrigation Project for Kiul-Badua-Chandan Basin (Works) (NABARD Sponsored Project)<br>4701-04-800-0103           | 23.17                                      | 8.84               | 14.33   |
|         |           | <b>4711-Capital Outlay on Flood Control Projects</b>  |  |                    |         |
| 39      |           | 0108 Anti Erosion work on River Ganga Centrally Sponsored Scheme 25% State Share (Works)                              | 9.53                                       | 2.52               | 7.01    |

| Sl. No.     | Grant No. | Head of Account (Major/Minor/Sub-Head/Scheme)  | Total Provision (Original + Supplementary) | Actual Expenditure | Savings |
|-------------|-----------|--|--|--------------------|---------|
|             |           | State Share (Works)<br>4711-01-001-0108  |  |                    |         |
| 40          |           | 0111 Flood Control Embankment Road Scheme (NABARD Sponsored Scheme (Works))<br>4711-01-001-0111  | 16.00                                      | 2.08               | 13.92   |
| 41          |           | 0112 Drainage Projects (NABARD Sponsored Scheme (Works))<br>4711-01-001-0112   | 75.00                                      | 0.94               | 74.06   |
| <b>XVI</b>  | <b>50</b> | <b>2702-Minor Irrigation</b>   |  |                    |         |
| 42          |           | 0105 Rastriya Sam Vikas Yojana 270--03-103-0105  | 255.00                                     | 0.00               | 255.00  |
|             |           | <b>4702-Capital Outlay on Minor Irrigation</b>   |  |                    |         |
| 43          |           | 0101 Minor Irrigation<br>4702-00-101-0101  | 8.47                                       | 2.93               | 5.54    |
| 44          |           | 0102 Surface Irrigation Project (AIBP)<br>4702-00-101-0102   | 10.00                                      | 0.00               | 10.00   |
| 45          |           | 0101 Loans from NABARD for completion of incomplete works of tube well schemes<br>4702-00-102-0101   | 64.66                                      | 35.00              | 29.66   |
| <b>XVII</b> | <b>51</b> | <b>2236 Nutrition</b>  |  |                    |         |
| 46          |           | 0102 Scheme for distribution of nutritious food for pregnant women, children and nursing mother<br>2236-02-101-0102                              | 397.20                                     | 260.88             | 136.32  |
| 47          |           | 0802 Special Programme for distribution of food grains to under nutritious pregnant/Post Delivery Women and Adolescent girls<br>2236-02-101-0802 | 15.18                                      | 0.00               | 15.18   |
|             |           | <b>4235 Capital Outlay on Social Security and Welfare</b>  |  |                    |         |
| 48          |           | 0101 Construction of different Building under Social Welfare area.   | 9.50                                       | 4.02               | 5.48    |

| Sl. No.      | Grant No.                        | Head of Account (Major/Minor/Sub-Head/Scheme)                                      | Total Provision (Original + Supplementary) | Actual Expenditure | Savings        |
|--------------|----------------------------------|--|--|--------------------|----------------|
|              |                                  | 4235-02-051-0101   |  |                    |                |
| <b>XVIII</b> | <b>54</b>                        | <b>4515 Capital Outlay on Other Rural Development Programmes</b>                   |  |                    |                |
| <b>49</b>    |                                  | 0103 Chief Minister's rural Sampark Path Yojana<br>4515-00-103-0103                | 300.00                                     | 227.15             | 72.85          |
| <b>50</b>    |                                  | 0104 Chief Minister's Setu Construction Scheme<br>4515-00-103-0104                 | 50.00                                      | 0.00               | 50.00          |
|              |                                  | <b>Total</b>   | <b>4631.82</b>                             | <b>2543.17</b>     | <b>2088.65</b> |
| <b>B</b>     | <b>Central Sponsored Schemes</b> |  |  |                    |                |
| <b>XIX</b>   | <b>20</b>                        | <b>2210-Medical and Public Health</b>  |  |                    |                |
| <b>51</b>    |                                  | 0602 National Malaria Eradication Programme- Including Kalajar<br>2210-06-101-0602 | 28.61                                      | 12.10              | 16.51          |
|              |                                  | <b>2211-Family Welfare</b>   |  |                    |                |
| <b>52</b>    |                                  | 0602 Health Sub-Centre<br>2211-00-101-0602   | 138.10                                     | 100.19             | 37.91          |
| <b>XX</b>    | <b>36</b>                        | <b>4215-Capital Outlay on Water Supply and Sanitation</b>                          |  |                    |                |
| <b>53</b>    |                                  | 0602 Central Rural Water Supply Programme<br>4215-01-102-0602                      | 374.42                                     | 155.90             | 218.52         |
| <b>54</b>    |                                  | 0603 Accelerated Urban Water Supply Scheme<br>4215-01-102-0603                     | 25.00                                      | 4.48               | 20.52          |
| <b>XXI</b>   | <b>41</b>                        | <b>5054 Capital Outlay on Roads and Bridges</b>                                    |  |                    |                |
| <b>55</b>    |                                  | 0601 Road Connection of Inter State Importance<br>5054-80-800-0601                 | 10.00                                      | 0.00               | 10.00          |
| <b>56</b>    |                                  | 0602 Road Connection of International Importance<br>5054-80-800-0602               | 10.00                                      | 0.00               | 10.00          |
| <b>XXII</b>  | <b>44</b>                        | <b>2202 General Education</b>  |  |                    |                |
| <b>57</b>    |                                  | 0605 I.T.C. Project<br>2202-02-109-0605  | 19.48                                      | 2.25               | 17.23          |
| <b>XXIII</b> | <b>49</b>                        | <b>4711-Capital Outlay on Flood Control Projects</b>                               |  |                    |                |

| Sl. No.     | Grant No. | Head of Account (Major/Minor/Sub-Head/Scheme)  | Total Provision (Original + Supplementary) | Actual Expenditure | Savings        |
|-------------|-----------|--|--|--------------------|----------------|
| 58          |           | 0602 Construction work of Tinmuhani Kursaila Embankment<br>4711-01-800-0602  | 10.00                                      | 0.00               | 10.00          |
| 59          |           | 0610 Anti Erosion Work on river Ganga<br>4711-01-800-0610  | 50.00                                      | 7.65               | 42.35          |
| 60          |           | 0611 Water Drainage Project under Additional Central Assistance<br>4711-01-800-0611  | 20.00                                      | 5.00               | 15.00          |
| <b>XXIV</b> | <b>51</b> | <b>2235-Social Security and Welfare</b>  |  |                    |                |
| 61          |           | 0602 Consolidated Child Development Scheme<br>2235-02-102-0602   | 204.10                                     | 157.57             | 46.53          |
| 62          |           | 0603 Externally sponsored Scheme (World Bank State Sponsored integrated Child development Scheme)<br>2235-02-102-0603                    | 66.66                                      | 4.56               | 62.10          |
|             |           | <b>Total</b>   | <b>956.37</b>                              | <b>449.70</b>      | <b>506.67</b>  |
| <b>C</b>    |           | <b>Central Plan Schemes</b>  |  |                    |                |
| <b>XXV</b>  | <b>35</b> | <b>3454-Census, Surveys and Statistics</b>   |  |                    |                |
| 63          |           | 0401 Economic Census<br>3454-02-204-0401   | 7.27                                       | 0.69               | 6.58           |
| <b>XXVI</b> | <b>49</b> | <b>4711-Capital Outlay on Flood Control Projects</b>   |  |                    |                |
| 64          |           | 0404 Extension of Embankment of Kamala river (Indian portion) and Heightening and Strengthening) (100% Central Share<br>4711-01-800-0404 | 20   | 9.59               | 10.41          |
| 65          |           | 0409 Strengthening and extension of embankment of Bagmati River. 4711-01-800-0409  | 50   | 1.52               | 48.48          |
|             |           | <b>Total</b>   | <b>77.27</b>                               | <b>11.80</b>       | <b>65.47</b>   |
|             |           | <b>Grand Total (A+B+C)</b>   | <b>5665.46</b>                             | <b>3004.67</b>     | <b>2660.79</b> |

## APPENDIX - XXVI

(Refer Paragraph 2.3.16; Page-38)

## Statement showing the cases of irregular drawal of advance from Contingency Fund

(Rs in lakh)

| Sl. No. | Sanction No. & Date               | Department Head of A/c (Major/Minor/Sub-Head) Grant/Demand No.                                       | Purpose of Advance   | Amount Advance | Amount total savings | Amount of total surrender | Remarks   |
|---------|-----------------------------------|--|--|----------------|----------------------|---------------------------|---|
| 1       | 209/2006-07 Dated 13.3.2007 S-III | Home Department Grant No. 22 Major Head 2056 Jails 101-0104  | Modernisation of Jails and purchase of Generators for 54 Jails of the State  | 118.80         | 118.80               | 118.80                    | No expenditure was made from advance for purchase of 54 Generators. This indicated that advance was sanctioned without properly assessing the needs.  |
| 2       | 01/2006-07 Dt. 26.4.2006          | Energy Department Grant No. 10 Major Head 2801 Power 80-190-0001                                     | Resource Gap of Bihar State Electricity Board<br>Supplementary demand vide 33/200607 Rs. 54000.00 Adv. 12506.00 66506.00 | 12506.00       |                      |                           | Against the estimate of Rs. 1077.50 crore, provision of Rs 412.44 CROE was made in the original budget, Rs 5.40 crore from supplementary and Rs 12506 lakh advance from BCF. Provision could have been made in the first supplementary voted in July'06               |
| 3       | 249/2006 Dt. 15.3.2007 SIII       | Medical Department Grant No. 20 Major Head 4210 Co-Medical & Public Health 02-051-0101               | Construction of 689 Buildings of sub-divisional Health Centre 3893.16 (NABARD Sponsored Scheme)                          | 3893.16        |                      |                           | The expenditure was not of urgent nature provision could have been made in the 3rd supplementary budget voted in March. More over against the estimate of Rs 52.87 crore only Rs 13.94 crore was provided in the original budget and Rs 38.93 crore advanced from BCF |
| 4       | 236/2006-07 /Dt. 14.3.2007 S-III  | Home Department Grant No. 22 Major Head 4235-Capital Outlay on Social Security & Welfare 60-800-0108 | Fencing of Graveyards 100.00   | 100.00         | 20.00                | 0.06                      | The expenditure is not such as could not have been not of urgent nature. Provision could have been made in the original budget.   |
| 5       | 201/2006-07 Dt. 12.3.2007 S-III   | Home Department Grant No. 22 Major Head 2055 Police 00-109-0005                                      | Pay for Auxiliary Police from Jan.'07 to March'07  | 1600.00        | 638.94               | 638.94                    | The expenditure was not of urgent nature. Provision could have been made in third supplementary budget voted in March.  |

| Sl. No. | Sanction No. & Date                  | Department Head of A/c (Major/Minor/Sub Head) Grant/Demand No.  | Purpose of Advance   | Amount Advance | Amount total savings | Amount of total surrender | Remarks   |
|---------|--------------------------------------|---|--|----------------|----------------------|---------------------------|---|
| 6       | 162/2006-07<br>Dt 12.6.2006<br>S-I   | Industry Department<br>Grant No. 23<br>Major Head 6885<br>Industry 01-190-0110  | Interest free<br>Loan to Bihar<br>State Financial<br>Corporation   | 7100.00        |                      |                           | The expenditure was not of urgent nature. Provision could have been made in the first supplementary budget voted in July 2006.  |
| 7       | 04/2006-07<br>Dt. 3.05.6 S-I         | Home Department<br>Grant No. 22<br>Major Head 2055<br>Police 00-109-0005  | Payment of<br>pay, T.A. to<br>5000<br>Auxiliary<br>Police for the<br>year 2006-07                                | 2280.00        | 638.94               | 638.94                    | The expenditure was not of urgent nature. Provision could have been made in the second supplementary budget voted in December. Moreover provision for this purpose had already been made in the first supplementary of Budget   |
| 8       | 23/2006-07<br>Dt. 4.07.06<br>S-I     | Water Resources<br>Department Grant No.<br>49 Major Head 4700<br>Capital Out lay on<br>Major Irrigation 80-<br>800-0101 | Payment<br>Rhasriya Sam<br>Vikas Yojana<br>for<br>reestablishing<br>eastern<br>Gandak Canal                      | 1000.00        | 999.01               | 996.73                    | The expenditure was not of urgent nature. Provision could have been made in the second supplementary budget voted in December. Moreover entire provision remained unutilised.   |
| 9       | 18/2006-07<br>Dt. 20.06.06<br>S-I    | Urban Development<br>Department Major<br>Head 2215 Water<br>Supply & Sanitation<br>01-192-0102<br>Grant No. 48          | Assistance to<br>Drinking<br>Water Supply<br>& Drainage on<br>the<br>recommendati<br>on of Finance<br>Commission | 1500.00        | 1147.77              |                           | The expenditure is such - that could have been waited till the budget provision through the second supplementary budget voted in December of Against the requirement of Rs 30 crore, Rs 15 crore was as provided in the original budget. Hence Advance from BCF was needed. |
| 10      | 07/2006-07<br>Dt. 19.05.06<br>S-I    | Rural Development<br>Department<br>Grant No. 54<br>Major Head 2015<br>Elections 00-109-<br>0002                         | Charges for<br>conduct of<br>election to<br>Panchayats/Lo<br>cal Bodies.   | 4504.61        | 843.61               | 843.61                    | The expenditure is such as could not have been foreseen. The provision could have been made in the regular budget. Against the estimate of Rs 66.87 crore, only Rs 21.82 crore was provided in the original budget.   |
| 11      | 12/2006-07<br>Dt. 27.5.06<br>S-I     | Rural Development<br>Department<br>Grant No. 54<br>Major Head 2015<br>Elections 00-101-<br>0001                         | Payment for<br>purchase of an<br>Ambassador<br>Car for State<br>Election<br>commission<br>(Panchayati<br>Raj)    | 4.09           |                      |                           | The expenditure is not such as could not have been fore seen. The provision could have been made in the regular budget.   |
| 12      | 128/2006-07<br>Dt. 10.01.07<br>S-III | Health, Medical<br>Education and Family<br>Welfare Department<br>Grant No. 20<br>Major Head 2210<br>Medical 01-200-0002 | Assistance to<br>Leprosy<br>Eradication<br>Programme<br>scheme for<br>pay,<br>Contingency<br>etc.                | 159.06         | 370.79               |                           | Being continuing scheme expenditure could have been fore seen and provision made in the original budget, first supplementary budget.  |

| Sl. No. | Sanction No. & Date  | Department Head of A/c (Major/Minor/Sub Head) Grant/Demand No.   | Purpose of Advance  | Amount Advance | Amount total savings | Amount of total surrender | Remarks  |
|---------|--|--|---|----------------|----------------------|---------------------------|--|
| 13      | 121/2006-07<br>Dt. 29.12.06<br>S-III   | Secondary, Primary, and Adult Education Department Grant No. 44 Major Head 2202 General Education 01-800-0106  | Payment of pay contingency etc. to the staff of informal Education          | 628.08         | 109.57               | 79.19                     | Being a continuing scheme expenditure could have been fore seen and provision made in original budget/third supplementary budget voted in March 2007 |
| 14      | 191/2006-07<br>Dt. 7.3.07 S-III  | Higher Education Department Grant No. 21 Major Head 2202 General Education 03-102-0119                         | Payment for Land acquisition of Nalanda International University            | 873.96         |                      |                           | The expenditure is not such as could not have been foreseen. The provision could have been made in regular budget                                    |
| 15      | 226/2006-07<br>Dt. 14.03.07<br>S-III   | Secondary, Primary and Adult Education Department Grant No. 44 Major Head 2202 General Education 02-107-0601   | Payment for scholarship under National Scholarship Scheme. Sup. 891.68 lakh | 75.64          |                      |                           | The expenditure is not such as could not have been foreseen. The provision could have been made in regular budget                                    |
| 16      | 188/2006-07<br>Dt. 6.3.07<br>215/2006-07<br>Dt.13.3.07<br>216/2006-07<br>Dt 13.3.07<br>217/2006-07<br>Dt. 13.3.07<br>S-III | Labour Employment and Training Department Grant No. 26 Major Head 2230 Labour & Employment 02-800-0102         | Payment for National Old Age Pension Scheme.                                | 2804.00        |                      |                           | The expenditure is such that could have waited till the budget provision through the third supplementary budget voted in March 2007                  |
|         |  |  | II  | 4830.73        |                      |                           |  |
|         |  |  | III<br>Total  | 3305.27        |                      |                           |  |
| 17      | 218/2006-07<br>Dt. 13.3.07<br>S III  | Labour Employment and Training Department Grant No. 26 Major Head 2235 social Security and Welfare 60-102-0001 | Payment for old Age Pension   | 3168.98        | 157.21               | 157.10                    | The expenditure is not such as could not have been foreseen. The provision could have been made in the regular budget.                               |
| 18      | 237/2006-07<br>Dt. 14.3.07<br>S-III  | Home Department Grant No. 22 Major Head 2235 Social Security and Welfare 60-200-0003                           | Payment of Special allowance to Freedom Fighters and their dependents       | 1193.52        | 160.45               | 80.46                     | As above   |
| 19      | 180/2006-07<br>Dt. 22.2.07<br>S-III  | Disaster Management Department Grant No. 39 Major Head 2251 Secretariat Social Services. 00-090-0017           | Payment of additional amount of A.C.P to staff.                             | 8.68           | 17.92                | 17.82                     | As above   |
| 20      | 222/2006-07<br>Dt. 13.3.07<br>S-III  | Public Health Engineering Department Grant No. 36 Major Head 2215 Water Supply and Sanitation 01-101-0004      | Payment of pay after A.C.P. promotion of the Staff.                         | 105.96         | 771.68               | 614.44                    | The expenditure is not such as could not have been foreseen. The provision could have been made in the regular budget.                               |

| Sl. No. | Sanction No. & Date                  | Department Head of A/c (Major/Minor/Sub Head) Grant/Demand No.  | Purpose of Advance   | Amount Advance | Amount total savings | Amount of total surrender | Remarks  |
|---------|--------------------------------------|---|--|----------------|----------------------|---------------------------|--|
| 21      | 138/2006-07<br>Dt. 24.01.07<br>S-III | Agriculture Department Grant No. 1 Major Head 2401 Crop Husbandry 00-109-0111                                   | Support to State Extension Programme for Extension Reforms   | 251.72         | 287.22               | 266.87                    | The expenditure is not such as could not have been foreseen. Provision could have been made in the original budget 13th supplementary voted in March 2007  |
| 22      | 185/2006-07<br>Dt. 2.3.07<br>S-III   | Water Resources Department Grant No. 49 Major Head 4711 Capital Out lay on Flood Control 01-800-0113            | Redevelopment of Zamindari Embankment                        | 500.00         | 484.64               | 428.27                    | Against estimate of Rs five crore only Rs 15.36 lakh was spent saving was attributed to non-sanction of scheme and procedural delay in finalisation of tender. This proved unnecessary advance.  |
| 23      | 137/2006-07<br>Dt. 24.01.07<br>S-III | Finance Department Grant No.12 Major Head 7610 Loans to Government Servant 00-202-0004                          | Advance to Members of Legislatures for purchase of Motor car | 300.00         |                      |                           | The expenditure is not such as could not have been foreseen. The provision could have been made in the regular budget. More over against the estimate of Rs six crore, Rs two crore was provided in original and Rs four core lakh as advance from BCF |
|         | 136/2006-07<br>Dt 24.01.07           | do  | House building advance                                       | 50.00          |                      |                           | Do   |
|         | 135/2006-07<br>Dt. 24.01.07          | do  | Motor car advance to Members<br>Total 400.00                 | 50.00          | 157.99               | 106.99                    | Do   |
| 24      | 184/2006-07<br>Dt. 28.02.07<br>S-III | Finance (Com. Tax) Department Grant No. 17 Major Head 4047 Capital Out lay on Other Fiscal services 00-050-0101 | Payment for land acquisition for check post                  | 464.65         |                      |                           | as above<br>Against the estimate of Rs 4.65 crore no amount was provided in original estimate and Rs 4.65 crore from BCF   |
| 25      | 241/2006-07<br>Dt. 14.3.07<br>S-III  | High Court Grant No. 28 Major Head 2014 Administration of Justice 00-102-0104                                   | Computerisation in the office of Honorable High Court.       | 208.00         | 11.92                | 3.89                      | It was not for immediate payment. Provision could have been made in third supplementary budget voted in March 2007. Subsequently Rs 3.89 lakh was surrendered on 31st March 2007.  |
| 26      | 89/2006-07<br>Dt. 15.11.06           | Finance Department Grant No.12 Major Head 2054 Treasury & Accounts Administration 00-097-0001                   | I-Purchase of Generators at Treasury & Sub-Treasury          | 77.65          |                      | 155.39                    | Rs. 155.39 lakh was surrendered on 31st March 2007.  |
|         | 47/2006-07<br>Dt. 26.8.06            |   | II-Purchase of fuels for Generators                          | 15.00          |                      |                           |  |



| Sl. No. | Sanction No. & Date                | Department Head of A/c (Major/Minor/Sub Head) Grant/Demand No.   | Purpose of Advance  | Amount Advance | Amount total savings | Amount of total surrender | Remarks  |
|---------|------------------------------------|--|---|----------------|----------------------|---------------------------|--|
| 27      | 44/2006-07<br>Dt. 19.8.06<br>S-III | Disaster Management Department Grant No. 39 Major Head 2245 Relief on account of Natural Calamities 01-800-0003    | Grants to Agriculture Department for Agricultural input Rs. 100/- per acre. | 3450.00        | 2796.80              | 3818.88                   | Most of the provisions remained unutilised and Rs 38.19 crore was surrendered on 31st March 2007.  |
| 28      | 53/2006-07<br>Dt. 21.09.06<br>S-II | Minorities Welfare Department Grant No. 30 Major Head 4225 Capital Outlay on Welfare of SC,ST &OBC                 | Construction of minority (HUI House) building                               | 254.86         | 0.00                 |                           | The expenditure is not such as could not have been foreseen and was not of urgent nature. The provision could have been made in the regular budget/second supplementary budget voted in December 2006. Moreover against the estimate of Rs2.69 crore only Rs 13.96 lakh was provided in original budget.                             |
| 29      | 41/2006-07<br>Dt 8.6.06            | Sugarcane Department Grant No. 45 Major Head 6860 Loan for Consumer Industries 04-190-0001                         | I-Loans to Sugar Factories  | 884.00         |                      |                           | The expenditure was not of urgent nature. Provision could have been made in the second supplementary budget voted in December 2006. Moreover against estimate of Rs 8.87 crore only Rs 3.34 lakh was provided in the original budget.  |
|         | 74/2006-07<br>Dt. 6.11.06<br>S-II  |  | II-Audit for the year 2002-03 to 2005-06                                    | 1.48           |                      |                           |  |
| 30      | 93/2006-07<br>Dt. 16.11.06         | Minor Irrigation Department completion Grant No. 50 Major Head 4702 Capital Outlay on Minor Irrigation 00-101-0101 | Completion of new/ uncompleted irrigation schemes                           | 400.00         | 553.65               | 553.65                    | The expenditure was not of urgent nature. Provision Rs 5.54 crore could have been made in second supplementary budget voted in December 2007. Moreover against the estimate of Rs 6.85 crore. Rs 2.75 crore was provided from supplementary grant and subsequently surrendered Rs 5.54 crore mainly due to reduction in plan outlay. |
|         | 94/2006-07<br>Dt. 16.11.06<br>S-II | do   | Do Supplementary Grant Rs. 275.00   | 10.00          |                      |                           |  |
| 31      | 92/2006-07<br>Dt. 16.11.06<br>S-II | Minor Irrigation department Grant No. 50 Major Head 4702 Capital Outlay on Minor Irrigation 00-102-0103            | Loans from NABARD for completion of new/incomplete left irrigation schemes  | 1000.00        | 414.11               | 407.46                    | The expenditure was not of urgent nature. Provision could have been made in second supplementary budget voted in December 07. Moreover against the estimate of   |

| Sl. No.      | Sanction No. & Date                | Department Head of A/c (Major/Minor/Sub Head) Grant/Demand No.                                     | Purpose of Advance  | Amount Advance  | Amount total savings | Amount of total surrender | Remarks   |
|--------------|------------------------------------|--|---|-----------------|----------------------|---------------------------|---|
|              |                                    |  | Supplementary vide sanction order No. 136/2006-07 Rs. 300.00  |                 |                      |                           | Rs 13 crore lakh Rs three crore was provided in supplementary grant and subsequently surrender Rs 4.07 crore on 31st March and Rs 6.65 lakh was saved mainly due to reduction in plan outlay.               |
| 32           | (I)43/2006-07 Dt. 18.8.06 S-II     | Labour & Employment Department Grant No. 26 Major Head 2230 Labour and Employment                  | House Construction of Bed workers (I) Construction of 1016 Houses in Jamui districts in 2006-07.  | 406             | 202.28               |                           | Against the total provision of Rs 4.54 crore expenditure of Rs 2.52 crore only was incurred. Thus the advance was in excess of requirement  |
|              | (II) 105/2006-07 Dt. 24.11.07 S-II | do 01-109-0401   | (II) Construction of 119 Houses in Begusarai districts in 2006-07   | 47.6            |                      |                           |   |
| 33           | 50/2006-07 Dt. 13.9.06 S-II        | Urban Development Department Grant no 48 Major Head 2217 Urban Development 80-191-0001             | Grants -in-aid to Municipalities and Notified Area Committees for pay dearness allowances and other facilities to non teaching staff.   | 1002            | 86.77                | 86.77                     | The expenditure is not such as could not have been foreseen. The provision could have been made in regular budget   |
| 34           | (I) 225/2006-07 Dt. 14.3.07        | Higher Education Department Grant No. 21 Major Head 2251 Secretariate Social Services. 00-090-0001 | Tour expenditure for tour of Deputy Secretary for Election observer in the Election of Utrakhand. (I) Payment for pay, D.A. etc for posting of a new Dy Secretary in the Higher Education | 0.35            | 0.44                 |                           | The expenditure is not such as could not have been foreseen. The provision could have been made in the regular budget. Moreover tour expenditure should be charged from Utrakhand Govt. from 2015 Election. |
|              | (II)200/2006-07 Dt.9.3.07 S-II     |  |   | 1.12            |                      |                           |   |
| <b>Total</b> |                                    |  |   | <b>61134.97</b> | <b>10990.5</b>       | <b>10014.26</b>           |   |

## APPENDIX - XXVII

(Refer: paragraph 3.1.13; Page-51)

Statement showing deficiencies / irregularities pointed out in para 4.1 of the CAG's Audit Report (1998-99) and persisting during 2002-07.

| Sl. No. | Heading                                 | Gist of Para   | PAC recommendation/ action proposed by the Government  | Current status 2002-07  |
|---------|---|--|--|---|
| 1       | <b>Budget provision and expenditure</b> | Estimated expenditure varied between 109 and 179 per cent of work expenditure                                | The paragraph 4.1 of Comptroller and Auditor General of India's report for the year ending March 1999 was referred to Public Accounts Committee of Bihar Legislative Assembly vide its report Number 416 but no action taken report is furnished up to October 2007. | Establishment expenditure varied between 1.39 to 8.94 per cent over work expenditure  |
| 2       | <b>-do-</b>                             | Crucial control registers of works not maintained  |  | Control register of works not maintained to monitor expenditure   |
| 3       | <b>Project implementation</b>           | Poor physical achievement and heavy shortfalls against target of works                                       |  | Physical achievement was not poor. Against sanction of 1740 tubewells, 1593 tubewells were taken up for execution. Out of this 1500 tubewells were commissioned.              |
| 4       | <b>-do-</b>                             | Stagnant irrigation potential and meagre utilisation of irrigation potential created                         |  | Low utilisation and cost of irrigation varied between Rs 28,742 and Rs 41555 during 2002-07 average utilisation was only 7 per cent during 2002-07.                           |
| 5       | <b>-do-</b>                             | High establishment cost and poor realisation of revenue.   |  | Poor utilisation of irrigation and only 12 per cent realisation of water rent.  |
| 6       | <b>-do-</b>                             | unfruitful expenditure on incomplete/ abandoned tubewells : 31.10 crore                                      |  | Unfruitful expenditure of Rs 2.15 crore on non-functional old tubewells (under phase-V) and unfruitful expenditure of Rs 2.33 crore on incomplete tubewells (under phase-III) |
| 7       | <b>-do-</b>                             | Non-energisation of tubewells constructed at a cost of Rs 3.27 crore   |  | Non-energisation of tubewells - 212 tubewells not energised and Rs 2.85 crore lying unutilised with BSEB.   |
| 8       | <b>Material management</b>              | Unjustified purchase of diesel generating set and submersible pump sets : 6.02 crore                         |  | Excess procurement of material viz- D.G.sets, submersible motor pumps valuing Rs 1.24 core (Phase-VIII)   |
| 9       | <b>-Manpower management</b>             | Nugatory expenditure on staff who remained without work : Rs 3.50 crore                                      |  | Nugatory expenditure of Rs. 0.95 crore on idle staff  |
| 10      | <b>Monitoring and evaluation</b>        | Lack of meaningful monitoring. Lack of co-ordination in planning, monitoring, purchase and accounting units. |  | Poor monitoring and no evaluation was carried out.  |

**APPENDIX - XXVIII**

(Refer: para 3.2.9.1; Page-60)

**Statement showing total population of different categories of beneficiaries and number covered under scheme during 2002-03 to 2006-07**

| Sl. No. | Particulars           | 2002-03          |                          | 2003-04          |                          | 2004-05            |                          | 2005-06            |                          | 2006-07            |                          |
|---------|-----------------------|------------------|--------------------------|------------------|--------------------------|--------------------|--------------------------|--------------------|--------------------------|--------------------|--------------------------|
|         |                       | Population       | Covered under the scheme | Total population | Covered under the scheme | Total population   | Covered under the scheme | Total population   | Covered under the scheme | Total population   | Covered under the scheme |
| 1.      | Children of 0-3 years | 28,51,480        | 5,81,472 (20)            | 36,25,215        | 11,79,469 (33)           | 61,65,408          | 22,60,440 (37)           | 61,95,511          | 23,87,088 (39)           | 62,25,924          | 23,95,487 (38)           |
| 2.      | 3 years to 6 years    | 25,32,806        | 9,29,005 (37)            | 32,20,085        | 9,77,900 (30)            | 54,76,403          | 22,57,086 (41)           | 55,03,141          | 23,87,872 (43)           | 55,21,858          | 23,95,713 (43)           |
| 3.      | Pregnant women        | 6,59,004         | 99,536 (15)              | 8,38,200         | 1,04,775 (13)            | 14,25,528          | 5,70,211 (40)            | 14,32,488          | 5,72,995 (40)            | 14,37,360          | 5,74,944 (40)            |
| 4.      | Nursing mothers       | 4,39,336         | 66,537 (15)              | 5,58,800         | 69,850 (13)              | 9,50,352           | 3,80,141 (40)            | 9,54,992           | 3,81,997 (40)            | 9,58,240           | 5,74,944 (60)            |
| 5.      | Adolescent girls      |                  |                          |                  |                          |                    |                          | 71,62,440          | 1,79,061 (03)            | 71,86,800          | 3,83,296 (05)            |
|         | <b>Total</b>          | <b>64,82,626</b> | <b>16,76,370 (26)</b>    | <b>82,42,300</b> | <b>23,31,994 (28)</b>    | <b>1,40,17,691</b> | <b>54,67,878 (39)</b>    | <b>2,12,48,572</b> | <b>59,09,013 (28)</b>    | <b>2,13,30,182</b> | <b>59,29,110 (28)</b>    |

(Source : Figures furnished by ICDS Directorate)

## APPENDIX - XXIX

(Refer: para-3.2.9.4; Page-62)

## Details of analysis report of candy

| Contents of candy                                 | Batch No. | Vitamin-A     |              | Vitamin_C   |              | Folic Acid   |              | Iron        |             |
|---|-----------|---------------|--------------|-------------|--------------|--------------|--------------|-------------|-------------|
|   |           | 500 IU        | %            | 10 mg       | %            | 50 mcg       | %            | 7 mg        | %           |
| Required Norms                                    |           | Obtained      | %            | Obtained    | %            | Obtained     | %            | Obtained    | %           |
| ITL Lab, Delhi                                    | B-36      | 368.70        | 73.74        | 6.06        | 60.60        | 42.60        | 85.20        | 5.51        | 78.71       |
|   | B-36      | 368.70        | 73.74        | 6.06        | 60.60        | 42.60        | 85.20        | 5.51        | 78.71       |
|   | B-25      | 325.70        | 65.14        | 7.20        | 72.00        | 44.90        | 89.80        | 4.67        | 66.71       |
| FICCI, Delhi                                      | B-044     | 201.25        | 40.25        | 5.14        | 51.40        | 1.74         | 3.48         | 4.27        | 61.00       |
|   | B-086     | 298.45        | 59.69        | 7.08        | 70.80        | 50.75        | 100.00       | 4.00        | 57.14       |
|   | B-123     | 328.92        | 65.78        | 4.40        | 44.00        | 60.92        | 100.00       | 4.45        | 63.57       |
| FICCI, Delhi<br>Through PA.G.<br>Bihar            | BH-108    | 375.84        | 75.17        | 10.51       | 100.00       | 56.05        | 100.00       | 6.31        | 90.14       |
|   | B-100     | 408.17        | 81.63        | 9.37        | 93.70        | 12.91        | 25.82        | 4.44        | 63.43       |
|   | M-40      | 390.09        | 78.02        | 11.59       | 100.00       | 61.66        | 100.00       | 6.81        | 97.28       |
| ARBRO, Deilli                                     | B-38      | 18.12         | 3.60         | 4.14        | 41.40        | 0.00         | 0.00         | 4.71        | 67.28       |
| CHOKSI, Indore                                    | MO-26     | 0.00          | 0.00         | 6.62        | 66.18        | 2.72         | 5.44         | NA          | NA          |
|   | BH-106    | 0.00          | 0.00         | 6.86        | 68.60        | 2.98         | 5.96         | NA          | NA          |
|   | BH-60     | 265.32        | 53.06        | 13.55       | 100.00       | 33.65        | 67.30        | 4.94        | 70.57       |
|   | BH-37     | 471.87        | 94.37        | 13.87       | 100.00       | 46.25        | 92.50        | 6.49        | 92.71       |
|   | BH-128    | 463.47        | 92.69        | 13.97       | 100.00       | 46.75        | 93.50        | 6.33        | 90.44       |
| CFTRI, Mysore                                     | BH-091    | 146.00        | 29.20        | 2.42        | 24.20        | 322.00       | 100.00       | 1.00        | 14.28       |
|   | B-36      | 256.00        | 51.20        | 3.10        | 31.00        | 32.60        | 65.20        | 0.60        | 8.57        |
|   | BH-126    | 169.00        | 33.80        | 2.20        | 22.00        | 31.80        | 63.60        | 0.80        | 11.43       |
|   | M-050     | 265.00        | 53.00        | 4.38        | 43.80        | 3.08         | 6.16         | 1.64        | 23.42       |
| SHRIRAM Lab,<br>Delhi, Through<br>PAG, Bihar      | BH-128    | 232.10        | 46.42        | 6.70        | 67.00        | 27.90        | 55.80        | 4.70        | 67.14       |
|   | B-01      | 185.70        | 37.14        | 3.80        | 38.00        | 26.60        | 53.20        | 6.40        | 91.43       |
|   | M-051     | 236.40        | 47.28        | 7.20        | 72.00        | 27.40        | 54.80        | 7.30        | 100.00      |
|   | B-21      | 213.70        | 42.74        | 5.90        | 59.00        | 27.70        | 55.40        | 5.40        | 77.14       |
|   | M-055     | 290.90        | 58.18        | 9.50        | 95.00        | 29.40        | 58.80        | 7.80        | 100.00      |
|   | BH-126    | 270.50        | 54.10        | 6.80        | 68.00        | 28.60        | 57.20        | 5.10        | 72.85       |
| AVON Food<br>Lab, Delhi,<br>Through PAG,<br>Bihar | BH-113    | 784.08        | 100.00       | 10.02       | 100.00       | 82.71        | 100.00       | 8.80        | 100.00      |
|   | BH-125    | 727.79        | 100.00       | 10.36       | 100.00       | 105.86       | 100.00       | 7.30        | 100.00      |
|   | B-35      | 575.70        | 100.00       | 10.14       | 100.00       | 89.74        | 100.00       | 7.26        | 100.00      |
|   | B-37      | 790.00        | 100.00       | 10.01       | 100.00       | 74.75        | 100.00       | 7.68        | 100.00      |
|   | M-060     | 763.87        | 100.00       | 10.04       | 100.00       | 113.68       | 100.00       | 7.83        | 100.00      |
|   | M-049     | 816.91        | 100.00       | 10.03       | 100.00       | 103.29       | 100.00       | 8.49        | 100.00      |
| <b>Average</b>                                    |           | <b>355.10</b> | <b>61.61</b> | <b>7.71</b> | <b>72.56</b> | <b>52.70</b> | <b>68.53</b> | <b>5.40</b> | <b>7393</b> |

|                      |             |             |             |             |
|----------------------|-------------|-------------|-------------|-------------|
| Deficiency (%age)    | 38.39       | 27.44       | 31.47       | 26.07       |
| Deficiency cost (Rs) | 1,48,99,764 | 1,06,51,262 | 1,22,15,311 | 1,01,18,784 |

**APPENDIX - XXX**

(Refer: para 3.2.17.1; Page-66)

**Statement showing findings on joint physical verification of AWCs**

| Sl. No.      | Name of CDPO                | Inspected AWCs code number   | Number of inspected AWCs | Findings                  |                            |                                 |   |                             |
|--------------|-----------------------------|--|--------------------------|---------------------------|----------------------------|---------------------------------|---|-----------------------------|
|              |                             |  |                          | Total number of open AWCs | AWC code number found open | No. of children present in AWCs | AWCs code found closed                                    | Total number of closed AWCs |
| 1.           | Tajpur, Samastipur          | 08, 05, 20, 09, 06, 02, 68, 147, 36, 38                                | 10                       | 4                         | 06, 68, 147, 36            | 17 to 30                        | 08, 05, 20, 09, 02, 38                                    | 06                          |
| 2.           | Saur Bazar, Bhagalpur       | 13, 15   | 02                       | 2                         | 13, 15                     | 13 and 27                       | ---   | --                          |
| 3.           | Sonhaura, Bhagalpur         | 107, 87, 91  | 03                       | 2                         | 87, 91                     | 05 and 10                       | 107   | 01                          |
| 4.           | Koilwar, Bhojpur            | 39, 38, 37   | 03                       | -                         | --                         | --                              | 39, 38, 37  | 03                          |
| 5.           | Guthani, Siwan              | 03, 39, 09, 10, 72, 28   | 06                       | 2                         | 72, 28                     | 24 and 18                       | 03, 39, 09, 10  | 04                          |
| 6.           | Koch, Gaya                  | 144, 127, 05, 150  | 04                       | 2                         | 05, 150                    | 16 and 18                       | 144, 127  | 02                          |
| 7.           | Darbhanga Rural, Darbhanga  | 141, 151, 04, 139, 140, 22   | 06                       | 1                         | 140                        | 13                              | 141, 151, 04, 139, 22                                     | 05                          |
| 8.           | Bihiya, Bhojpur             | 28   | 01                       | -                         | --                         | --                              | 28  | 01                          |
| 9.           | Sahpur, Bhojpur             | 161, 16, 08  | 03                       | -                         | --                         | --                              | 16, 08, 161   | 03                          |
| 10.          | Areraj, East Champaran      | 3, 6, 7, 9, 11, 10, 12, 8, 13, 14, 15, 16, 17, 42, 87, 88, 89, 96      | 18                       | 4                         | 7, 15, 89, 3               | 03, 08, 03                      | 6, 9, 11, 10, 12, 8, 13, 14, 16, 17, 42, 87, 88, 96       | 14                          |
| 11.          | Cheria Bariarpur, Begusarai | 56, 95, 66, 67   | 04                       | 1                         | 95                         | 35                              | 56, 66, 67  | 03                          |
| 12.          | Bhagalpur Sadar             | 81, 79, 80, 62, 61   | 05                       | 3                         | 81, 62, 61                 | 30, 35, 35                      | 79, 80  | 02                          |
| 13.          | Manjha, Gopalganj           | 63, 17, 92, 08, 06, 02, 03, 07, 140, 139, 141, 143, 145, 146, 144, 214 | 16                       | 3                         | 63, 17, 214                | 20, 12, 14                      | 92, 08, 06, 02, 03, 07, 140, 139, 141, 143, 145, 146, 144 | 13                          |
| 14.          | Bainkuthpur, Gompalganj     | 26, 27, 30, 31, 35, 32, 28, 29, 18, 19, 20, 21, 22, 23, 24, 25         | 16                       | 2                         | 35, 29                     | 04, 20                          | 26, 27, 30, 31, 32, 28, 18, 19, 20, 21, 22, 23, 24, 25    | 14                          |
| 15.          | Rajnagar, Madhubani         | 07, 111, 195, 110, 107, 145, 190                                       | 07                       | 2                         | 110, 107                   | 30, 31                          | 07, 111, 195, 145, 190                                    | 05                          |
| <b>Total</b> |                             |  | <b>104</b>               | <b>28</b>                 | <b>28</b>                  | <b>0-35</b>                     | <b>76</b>   | <b>76</b>                   |

## APPENDIX- XXXI

(Refer: Paragraph 3.2.18, Page-67)

**Statement showing the deficiencies/ irregularities pointed out in CAG's Audit Report 1988-99 though persisted during 2002-07**

| Sl. No. | Heading  | Gist of para   | PAC recommendation/ action proposed by Govt.   | Current status 2002-07   |
|---------|--|--|--|--|
| 1       | 3.2.4 (iv) Funds kept in Civil Deposits                          | During 1992-95, Rs 1.55 crore kept in Civil Deposits   | Public Accounts Committee in its reports No. 387 observed that recommendation on the reports may be kept pending as points raised were pending in the Hon'ble Supreme Court. | During 2002-07 in test checked 100 projects Rs 5.65 crore was kept in Civil Deposits.  |
| (ii)    | 3.5.4 (v) GOI funds credited to State receipts                   | Programme funds Rs 11.40 crore received from GOI during 1994-95 and credited to State receipt.   |  | During 2002-07 100 projects deposited GOI funds of Rs 1.28 crore in Revenue receipts   |
| 2       | 3.5.4.2 (iii) Unadjusted/ unrecovered advances                   | Unadjusted & unrecovered advances Rs 11.96 crore to various agencies as of June 1999.  |  | In 100 projects Rs 48.27 crore was remained unadjusted/ unrecovered as of July 2007.   |
| (ii)    | 3.5.4.2 (iv) Heavy cash balance                                  | Retention of heavy closing balance of Rs 40.02 crore as on March 1995 was fraught with the risk of misutilisation and misappropriation.              |  | Heavy closing balance of Rs 140.03 crore was noticed .   |
| 3.      | 3.5.5 (i) Available funds not utilised and funds drawn not spent | Of allotted funds of Rs 80.98 crore Rs 58.25 crore was spent, Rs 17.45 crore were lapsed and Rs 5.28 crore were unspent.                             |  | Against release of funds of Rs 720.39 crore, Rs 589.46 crore could be utilised and Rs 130.93 crore remained unspent.   |
| 4.      | 3.5.6.3 (i) Heavy short fall in achievement                      | Against 300 days in a year SNP was provided for 8 to 98 days in a year only.   |  | During 2002-07 on an average 7 per cent AWCs provided SNP upto 225 days as against norms of 300 days in a year.  |
| 5.      | 3.5.6.3 (ii) Immunisation  | Immunisation register, cards not maintained.   |  | No immunisation register was maintained either by AWCs or doctor/ ANM posted.  |
| 6.      | 3.5.6.3 (iii) Poor coverage of health check up.                  | No records viz vaccination register, ante natal cards, delivery cards, pre/post natal cards and health cards were maintained by AWWs in the centres. |  | Pre-natal and post natal cards were not issued to mothers and no records of visit by AWWs to mothers after delivery were being maintained.                                     |
| 7.      | 3.5.6.3 (iv) No referral services in 1992-97.                    | No case was referred to other health institutions.   |  | Health check up and referral services were neglected in AWCs.  |
| 8.      | 3.5.6.3 (vi) Pre school education                                | PSE kits not supplied.   |  | Poor supply of PSE kits were noticed during 2002-07.   |
| 9.      | 3.5.6.4 Additional points.                                       | Target of construction of AWCs & CDPO buildings not achieved.  |  | GOI funds for construction of project offices, AWCs were not utilised and only 38 AWCs and 2 CDPOs building could be constructed against the target of 1390 & 10 respectively. |
| 10.     | 3.5.6.5 (b) Meagre provision of Hand pumps                       | Most of AWCs lacked safe drinking water facilities.  | Only 3 per cent of AWCs had drinking water facilities.   |  |
| 11.     | 3.5.6.5 (c) Medicine kits  | Medicines kits were supplied only 31 per cent AWCs.  | Medicine kits were supplied to 0 to 14 per cent AWCs during 2003-07.   |  |

| Sl. No. | Heading                                     | Gist of para   | PAC recommendation/ action proposed by Govt. | Current status 2002-07   |
|---------|---|--|--|--|
| 12.     | 3.5.6.5 (d) Training to ICDS functionaries. | Inadequate training of ICDS functionaries.   |  | 37 per cent of Aganwadi workers were untrained.  |
| 13.     | 3.5.8 Men-power management                  | Posts of supervisory staff/ officers remained vacant to the extent of 43 to 67 per cent as of March 1999.                  |  | 66 to 86 per cent post of supervisory staff were vacant.   |
| 14.     | 3.5.10 Monitoring and evaluation            | Though coordination committee were formed in state level. No record of quaterly meeting held at state level was available. |  | Though five Committees were constituted by the govt. to monitor the programme, neither records of minutes of meeting nor decision taken during these meetings were made available to audit. CDPO and lady supervisors did not inspect AWCs in the prescribed proforma. |



## APPENDIX- XXXII

(Refer : Paragraph-3.3.8.4, Page:-76)

Statement regarding execution of works without mentioning exact location

(Rs. in lakh)

| Sl. No. | Division          | Name of work   | Agreement No.                                       | Estimated cost | Expenditure   | Month of execution       |
|---------|-------------------|--|---|----------------|---------------|--------------------------|
| 1.      | RCD, Muzaffarpur  | E/R of Muzaffarpur-old Motihari road                                       | 15 F <sub>2</sub> /04-05                            | 12.07          | 11.99         | March 2005               |
|         |                   | Renewal of Khabra - Ladura Road  | 17 F <sub>2</sub> /04-05                            | 12.92          | 12.92         | July 2005                |
|         |                   | Special repair of Muzaffarpur-Hajipur Road                                 | 23 F <sub>2</sub> /05-06                            | 34.55          | 28.01         | June 2006                |
|         |                   | Renewal of Muzaffarpur-old Motihari Road                                   | 20 F <sub>2</sub> /05-06                            | 26.47          | 26.46         | March 2006               |
|         |                   | Renewal S/R of Hajipur - Lalganj-Vaishali-Bakhra Road                      | 10 F <sub>2</sub> /06-07                            | 37.69          | 35.03         | June 2007                |
| 2.      | RCD, Darbhanga    | M.R. to VIP Road, Pandasarai-Bela -Mabbi Road, Darbhanga - Samastipur Road | 1 F <sub>2</sub> / 05-06 to 5 F <sub>2</sub> /05-06 | 89.12          | 80.92         | July 2005 to August 2005 |
| 3.      | RCD, Katihar      | M.R. to Purnea - Kadwa - Somaili - Azamnagar Road                          | 6 F <sub>2</sub> / 06-07                            | 12.29          | 10.23         | March 2007               |
|         |                   | M.R. to Kurung Gayghatta Road  | 8 F <sub>2</sub> /06-07                             | 15.15          | 13.96         | March 2007               |
|         |                   | Pot patch of Dumar - Pothia Road   | 16 F <sub>2</sub> /06-07                            | 19.05          | 15.33         | March 2007               |
|         |                   | Pot patch of Sarsi - Kursela Road  | 25 F <sub>2</sub> /06-07                            | 66.03          | 57.78         | June 2007                |
| 4.      | RCD, Samastipur   | M/R to Samastipur Tajpur Road  | 17F <sub>2</sub> /06-07                             | 24.86          | 24.08         | June 2007                |
| 5.      | NH I, Muzaffarpur | Periodical renewal work to NH 28   | 14 F <sub>2</sub> /06-07                            | 284.16         | 283.13        | April 2007               |
|         | <b>Total</b>      |  |   | <b>634.36</b>  | <b>599.84</b> |                          |

**APPENDIX - XXXIII**

(Refer : Paragraph-3.3.8.4, Page: -76)

**Statement of doubtful payment due to execution and measurement on the same day**

| Name of Division                      | Name of work and Agreement. No./ Year  | Expenditure (Rupee in crore) | Remarks  |
|---------------------------------------|--|------------------------------|--|
| RCD, Road Division, Darbhanga         | Pot patch to Sakri – Bahera Road; Agr. No. 11 F <sub>2</sub> /05-06 dt. 12.04.05             | 0.08                         | Execution of GSB; SMG II; SMG III; BUSG over WBM; PMC; Earth work; Rolling and compaction on the same day (18.10.05).  |
| - do -                                | Pot patch to DB4 Road; Agr. No. 13 F <sub>2</sub> /05-06 dt.21.02.05                         | 0.06                         | - do – (20.5.05)   |
| -do-                                  | Pot patch repair in Pandasarai Bela Mabbi Road; Agr. No. 3 F <sub>2</sub> /04-05 dt.11.04.05 | 0.07                         | Execution of different layers of work viz. 50mm leveling course and 20 mm premix carpet on the same day (7.7.05)   |
| RCD, Road Division No. I, Muzaffarpur | S/R to Muzaffarpur – old Motihari Road ; Agr. No. 20 F <sub>2</sub> /05-06 dt. 17.01.06      | 0.26                         | Execution of GSB; WBM; BUSG; SDBC on the same day (3.3.06).  |
| -do-                                  | Restoration work to Muzaffarpur Pusa Road; 6 F <sub>2</sub> /04-05 dt 4.12.04                | 0.15<br><br>0.07             | (i) Execution of filling of 1.25 lakh; 0.32 lakh empty cement bag with sand and their stitching and dropping them on two breach points on the same day (9.12.04 and 14.12.04)<br>(ii) Execution of earth work without approval of longitudinal and transverse sectional measurement before their execution on same day (9.12.04) |
| RCD, Road Division, Motihari          | Repair to MTG Road; Agr. No. 16F <sub>2</sub> /06-07 dt. 15.12.06                            | 0.21                         | Execution of BSG over WBM; Tack coat; SDBC; PMC on same day (31.3.07).   |
| RC Division, Samastipur               | S/R to Vidyapati Kakaghatti Road; Agr.No. 11 F <sub>2</sub> /05-06                           | 0.22                         | Lifting of 20.124 MT bitumen from Barauni – 50 km from work site- its utilisation in work, measurement of executed work, preparation and payment of bill on the same day (14.03.06).   |
| <b>Total</b>                          |  | <b>1.12</b>                  |  |

## APPENDIX - XXXIV

(Refer : Paragraph-3.3.8.4, Page: -76)

*Statement of doubtful payment due to repeated repair on the same stretch, doubtful entry in MB and execution of bituminous work without proof of procurement of bitumen*

| Name of Division             | Name of work and Agr. No./ Year   | Expenditure (Rupees in crore) | Remarks   |
|------------------------------|---|-------------------------------|---|
| RCD Road Division, Darbhanga | Repair works in Pandasarai Bela Mabbi Road; Agr. No. 46 F <sub>2</sub> /04-05; 3 F <sub>2</sub> /05-06; 24 F <sub>2</sub> /05-06; 75 F <sub>2</sub> /05-06; 76 F <sub>2</sub> /05-06; 77 F <sub>2</sub> /05-06 and 34 F <sub>2</sub> /06-07   | 0.59                          | Repeated repair work in the same stretches within 5 to 11 months (August 2005 to March 2007)  |
| NH Division I, Muzaffarpur   | P/R to NH 28, km 580 to 583, 585 to 595, 604 (P) to 608<br>Agr.No. 14 F <sub>2</sub> /06-07 dt. 8.12.06   | 0.20<br><br>0.06              | (i) Cleaning; rolling and compaction; Tack coat; and BM work in 1300 meter in different stretches of 13 km.<br>(ii) Change in original measurement of tack coat work from 14000 sq.m. to 3990 sq.m. and SDBC work from 350 sq.m. to 99.75 sq.m. without mentioning any reason in measurement book for reduction of measured quantity of work. |
| -do-                         | Improvement of riding quality work (km 569, 573 to 581) and strengthening work (km 521 to 523) in NH 28; Agr.No. 6 F <sub>2</sub> /05-06 and 6 F <sub>2</sub> /06-07  | 0.11                          | Execution in excess of contracted quantity (Tack coat-1884.07 sq.m., 3468.51 sq.m.; Bituminous macadam 131.25 cu.m., 147.20 cu.m.) without proof in support of procurement of bitumen for excess work.  |
| NH Division I, Muzaffarpur   | Minor repair work in NH 28; km 488 to 519 and 521 to 533; Agr.No. 19 F <sub>2</sub> /02-03; 2 F <sub>2</sub> /03-04; 16 F <sub>2</sub> /03-04; 19F <sub>2</sub> /03-04; 20 F <sub>2</sub> /03-04; 21 F <sub>2</sub> /03-04; 31 F <sub>2</sub> /03-04; 33F <sub>2</sub> /04-05; 13 F <sub>2</sub> /05-06; and 14 F <sub>2</sub> /05-06 | 1.96                          | Repeated repair works during January 2004 to 2006.  |
| <b>Total</b>                 |   | <b>2.92</b>                   |   |

**APPENDIX- XXXV**

(Refer : Paragraph-3.3.8.7, Page: -78)

**Statement regarding non-recovery of penalty on account of time extension**

(Rs. in lakh)

| Name of Division           | Name of Work   | Agreement No.               | Estimated cost | Penalty to be recovered from the contractor due to failure to complete work within scheduled time |
|----------------------------|--|-----------------------------|----------------|---|
| Road Division, Madhubani   | RBP Road & Jhanjharpur - Madhepur Road   | 37 F <sub>2</sub> / 04 - 05 | 61.70          | 6.17  |
| Road Division, Ramnagar    | S/R to Lauria - Ramnagar Road  | 8 F <sub>2</sub> / 04 - 05  | 21.49          | 2.15  |
| - do -                     |  | 24 F <sub>2</sub> / 04 - 05 | 40.00          | 4.00  |
| - do -                     |  | 25 F <sub>2</sub> / 04 - 05 | 34.27          | 3.43  |
| Road Division, Kishanganj  | KTTG Road  | 28 F <sub>2</sub> / 04 - 05 | 97.49          | 9.75  |
| -do-                       | W/ S K. D. Road  | 51 F <sub>2</sub> / 04 - 05 | 68.14          | 6.81  |
| -do-                       | Construction of S.P. Bridge of B.R.B. Road   | 31 F <sub>2</sub> / 04 - 05 | 28.64          | 2.86  |
| -do-                       | Construction of approach road of S.P. Bridge in km 17 of Day Market Pousa Khali Road | 20 F <sub>2</sub> / 05 - 06 | 32.44          | 3.24  |
| Road Division, Darbhanga   | Construction of S.P. Bridge in km 6 of Bahera-Baheri Road                            | 9 F <sub>2</sub> / 05 - 06  | 46.75          | 4.67  |
| NH I Division, Muzaffarpur | Pot patch work in NH 28 - km 597 to 608  | 3 F <sub>2</sub> / 06 - 07  | 13.53          | 1.35  |
| - do -                     | Periodical renewal to NH - 28 - km 582 to 595, 604 (P) to 608                        | 14 F <sub>2</sub> / 06 - 07 | 274.55         | 27.46   |
| Road Division, Motihari    | S/ R to Chakia - Mathurapur Road km  | 9 F <sub>2</sub> / 06 - 07  | 46.51          | 4.65  |
| - do -                     | S/ R to MTG Road   | 16 F <sub>2</sub> / 06 - 07 | 46.77          | 4.68  |
| Road Division, Katihar     | P.C.C. in Bastaul Jhaua - Sonauli Road in km 10 (P) and 11 (P)                       | 14 F <sub>2</sub> / 06 - 07 | 33.22          | 3.32  |
| - do -                     | S/ R to Sapni PWD Road to Hassanganj Road in km 5(P) to 7                            | 31 F <sub>2</sub> / 06 - 07 | 63.90          | 6.39  |
| Road Division, Samastipur  | Repair to Samastipur - Tajpur Road - km 3 to 12                                      | 17 F <sub>2</sub> / 06 - 07 | 24.86          | 2.49  |
| - do -                     | S/ R to P.R.H.D. Road - km 1 to 3 (P)  | 6 F <sub>2</sub> / 06 - 07  | 28.70          | 2.87  |
| - do -                     | S/ R to Sarai Ranjan - Kakarghatti Road - km 2 (P) to 6                              | 16 F <sub>2</sub> / 06 - 07 | 76.10          | 7.61  |
| <b>Total</b>               |  |                             | <b>1039.06</b> | <b>103.90</b>   |

## APPENDIX - XXXVI

(Refer : Paragraph-3.3.8.8, Page: -78)

## Statement regarding wasteful expenditure due to incomplete items of work

(Rs in lakh)

| Sl. No. | Name of work   | Agreement no./ year           | Estimated cost | Incomplete items of work  | Estimated quantity of the work   | Quantity of work not executed  | Expenditure on incomplete work |
|---------|--|-------------------------------|----------------|---|--|--|--------------------------------|
| 1       | S/R to Pahlagarh-Belrahi-Rampur-Dumaria Mohini-Jabra Paharpur-Dumaria Bijaili Link Road (in km. 2, 3, 7 to 18)   | 7F <sub>2</sub> /2003-04      | 177.46         | Semi Dense Bituminous Concrete, Built Up Spray Grouting                         | 1073.48 m <sup>3</sup><br>42939.11 m <sup>2</sup>  | 605.14m <sup>3</sup><br>37251.45m <sup>2</sup>   | 137.33                         |
| 2       | Special repair (S/R) to Mahthaur-Goraul-Chakka-Alinagar-Jamalpur Road (in km 6 to 8(P))  | 63F <sub>2</sub> /2004-05     | 99.60          | Stone Metal Gr.II and III consolidation, tack coat, bituminous macadam          | 493.88 m <sup>3</sup><br>493.88 m <sup>3</sup><br>6585 m <sup>2</sup><br>329.25 m <sup>3</sup>     | 413m <sup>3</sup><br>181.41m <sup>3</sup><br>2418.75m <sup>2</sup><br>120.93m <sup>3</sup> | 72.83                          |
| 3       | S/R of road crust of Mahthaur-Goraul-Alinagar-Jamalpur Road (in km. 8 (P) and 9 (P))   | 106F <sub>2</sub> /2004-05    | 37.79          | Bituminous Macadam, tack coat and SDBC above SMG-III                            | 168.75 m <sup>3</sup><br>3375.0 m <sup>2</sup><br>84.37 m <sup>3</sup>                             | NIL<br>NIL<br>NIL  | 21.25                          |
| 4       | Pandasarai-Bela-Mabbi road (in km 1(P) to 6(P), VIP road (in km 4)   | 3 to 4F <sub>2</sub> /2005-06 | 34.48          | 50 mm leveling course, 20 mm Pre Mix Carpet, Earth Work, Rolling and compaction | 3836.89 m <sup>3</sup><br>5755.33 m <sup>3</sup><br>696.70 m <sup>3</sup><br>696.70 m <sup>3</sup> | 2487.35m <sup>3</sup><br>3508.8m <sup>3</sup><br>NIL<br>NIL                                | 26.66                          |
| 5       | Special repair and renewal work of Saraiya – Jaitpur – Motipur Road (in km 1, 17, 18, 22, 26 (P) and 27 (P)) was rescinded in April 2006 by the order of Commissioner and Secretary, RCD | 22F <sub>2</sub> /2005 – 06   | 47.68          | Work was rescinded by the order of Commissioner-Secretary, RCD (April '06)      |  |  | 23.63                          |
|         | <b>Total</b>   |                               |                |   |  |  | <b>281.70</b>                  |

**APPENDIX- XXXVII**

(Refer : Paragraph-3.3.9.2, Page:-79)

**Statement regarding payment made without quality test**

(Rs in lakh)

| <b>Name of work</b>  | <b>Agreement number/ year</b>                                   | <b>Expenditure</b> |
|--|---|--------------------|
| Strengthening of LST Road (in km 0 to 12.7)  | 29F <sub>2</sub> / 2001-02                                      | 112.55             |
| Special repair and surface renewal of Lauriya-Ramnagar-Thori Road (in km. 26 (P), 27 (P), 28 (P), 29 (P), 30 (P), 32 (P) to 34 | 2F <sub>2</sub> /2004-05<br>5F <sub>2</sub> /2004-05            | 41.15              |
| Widening and strengthening work of Kishanganj-Dinajpur Road (in km 0 to 3.2)   | 51F <sub>2</sub> / 2005-06                                      | 35.09              |
| Restoration of traffic work to NH 28 (in km 527 (P) to 533 (P))  | 15F <sub>2</sub> / 2005-06                                      | 7.71               |
| Special renewal and surface renewal work in different km. of Lauriya-Ramnagar Road   | 8F <sub>2</sub> , 24F <sub>2</sub> , 25F <sub>2</sub> / 2006-07 | 95.48              |
| Improvement to Raghunathpur-Balrampur road (in km 1 to 5)  | 19F <sub>2</sub> /2006-07                                       | 76.48              |
| Periodical renewal work to NH 28 (in km 582, 583, 585 to 595 and 604 (P) to 606 (P))   | 14F <sub>2</sub> / 2006-07                                      | 283.82             |
| Pot patch work in NH 28 (in km 597 to 608)   | 3F <sub>2</sub> /2006-07  | 0.00               |
| <b>Total</b>   |   | <b>652.28</b>      |

## APPENDIX - XXXVIII

(Refer: Paragraph 3.4.7.2, Page-86)

## Statement of misutilisation of SGRY/ NFFWP /NREGS funds

| Sl. No.            | Name of District | Year               | Scheme | Sub-head   | Amount (Rs. in lakh) | Purpose of Expenditure  |               |      |   |
|--------------------|------------------|--------------------|--------|--|----------------------|---|---------------|------|---|
| 1                  | Nalanda          | 2006-07            | NREGS  | NREGS Fund   | 6.50                 | Payment of Tent house, Hilsa Indira Awas, Social Security, Pension, Lok Sabha Election, Tent House, Videography   |               |      |   |
|                    |                  |                    |        |  | 3.60                 |   |               |      |   |
|                    |                  |                    |        |  | 0.51                 |   |               |      |   |
| 2002-03<br>2003-04 | SGRY             | Contingencies      | 10.99  | Purchase of Vehicle, Salary Payment                                      |                      |   |               |      |   |
|                    |                  |                    |        |  | 2006-07              | NREGS   | Contingencies | 0.34 | Office expenses, Repair of vehicle and contingency. |
|                    |                  |                    |        |  |                      |   |               |      |   |
| 2                  | Gaya             | 2003-04            | SGRY   | SGRY Fund  | 10.59                | Telephone, fuel, Audit fee and Printing of Stationery   |               |      |   |
|                    |                  | 2002-2006          | SGRY   | SGRY Fund  | 12.87                | Installation of Hand pump (Panchayat Sohepur), Baragandhar, Sadipur, Bhore, Kaiya, Bhadeja in Manpur Block) Naradpur, Bajora in Dobhi Block Nawan in Bodh Gaya Block. |               |      |   |
|                    |                  | 2004-05            | SGRY   | SGRY Contingency.  | 6.58                 | Retiring benefit of staff, Purchase of Ambassador Car, Generator, Repair of Quarter & office. (Zila Parishad)   |               |      |   |
|                    |                  |                    |        |  | 4.88                 |   |               |      |   |
|                    |                  |                    |        |  | 0.28                 |   |               |      |   |
| 1.40               |                  |                    |        |  |                      |   |               |      |   |
| 2006-07            | NREGS            | NREGS              | 4.06   | Installation of Hand pump, (Panchyat Sohepur, Baragandhar, Bhore, Nanauk |                      |   |               |      |   |
| 3                  | Madhubani        | 2005-06            | SGRY   | SGRY Fund  | 3.20                 | Payment of salary of District Board's staff.  |               |      |   |
| 4                  | Muzaffarpur      | 2004-05            | SGRY   | SGRY Fund  | 0.95                 | Purchase of Generator for residential office of Chairman Z.P.   |               |      |   |
|                    |                  | 2005-06            | NFFWP  | Contingencies  | 2.10                 | Purchase of Godrej Table, Chair, Almirah etc.   |               |      |   |
|                    |                  | 2004-05<br>2005-06 | SGRY   | SGRY Fund  | 0.32                 | Payment of Daily Wages staff.   |               |      |   |

| Sl. No.      | Name of District | Year                   | Scheme | Sub-head      | Amount (Rs. in lakh) | Purpose of Expenditure                       |
|--------------|------------------|------------------------|--------|---------------|----------------------|--|
|              |                  | 2004-05                | SGRY   | SGRY          | 0.70                 | Hand pump Installation                       |
| 5            | Munger           |                        | NFFWP  | Contingencies | 9.69                 | Purchase of Car for D.M,                     |
|              |                  |                        | NREGA  | Contingencies | 0.16                 | TA of DDC & Purchase of Cell Phone           |
| 6            | Supaul           | Nov.2003 to March 2006 | SGRY   | Contingencies | 3.71                 | TA of Shri B.K.Das Chairman, District Board. |
|              |                  | July 2006 to Feb 2007  | SGRY   | Contingencies | 1.05                 | Smt. Anju Devi Chairman D.Board.             |
| 7            | Samastipur       | 2006-07                | NREGA  | Contingencies | 1.65                 | Audit Fee                                    |
|              |                  |                        |        |               | 0.16                 | Daily wages staff.                           |
| <b>Total</b> |                  |                        |        |               | <b>99.70</b>         |  |



## APPENDIX - XXXIX

(Refer: Paragraph 3.4.7.2, Page-87)

## Statement of transfer of funds to other offices

| Sl. No.      | Name of District   | Year               | Scheme | Sub-head      | Amount transferred                                | To whom and For what purpose  |
|--------------|--------------------|--------------------|--------|---------------|---|---|
| 1            | Muzaffarpur (DRDA) | 2004-05<br>2005-06 | NFFWP  | Contingencies | 12.59 lakh<br>10.00 lakh                          | NDC, Zila Nazarat Muzaffarpur, NDC, S.D.Os EAST & WEST, C.Os (Aurai, Katra, Kanti, Muraul, Gaigahat, Bandra, Bochahan, Sahebganj, Motipur, Paroo, Saraiya, Kurhni, Minapur, Mushahari, Sakra) of District |
| 2            | Samastipur (DRDA)  | 2006-07            | NREGA  |               | 1.00 lakh   | DM Darbhanga for Mithila Mahotsaw   |
| 3            | Darbhangha         | 2004-05            | NFFWP  | Contingencies | 0.50 lakh<br>12.50 lakh<br>1.20 lakh<br>2.00 lakh | Commissioner Darbhanga Divn., DM Darbhanga, SDOs (Sadar, Benipur and Biraal), BDOs (Manigachhi, Benipur, Biraal, Alinagar, K Asthan East, Baheri, Ghanshyampur, K Asthan, Gaura bauram, Jalley            |
| 4.           | Munger             | 2006-07            | NREGA  | Contingencies | 0.65 lakh<br>3.00 lakh<br>4.00 lakh               | Commissioner Munger Divn., DM Munger, SDOs (Sadar, Kharagpur & Tarapur)   |
| <b>Total</b> |                    |                    |        |               | <b>47.44 lakh</b>                                 |   |

**APPENDIX - XL**

(Refer: Paragraph 3.4.9.4; Page-90)

*Excess reporting of job cards*

| Sl. No. | Name of District | Name of Block | Name of GPs           | Job cards issued as per BDO | Job cards found issued in test check | Difference  | Remarks  |
|---------|------------------|---------------|-----------------------|-----------------------------|--------------------------------------|-------------|--|
| 1.      | Supaul           | Chattapur     | Rampur                | 1550                        | 200                                  | 1350        | Report forwarded to DPC on 5.3.07.   |
|         |                  |               | Dahariya              | 740                         | 165                                  | 575         |  |
|         |                  |               | Dhibaha               | 405                         | 320                                  | 85          |  |
|         |                  |               | Madhopur              | 600                         | 338                                  | 262         |  |
| 2.      | Supaul           | Pratapganj    | Bhawanipur            | 1500                        | 1217                                 | 283         | Test check was done in July 2007. Reported figures were more than actuals. |
| 3.      | Darbhanga        | Bahadurpur    | Wazitpur              | 1200                        | 924                                  | 276         |  |
|         |                  |               | Jalwar                | 400                         | 200                                  | 200         |  |
| 4.      | Muzaffarpur      | Sakra         | Rampur Krishna        | 565                         | 422                                  | 143         |  |
|         |                  |               | Rupanpatti Mathurapur | 912                         | 795                                  | 117         |  |
|         |                  |               | Dehuri Ishak          | 464                         | 282                                  | 182         |  |
|         |                  |               | Keshawpur             | 494                         | 467                                  | 27          |  |
|         |                  |               | Sarmastpur            | 464                         | 350                                  | 114         |  |
|         |                  |               | <b>Total</b>          | <b>9294</b>                 | <b>5680</b>                          | <b>3614</b> |  |

## APPENDIX - XLI

(Refer: Paragraph 3.4.10.2; Page-92)

## Non accountal of foodgrains

(In Quintal)

| Name of Scheme | Name of District | Name of Agency  | Foodgrain lifted from FCI/SFC | Actual position of Foodgrain | Differences (Non accountal) |                  |
|----------------|------------------|---|-------------------------------|------------------------------|-----------------------------|------------------|
| SGRY           | 1. Nalanda       | ZP, Nalanda   | 3,050.89                      | -                            | 3,050.89                    |                  |
|                |                  | BDO, Chandi   | 10,524.13                     | 7,605.52                     | 2,918.61                    |                  |
|                |                  | BDO, Noorsarai  | 10,403.00                     | 7,279.36                     | 3,123.64                    |                  |
|                | 2. Gaya          | BDO, Chandi   | 7,499.51                      | 5,766.40                     | 1,733.11                    |                  |
|                |                  | Spl. Divn.no-I, Gaya                                    | 12,003.00                     | 2,084.81                     | 9,918.19                    |                  |
|                |                  | BDO, Bibhutipur   | 7,793.42                      | 1,832.86                     | 5,960.56                    |                  |
|                |                  | <b>Total</b>  | <b>51,273.95</b>              | <b>24,568.95</b>             | <b>26,705.00</b>            |                  |
| NFFWP          | 4. Munger        | SFC, Munger   | 1,61,675.33                   | 1,53,544.00                  | 8,131.33                    |                  |
|                |                  | BDO, Jamalpur, Dharhara, Bariyarpur, Kharagpur, Tarapur | 19,660.53                     | 17,734.18                    | 1,926.35                    |                  |
|                | 5. Samastipur    | BDO, Bhibhutipur  | 14,751.70                     | 5,508.52                     | 9,243.18                    |                  |
|                |                  | BDO, Mohanpur   | 2,882.48                      | 233.92                       | 2,648.56                    |                  |
|                | 6. Katihar       | BDO, Kadwa  | 15,900.00                     | 13,900.00                    | 2,000.00                    |                  |
|                | 7. Gaya          | BDO, Amas   | 6,951.31                      | 5,637.01                     | 1,314.30                    |                  |
|                |                  | BDO, Guraru   | 3,353.69                      | 3,108.69                     | 245.00                      |                  |
|                |                  | BDO, Bankebazar   | 11,005.00                     | 10,311.75                    | 693.25                      |                  |
|                |                  | BDO, Dumaria  | 7,737.04                      | 7,654.36                     | 82.68                       |                  |
|                |                  | BDO, Sherghati  | 3,532.00                      | 3,527.00                     | 05.00                       |                  |
|                | 8. Muzaffarpur   | BDO, Konch  | 12,623.00                     | 12,258.08                    | 364.92                      |                  |
|                |                  | ZP, Muzaffarpur   | 210.17                        | 124.72                       | 85.45                       |                  |
|                |                  |   | <b>Total</b>                  | <b>2,60,282.25</b>           | <b>2,33,542.23</b>          | <b>26,740.02</b> |
|                |                  |   | <b>Grand Total</b>            | <b>3,11,556.20</b>           | <b>2,58,111.18</b>          | <b>53,445.02</b> |

Cost: 5345 M.T. @ Rs 13,200 per M.T. = Rs. 7.06 Crore

**APPENDIX - XLII**

(Refer: Paragraph 3.4.10.6; Page-95)

List of outstanding advance under SGRY and NFFWP schemes in test checked districts.

**SGRY**

| Sl. No.      | Name of District | Name of Executing Agency   | No. of persons taken advance | Amount of outstanding advance (Rs in Lakh) | Penal Interest (Rs in Lakh) |
|--------------|------------------|----------------------------|------------------------------|--|-----------------------------|
| 1.           | Darbhanga        | Special Division Darbhanga | 17                           | 410.24                                     | 85.66 (2 to 4 yrs)          |
| 2.           | Gaya             | Spl. Division No. 1, Gaya  | 8 (JEs)                      | 183.00                                     | 38.43 (2 yrs)               |
|              |                  | B.D.O Guraru               | 17                           | 4.22                                       | 1.39 (2 to 5 yrs)           |
| 3.           | Katihar          | Zila Prishad, Katihar      | 11                           | 42.45                                      | 10.17 (1 to 5 yrs)          |
|              |                  | N.R.E.P Katihar            | 03                           | 2.15                                       | 1.00 (4 yrs)                |
| 4.           | Madhubani        | Spl. Divison Rahika        | 12                           | 68.51                                      | 31.80 (4 yrs)               |
|              |                  | Spl. Divn. Madhubani       | 13                           | 136.84                                     | 45.29 (3 yrs)               |
| 5.           | Muzaffarpur      | Zila Parishad Muzaffarpur  | 08                           | 128.35                                     | 39.60 (3 yrs)               |
| 6.           | Nalanda          | DRDA                       | 07                           | 24.62                                      | 11.43 (4 yrs)               |
| 7.           | Samastipur       | B.D.O Mohanpur             | 13                           | 11.31                                      | 4.72 (2 to 5 yrs)           |
| 8.           | Supaul           | Spl. Division Supaul       | 06                           | 520.44                                     | 241.53 (4 yrs)              |
|              |                  | Zila Parishad Supaul       | 06                           | 618.22                                     | 286.92 (4 yrs)              |
| <b>Total</b> |                  |                            | <b>121</b>                   | <b>2150.35</b>                             | <b>797.94</b>               |

**NFFWP**

| Sl. No.            | Name of District | Name of Executing Agency | No. of persons taken advance | Amount of outstanding advance | Penal Interest      |
|--------------------|------------------|--------------------------|------------------------------|-------------------------------|---------------------|
| 1.                 | Darbhanga        | Spl. Division Darbhanga  | 17                           | 1541.55                       | 191.70 (2 to 3 yrs) |
| 2.                 | Gaya             | B.D.O. Bodhagaya         | 05                           | 7.60                          | Nil                 |
|                    |                  | B.D.O. Khizarsarai       | 10                           | 2.93                          | 0.29 (1 yr)         |
| 3.                 | Katihar          | Spl. Division Katihar    | 06                           | 97.77                         | 20.53 (2 yrs)       |
|                    |                  | N.R.E.P Katihar          | 23                           | 179.40                        | 37.67 (2 yrs)       |
| 4.                 | Madhubani        | B.D.O Benipatti          | 13                           | 25.77                         | 2.57 (3 yrs)        |
| 5.                 | Supaul           | Spl. Division Supaul     | 37                           | 95.00                         | 9.50 (1 yr)         |
|                    |                  | Zila Parishad Supaul     | 04                           | 202.00                        | 21.11 (1 yr)        |
| <b>Total</b>       |                  |                          | <b>115</b>                   | <b>2152.02</b>                | <b>283.37</b>       |
| <b>Grand Total</b> |                  |                          | <b>236</b>                   | <b>4302.37</b>                | <b>1081.31</b>      |

## APPENDIX - XLIII

(Refer: Paragraph 3.4.11, Page-96)

*Statement of loss due to non-sale of empty gunny bags by the departmental authorities.*

| Sl. No. | Name of District | Name of Scheme | Year                      | Total Distributed Foodgrain in Quintal | Total no. of Bags @ 2 bags in 1 Quintal | Value of Empty Bags @ Rs 6 per Bag (Rs in lakh)  |
|---------|------------------|----------------|---------------------------|--|---|--|
| 1       | Nalanda          | SGRY           | <u>2002-03</u><br>2005-06 | 3,66,800.60                            | 7,33,601                                | 44,01,606 or<br><b>44.02</b>                     |
| 2       | Madhubani        | SGRY           | <u>2002-03</u><br>2005-06 | 2,51,480.00                            | 5,88,688                                | 35,32,128 or<br><b>35.32</b>                     |
|         |                  | NFFWP          | 2004-05                   | 42,864.00                              |   |  |
| 3       | Muzaffarpur      | SGRY           | <u>2004-05</u><br>2005-06 | 5,10,326.00                            | 10,20,652                               | 61,23,912  |
|         |                  | NFFWP          |                           | 1,67,640.00                            | 3,35,280                                | <u>20,11,680</u><br>81,35,592 or<br><b>81.36</b> |
| 4       | Munger           | SGRY           | 2002-03                   | 1,535.30                               |   |  |
|         |                  | SGRY           | 2003-04                   | 94,360.00                              |   |  |
|         |                  | SGRY           | 2005-06                   | 57,694.46                              | 5,27,032                                | 31,62,186 or <b>31.62</b>                        |
|         |                  | NFFWP          | 2005-06                   | 35,320.30                              |   |  |
|         |                  |                | 2006-07                   | 74,606.00                              |   |  |
| 5       | Katihar          | SGRY           | <u>2001-02</u><br>2005-06 | 3,21,566.12                            | 9,33,358                                | 56,00,148 or <b>56.00</b>                        |
|         |                  | NFFWP          | <u>2004-05</u><br>2005-06 | 1,45,112.96                            |   |  |
| 6       | Samastipur       | SGRY           | <u>2001-02</u><br>2005-06 | 3,15,871.24                            | 10,14,476                               | 60,86,856 or <b>60.87</b>                        |
|         |                  | NFFWP          | <u>2004-05</u><br>2005-06 | 1,91,366.93                            |   |  |
| 7       | Darbhanga        | SGRY           | <u>2001-02</u><br>2005-06 | 3,97,024.00                            | 9,86,048                                | 59,16,288 or <b>59.16</b>                        |
|         |                  | NFFWP          | <u>2004-05</u><br>2005-06 | 96,000.00                              |   |  |
| 8       | Gaya             | SGRY           | 2004-05                   | 2,272                                  | 4,544                                   | <b>0.27</b>                                      |
| 9       | Supaul           | SGRY           | <u>2003-04</u><br>2004-05 | 56,069.00                              | 1,35,962                                | <b>8.16</b>                                      |
|         |                  | NFFWP          | 2004-05                   | 11,912.00                              |   |  |
|         | <b>Total</b>     |                |                           | <b>31,39,820.91</b>                    | <b>62,79,641</b>                        | <b>376.78</b>                                    |

**APPENDIX - XLIV**

(Refer: Paragraph 3.4.16, Page-98)

**Persistent irregularities pointed out in Audit Report (Civil) for the year ended 31 March 2001**

| Sl. No. | Heading   | Gist of para   | PAC recommendation/action proposed by the Government   | Current status 2002-07   |
|---------|---|--|--|--|
| 1.      | <b>Unutilised funds.</b>                                    | During 1992-99, total unutilised funds under JRY, MWS and EAS was 8, 15 and 4 per cent respectively.   | The Govt. memorandum has not been submitted during PAC discussion. The PAC recommended that in absence of Govt. memorandum, the objection raised in review is correct and after taking appropriate action against the guilty officials, report would be sent to PAC in three months. | Unutilised funds ranged between 16 and 71 per cent under SGRY and NFFWP during 2002-07 as against the limit of 15 per cent.  |
| 2.      | <b>Diversion of fund.</b>                                   | Nine DRDAs diverted Rs 10.28 crore of JRY, EAS and MWS on other works of these Rs 9.34 crore remained unrecovered causing loss of interest of Rs 95.47 lakh till March 1999. |  | Two DRDAs, 2 BDOs and one ZP diverted Rs 2.05 crore of SGRY and NREGS fund on other works. The whole funds unrecovered as of August 2007 causing loss of interest of Rs 0.41 crore till August 2007. |
| 3.      | <b>Unauthorised Transfer of fund</b>                        | Nine DRDAs transferred to other offices Rs 1.28 crore of JRY and EAS fund to meet their contingent Expenditure.  |  | Four DRDAs unauthorisedly transferred Rs 47.44 lakh of NFFWP and NREGS fund to other offices.  |
| 4.      | <b>Misutilization of fund.</b>                              | Ten DRDAs misutilised Rs 1.54 crore of JRY and EAS fund.   |  | Seven DRDAs misutilized Rs 1.00 crore of SGRY, NFFWP and NREGS fund.   |
| 5.      | <b>Loss of Interest by keeping the fund in currant A/c.</b> | 10 BDOs and one DFO operated current A/c for JRY and EAS fund resulting in loss of interest of Rs 109.22 lakh as of March '99.   |  | One BDO, one ZP and one Spl. Division operated current A/c for SGRY and NFFWP fund resulting loss of interest of Rs 0.17 crore as on March '07.  |
| 6.      | <b>Non-credit of Interest in Cash Book.</b>                 | One DRDA and one BDO did not credit interest of Rs 138.75 lakh in cash book earned during 1992-98 under JRY and EAS.   |  | Interest amounting to Rs 4.07 lakh earned during 9/05 to 2/07 under SGRY and NREGS not taken in Cash Book of 3 Blocks  |
| 7.      | <b>Works executed without inclusion in AAP.</b>             | Two DRDAs advanced Rs 72.51 lakh for work which was not included in AAP under EAS and JRY.   |  | Two ZPs, one BDO and one Spl. Division executed 293 works under SGRY and NREGS valued Rs 9.41 crore without including in AAP   |

| Sl. No. | Heading   | Gist of para   | PAC recommendation/action proposed by the Government | Current status 2002-07  |
|---------|---|--|--|---|
| 8.      | <b>Non-reimbursement of Sales Tax and Marketing fees.</b> | Two DRDAs did not initiate action as of May 1999 to obtain reimbursement of Sales Tax and Bazar Samittee tax of Rs 20.37 lakh paid during 1992-97.   |  | Rs 24.87 crore was paid towards Sales tax and marketing fees in 8 DRDAs during 2002-06.   |
| 9.      | <b>Fictitious reports on generation of employment</b>     | The achievements of generation of employment under JRY as indicated by the State in their reports sent to GOI during 1989-99 were not based on actual MR payments. Division of wage component by units of daily minimum wage would work out generation of employment as 6296.97 lakh mandays while the achievement shown by the State was 8524.31 lakh mandays during 1989-99. |  | Generation of mandays under NREGS during 2006-07 in nine district and expenditure there against was not based on actual calculation. Division of expenditure on unskilled labour by units of daily minimum wage would work out generation of employment as 311.65 lakh mandays while the achievements shown by the State was 318.18 lakh mandays. |
| 10.     | <b>Women employment were less than 30 per cent</b>        | Women beneficiary were 16 to 28 per cent only during 1989-99 under JRY.  |  | Employment to women ranged between 17 to 28 percent during 2002-07 under SGRY, NFFWP and NREGS.   |
| 11.     | <b>Inventory of assets/Asset register not maintained</b>  | The inventory of asset was not maintained at the State, District, Block and Panchayat levels   |  | Asset register was not maintained at the State, District, Block and Gram Panchayat level.   |
| 12.     | <b>Wasteful expenditure on abandoned work.</b>            | In six districts a large no. of work (349) taken up under JRY and EAS involving expenditure of Rs 1.77 crore was abandoned.  |  | Wasteful expenditure of Rs 8.93 crore was incurred on 600 works under SGRY and NFFWP was abandoned in 5 districts during 2002-06.   |
| 13.     | <b>Huge expenditure on incomplete work.</b>               | In six districts 651 works were taken up under JRY and EAS during 1992-97 remained incomplete as of June 1999 after incurring expenditure of Rs 778.39 lakh.   |  | 2918 work taken up during 2002-06 remained incomplete in nine districts after incurring expenditure of Rs 53.15 crore as of August 2007.  |
| 14.     | <b>Payment on fake and fictitious Muster Roll.</b>        | In 907 Muster Rolls for payment of Rs 80.32 lakh relating to the year 1993-99 of 19 blocks of 5 districts revealed that payment of wages was fictitious on fake muster rolls under JRY and EAS.  |  | In respect of 88 works under SGRY, NFFWP and NREGS in nine districts Rs 19.81 lakh was paid as wages to the fake labourers on muster rolls during 2003-06.  |

| Sl. No. | Heading                                | Gist of para  | PAC recommendation/action proposed by the Government | Current status 2002-07  |
|---------|--|---|--|---|
| 15.     | <b>Payment of wages at lower rate.</b> | In five blocks payment of wages for Rs 5.91 lakh was made during 1996-99 at the rates lower than minimum wage rates prescribed by the State from time to time against admissible payment of Rs 7.59 lakh.   |  | 40 muster rolls in 3 districts disclosed that payment of Rs 26.30 lakh was made for 38769 mandays under SGRY, NFFWP and NREGS during 2006-07 against admissible payment of Rs 29.08 lakh. |
| 16.     | <b>High priority work neglected.</b>   | The norm of priority was not followed in sanction of works during 1993-99. According to prioritised earmarking of funds under EAS rural link roads were to be constructed under the scheme. On the contrary entire expenditure was incurred on improvement, repair and maintenance of existing rural roads. |  | Under NREGS scheme on rural connectivity has been emphasised violating the norms of guidelines in which water conservation scheme should be given priority.                               |



## APPENDIX - XLV

(Refer: Paragraph 3.5.15, Page-108)

### *Persistent irregularities pointed out in Audit Report (Civil) for the year ended 31 March 2001*

| Sl. No. | Heading                        | Gist of Para   | PAC recommendation/<br>action proposed<br>by Govt.   | Current status 2002-07  |
|---------|--------------------------------|--|--|---|
| 1       | Programme achievement          | 5100 NC & 16000 PC habitation as on April 97 in the State.   | No action was taken on the Audit Report. The matter was not discussed by the Public Account Committee as of Oct-2007 because the matter related to the pre bifurcated Bihar State. | 18486 NC and 36850 PC habitation as on March 2007.  |
|         |                                | Implementation of the scheme lacked planning   |  | No annual action plan prepared by the department during 2002-07.  |
| 2.      | Financial outlay & expenditure | GOI released only 12 per cent of its total allocation out of which 42 per cent could not be utilized.  |  | GOI released 73 per cent of its total allocation out of which 21 per cent could not be utilized.  |
| 3.      | Physical progress              | Shortfall in achievement of sinking of HP ranged from 4 per cent to 54 per cent during 1997-2001.  |  | Shortfall in achievement of sinking of HP was 43 per cent in State and 65 per cent in test checked during 2005-07.  |
| 4.      | Execution of works             | Test check disclosed 6 pipe water supply scheme with an expenditure of Rs 78.87 lakh remained incomplete as of March 2001.                         |  | Test check disclosed that 46 schemes with an expenditure of Rs 25.35 crore remained incomplete for a period of one to three years as of March 2007.                                     |
|         |                                | Test check disclosed that 324 pipe water supply scheme were non functional for more than five years due to electrical mechanical and civil faults. |  | Test check disclosed that out of ten completed schemes four were non functional due to non energisation and five schemes failed to provide potable water in the absence of chlorinator. |
|         |                                | Irregular payment on Hand Receipts -Rs 50.07 lakh.   |  | Irregular payment on HRs Rs 10.54 crore.  |

| Sl. No. | Heading                    | Gist of Para  | PAC recommendation/ action proposed by Govt. | Current status 2002-07   |
|---------|----------------------------|---|--|--|
| 5.      | Water testing laboratories | Out of 14 divisions, laboratory was available in one division. Water testing of chemical & bacteriological problem not available. Supply of safe drinking water free from iron content not ensured. |  | Out of 38 divisions laboratories were available in 14 divisions. Chemical & biological problem in water not addressed. |
| 6.      | Material management        | Blockage of materials Rs 45.18 lakh due to excess purchase of material than required.   |  | Blockage of materials Rs 15.03 crore due to non-purchase of all materials to hand pumps.                               |
| 7.      | Monitoring & evaluation    | Ineffective monitoring mechanism. Impact of drinking water supply scheme on targeted group was not made by the department.  |  | Lack of co-ordination among planning, monitoring, purchase, budgeting and implementation unit of the department.       |

