



**Report of the
Comptroller and Auditor General of India
on
Public Sector Undertakings
for the year ended 31 March 2017**



Government of Bihar
Report No. 1 of the year 2018

Laid before the State Legislature on

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Comptroller and Auditor General of India
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Preface

This Report contains results of the Performance Audit on Bihar State Building Construction Corporation Ltd. (BSBCCL), Audit on Development of Educational Infrastructure by Bihar State Educational Infrastructure Development Corporation Ltd. (BSEIDCL) and eight audit paragraphs based on Compliance Audit of 13 PSUs.

The accounts of Government Companies are audited by the Comptroller and Auditor General of India (CAG) under the provisions of Section 139 and 143 of the Companies Act, 2013. The accounts certified by the Statutory Auditors (Chartered Accountants), appointed by the Comptroller and Auditor General under the Companies Act, are subject to supplementary audit by the CAG, and the CAG gives his comments or supplements the reports of the Statutory Auditors.

CAG conducts audit of the three Statutory corporations under Section 19 (2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. CAG is the sole Auditor for Bihar State Road Transport Corporation as per the Road Transport Corporation Act, 1950. As per the State Financial Corporations Act, 1951, CAG has the right to conduct the audit of accounts of Bihar State Financial Corporation in addition to the audit conducted by the Chartered Accountants, appointed by the Corporation. In respect of Bihar State Warehousing Corporation, CAG has the right to conduct the audit of their accounts as per the State Warehousing Corporations Act, 1962 in addition to the audit conducted by the Chartered Accountants, appointed by the State Government.

Reports in relation to the accounts of a Government company or corporation are submitted to the Government by CAG for laying before State Legislature of Bihar under the provisions of Section 19-A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

This Report highlights the following:

1. Out of the 74 Public Sector Undertakings (PSUs) in Bihar, 65 PSUs had arrears in accounts ranging from 1977-78 onwards. Delays/non preparation of accounts are fraught with risk of misrepresentation of facts, fraud and misappropriation.
2. The 18 PSUs that had finalised their accounts in the last three years had an average negative Return on Investment of 6.14 *per cent* against average borrowing cost of 8.49 *per cent* resulting in total loss to the public exchequer of ₹ 1,159.75 crore in the past three years alone. The loss on account of the remaining 56 PSUs whose accounts have not been finalised cannot be estimated.
3. The basis on which the State Government extended without accounts, budgetary support of ₹ 4,431.54 crore to seven working PSUs and ₹ 1,007.23 crore to 10 non-working PSUs is not clear.

4. The shortcomings in three government companies and one corporation are so serious that the CAG has declined to give an opinion on their accounts.
5. The State government has not completed the apportionment of assets and liabilities of seven PSUs even 17 years after the reorganization of the erstwhile state of Bihar.
6. Discoms substantially achieved their financial targets, but failed to achieve performance targets under Ujjwal Discom Assurance Yojna (UDAY).
7. The Bihar State Building Construction Corporation Limited with projects amounting to ₹ 3,371.99 crore in the last five years does not have a full time Managing Director since inception (except once), and does not have an Internal Audit wing and Chief Vigilance Officer. These defects resulted in inordinate delays and shortcomings at all stages of planning and execution. Similar delays and shortcomings were noticed in the audit of the Bihar State Educational Infrastructure Development Corporation Limited.
8. Instances of collusion in contracts valued at ₹ 285.81 crore, loss of bank interest of ₹ 5.43 crore, unnecessary payment of fine, consulting fee, and gifts totaling ₹ 53.77 crore, avoidable payment of ₹ 1.07 crore as interest on Income Tax, loss of ₹ 61.70 crore due to inappropriate revision of Power Purchase Agreement, loss of ₹ 5.24 crore on wrong application of tariff rates and failure to remit to government compounding charges of ₹ 2.04 crore have been reported.

The Audit has been conducted in conformity with the Regulations on Audit and Accounts and the Auditing Standards issued by the CAG of India.

OVERVIEW

OVERVIEW

This Report contains the following chapters:

- Chapter-1:** General information on functioning of State Public Sector Undertakings (PSUs),
- Chapter-2:** Performance Audit of Bihar State Building Construction Corporation Ltd., and, Audit on Development of Educational Infrastructure by Bihar State Educational Infrastructure Development Corporation Ltd.
- Chapter-3:** Eight Compliance Audit Paragraphs on PSUs.

The total financial impact of Audit findings is ₹ 370.25 crore.

1. Functioning of State Public Sector Undertakings

As on 31 March 2017, there are 74 PSUs in Bihar, of which only 27 Government companies and three Statutory corporations are working. The remaining 44 non-working PSUs are all Government companies.

Out of 74 PSUs, only 18 PSUs finalised their accounts in the last three years, and 65 PSUs had arrears in accounts ranging from 1977-78 onwards. Delays/non preparation of accounts are fraught with risk of misrepresentation of facts, fraud and misappropriation.

As per the latest finalised accounts of these 18 PSUs, 10 PSUs earned profit of ₹ 278.18 crore, seven PSUs incurred loss of ₹ 1,437.93 crore, and the remaining one PSU is a holding Company functioning on no profit no loss basis. These PSUs registered a turnover of ₹ 11,277.70 crore.

The 18 PSUs generated an average negative Return on Investment of 6.14 *per cent* on the investments made by the State Government. This remained well below the average cost of borrowings of 8.49 *per cent* during 2014-15 to 2016-17. Thus, the loss to the public exchequer as a result of the investment in the 18 PSUs that had finalized their accounts in the past three years amounted to ₹ 1,159.75 crore. The loss, if any, incurred by the remaining 56 PSUs who have not finalized their accounts could not be assessed.

(Paragraphs 1.1 and 1.9)

Investment in State PSUs

As on 31 March 2017, the investment (Capital and Long Term loans) in 74 PSUs was ₹ 53,891.59 crore. The thrust of the State government investment in PSUs during the last five years was in the Power sector (₹ 39,492.32 crore) consequent to the unbundling of the erstwhile Bihar State Electricity Board (BSEB) into five companies in 2012.

(Paragraphs 1.5 and 1.6)

Arrears in finalisation of accounts

The Companies Act 2013 stipulates that the annual financial statements of companies are to be finalized within six months from the end of the relevant financial year i.e., by September end. Failure to do so may attract penal provisions, under which every officer of the defaulting company shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than fifty thousand rupees but which may extend to ₹ five lakh, or with both.

Out of 30 working PSUs, only nine PSUs finalised their accounts for the year 2016-17 while 21 PSUs had arrears of 142 accounts as of 31 December 2017 with the extent of arrears ranging from one to 23 years. Out of 44 non-working PSUs, five PSUs were in the process of liquidation and the remaining 39 PSUs had arrears of 1,029 accounts for one to 40 years. The State Government had extended budgetary support (Equity, Loans, Grants and Subsidy to consumers, etc.) of ₹ 4,476.54 crore to 10 working PSUs, during the period their accounts were in arrears, out of which ₹ 2,467.06 crore was extended to seven working PSUs, whose accounts were in arrears for more than three years during 2014-17. The State Government has not formulated any dividend policy for PSUs. Out of 10 PSUs which earned profit during 2014-17, only two PSUs proposed dividend of ₹ 4.05 crore as per their latest finalised accounts.

(Paragraphs 1.9, 1.10, 1.11 and 1.15)

Placement of Separate Audit Reports

Separate Audit Reports (SARs) of one to 32 years of three corporations were not placed in the State Legislature. This weakens legislative control over Statutory corporations and dilutes the latter's financial accountability.

The lack of financial accountability in the Bihar State Road Transport Corporation (BSRTC) is so serious that the CAG has refused to provide an opinion on the accounts of the BSRTC for 2003-04 to 2005-06 when they were finalised during May 2014 to September 2015. The State Government has provided loans of ₹ 775.01 crore to BSRTC during 2006-17 when its accounts were in arrears and there was no possibility of evaluating the financial capability of the corporation. Further, BSRTC has neither paid back loan amount of ₹ 775.01 crore nor paid interest dues of ₹ 407.63 crore from 2010-11.

(Paragraph 1.12)

Winding up of non-working PSUs

Out of 44 non-working PSUs, five PSUs¹ have commenced liquidation process in the last five to 18 years, which are pending with the official liquidator, High Courts Patna and Ranchi. Further, the State government has issued orders to initiate liquidation of 12 PSUs, but final action by the concerned authority is still pending.

(Paragraph 1.17)

Accounts Comments

The quality of accounts of companies needs improvement. The Statutory Auditors had given qualified certificates for 52 accounts finalised by 25 companies. Compliance to the Accounting Standards by the companies remained poor as there were 85 instances in 19 accounts of 12 companies where there was no compliance with the Accounting Standards. Further, CAG also has declined to give an opinion

¹ Kumardhubi Metal Casting and Engineering Limited, Bihar State Leather Industries Development Corporation Limited, Bihar State Finished Leathers Corporation Limited, Bihar State Small Industries Corporation Limited and Bihar State Export Corporation Limited.

in view of the serious shortcomings in the functioning of three companies², whose accounts were finalised in 2016-17.

(Paragraph 1.18)

Follow-up action on Audit Reports

In terms of extant instructions, Administrative departments were required to submit replies/explanatory notes to audit paragraphs/performance audits included in the Audit Reports of the CAG of India within a period of three months of their presentation to the Legislature. It was observed, however, that out of 77 audit paragraphs/performance audits, explanatory notes to 47 paragraphs/ performance audits in respect of 15 departments, which were placed in the State Legislature during the last five years, were still awaited (December 2017).

(Paragraph 1.20)

Restructuring of PSUs

Consequent to the reorganization of the erstwhile Bihar State into the states of Bihar and Jharkhand w.e.f. 15 November 2000, it was decided (September 2005) to divide the assets and liabilities of the then existing 12 PSUs. This exercise, has, however, been completed only in respect of five PSUs as of December 2017.

(Paragraph 1.23)

Reforms in Power Sector under Ujjwal Discom Assurance Yojna (UDAY)

Memoranda of Understanding were signed (February 2016) between Ministry of Power, GoI, Government of Bihar and the two State DISCOMs viz., South Bihar Power Distribution Company Limited and North Bihar Power Distribution Company Limited for implementation of the scheme with identified financial and operational targets. While the financial targets have been achieved, the achievement of operational targets by both the DISCOMs especially in rural areas, was far from satisfactory.

(Paragraph 1.24)

Summary of recommendations

- **Since the continued existence of loss making and non-working PSUs constitute a substantial drain on the public exchequer, the State Government may review (i) the functioning of all loss making PSUs and (ii) status of non-working PSUs to initiate/ expedite the process of their winding up.**
- **The Finance Department and the concerned administrative departments should ensure that the State PSUs take immediate action to make their accounts current, so that the directors of these PSUs do not continue to fall foul of the Companies Act and the relevant Acts governing State Statutory corporations.**

² Bihar State Food and Civil Supplies Corporation Limited for the year 1991-92 to 1993-94, Bihar State Agro Industries Development Corporation Limited for the year 2008-09 to 2015-16 and Bihar State Construction Corporation Limited for the year 2000-01 to 2002-03.

- **The Finance Department and the concerned administrative departments should initiate steps to ensure that budgetary support is extended only to such PSUs whose accounts are current.**
- **The Finance Department should ensure that the SARs of the Statutory corporations are placed in the Legislature immediately, and no further budgetary support is extended to these corporations till this is done.**
- **The Finance Department may review the working of BSRTC where the CAG had declined to give an opinion on the accounts of the corporation.**
- **The Finance Department and the concerned administrative departments may review the working of the 25 companies where the Statutory Auditors had given qualified comments, and the three companies where the CAG had declined to give an opinion.**
- **The Finance Department may formulate dividend policy for payment of specified dividend on equity invested in profit making PSUs as per practice of Governments of Uttar Pradesh (five per cent of equity capital) and Madhya Pradesh (20 per cent of profit after tax).**

2.1 Performance Audit on Bihar State Building Construction Corporation Limited

Bihar State Building Construction Corporation Limited (Company) functions under the administrative control of the Building Construction Department, Government of Bihar (GoB). The Company executed through sub-contractors, construction projects for 27 user departments/ PSUs/agencies of GoB. During 2012-17, the Company undertook works valued at ₹ 3,371.99 crore and completed works valued at ₹ 1,692.44 crore.

Audit findings on the performance of the Company are as under :

Human Resource Management

The Company does not have a full time Managing Director (except once) since inception in 2010. Against sanctioned strength of 428, the actual manpower available as on March 2017 was only 132, due to advertisement of vacancies in piece-meal instead of in a consolidated manner. These vacancies adversely impacted the implementation of the schemes and led to uneven distribution/non-rationalisation of work load.

(Paragraph 2.1.5)

Financial Management

Reserves and Surplus, which grew from (-) ₹ 0.03 crore in 2012-13 to ₹ 57.39 crore in 2016-17, included an irregular amount of ₹ 47.52 crore booked towards centage charges without approval from two user departments.

(Paragraph 2.1.6)

During 2012-14, the Company surrendered ₹ 181.92 crore as the works could not be executed in the initial years of the Company.

(Paragraph 2.1.7)

The Company utilised ₹ 55.44 crore of its own funds in various projects and failed to claim interest of ₹ 4.55 crore from user departments.

(Paragraph 2.1.8)

Project Management

Planning

Out of 699 works test checked, 361 works suffered from various delays ranging from one month to 21 months in commencement of the work. The reasons for delay included non-setting up of timelines for various stages of planning process, which resulted in procedural delays in preparation of estimates, delay in according technical sanctions, delay in inviting tenders, etc.

(Paragraph 2.1.13)

The Company, without obtaining administrative approval from the user department or approval of Board of Directors, and reportedly on verbal instructions of the user department, ordered construction of seven pre-fabricated godowns. Due to shortage of funds, the works stopped after April 2016 after incurring expenditure of ₹ 1.28 crore.

(Paragraph 2.1.14)

The consultant wrongly included Central Excise duty in the estimates of 101 Buniyad Kendras, though duty exemptions were available for such World Bank aided projects. As a result, the Company failed to avail Central Excise duty exemption of ₹ 5.25 crore.

(Paragraph 2.1.16)

Tendering

In violation of the Bihar Financial Rules, the Company, without inviting tenders, awarded on nomination basis, additional works worth ₹ 19.48 crore in 88 works, each valued above ₹ 10 lakh, to the same contractor who had executed the original works.

(Paragraph 2.1.18)

The Company awarded five contracts for construction of 60 pre-fabricated godowns at a cost of ₹ 125.66 crore on the basis of an ineligible experience certificate furnished by the bidder.

(Paragraph 2.1.19)

While assessing bid capacity, the Company failed to reduce the value of existing works of a contractor as per requirements of Standard Bidding Document (SBD). Consequently, the contractor with insufficient bid capacity, was awarded the work of construction of nine pre-fabricated godowns at a cost of ₹ 34.41 crore. The contractor failed to complete any of the nine godowns.

(Paragraph 2.1.20)

The Company failed to obtain No Objection Certificate (NOC) from the local administration before award of work of construction of eight godowns at a cost of ₹ 22.12 crore. Consequently, the work could not be started even after delay of nine to 26 months of award of tender.

(Paragraph 2.1.21)

Project Execution

Completion of 215 godowns, 75 Community Health Centres (CHCs) and 42 other works were delayed by one to 33 months. Further, 111 godowns, 11 CHCs and 41 other works were incomplete even after delay of one to 36 months, due to non-availability of dispute free land and slow execution of works. Consequently,

- delay in utilisation of 326 godowns with storage capacity of 6,82,950 MT resulted in payment of avoidable rent of ₹ 9.72 crore on hired godowns during 2014-17.
- delay in completion of 86 CHCs delayed the intended objective of providing improved health care facilities.

(Paragraph 2.1.24)

Due to delay of one to 30 months in handing over of 84 godowns and failure to hand over (by 12 to 33 months) six completed godowns, the user (Bihar State Food and Civil Supplies Corporation Limited) incurred avoidable rent of ₹ 76.95 lakh on hired godowns during 2014-17.

Due to delay of one to 22 months in handing over 40 CHCs and non-handing over of six CHCs by three to 18 months, the benefits of improved healthcare facilities were delayed.

(Paragraph 2.1.25)

In two agreements, Company paid carriage to the contractors at the rates applicable for the longer distance rather than the actual distance which resulted in excess payment of ₹ 5.37 crore. In 358 cases, though the contractors did not submit the requisite forms as proof of transportation of stone chips and coarse sand, the Company approved payment of carriage of ₹ 50.43 crore to the contractors.

(Paragraphs 2.1.27 and 2.1.28)

Summary of recommendations

- **The Company should appoint full time Managing Director.**
- **The Company should review its present HR structure to analyse whether it meets the Company's role, to abolish unnecessary posts, and to devise and operate a leaner and more effective organisation.**
- **The Company should exercise due diligence in management of its funds.**
- **The Company should adhere to the timelines for various planning activities.**
- **The Company should commence the execution of works only after getting administrative approval of the user departments.**
- **The Company may consider establishing a dedicated cell within the Technical Wing for scrutiny of estimates prepared by consultants.**
- **The Company should invite open tenders for all works valued above ₹ 10 lakh as per BFR.**
- **Tenders should be finalised on the basis of terms and conditions of the SBD and directions of Government.**

- **The Company should obtain NOCs from concerned authorities before inviting tenders for execution.**
- **The Company should strengthen monitoring and supervision of performance of contractors and ensure completion of all delayed projects on priority by removing hindrances, if any.**
- **The Company should ensure timely handing over of completed works.**
- **The Company should assess shortest possible distance for payment of carriage charges in the estimate itself to avoid extra payment.**

2.2 Audit on Development of Educational Infrastructure by Bihar State Educational Infrastructure Development Corporation Limited

Bihar State Educational Infrastructure Development Corporation Limited (Company) constructs and maintains all types of government educational infrastructures in Bihar. During 2012-17, the Company undertook 60 projects/schemes including 5,082 works at a sanctioned cost of ₹ 6,196.61 crore and as of March 2017, an expenditure of ₹ 3,617.06 crore (58.37 percent) was incurred.

Audit findings on the performance of the Company during 2012-17 are as under:

Financial Management

The total profit of the Company during 2012-13 to 2015-16 increased significantly from ₹ 5.24 crore to ₹ 70.51 crore. However, the profitability of the Company declined in the year 2016-17 to ₹ 22.96 crore which was mainly attributable to slow execution of works and reduction in centage rates by the State Government with effect from January 2016.

The Company failed to safeguard its financial interests by keeping its large surplus funds ranging from ₹ 293.84 crore to ₹ 866.32 crore in savings accounts without opting for available auto sweep facility. This resulted in loss of interest income of ₹ 62.30 crore to the project fund during 2012-17.

The Company belatedly paid service tax for the period April 2015 to September 2016 resulting in creation of undue liability of ₹ one crore as interest.

(Paragraphs 2.2.5 and 2.2.6)

Planning

Due to delay in securing dispute free land from various state authorities/user departments, the Company could not initiate construction of 240 works under seven different schemes even after a delay of 16 to 73 months from the date of administrative approval.

The Company failed to include furniture and other essential amenities, in the estimates of 297 model schools. In the case of 71 model schools, construction could not be initiated due to non-availability of land. Consequently, the Model School Scheme failed in its entirety, depriving educational benefits under the scheme even after incurring an expenditure of ₹ 555.69 crore.

(Paragraphs 2.2.10 to 2.2.11)

Project Execution

Selection of a contractor with fictitious bid capacity resulted in extension of undue benefit to the contractor and unfruitful expenditure of ₹ 36.82 crore.

(Paragraph 2.2.16)

Though the Company rescinded six works valued at ₹ 9.08 crore due to slow progress of work, Performance Bank Guarantees (PBGs) worth ₹ 59.68 lakh could not be encashed due to failure of the Company to ensure their timely renewal. Further, in 36 works, PBGs valued at ₹ 2.91 crore, the Company failed to renew PBGs on time despite non-completion of these works.

(Paragraph 2.2.17)

The Company failed to monitor the progress of six works and rescinded the contracts due to slow progress after a lapse of four years. Besides, two works were abandoned midway after the authorities stopped construction on non-encumbrance free sites. As a result, expenditure of ₹ 3.10 crore incurred on these eight works became unfruitful.

(Paragraph 2.2.18)

The Company failed to consider the available individual rate component of pile work of 500 mm dia in Building Construction Department Schedule of Rates (SoR), resulting in avoidable excess payment of ₹ 3.72 crore to the contractor.

(Paragraph 2.2.19)

The Company failed to adhere to Codal Provisions (Bihar Public Works Department Code, Contractors Registration Rules, 2012 and Standard Bidding Document) in 59 works resulting in irregular payment/release of ₹ 5.93 crore.

(Paragraph 2.2.20)

Summary of recommendations

- **The Company should exercise due diligence in management of its funds by faster execution of works, use of auto sweep facilities (instead of depositing in saving bank accounts), and paying taxes in time.**
- **The State Government and the Company should ensure that designs and work estimates are finalized only after obtaining NOC from the local administration.**
- **The State Government may frame measures to cross verify all submissions by bidders and to blacklist and criminally prosecute bidders and their associates who furnish fraudulent documents.**
- **The Company should ensure timely renewal of PBGs.**
- **The Company should ensure availability of encumbrance free site before commencing the work and should take timely action against errant contractors.**
- **The Company should ensure adoption of appropriate rate for labour and material as per Bihar SoR.**
- **The Company should ensure compliance with codal provisions and applicable laws.**

3. Compliance audit observations

Gist of some of the important compliance audit paragraphs are given below:

Bihar State Food and Civil Supplies Corporation Limited irregularly awarded contracts valued at ₹ 128.45 crore and ₹ 157.36 crore to supplier, accepted the consignments without prescribed quality checks, short collected ₹ 10.72 crore as security deposits from the supplier, irregularly released ₹ 15.75 crore against supply of inferior quality of gunny bags despite clear orders to withhold payment, awarded contract for the second year to the same supplier despite being aware that the goods supplied in the first year were under investigation for poor quality, and disobeyed orders to blacklist the supplier.

(Paragraph 3.1)

Failure of **Bihar State Medical Services and Infrastructure Corporation Limited** to monitor its bank deposits resulted in loss of opportunity to earn interest of ₹ 5.43 crore.

(Paragraph 3.2)

Bihar State Text Book Publishing Corporation Limited unnecessarily renewed the services of a consultant for three years paying ₹ 1.08 crore, even though the consultant had already given its report, which the Company failed to act on, rendering infructuous the entire expenditure of ₹ 1.44 crore over the four years. Failure to act on the recommendations of the consultant also resulted in avoidable payment of penalty of ₹ 50.27 crore.

(Paragraph 3.3)

Inappropriate action of **Bihar State Power (Holding) Company Limited** in revision of Power Purchase Agreement resulted in loss of ₹ 61.70 crore.

(Paragraph 3.6)

Incorrect categorisation of consumers and billing thereof at a lower rate by **North Bihar Power Distribution Company Limited** resulted in loss of revenue of ₹ 5.24 crore.

(Paragraph 3.7)

CHAPTER-1

FUNCTIONING OF STATE PUBLIC SECTOR UNDERTAKINGS

CHAPTER-1

1. Functioning of State Public Sector Undertakings

Introduction

1.1 As on 31 March 2017, there were 74 State Public Sector Undertakings (PSUs) comprising State Government companies and Statutory corporations in Bihar (*Annexure-1.1*) as depicted below:

Table No. 1.1 : Number of PSUs as on 31 March 2017

Type of PSUs	Working PSUs	Non-working PSUs ¹	Total
Government companies ²	27	44	71
Statutory corporations	3	-	3
Total	30	44	74

Out of 30 working PSUs and 44 non-working PSUs, only 16 working PSUs and two non-working PSUs³ had finalised their accounts for the years 2014-15 to 2016-17 as on 31 December 2017 (*Annexure-1.2*). As per the latest finalised accounts of these 18 PSUs, 10 PSUs earned profit of ₹ 278.18 crore⁴, seven PSUs incurred loss of ₹ 1,437.93 crore⁵, and the remaining one⁶ PSU had no profit or loss. These PSUs registered a turnover of ₹ 11,277.70 crore as per their latest finalized accounts as of 31 December 2017.

The 18 PSUs generated an average negative Return on Investment (RoI) of 6.14 *per cent* on the investment made by the State Government. This remained well below the average cost of borrowings of 8.49 *per cent* during 2014-15 to 2016-17. Thus, the approximate loss to the public exchequer as a result of the investment in the 18 PSUs that had finalized their accounts in the past three years amounted to ₹ 1,159.75 crore. The loss, if any, incurred by the remaining 56 PSUs who have not finalised their accounts could not be assessed.

As on 31 March 2017, the State PSUs had 16,533 employees (15,751 in 28 working PSUs and 782 in 20 non-working PSUs). The non-working PSUs have had no activity for more than three years and had an investment of ₹ 751.06 crore.

Recommendation

Since the continued existence of loss making and non-working PSUs constitute a substantial drain on the public exchequer, the State Government may review (i) the functioning of all loss making PSUs and

¹ PSUs which have had no operational activities for more than last three years.

² Companies referred to in Sections 2(45), 139(5) and 139 (7) of the Companies Act, 2013.

³ Bihar Agro Industries Development Corporation Limited and SCADA Agro Business Company Limited, which have furnished accounts upto 2015-16 and 2014-15 respectively.

⁴ Sl. No. A7, A8, A10, A11, A12, A13, A17, A20, A23 and C2 of *Annexure -1.1*.

⁵ Sl. No. A5, A16, A18, A19, A26, B1 and C6 of *Annexure -1.1*.

⁶ Bihar State Power (Holding) Company Limited, the expenditure of which is entirely reimbursed by its subsidiary companies on whose behalf it functions.

(ii) status of non-working PSUs to initiate/ expedite the process of their winding up.

Accountability framework

1.2 Section 139 and 143 of the Companies Act, 2013 (Act) applies to audit of Government companies. The Comptroller and Auditor General of India (CAG) appoints Chartered Accountants (CAs) as Statutory Auditors and conducts supplementary audit of these companies.

Audit of Statutory corporations is governed by their respective legislations as detailed below in table no 1.2:

Table No. 1.2 Legislations governing audit of Statutory corporations			
Sl. No.	Name of Corporation	Authority for audit by the CAG	Audit arrangement
1	Bihar State Road Transport Corporation	Section 33(2) of the Road Transport Corporations Act, 1950	Sole audit by CAG
2	Bihar State Financial Corporation	Section 37(6) of the State Financial Corporations Act, 1951	Audit by CAs and supplementary audit by the CAG
3	Bihar State Warehousing Corporation	Section 31(8) of the State Warehousing Corporations Act, 1962	Audit by CAs and supplementary audit by the CAG

The Reports of the CAG are submitted to the Government, who shall, in terms of the CAG's (Duties, Powers and Conditions of Service) Act, 1971, cause them to be laid before the Legislature.

1.3 The concerned administrative departments under the Government of Bihar exercise control over the affairs of these PSUs, whose Chief Executives and Directors to the Board are appointed by the State Government.

Stake of Government of Bihar

1.4 The State Government's stake in PSUs falls under three broad categories, viz., Share Capital and Loans, Special Budgetary Support by way of grants and subsidies to consumers, and Guarantees of loans availed by PSUs from Financial Institutions.

Investment in State PSUs

1.5 As on 31 March 2017, the Investment (Equity and Long-Term Loans) in 74 State PSUs by State Government, Central Government and others was ₹ 53,891.59 crore as per details given in Table No. 1.3 (further details are given in *Annexure-1.1*).

Table No. 1.3 Total Investment in PSUs as on 31 March 2017

Table No. 1.3 Total Investment in PSUs as on 31 March 2017								(₹ in crore)
Type of PSUs	Status of accounts finalised	Equity			Long Term Loans			Grand Total
		State Government	Others ⁷	Total	State Government	Others ⁸	Total	
Working PSUs	2014-15 to 2016-17 ⁹	21,264.44	20,419.88	41,684.32	1,141.50	6,336.38	7,477.88	49,162.20
	Prior to 2014-15	263.59	31.30	294.89	3,324.03	359.41	3,683.44	3,978.33
	Sub-total	21,528.03	20,451.18	41,979.21	4,465.53	6,695.79	11,161.32	53,140.53
Non-working PSUs	2014-15 to 2016-17	5.12	2.50	7.62	12.60	0.00	12.60	20.22
	Prior to 2014-15	150.96	38.15	189.11	503.43	38.30	541.73	730.84
	Sub-total	156.08	40.65	196.73	516.03	38.30	554.33	751.06
Total		21,684.11	20,491.83	42,175.94	4,981.56	6,734.09	11,715.65	53,891.59

Source: As per audited accounts/ information furnished by the PSUs

1.6 The sector wise summary of investments in the State PSUs as on 31 March 2017 is given in Table No. 1.4.

Table No. 1.4 Sector-wise investment in PSUs

Name of the Sector	Working PSUs		Non-working PSUs		Total	Total Investment (₹ in crore)	Investment in last five years (₹ in crore)
	With three years' accounts	Without three years' accounts	With three years' accounts	Without three years' accounts			
Power	6	3	0	0	9	49,333.19	39,492.32
Service	2	3	0	1	6	3,174.41	1,978.12
Finance	2	3	0	4	9	590.82	-14.84 ¹⁰
Manufacturing	2	0	0	13	15	446.94	13.78
Others	4	5	2	24	35	346.23	47.46
Total	16	14	2	42	74	53,891.59	41,516.84

Source: As per audited accounts/ information furnished by the PSUs

The thrust of the State Government investment in PSUs was in the Power Sector consequent to the unbundling of the erstwhile Bihar State Electricity Board (BSEB) into five companies¹¹ in November 2012. Out of the State Government investment of ₹26,665.67 crore (₹21,684.11 crore in equity and

⁷ Includes Share Capital of Central Government and investment of ₹20,418.12 crore by seven holding companies in their 32 subsidiary companies.

⁸ Includes loans from Central Government and Financial Institutions.

⁹ Accounts finalised at least up to 2014-15.

¹⁰ The main reason for decrease in investment was repayment of loans (others) by PSUs in the Finance Sector.

¹¹ Bihar State Power (Holding) Company Limited, Bihar State Power Generation Company Limited, Bihar State Power Transmission Company Limited, North Bihar Power Distribution Company Limited and South Bihar Power Distribution Company Limited.

₹ 4,981.56 crore in loans), ₹ 15,180.19 crore (₹ 21,156.91 crore in equity and (-) ₹ 5,976.72 crore in loans) was invested between 2012-17.

1.7 Differences between the figures of Government equity and loans depicted in the Finance Accounts and in the records of PSUs are given in Table No. 1.5 below¹²:

Table No. 1.5 Equity and Loans outstanding as on 31 March 2017			
(₹ in crore)			
Investment	As per Finance Accounts	As per records of PSUs	Difference¹³
Equity	15,254.21	21,684.11	(6,429.90)
Loans	19,040.21	4,981.56	14,058.65

Source: Information furnished by the PSUs and Finance Accounts, GoB, 2016-17

Differences between the figures relating to guarantees given by the State Government in the Finance Accounts and in the records of PSUs are given in Table No. 1.6 below.

Table No. 1.6 Guarantees outstanding as on 31 March 2017			
(₹ in crore)			
Guarantees Outstanding	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
	4,134.95	3,558.19	576.76

Source: Information furnished by the PSUs and Finance Accounts, GoB, 2016-17

Recommendation

The administrative departments and the PSUs may take immediate steps to reconcile the differences in accounts in a time bound manner.

1.8 The position of Government stake in PSUs is stated below;

Table No. 1.7 Position showing Government stake in PSUs		
(₹ in crore)		
Particulars	Number of PSUs	Amount
Notional¹⁴ Government stake in non-working PSUs	23 ¹⁵	0.23
Non-working PSUs where there is no expenditure at all	38	0.00
Equity, loan and grant/ subsidy received during 2015-16 and 2016-17 by non-working PSUs	3 ¹⁶	71.61
Outstanding loans to PSUs which have not paid interest on loans for last five years	32	5,145.60

Source: Information furnished by the PSUs and Finance Accounts, GoB 2016-17

¹² More details are available in State Finances Report (2016-17), Government of Bihar.

¹³ The main reason for difference is non-record in the Finance Accounts of restructuring of BSEB into five separate Power companies, with government equity of ₹ 8,923.96 crore considering omission of State Government equity of ₹ 2,739.62 crore in the records of the Power companies; and government loans of ₹ 14,107.19 crore.

¹⁴ Equity and Loan less than ₹ one crore.

¹⁵ C2, C8, C9, C10, C11, C12, C13, C14, C21, C22, C23, C24, C25, C26, C28, C30, C35, C36, C37, C38, C39, C41 and C42 (Annexure 1.1).

¹⁶ Bihar State Construction Corporation Ltd., Bihar State Sugar Corporation Ltd., and Bihar State Fruits & Vegetables Development Corporation Ltd.

Recommendation

1. Government of Bihar (GoB) should review the status of 27¹⁷ non-working PSUs for liquidation.
2. Similarly, GoB should review for winding up/disinvestment of all PSUs where its stake is notional. Employees of such companies can be sent on reverse deputation to Government departments having vacancies, as has been done by the Government of Rajasthan.
3. Since the chances of repayment of principal by the 32 PSUs who have not even paid interest on loans, are remote, if not non-existent, the State Government should consider converting past loans to equity, and future payments, if any, should be by way of grants in aid, pending review of whether at least some of these PSUs should not be wound up.

Arrears in finalisation of accounts

1.9 The Companies Act 2013 stipulates that the annual financial statements of companies are to be finalized within six months from the end of the relevant financial year i.e., by September end. Failure to do so may attract penal provisions, under which every officer of the concerned defaulting company shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees, or with both.

The accounts of Statutory corporations are required to be finalized, audited and presented to the Legislature as per the provisions of their respective Acts.

Details of the directors of the 19 working companies who also simultaneously held various posts in different departments and are liable under the above penal provisions of the Companies Act and the directors of the two Statutory corporations¹⁸ that have violated the provisions of the respective Acts created by the Legislature are given in *Annexures-1.3 (a) and (b)*.

As of 31 December 2017, the accounts of 19 working companies and two Statutory corporations were in arrears for periods of up to 23 years and 11 years respectively, as depicted in *Annexure-1.4*. Delays in finalisation of accounts often results in unavailability or loss of crucial records over a period of time, which is fraught with possibilities of misrepresentation of facts, fraud and misappropriation.

¹⁷ 44 non-working PSUs (minus) five PSUs where liquidation has commenced (minus) 12 PSUs where State government has issued orders for liquidation.

¹⁸ Bihar State Road Transport Corporation and Bihar State Warehousing Corporation.

Out of 30 working PSUs, only nine PSUs¹⁹ finalised their accounts for 2016-17 and the remaining 21 PSUs have arrears of 142 accounts²⁰. Out of 21 PSUs, accounts of three PSUs were in arrears for one year, 11 PSUs for two to five years, and seven PSUs for above five years, as detailed in **Annexure-1.4**.

1.10 In addition to the above, as on 31 December 2017, the accounts of all non-working PSUs were in arrears. Out of 44 non-working PSUs, five PSUs were in the process of liquidation for a period five to 18 years²¹, whose 101 accounts were in arrears for five to 26 years. Details of the arrears in accounts of the remaining 39 non-working PSUs, are given in Table No. 1.8.

Year	No. of non-working PSUs	No. of accounts in arrears	Years for which accounts were in arrears	No. of years for which accounts were in arrears
2014-15	35	935	1977-78 to 2014-15	10 to 38
2015-16	35	952	1977-78 to 2015-16	8 to 39
2016-17	39	1,029	1977-78 to 2016-17	1 to 40

1.11 The State Government had extended budgetary support of ₹ 4,476.54 crore in 10 working PSUs [Equity: ₹ 27.28 crore (3 PSUs), Loans: ₹ 2,074.94 crore (6 PSUs), Capital Grants: ₹ 333.45 crore (4 PSUs), others (subsidy): ₹ 1,495.22 crore (3 PSUs) and Guarantees: ₹ 545.65 crore (4 PSUs)] during the period for which accounts were in arrears as detailed in **Annexure-1.5**. Out of this, budgetary support of ₹ 2,467.06 crore was extended to seven working PSUs during 2014-17 whose accounts were in arrears for more than three years, of which ₹ 1,414.79 crore was extended to five PSUs²² during 2016-17.

Further, the State Government had also extended budgetary support of ₹ 1,007.23 crore in 10 non-working PSUs (Equity: ₹ 45.12 crore, Loans: ₹ 561.28 crore, Capital Grants: ₹ 32.33 crore, others (subsidy): ₹ 125.16 crore and Guarantees: ₹ 243.34 crore) during the period for which their accounts were in arrears as detailed in **Annexure-1.5**. Out of this, budgetary support of ₹ 71.61 crore was extended to three non-working companies²³ during 2014-15 to 2016-17, of which ₹ 70.61 crore was extended as loans and grants to two companies viz., BSSCL (₹ 69.27 crore²⁴) and BSCCL (₹ 1.34 crore) during 2016-17.

¹⁹ A8, A11, A15, A16, A17, A18, A19, A20, and B1 of **Annexure -1.1**.

²⁰ At the rate of one account per year.

²¹ Kumardhubi Metal Casting and Engineering Limited w.e.f. 17-08-1999; Bihar State Leather Industries Development Corporation Limited w.e.f. 25-08-2008; Bihar Finished Leathers Limited w.e.f. 25-08-2008; Bihar State Small Industries Corporation Limited w.e.f. 04-10-2012 and Bihar State Export Corporation Limited w.e.f. 04-10-2012.

²² Bihar State Minorities Finance Corporation Limited, Bihar Rajya Beej Nigam Limited, Bihar State Backward Classes Finance & Development Corporation, Bihar State Food & Civil Supplies Corporation Limited and Bihar State Hydroelectric Power Corporation Limited.

²³ Bihar State Construction Corporation Limited (BSCCL), Bihar State Sugar Corporation Limited (BSSCL) and Bihar State Fruit & Vegetables Development Corporation Limited.

²⁴ Extended for payment of pay arrears to retired employees of closed sugar mills.

The decision of the State Government to extend budgetary support to the above PSUs whose accounts were in arrears, was financially imprudent, since the State Government had no basis to assess the financial soundness of these PSUs. This is evident from the fact that 32 PSUs that received State Government loans did not even repay the interest thereon.

Recommendation

1. The Finance Department and the concerned administrative departments should ensure that the State PSUs take immediate action to make their accounts current, so that the directors of these PSUs do not continue to fall foul of the Companies Act and the relevant Acts governing State Statutory corporations.
2. The Finance Department and the concerned administrative departments should initiate steps to ensure that budgetary support is extended only to such PSUs whose accounts are current.

Placement of Separate Audit Reports

1.12 The respective Acts of the Statutory corporations stipulate that the Government shall cause the audit reports of the CAG to be placed in the Legislature soon after they are approved in the annual general meeting. It was however observed that the State Government failed to comply with this provision of the Act in laying the Separate Audit Report (SAR) of the CAG on the three Statutory corporations (up to 31 December 2017), as depicted in Table No. 1.9 below:

Table no. 1.9 : Status of placement of SARs in Legislature				
Sl. No.	Name of Statutory Corporation	Year up to which SARs placed in Legislature	Year for which SARs not placed in Legislature	
			Year of SAR	Date of issue to the Government ²⁵
1.	Bihar State Warehousing Corporation	2007-08	2008-09	28 February 2011
			2009-10	8 January 2014
			2010-11	20 February 2015
2.	Bihar State Financial Corporation	2014-15	2015-16	16 December 2016
3.	Bihar State Road Transport Corporation	1973-74	1974-75 to 2005-06 (32)	<u>Details as under</u> 26 October 2007 25 January 2010 20 May 2014 10 February 2015 29 September 2015
			2001-02	
			2002-03	
			2003-04	
			2004-05	
			2005-06	

The State Government has provided grants of ₹ 47.17 crore to Bihar State Warehousing Corporation over the past five years despite the fact that there are no accounts to have this decision. The lack of financial accountability in the Bihar State Road Transport Corporation (BSRTC) is so serious that the CAG has refused to provide an opinion on the accounts of the BSRTC

²⁵ The State corporations delayed the finalisation of their accounts resulting in delay in preparation and submission of the SARs for the concerned years.

for 2003-04 to 2005-06 that were finalised during May 2014 to September 2015. The State Government has provided loan of ₹ 775.01 crore to BSRTC between 2006-17 when its accounts were in arrears and there was no possibility of evaluating the financial capability of the Corporation. Further, BSRTC neither paid back loan amount nor paid interest due of ₹ 407.63 crore²⁶.

Recommendation

The Finance Department should ensure that the SARs of the Statutory corporations are placed in the Legislature immediately, and no further budgetary support is extended to these corporations till this is done.

Performance of PSUs as per their latest finalised accounts

1.13 The key financial ratios used to assess the performance of the 18 PSUs²⁷ that finalised their accounts for the period 2014-15 to 2016-17 (*Annexure-1.6*) are given in Table No. 1.10 below:

Table No. 1.10 Key parameters of working PSUs					
Particulars	Key parameters (in percentage)	2014-15	2015-16	2016-17	Average
Profit making	ROCE²⁸	9.62	3.63	1.31	4.85
	ROI²⁹	9.62	3.63	1.31	4.85
	ROE³⁰	7.81	3.02	0.61	3.81
Loss making	ROCE	-18.77	-8.89	-28.91	-18.86
	ROI	-9.18	-4.61	-15.10	-9.63
	ROE	- ³¹	-33.74	-18.06	-25.90
Aggregate	ROCE	-2.79	-1.42	-4.04	-2.75
	ROI	-1.97	-1.11	-3.16	-2.08
	ROE	-18.16	-8.45	-9.51	-12.04
Cost of borrowing		8.73	8.74	8.00	8.49

Source: Information as per finalised accounts of PSUs

1.14 The major contributors to profit were Bihar Rajya Pul Nirman Nigam Limited (₹ 107.71 crore), Bihar State Beverages Corporation Limited (₹ 93.44 crore), Bihar State Building Construction Corporation Limited (₹ 28.51 crore) and Bihar State Educational Infrastructure Development Corporation Limited (₹ 22.96 crore). The ROI of these companies ranged between 18.94 and 106.82 during 2014-17. The PSUs which incurred heavy losses were South Bihar Power Distribution Company Limited (₹ 905.36 crore) and North Bihar Power Distribution Company Limited (₹ 513.44 crore) as per their latest finalised accounts.

1.15 The State Government has not formulated any dividend policy for PSUs. Consequently, though as per their latest finalised accounts, 10

²⁶ During 2010-11 to 2016-17.

²⁷ Financial ratios cannot be calculated for non-working PSUs or those PSUs whose accounts are in arrears.

²⁸ Return on Capital employed = (Net profit/loss before dividend, interest and tax) / Capital Employed.

²⁹ Return on Investment (ROI) = (Net Profit before dividend, tax and interest) / Investment.

³⁰ Return on Equity (ROE) = (Net profit after tax - Preference dividend) / Shareholder' Fund.

³¹ ROE is not worked out since accumulated losses are more than Paid up Capital.

PSUs with Government equity of ₹ 7,810.59 crore³² earned an aggregate profit of ₹ 278.18 crore, only two PSUs, Bihar Urban Infrastructure Development Corporation Limited and Bihar Rajya Pul Nirman Nigam Limited proposed dividend of ₹ 3 crore and ₹ 1.05 crore respectively, or 4.91 per cent of overall profit of these PSUs.

Recommendation

The Finance Department may formulate dividend policy for payment of specified dividend on equity invested in profit making PSUs as per practice of Governments of Uttar Pradesh (five per cent of equity capital) and Madhya Pradesh (20 per cent of profit after tax).

1.16 The Companies Act 2013 stipulates that the Board of Directors of every company should meet a minimum of four times a year. It was observed, however, that out of 27 working companies, 14 companies conducted less than four meetings during 2014-17.

Winding up of non-working PSUs

1.17 There were 44 non-working PSUs (all companies) as on 31 December 2017. Of these, five PSUs³³ have commenced liquidation process in the last five to 18 years, which are pending with the official liquidator, High Courts Patna and Ranchi. Further, the State Government has issued orders to initiate liquidation of 12 PSUs, but final action by the concerned authority is still pending. The status of liquidation of these 12 PSUs is as follows: (i) the liquidation of four PSUs³⁴ has been taken up with the Registrar of Companies during September 2016 to November 2017; (ii) the issue of liquidations of four other PSUs³⁵ is pending in various courts; and (iii) the accounts of another four PSUs³⁶ are delayed, delaying the initiation of the liquidation process. No PSU was wound up in 2016-17.

Recommendation

The concerned administrative departments may ensure quick finalization of the accounts of the four PSUs whose liquidation is delayed for want of accounts.

³² Shareholders' funds as per latest finalised accounts.

³³ Kumardhubi Metal Casting and Engineering Limited w.e.f. 17-08-1999; Bihar State Leather Industries Development Corporation Limited w.e.f. 25-08-2008; Bihar Finished Leathers Limited w.e.f. 25-08-2008; Bihar State Small Industries Corporation Limited w.e.f. 04-10-2012 and Bihar State Export Corporation Limited w.e.f. 04-10-2012.

³⁴ Bihar State Dairy Corporation Limited, SCADA Agro Business Limited, Arrah, SCADA Agro Business Limited, Khagaul and SCADA Agro Forestry Company Limited, Khagaul.

³⁵ Bihar Hill Area Lift Irrigation Corporation Limited, Bihar State Agro Industries Development Corporation, Bihar State Construction Corporation and Bihar State Water Development Corporation Limited.

³⁶ Bihar State Sugar Corporation Limited, Bihar State Pharmaceutical and Chemicals Limited, Bihar State Tannin Extract Limited and Bihar Solvent and Chemicals Limited.

Accounts Comments

1.18 Twenty³⁷ working companies forwarded their 36 audited accounts to the Accountant General during the year 2016-17³⁸. Of these, 27 accounts for the period 1991-92 to 2016-17 of 19 companies were selected for supplementary audit. The Audit Reports of Statutory Auditors appointed by CAG and the supplementary audit of CAG indicated that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of Statutory Auditors and CAG are given in Table No. 1.11.

Table No. 1.11 : Impact of audit comments on working companies

(₹ in crore)							
Sl. No.	Particulars	2014-15		2015-16		2016-17	
		No. of instances	Amount	No. of instances	Amount	No. of instances	Amount
1.	Decrease in Profit	2	692.89	7	35.23	5	25.61
2.	Increase in Loss	4	121.18	3	233.50	4	114.74
3.	Material facts not disclosed	2	401.37	1	0.70	7	107.49
4.	Error of Classification ³⁹	7	1,088.69	4	11,653.82	2	25.38

During the year, the Statutory Auditors had given qualified certificates for 52 accounts⁴⁰ finalised by 25 PSUs⁴¹. Compliance to the Accounting Standards by the companies remained poor as there were 85 instances in 19 accounts of 12⁴² companies. Further, CAG **has also declined to give an opinion in view of the serious shortcomings** in respect of three accounts of Bihar State Food and Civil Supplies Corporation Limited for the year 1991-92, 1992-93 and 1993-94, eight accounts of Bihar State Agro Industries Development Corporation Ltd. for the years 2008-09 to 2015-16 and two accounts of Bihar State Construction Corporation Limited for the year 2001-02 and 2002-03.

Recommendation

The Finance Department and the concerned administrative departments should immediately review working of the 25 companies where the Statutory Auditors had given qualified comments, and the three companies where the CAG had declined to give an opinion.

³⁷ Sl. No. A2, A 4, A 5, A 6, A 7, A 8, A 10, A 11, A 13, A 15, A 16, A 17, A 18, A 19, A 20, A 24, A 25, A 26, A 27 and B1 of *Annexure-1.1*.

³⁸ During the period from October 2016 to December 2017.

³⁹ Many cases of error of classification were reported during 2014-16 due to introduction of new format of Balance Sheet and Profit & Loss Account along with changes in criteria for classification of heads.

⁴⁰ Accounts of working Government companies (36) and Non-working Government companies (16).

⁴¹ Working Government companies (20) and Non-working Government companies (5).

⁴² Sl. No. A 2, A 4, A 10, A 15, A 16, A 17, A 18, A 19, A 24, A 27, B 1, and C 6 of *Annexure-1.1*

Response of the Government to Audit

Paragraphs

1.19 Eight audit paragraphs have been issued (May 2017 to July 2017) to the Management of the companies and Principal Secretaries/ Secretaries of the respective departments with request to furnish replies within six weeks. Replies to four audit paragraphs and one audit paragraph were received from managements and Energy department respectively; however, replies to four audit paragraphs and seven audit paragraphs respectively were still awaited (March 2018) from other managements and departments.

Follow up action on Audit Reports

Replies outstanding

1.20 Reports of the Comptroller and Auditor General of India represent the culmination of the process of audit scrutiny. It is, therefore, necessary that they elicit appropriate and timely response from the Executive. The Finance Department, Government of Bihar issued (April 2015) instructions to all Administrative departments to submit replies/explanatory notes to paragraphs/reviews included in the Audit Reports of the CAG of India within a period of three months of their presentation to the Legislature, in the prescribed format, without waiting for any questionnaires from Committee on Public Undertaking (CoPU). The position of explanatory notes not received is given in Table No.1.12.

Table No.1.12: Explanatory notes not received (as on 31 December 2017)

Year of the Audit Report (PSUs)	Date of placement of Audit Report in the State Legislature	Total Performance Audits (PAs) and Paragraphs in the Audit Report		Number of PAs/Paragraphs for which replies/ explanatory notes were not received	
		PAs	Paragraphs	PAs	Paragraphs
2011-12	01.08.2013	02	12	01	00
2012-13	15.07.2014	03	12	02	05
2013-14	07.04.2015	02	14	01	11
2014-15	18.03.2016	02	14	01	11
2015-16	27.03.2017	04	12	04	11
Total		13	64	09	38

Recommendation

The concerned administrative departments should ensure compliance to the directives (April 2015) of the Finance Department, and furnish timely response to audit observations.

Discussion of Audit Reports by CoPU

1.21 The status, as on 31 December 2017, of Performance Audits and Paragraphs that appeared in Audit Reports (PSUs) and discussed by the CoPU is given in Table No.1.13.

Table No. 1.13: Performance Audits/Paragraphs in Audit Reports that were discussed (as on 31 December 2017)

Period of Audit Report	Number of PAs/paragraphs			
	Appeared in Audit Report		Paragraphs discussed	
	PAs	Paragraphs	PAs	Paragraphs
2011-12	02	12	01	12
2012-13	03	12	01	07
2013-14	02	14	01	03
2014-15	02	14	01	03
2015-16	04	12	0	01
Total	13	64	04	26

Compliance to Reports of CoPU

1.22 Action Taken Notes (ATNs) to three paragraphs appearing in four Reports of the CoPU⁴³ presented to the State Legislature between August 2012 and March 2016 had not been received (December 2017) as indicated in Table No. 1.14.

Table No.1.14: Compliance to CoPU Reports

Year of CoPU Report	Total number of CoPU Reports	Total no. of recommendations in CoPU Report	No. of recommendations where ATNs not received
2011-12	01	01	01
2012-13	-	-	-
2013-14	01	01	01
2014-15	-	-	-
2015-16	02	01	01
TOTAL	04	03	03

Recommendation

The State Government should ensure prompt compliance in the furnishing of ATNs on the reports of COPU.

Restructuring of PSUs consequent to reorganization of the State

1.23 Consequent to the reorganization of the erstwhile Bihar State into the states of Bihar and Jharkhand w.e.f. 15 November 2000, it was decided (September 2005) to divide the assets and liabilities of the then existing 12 PSUs⁴⁴. This exercise has, however, been completed only in respect of five PSUs⁴⁵ as of December 2017.

⁴³ Pertaining to the Energy Department, GoB, that appeared in the Reports of the CAG for the years 1996-97 to 2008-09.

⁴⁴ Sl. No.A1, A2, A3, A4, A14, A23, A24, A27, B1, B3, C5 and C20 of *Annexure 1.1*.

⁴⁵ Bihar Rajya Beej Nigam Limited, Bihar State Hydroelectric Power Corporation Limited, Bihar State Tourism Development Corporation Limited, Bihar State Warehousing Corporation and Bihar State Mineral Development Corporation Limited.

Recommendation

Since almost two decades have passed with the reorganization of the State, the State Government is required to work closely with the Government of Jharkhand for the expeditious division of assets and liabilities of the seven PSUs, where the Government investment as on 15 November 2000 was ₹ 132.36 crore.

Reforms in Power Sector under Ujjwal Discom Assurance Yojna (UDAY)

1.24 With an objective to improve the operational and financial efficiency of the State DISCOMs, Ministry of Power, Government of India (GoI) launched (November 2015) Ujjwal Discom Assurance Yojna (UDAY), a scheme for the financial turnaround of Power Distribution companies.

Memoranda of Understanding (MoU) were signed (February 2016) between Ministry of Power, GoI, Government of Bihar and the two State DISCOMs viz., South Bihar Power Distribution Company Limited (SBPDCL) and North Bihar Power Distribution Company Limited (NBPDC) for implementation of the scheme with identified financial and operational targets.

The progress achieved so far in respect of important financial and operational targets fixed as per MoU and achievements thereof as on 31 December 2017 is given in Table No. 1.15 below:

Table No.1.15: Implementation of UDAY scheme by DISCOMs					
Parameters	Target period as per MoU	Target		Achievement	
		NBPDC	SBPDCL	NBPDC	SBPDCL
Financial					
Issue of Bonds by GoB	31 March 2016	₹ 641.26 crore	₹ 913.26 crore	Issued in 2016-17	
	31 March 2017	₹ 320.63 crore	₹ 456.63 crore	Issued in 2016-17	
Issue of Bonds by DISCOMs	31 March 2017	₹ 320.63 crore	₹ 456.63 crore	Issued in 2016-17	
Reduction of AT & C Loss ⁴⁶ (in per cent)	2016-17	less than 34	less than 38	32.87 (achieved)	42.75 (not-achieved)
	2017-18	less than 28	less than 30	34.34 (not-achieved)	38.35 (not-achieved)
Elimination of ACS - ARR Gap ⁴⁷	2016-17	less than ₹ 1.25/unit	less than ₹ 1.39/unit	₹ 0.53/ unit (achieved)	₹ 0.68/ unit (achieved)
	2017-18 (to be eliminated by 2019-20)	less than ₹ 0.83/unit	less than ₹ 0.85/unit	₹ 0.09/ unit (achieved)	₹ 0.37/ unit (achieved)
Tariff revision in time		Timely filing of tariff petition		No delays	
Billing Efficiency (in per cent)	2016-17	more than 72	more than 66	70.67 (not-achieved)	60.44 (not-achieved)
	2017-18	more than 76	more than 70	75.95 (not-achieved)	71.58 (achieved)

⁴⁶ Aggregate Technical and Commercial (AT&C) loss is the sum total of technical and commercial loss and shortage due to non-realization of billed amount.

⁴⁷ Average Cost of Supply (ACS) - Average Revenue Realisation (ARR) gap.

Table No.1.15: Implementation of UDAY scheme by DISCOMs					
Parameters	Target period as per MoU	Target		Achievement	
		NBPDCL	SBPDCL	NBPDCL	SBPDCL
Collection Efficiency (in per cent)	2016-17	more than 92	more than 94	95.41(achieved)	88.85 (not-achieved)
	2017-18	more than 95	100	86.45 (not-achieved)	86.13 (not-achieved)
Operational					
Distribution Transformer Metering (Rural) (in Nos.)	30 June 2017	54,724	43,789	0 (not achieved)	0 (not achieved)
Feeder Metering (Rural) (in Nos.)	30 June 2016	650	240	310 (not-achieved)	332 (achieved)
Rural Feeder Audit (in Nos.)	31 March 2018	589	601	0 (no progress)	0 (no progress)
Feeder Segregation (in Nos.)	31 March 2018	0	396	0	0 (no progress)
Smart Metering above 200 KWH (in Nos.)	31 December 2019	38,433	2,35,985	0 (no progress)	0 (no progress)
Electricity Access to un-connected households (in Nos.)	2019-20	46.66 lakh	39.14 lakh	23.76 lakh (not-achieved)	28.10 lakh (not-achieved)
Distribution of LEDs under UJALA Scheme (in Nos.)		24.80 lakh	34 lakh	75.41 lakh (achieved)	104.78 lakh (achieved)

Source: Information furnished by DISCOMs/ available at website of UDAY.

Both the DISCOMs have more or less achieved the financial targets fixed under MoUs except reduction of AT&C loss and Collection Efficiency. Insofar as achievement of operational targets is concerned, the performance of both the DISCOMs were far from satisfactory, especially in rural areas. There are still 33.94 lakh households who have no access to electricity. No achievement by both DISCOMs has been made in the area of Smart Metering, DT Metering (Rural), Rural Feeder Audit and Feeder Segregation; and in Feeder Metering (Rural) by NBPDCL.

CHAPTER-2

**2.1 PERFORMANCE AUDIT ON BIHAR
STATE BUILDING CONSTRUCTION
CORPORATION LIMITED**

**2.2 AUDIT ON DEVELOPMENT OF
EDUCATIONAL INFRASTRUCTURE
BY BIHAR STATE EDUCATIONAL
INFRASTRUCTURE DEVELOPMENT
CORPORATION LIMITED**

CHAPTER-2

Performance Audits relating to Government companies

2.1 Performance Audit on Bihar State Building Construction Corporation Limited

Introduction

2.1.1 Bihar State Building Construction Corporation Limited (Company) (erstwhile Bihar Health Project Development Corporation Limited) with its head office at Patna, is under the administrative control of the Building Construction Department (BCD), Government of Bihar (GoB). The management of the Company is vested in a Board of Directors comprising nine Directors, including the Managing Director (MD). The MD is the Chief Executive Officer of the Company, and is assisted by Chief General Manager and five General Managers. The Company has nine Project Implementation Units (PIUs) located at Patna, Gaya, Munger, Bhagalpur, Darbhanga, Saharsa, Purnea, Muzaffarpur and Saran, headed by Deputy General Managers.

During the Performance Audit, five out of nine PIUs of the Company were test checked. These five PIUs executed 699 works (62 *per cent* of 1,119 works executed by the nine PIUs) valued at ₹ 1,309.05 crore (75 *per cent* of ₹ 1,754.78 crore in respect of the nine PIUs) during the period covered in audit.

There are total 20 audit observations, and most of them are of a nature that may reflect similar errors/omissions in other works being implemented by the Company, but not covered in the test audit. The Company therefore, may like to internally examine all the other works being executed by them with a view to ensuring that they are being carried out as per requirement and rules.

The Company executed construction works entrusted by 27 user departments/ PSUs/ agencies of GoB, whom the Company charges centage¹. The works are executed by sub-contractors appointed by the Company through competitive bidding. During 2012-17, the Company undertook only works assigned by various GoB entities, including BCD who also execute similar works themselves.

The profits of the Company increased from ₹ 3.24 crore in 2012-13 to ₹ 14.59 crore in 2013-14, ₹ 41.23 crore in 2014-15 and thereafter, it declined to ₹ 26.61 crore in 2016-17 due to reduction in rate of centage by the GoB.

Audit Scope and Methodology

2.1.2 This is the first Performance Audit (conducted during April 2017 to July 2017) of the Company and it covers activities relating to construction of various types of buildings and other structures during the period 2012-13 to 2016-17.

¹ Till January 2016, centage was fixed at the rate of 10 *per cent* of project cost. However, the rate of centage was revised (23 January 2016) as follows:

- (A) For project cost upto ₹ 10 crore = seven *per cent*
- (B) For project cost more than ₹ 10 crore and up to ₹ 100 crore = (A) + five *per cent* on amount exceeding ₹ 10 crore.
- (C) For project cost more than ₹ 100 crore = (B) + one *per cent* on amount exceeding ₹ 100 crore.

Audit examined five² out of nine Project Implementation Units (PIUs) which had incurred 75 per cent (₹1,309.05 crore) of the total expenditure of all PIUs. The sample for audit was based on Random Sampling Method without replacement.

Audit methodology included examination of Company records, issue of Audit observations/queries, joint physical verification of incomplete/ delayed projects, and Entry and Exit Conferences with Management/BCD views.

Audit Objectives

2.1.3 The Performance Audit of the Company was carried out to assess whether all vital activities of the Company viz., financial management, project management, human resource management, monitoring and supervision and internal oversight mechanism, etc., were discharged with regard to economy, efficiency and effectiveness and to assess its impact on the activities of the user departments of the Bihar Government and the people at large.

Audit Criteria

2.1.4 Audit criteria were sourced from the following:

- Memorandum and Articles of Association of the Company;
- Directives/ Sanctions of the administrative/user departments;
- Detailed Project Reports (DPR)/ Requests for Proposal (RFP);
- Standard Bidding Document/Agreements for execution of the projects;
- Schedule of Rates of Building Construction Department, GoB;
- Central Vigilance Commission (CVC) guidelines; and
- Bihar Financial Rules, 2005, applicable Acts and Rules.

Acknowledgement

Audit acknowledges the cooperation and assistance extended by the Company and its officials during conduct of the Performance Audit.

Audit Findings

The Audit findings are discussed in the succeeding paragraphs:

Human Resource (HR) Management

2.1.5 The status of human resources of the Company is depicted in table 2.1.1.

² Project Implementation Unit at Darbhanga, Gaya, Munger, Muzaffarpur and Purnea.

Table No. 2.1.1: Manpower Position of the Company

Name of Post	March 2014			March 2017		
	Sanctioned strength	Actual deployment	Shortage	Sanctioned strength*	Actual deployment	Shortage
MD	1	Additional charge	-	1	Additional charge	-
CGM and GMs	6	4	2	8	7	1
DGMs	18	12	6	23	10	13
AGMs	71	14	57	90	20	70
JEs	103	10	93	107	29	78
Other staff	141	37	104	199	65	134
Total	340	78	262	428	132	296

*Sanctioned Strength was revised in October 2014 from 340 to 428

There was no regular appointment to (except once) the post of Managing Director since the inception of the Company, and the post was held as additional charge (by Principal Secretary/Secretary/Additional Secretary, BCD). Consequently, there was no effective monitoring of the functioning of the Company at the department level, and also resulted in failure in effective management of the day to day affairs of the Company. There was also conflict of interest, since the same authorities responsible for ensuring external monitoring on governance were responsible for the performance of the Company. This is evident from the nature of replies furnished by the BCD to the audit observations, where the replies (except where corrective action taken as mentioned in impact of audit below) are more by way of justification of the irregular actions of the Company, rather than assurance that corrective action in terms of the financial and other rules would be enforced.

To address the shortages in the cadres of Assistant General Manager (AGM) and Junior Engineer (JE), the Company initiated 21 recruitment processes between 2012-13 and 2016-17. However, against the targeted recruitment of 300 personnel, only 140 personnel were recruited till March 2017. Audit examination of the recruitment process revealed that delay in finalisation of the vacancies and cancellation of the recruitment process led to this failure. Further, the Company did not advertise the consolidated vacancies for appointment of manpower; rather, it resorted to advertising posts in piecemeal manner ranging from advertising one to 40 posts through 14 separate advertisements during 2014-15 to 2016-17 as against existing vacancies of 262 as on March 2014. It is thus evident that the Company was not serious in filling up the vacancies.

As of March 2017, as against sanctioned strength of 47 AGM (Civil), only 17 were available. In case of JEs (Civil), against 101 sanctioned strength, only 27 were available. Consequently, at any time, JEs handled between one to 21 works. Uneven distribution/non-rationalisation of work load resulted in ineffective internal control and monitoring system.

Accepting the audit observations, the BCD stated (November 2017) that the issues of filling up the vacancies would be taken up. The BCD did not reply on the issue of continued holding of the position of Managing Director as

additional charge. The BCD further informed that the Company is also using third party supervision from reputed institutions such as National Institute of Technology/Indian Institute of Technology, Patna and other empanelled quality assurance consultants. In this connection, Audit observes that the entire hierarchical structure of the company belongs to a period when works were executed departmentally. The Company does not execute any work itself and its task is essentially of contract management, for which the present sanctioned strength and deployment is ineffective.

Recommendation

- 1. The Company should appoint full time Managing Director, at the earliest.**
- 2. Considering that the Company itself feels that third party supervisors and quality consultants are performing effectively, the Company should review its present HR structure to analyse whether it meets the Company's role, to abolish unnecessary posts, and to devise and operate a leaner and more effective organisation.**

Financial Management

Financial Position and Working Results

2.1.6 The financial position and working results of the Company during 2012-13 to 2016-17 are given in table 2.1.2.

Table No.2.1.2: Financial Position and Working Results

<i>(Amount: ₹ in crore)</i>					
Financial Position					
Sources of Funds:					
Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
Share capital	5.00	5.00	5.00	5.00	5.00
Reserves and Surplus	(0.03)	8.90	33.59	38.84	57.39
Advance received from GoB and other Institutions	244.54	631.58	1,234.81	1,962.70	2,652.27
Current Liabilities and Provisions	5.59	35.70	75.44	95.13	111.55
Total	255.10	681.18	1,348.84	2,101.67	2,826.21
Application of Funds:					
Net Block	0.26	4.68	4.43	4.54	4.37
Capital Work In Progress	-	-	2.19	23.70	18.34
Cash and Cash equivalents	205.70	371.33	430.61	735.13	909.31
Other Current Assets	49.14	305.17	911.61	1338.30	1894.19
Total	255.10	681.18	1,348.84	2,101.67	2,826.21

Working Results					
Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
Revenue from operations/ centage	4.41	28.76	58.18	27.34	39.26
Interest from Bank (Fixed Deposit)	29.95	12.51	14.32	11.48	18.21
Total	34.36	41.27	72.50	38.82	57.47
Expenditure					
Finance Cost	29.90	12.37	13.38	11.18	16.16
Admn. and Other Expenses	1.22	14.31	17.89	19.29	14.70
Total	31.12	26.68	31.27	30.47	30.86
Profit/(Loss)before Taxes	3.24	14.59	41.23	8.35	26.61
Less: Prior period adjustments and Taxes	1.10	5.16	14.46	2.84	7.98
Net Profit/(Loss) after Taxes	2.14	9.43	26.77	5.51	18.63
Return on Investment (in per cent)	65.19	106.50	106.82	18.94	71.71
Return on Equity (in per cent)	42.86	67.84	69.41	12.57	29.86
Return on Capital Employed (in per cent)	65.19	106.50	106.82	18.94	71.71

- Reserves and Surplus grew from (-) ₹ 0.03 crore in 2012-13 to ₹ 57.39 crore in 2016-17 as the Company continued to earn profits. However, the Company irregularly included ₹ 47.52 crore as centage charges during 2013-17 without approval from two user departments³ resulting in overstated profits, since there is no assurance that payment will be received. The Company accepted the facts during the exit conference (November 2017), but stated that FCPD has now agreed to pay the centage; however Health department has not agreed. Consequently, the Reserves and Surplus need to be reduced by ₹ 12.56 crore.
- During the period October 2013 to March 2017, Deputy General Managers (DGMs) of the concerned PIUs completed and handed over 730 works to 23 user departments involving an expenditure of ₹ 923.58 crore. However, the Company continued to show these 730 works as Work in Progress in the accounts due to delay in finalisation of final bills.

Funds received and their utilisation

2.1.7 All works undertaken by the Company are deposit works, where funds are collected in advance from clients. Details of funds received and utilised are given in table 2.1.3.

³ Health Department, GoB and Food & Consumer Protection Department (FCPD), GoB.

Table No.2.1.3: Statement of funds received for deposit works and their utilization

(₹in crore)					
Year	Funds received	Total funds available	Funds utilised	Percentage of funds utilisation	Funds surrendered
2012-13	1.80	286.72 ⁴	46.48	16.21	151.66
2013-14	465.21	553.79	300.50	54.26	30.26
2014-15	657.77	880.80	637.49	72.38	0.00
2015-16	718.57	961.88	445.81	46.35	0.44
2016-17	684.20	1,199.83	577.58	48.14	2.80
Total	2,527.55		2,007.86	71.39 (Overall utilisation)	185.16

- The reasons for low utilisation of funds are delays in commencement as well as slow progress of work as discussed in paragraphs No. 2.1.13, 2.1.21, 2.1.23 and 2.1.24 below.
- During 2012-13 to 2016-17, the Company surrendered ₹ 185.16 crore to the respective departments, out of which ₹ 181.11 crore (₹ 151.66 crore in 2012-13 and ₹ 29.45 crore during 2013-14) pertained to Health Department, GoB which was given for construction of additional Primary Health Centres (PHCs) and upgradation of PHCs to Community Health Centres (CHCs). The funds were surrendered, as these works could not be executed by the Company due to various reasons, viz., non-finalisation of Memorandum and Articles of Association of Bihar State Health Project Development Corporation Limited (erstwhile name of the Company) formed in March 2008, non-appointment of Managing Director of the Company for more than two years, non-availability of land in case of 286 works, etc. Further, out of the remaining ₹ 3.24 crore surrendered in 2015-17, ₹ 2.60 crore pertained to A N Sinha Institute of Social Studies which was given for construction of staff residential quarters, but subsequently cancelled by the concerned user agency; and ₹ 44.37 lakh related to Bihar Rajya Sunni Waqf Board for construction of marriage hall, which was returned on the demand of the concerned user agency.

⁴ Including opening balance of ₹ 284.92 crore as on 01 April 2012.

Other irregularities

Non-claiming of interest on deposit works

Due to diversion of its own funds on project works, the Company lost the opportunity to earn interest income of ₹ 4.55 crore

2.1.8 Deviating from its policy of executing deposit works, where funds are received upfront, the Company utilised its own funds of ₹ 55.44 crore (July 2014 to June 2016) in 15 projects without receipt of funds from user departments. Out of this, ₹ 32.66 crore was lying unadjusted till March 2017. Since, the funds of the Company are kept in interest bearing accounts and interest earned thereon is the income of the Company, diversion of the same on project works resulted in loss of opportunity to earn interest income of ₹ 4.55 crore (₹ 4.20 crore on security deposit with the Company and ₹ 35 lakh⁵ on centage income) to the Company.

In their reply (November 2017) to the audit observation, the BCD accepted the facts, but offered no clarification on the issue of reimbursement of interest loss to the Company.

Loss of interest due to non-availing of auto sweep facility

The Company lost the opportunity to earn interest income of ₹ 1.56 crore by not availing of auto sweep facility in savings account

2.1.9 It was observed that each of the nine PIUs of the Company operate separate savings bank accounts, with minimum monthly balances ranging from ₹ 0.33 crore to ₹ 23.45 crore during 2012-13 to 2016-17. Had the Company opted for auto sweep facility (to dynamically transfer surplus funds to fixed deposits), it would have earned additional interest income of ₹ 1.56 crore.

Accepting the facts, the BCD stated (November 2017) that option of auto sweep has now been provided in the Company's existing savings accounts.

Recommendation

The Company should exercise due diligence in management of its funds.

Internal Oversight Mechanism

Quality Controls

2.1.10 The Company has an internal quality control laboratory in each PIU to carry out various tests⁶ during construction process. Quality assurance is also given by National Institute of Technology/Indian Institute of Technology, different engineering colleges of Bihar, empanelled third party laboratory, registered reputed laboratory, etc., as and when asked for by the Company. In case of projects worth more than ₹ two crore, a separate laboratory is to be established at the construction site by the Contractor as per the terms of Standard Bidding Document (SBD)⁷. In this connection, Audit observed the following:

- None of the 11 specialised posts (lab technician, lab assistant, etc.,) were filled up, due to which, all the tests were carried out by the Junior

⁵ Calculated at the rate of seven *per cent* prevalent during the period.

⁶ Sieve analysis, test of moisture content, compressive strength of concrete, compaction test, etc.

⁷ The document consists of various guidelines and terms and conditions for finalization of tenders; and serves the purpose of standard form of agreement with contractors for execution of works.

Engineers of the PIUs who were also responsible for execution of the work, resulting in conflict of interest.

The BCD, in its reply, stated (November 2017) that recruitment of Lab Technicians/Lab Assistants is under process. The reply is not convincing as recruitment process for vacancies advertised in July 2016 has not yet been finalised (March 2018).

- Standard clauses in the Company's work orders stipulate that reinforcement steel rods of only specific manufacturers (TATA, SAIL or Vizag Steel) were to be used. It was observed, however, that the Company had no provision to test steel either by themselves or by third party agencies. It was further observed, in 355 test checked works in five PIUs, that though 33,700 MT of reinforcement steel worth ₹ 190.84 crore was used, the concerned Company officials failed to obtain related vouchers of purchase from the contractors. As a result, the quality of reinforcement steel used in the works could not be vouchsafed in Audit.

Replying to the audit observation, the BCD stated (November 2017) that Company supervisory officials regularly check the logo of the manufacturer which is embossed on the steel and placing of reinforcement before concrete casting as per approved construction drawing. Also, there was no prescribed system in the Company to obtain purchase voucher of the reinforcement steel rods from the contractor.

The reply is not acceptable. There is no record that the Company officials verified and certified the logo embossed on the items used in the works. Further, the Company has not put in place a system wherein it obtains copies of the purchase vouchers to ensure that the steel of appropriate quality has been obtained and used in the construction.

Recommendation

The Company should take measures to ensure that the work of lab testing is effectively performed and should ensure that vouchers are invariably obtained to verify that the steel being utilised in the construction process is from specified reputed manufacturers.

Internal Audit

2.1.11 Since the Company did not have its own Internal Audit Wing, they instead appointed Chartered Accountant (CA) firms to do the work. Audit observed however, that the CAs were also responsible for compilation of accounts, reconciliation of bank accounts, etc., which constitutes conflict of interest. It was further observed that the Internal Audit Reports did not include detailed technical audit and propriety of expenditure to ensure adequacy of Internal Controls and to enforce internal check on financial transactions. Further, no mechanism prevailed in the Company to review and pursue compliance to Internal Audit observations. Hence, the Internal Audit System was ineffective. The BCD accepted (November 2017) the audit observation.

Vigilance wing

The Company did not have a Vigilance Wing or a regular Chief Vigilance Officer (CVO) to carry out independent checks for various functions.

Recommendation

An independent Internal Audit Wing and Vigilance Wing with regular CVO should be established at the earliest for timely detection of deficiencies and remedial action.

Project Management

2.1.12 The Company executed various projects during 2012-13 to 2016-17 as indicated in the table 2.1.4.

Table No.2.1.4: Details of works undertaken by the Company

<i>(In Numbers)</i>							
Type of Building	Total works	Project cost (₹in crore)	Cases test checked	Cases of delay in planning	Delay in executing agreements	Delay in completion (out of total)	Delay in handing over
Construction of godowns	538	1,045.86	342	222	178	326	90
Upgradation of PHCs to CHCs	192	656.87	119	5	85	86	46
Other structures	389	1,669.26	238	134	80	83	67
Total	1,119	3,371.99	699	361	343	495	203

Status of major projects is given in **Annexure 2.1.1**. The deficiencies noticed by audit in various phases of execution of projects by the Company are discussed below:

Planning

Observations on irregularities in the planning process are discussed below:

Delay in planning process

2.1.13 As per Government order (November 2013), the planning process, including soil investigation, preparation of estimates, according technical sanction, finalisation of tenders, etc., should be completed within 90 days from the date of administrative approval by the user department.

Audit scrutiny of records of 699 works in five selected PIUs revealed that 361 works had delays ranging from one to 21 months in commencement of the work beyond 90 days of administrative approval. In 39 of these cases, the delay was between six months and one year, and in 68 cases, the delay was more than one year. The reasons for delay included non-setting up of timelines for various stages of planning process, which resulted in procedural delays in preparation of estimates by DGMs of the concerned PIUs, delay in according technical sanctions by the Chief General Manager (CGM) of the Company, delay in inviting tenders by CGM and cancellation of tender, resulting in re-tendering.

In their reply (November 2017) to the audit observation, the BCD stated that the user departments delayed in according approval to site plans/architectural

designs, etc., and due to re-tendering and problems at construction sites. The reply is not acceptable as the delays are primarily attributable to the Company for the reasons given above.

Recommendation

The Company should ensure adherence to the timelines for various planning activities.

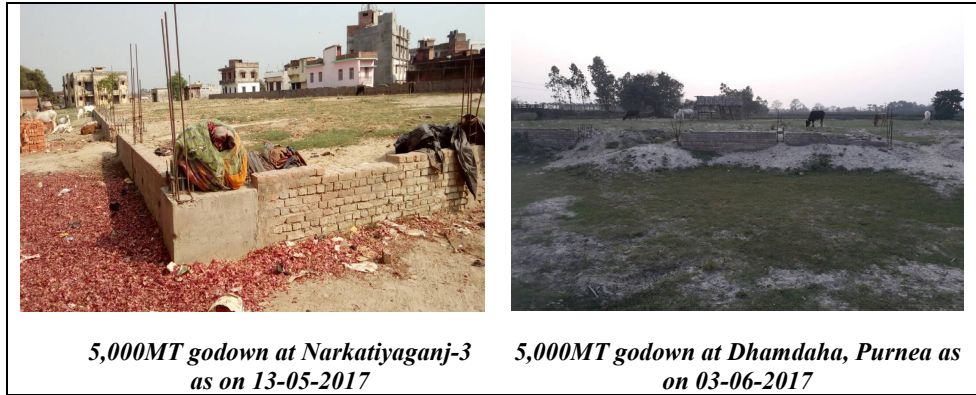
Execution of work without Administrative Approval

2.1.14 The Bihar Financial Rules and Bihar Public Works Department (BPWD) Code, stipulate that administrative approval of the competent authority shall precede execution of any project.

The Company executed seven works without getting administrative approval. As a result ₹ 1.28 crore was blocked since April 2016

Audit observed however, that, violating the above provisions, the Managing Director, without obtaining administrative approval from the user department (FCPD) or Board of Directors approval, and reportedly on verbal instructions of the user department, ordered (January 2015) construction of seven pre-fabricated godowns⁸. After incurring expenditure of ₹ 1.28 crore⁹, the work was stopped in March/ April 2016 due to non-availability of funds. The status of two stalled works are depicted in the photographs below:

Photograph No 2.1.1



In their reply (November 2017), the BCD stated that the user department had since (October 2017) accorded administrative approval. The fact remains, however, that the action of the Managing Director in ordering construction without approval of the competent authority resulted in cessation of work for more than one and half years, after incurring ₹ 1.28 crore.

Recommendation

The Company should commence execution of works only after getting administrative approval of the user departments.

⁸ Construction of 5,000 MT capacity godowns at Narkatiyaganj-3, Dhamdaha, Vaisi, Purnea and 1,000 MT godowns at Jandaha, Arariya and Kurhni.

⁹ ₹ 0.27 crore on pre-execution activities and ₹ 1.01 crore on construction of two godowns of 5,000 MT capacity godowns at Narkatiyaganj-3 and Dhamdaha.

Avoidable expenditure and unnecessary payment to consultant of Kishanganj Krishi Mahavidyalaya project

2.1.15 The agreement (May 2013) for preparation of design/ estimate/ detailed project report (DPR), for the work of construction of Dr. Abdul Kalam Krishi Mahavidyalaya, Kishanganj, in PIU Purnea, provided for consultancy fee at 1.12 *per cent* of the estimated cost of ₹ 501.57 crore. Audit scrutiny of records revealed the following:

- In terms of extant orders (June 2011) on preparation of Bills of Quantity (BoQ), the Company is required to adopt the Schedule of Rates (SoRs) of the Building Construction Department; and only if such rates are not available for any item, the SoRs of the Central Public Works Department (CPWD) are to be adopted. It was however, observed that, though the BCD SoRs provided for lower rates of labour and materials, which were locally available, the consultant (DDF Consultants Pvt. Ltd.) proposed the SoRs of the CPWD, Delhi. This escalated the cost of these items from ₹ 500.18 crore to ₹ 501.57 crore. Without exercising due diligence, Company officials¹⁰ accepted the higher rates, leading to the user department incurring unnecessary additional expenditure of ₹ 1.11 crore¹¹ as payment to contractors plus centage. In reply, the BCD stated (November 2017) that the matter has been referred to the consultant.
- In terms of the agreement, in case of any repeat use of design in the project, the consultant was entitled to receive only 35 *per cent* of the rate for consultancy fee. The work of construction of staff quarters required repeat use of four type of blocks (Type – I, II, III and IV). It was noticed that the Company made full payment at original rates for all the four block types (including repeat blocks), resulting in excess payment of ₹ 49.10 lakh¹² to the consultant. In reply (November 2017), the BCD accepted the facts.

Unnecessary payment of Central Excise Duty

2.1.16 As per Central Excise notification (August 1995), goods intended to be supplied to projects financed by international organizations are exempt from levy of Central Excise.

The Company failed to avail Excise duty exemption on materials, resulting in inflation of project/work cost by ₹ 5.25 crore

The Company undertook (May 2016) construction of buildings and other infrastructural facilities for 101 Buniyad Kendras, which was sanctioned by the Social Welfare Department, GoB with World Bank assistance. The materials procured or used in the works of the Company were eligible for Central Excise duty exemption. Audit observed that the consultant¹³ had wrongly included Central Excise in the estimation of rates of cement and steel

¹⁰ CGM, GM (North), DGM Purnea, AGM and concerned JE.

¹¹ 120 *per cent* of ₹ 0.84 crore (additional expenditure incurred till May 2017) plus centage at 10 *per cent*.

¹² Total fee payable = ₹ 27.75 crore (estimated cost including service tax of one building of each block) x 1.12 *per cent* (for main block) + ₹ 27.75 crore x 1.12 *per cent* x 3 x 0.35 (for repeat blocks) x 81 *per cent* payment released (upto eight running bill) i.e. ₹ 51.61 lakh. Payment made till March 2017 was ₹ 100.71 lakh. Thus excess payment was ₹ 49.10 lakh.

¹³ Arkitechno consultants (India) Private limited.

used in these works. Company officials¹⁴ failed to detect the error resulting in unnecessary payment of ₹ 5.25 crore¹⁵.

In their reply (November 2017) to Audit, the BCD accepted the facts, but stated that since the projects were of low value and were being executed by small contractors who purchased materials from local vendors, it was not possible to avail excise duty exemption. The reply is not acceptable, since it was the responsibility of Government and the Company to devise a mechanism to avail of the Central Excise exemption, which it failed to do, resulting in unnecessary burdening of the State exchequer by ₹ 5.25 crore.

Recommendation

The Company may consider establishing a dedicated cell within the Technical Wing for scrutiny of estimates prepared by consultants.

Tendering

2.1.17 As per GoB Order (March 2008), all works valued at more than two crore rupees should be executed as per the SBD. Significant audit observations on irregularities relating to tendering are discussed below:

Award of work on nomination

2.1.18 The Bihar Financial Rules (BFR) stipulates that, all works and services having estimated value of above ₹ 10 lakh should be awarded by inviting tenders. Further, CVC orders¹⁶ (July 2007) *inter-alia*, provide for awarding Governmental contracts only through public auction/ public tender in order to ensure transparency in Government contracts and to weed out corrupt/ irregular practices.

The Company had awarded 88 works¹⁷ relating to five PIUs valued at ₹ 278.51 crore to various contractors between January 2013 to April 2015. Audit observed that, in violation of the orders contained in the BFR and CVC guidelines, the Company¹⁸ thereafter awarded (November 2014 to December 2016) additional works¹⁹ worth ₹ 19.48 crore to same contractors who had executed the original works, without inviting tenders, despite the fact that the cost of such additional works, in each of the cases was more than ₹ 10 lakh.

In their reply (November 2017) to Audit, the BCD accepted the facts, but stated that these additional works were extra items permitted under the BPWD Code, and that these works were already included in the original estimates, though not included in the original agreement. The reply is not acceptable as the Company failed to incorporate the additional works in the BoQ while tendering, despite it being part of the original estimates. Further, the BPWD code does not consider items that are not part of the original work as extra

The Company, in violation of BFR and CVC guidelines, awarded additional works worth ₹ 19.48 crore on nomination basis

¹⁴ CGM, GM (North and south), DGM, AGM and JE concerned.

¹⁵ Central Excise duty at 12.50 *per cent* on Steel and ₹ 50 per bag on cement (₹ 4.91 crore) plus centage of ₹ 35.74 lakh thereon.

¹⁶ Based on judgment of Supreme Court of India arising out of SLP (Civil) number 10,174 of 2006.

¹⁷ Construction of godowns, upgradation of PHCs to CHCs, construction of residential high schools, etc.

¹⁸ On the basis of proposals of DGMs of the concerned PIUs and approval by the CGM.

¹⁹ Construction of boundary wall, approach road, etc.

items and the work cannot be awarded without inviting tenders in terms of the BFR and CVC guidelines.

Recommendation

The Company should invite open tenders for all works valued above ₹ 10 lakh as per BFR.

Violation of rules in award of work of pre-fabricated godowns

Award of 60 godowns by-passing capacity requirements of contractor

2.1.19 BCD had stipulated (May 2009) that bidders should submit experience certificate by Officers not below the rank of retired Executive Engineer or Registered Valuer of nationalised bank/nationalised insurance company/income tax., that the bidder had executed similar works of any private organisation of specified amounts.

It was observed that, in violation of the above directions, Company officials²⁰ awarded (August 2014 to December 2015) five contracts for construction of 60 pre-fabricated godowns (1,39,500 MT) at a cost of ₹ 125.66 crore to one bidder²¹ on the basis of an ineligible experience certificate issued by the project manager of a private company.

As on June 2017, out of these 60 godowns, 53 godowns were not completed even after lapse of period of seven to 15 months from the scheduled date of completion due to delay in obtaining No Objection Certificate (NOC) by the officials (DGM, AGM and JE) of the concerned PIUs as well as slow progress of work by the contractor.

In their reply (November 2017) to the audit observation, the BCD admitted the facts, but gave the excuse that verification of documents could not be done due to the heavy work load (more than 800 works of different departments). The excuse is not acceptable.

Award of contract for nine godowns without ensuring contractor's capacity

2.1.20 The SBD stipulates that the value of all ongoing works of a contractor are to be deducted while considering his bid capacity²² for a fresh project. Audit observed, however, that in the award (January 2015) of work of construction of nine pre-fabricated godowns at a cost of ₹ 34.41 crore to a contractor²³, Company officials²⁴, did not reduce the value of ongoing works of ₹ 31.22 crore. Consequently, the ineligible contractor was awarded the contract. Evidently because the contractor was unable to undertake the works under the new contract in addition to his earlier awarded works, the contractor

²⁰ Bid Evaluation Committee comprising MD, CGM, GM (North), GM (Finance) and DGM Muzaffarpur.

²¹ M/s Shiv Shankar Singh Contract Private Limited.

²² Bid capacity = Maximum annual turnover in any one of last five year x Number of years in which the proposed work is to be completed x 3 – Existing commitments (ongoing work).

²³ M/s B. S. Promoters.

²⁴ Technical Evaluation Committee (comprising comprising MD, CGM, GM (South), DGM (Finance) and DGM, Purnea).

failed to complete any of the nine godowns (as on December 2017) delaying the works by 24 months beyond the scheduled date of completion (December 2015).

In their reply (November 2017) to Audit, the BCD stated that the construction of five godowns had not commenced due to non-availability of land. The explanation only compounds the fault of the Company. In terms of rule 109 of BPWD Code, the Company should not even have invited tenders without ensuring availability of land.

Recommendation

Tenders should be finalised on the basis of terms and conditions of the SBD and directions of the Government.

Delays due to finalisation of tender without No Objection Certificate

2.1.21 The BPWD Code stipulates that the site of every building is required to be settled by obtaining No Objection Certificate (NOC) from the local administration in time before finalising detailed designs and estimates of work.

In the following cases, Audit noticed instances of finalization of tenders before obtaining NOC resulting in blocking of funds during the period of delay:

- Out of 75 pre-fabricated godowns in five test checked PIUs, tenders of 45 godowns valued at ₹ 122.16 crore, were finalised without obtaining NOC, which were finally received one to 18 months²⁵ after the finalisation of tender.
- In another instance, construction of eight godowns at a cost of ₹ 22.12 crore could not be started even after delay of nine to 26 months of award of tender (January 2015 to September 2016) due to non-obtaining of NOCs from the local administration.

The BCD accepted (November 2017) the audit observation.

Recommendation

The Company should ensure obtaining NOC on the land before inviting tenders for execution.

Project Execution

Non-fixation of time line by the user departments for execution of various works

2.1.22 The Company executes works on the basis of administrative approval accorded by the user departments defining the overall cost limit of the projects. The Company is entitled for centage for its works. Thus, apart from cost limits, the timeline should also be defined so that the accountability of the Company may be ensured.

²⁵ One to six months: 25; more than six and upto 12 months: 14; more than 12 and upto 18 months: 6.

The Company finalized the tenders for construction of 45 godowns without availability of land resulting in delay in commencement of work

Audit noticed that administrative approval of ₹ 1,045.86 crore for construction of 538 godowns and ₹ 656.87 crore for upgradation of 201 PHCs to CHCs were granted by user departments without any timeline for completion of the project. As a result, the accountability of the Company in executing the project was not ensured by the user departments.

Recommendation

The Government/ user departments should fix timelines for execution of each project while according administrative approval.

Delay in execution of agreement after award of contract

2.1.23 As per Government order (November 2013), Executive Engineers of the divisions should execute agreements with the concerned contractors within seven days of finalisation of tender by the competent authority.

Scrutiny of records revealed delays of one to 21 months in the execution of agreements after finalisation of tenders in 343 of the 699 agreements (49 per cent of the cases) entered into by five test checked PIUs between October 2012 and March 2017, as indicated in table 2.1.5.

Table No. 2.1.5: Detail showing delay in agreements					
<i>(in numbers)</i>					
Sl. No.	Range of delay (in months)	Upgradation of PHC to CHC	Construction of godowns	Other works ²⁶	Main reason for delay
1	One to six	82	139	75	Delay by contractors and hindrances in identified land
2	Seven to 12	3	16	4	Hindrances in identified land
3	More than 12	-	23	1	Non-availability of land
Total		85	178	80	

Audit observed that removal of hindrances in identified land was to be ensured by coordinating with local administration and NOC of land was to be obtained from the authorities before inviting tenders by the concerned Project PIUs. However, the same was not done by the DGMs of the concerned PIUs which resulted in delay in agreements.

Thus, due to delay in entering into agreements, dates of commencement as well as due dates of completion of all these works were delayed and the intended benefit of the work could not be achieved in time. Further, inviting and finalising tenders without ensuring availability of hindrance free site was also a violation of rule 109 of BPWD Code.

BCD accepted (November 2017) the audit observation.

²⁶ Construction of airport runway, colleges, hostels, beautification of sites/parks, court buildings, etc.

Recommendation

The Company should ensure availability of hindrance free site before commencing works.

Delay in completion of work as per agreement timeline

2.1.24 The Company executes works assigned by various user departments/PSUs/entities. Thus, for achieving efficient and effective results, the buildings should be completed in time so that the same may be utilised and put to use. The scheduled date of completion is also defined in the agreements entered into with the contractors. During 2012-17, the Company executed 1,119 works.

Audit observed that:

- 861 works were completed (as on March 2017), out of which 332²⁷ (38.56 *per cent*) were completed with a delay of one to 33 months from scheduled date of completion stated in agreements. Out of these 332 works, 94 (28.31 *per cent*) were completed with a delay of one or more years. The main reasons for delay were slow progress of work by the contractors, local hindrances, delay in finalisation of drawings, water logging in rainy seasons, non-liasoning with the land authority/local administration, delay in obtaining NOC from the user department by the officials²⁸ of the concerned PIUs, etc.
- 258 works were in progress (as on March 2017), out of which 163 works²⁹ (63.18 *per cent*) were delayed by one to 36 months from scheduled date of completion due to aforementioned reasons.

The delay in completion of above works by one to 36 months led to:

- delay in utilisation of 326 godowns (215 completed and 111 incomplete) with storage capacity of 6,82,950 MT resulting in payment of avoidable rent of ₹ 9.72 crore³⁰ on hired godowns in 2014-17 by the user Bihar State Food and Civil Supplies Corporation Limited (BSFCSCCL), a PSU under the administrative control of FCPD, GoB.
- delay in completion of 86 CHCs (75 completed and 11 incomplete), delayed the intended objective of providing improved healthcare facilities by one to 36 months.
- delay in completion of 83 other works (42 completed and 41 incomplete) which resulted in delay/ denial of achievement of intended benefits of these works.

²⁷ 215 godowns, 75 CHCs and 42 other works (Stadia, DCLR court, ADR building, Animal Hospital, Airport lounges, Laboratory, Development of historical places, etc.)

²⁸ DGMs, AGMs and JEs.

²⁹ 111 godowns, 11 CHCs and 41 others.

³⁰ Calculated on the basis of average rate of rent of ₹ 14.02 and ₹ 15.85 *per MT per month* for the year 2014-15 and 2015-16 for the capacity of godowns created during respective years respectively. Calculation for the year 2016-17 made on the basis of actual godowns hired (being less than capacity created) by the user and rates for 2015-16 were considered for calculation as no final/provisional rates for 2016-17 were available with the Company.

Photographs of two incomplete 5,000 MT pre-fabricated godowns at Gaightat, Muzaffarpur (construction commenced in September 2015 and scheduled to be completed in June 2016) are as under:

Photograph No 2.1.2



Photographs as on 06-05-2017

The BCD, in its reply, stated (November 2017) that due to various reasons viz. delay in providing of NOC, change in identified land, local hindrances, fault of contractors, etc., the construction works were not completed on schedule and measures were being taken to resolve various implementation issues.

Recommendation

The Company should strengthen monitoring and supervision of performance of contractors and ensure completion of all delayed projects on priority by removing hindrances if any.

Delayed/non-utilisation of infrastructure due to delay/non-handing over the completed projects to the users departments

2.1.25 For timely utilisation of projects, it is necessary that the projects/works are handed over to the concerned departments immediately after completion.

In test check of records of five PIUs, it was noticed that out of 375 handed over works, 161 works³¹ having cumulative expenditure of ₹ 257.90 crore were handed over to the user departments with delays of one to 30 months after completion.

Further, 42 completed works³² costing ₹ 72.74 crore, had not been handed over (May 2017) despite lapse of three to 37 months. The main reason for delay was lack of initiative in handing over and taking over of completed works by the Company officials³³ and the user departments respectively. This led to:

42 works involving an expenditure of ₹ 72.74 crore were not handed over, with delays ranging from three to 37 months

³¹ 84 godowns of FCPD, GoB, 40 works of upgradation of PHCs into CHCs of Health Department, GoB, nine Animal Hospitals of Animal and Fisheries Resources Department, GoB, seven 50 bedded Remand Homes of Social Welfare Department, GoB and 21 other works.

³² Six godowns of FCPD, GoB, six works of upgradation of PHCs into CHCs of Health Department, GoB, six Animal Hospitals of Animal and Fisheries Resources Department, GoB, six Press Clubs of Information and Public Relations Department, GoB and 18 other works.

³³ DGMs of the concerned PIUs.

- delayed /non-utilisation of 90 godowns³⁴ with storage capacity of 1,14,500 MT resulting in payment of avoidable rent of ₹ 76.95 lakh³⁵ on hired godowns in 2014-17 by BSFCSCL.
- delayed/ non-utilisation of 46 CHCs³⁶, delayed the benefit of improved healthcare facilities by one to 22 months.
- delayed utilisation of two completed residential schools and denial of benefits of other completed structures by one to 37 months.

The BCD, in its reply, stated (November 2017) that proposals for handing over were sent timely to the concerned authority, who delayed in taking over. Also, necessary action on this issue has been taken at appropriate level and communications have been issued to concerned departments. However, the fact remains that the above buildings were either not utilised or utilised with delays.

Recommendation

The Company and the user departments should ensure timely handing over and taking over of completed works for prompt utilisation of the created infrastructure.

Excess payment to contractor in construction of Krishi Mahavidyalaya at Kishanganj

2.1.26 As per clause 12.2 of the agreement entered into (December 2013) for construction of Krishi Mahavidyalaya at Kishanganj (estimated cost: ₹ 593.10 crore), the rate of substituted items³⁷ shall be determined on the basis of market rate.

The Company made an excess payment of ₹ 3.39 crore to the contractor due to non-compliance of the provisions of the agreement regarding determining the rates of substituted items

Audit noticed that during execution of work, the contractor executed 51,119.29 cubic meters (CuM) of work stipulated to be done by substituting clay brick with fly ash bricks till May 2017. However, instead of deriving the local market rate of the brick work with fly ash bricks as per Bihar SoRs, the Company made payments to the contractors on the basis of Delhi SoRs, which were higher than the Bihar SoRs. This resulted in excess payment of ₹ 3.39 crore to the contractor, by the concerned Company officials³⁸ responsible for scrutiny and approvals of the payments.

Replying to the Audit observation, the BCD stated (November 2017) that the rate of fly ash bricks items of work were not available in Bihar SoRs 2013. The reply is incorrect and misleading, as rates of all these items are available in the Bihar SoRs and should have been adopted instead of the Delhi SoRs.

Recommendation

The Company should ensure adoption of appropriate rate for labour and material as per Bihar SoRs.

³⁴ 84 handed over and six not handed over.

³⁵ Calculated on the basis of average rate of rent of ₹ 14.02 and ₹ 15.85 per MT per month for the year 2014-15 and 2015-16 respectively.

³⁶ 40 handed over and 6 not handed over.

³⁷ Items included in the BoQ as a replacement of some items.

³⁸ DGM, AGM and JE of PIU Purnea.

Excess payment towards carriage of stone

The Company made an excess payment of ₹ 5.37 crore on carriage of stone

2.1.27 Audit scrutiny of two agreements executed by PIUs Purnea and Munger³⁹, revealed that the concerned Company officials responsible for scrutiny and approval of payments⁴⁰ irregularly paid the contractors at the rates applicable for the longer distance mentioned in the agreements (for sourcing stone aggregates required for the works) rather than the actual distance (as evident from the M&N forms⁴¹ submitted by the contractors). This resulted in excess payment of ₹ 5.37 crore on carriage of stone aggregates as indicated in table 2.1.6.

Table No. 2.1.6: Details of excess payment on carriage of stone							
Name of Work	Quantity used in CuM	Distance in BoQ (KM)	Rate/ CuM of payment in BoQ (₹)	Actual distance (KM)	Rate/ CuM as per actual distance (₹)	Difference in rate/ CuM (₹)	Excess payment (₹ in crore)
(1)	(2)	(3)	(4)	(5)	(6)	(7)=(4)-(6)	(8)
Agriculture College, Kishanganj	35,621.50	207	2,451.15	103	1,291.51	1,159.64	4.96 ⁴²
Pre-fabricated godown, Munger	1,743.20	264	3,309.63	170	2,185.84	1,123.79	0.20
	1,023.24			90	1,229.17	2,080.46	0.21
Total							5.37

Accepting the audit observation, the BCD stated (November 2017) that the overpayment would be adjusted from subsequent running account bills of the work.

Recommendation

The Company should assess shortest possible distance for payment of carriage charges in the estimate itself to avoid extra payment.

Irregular payment on carriage

2.1.28 Contractors who execute projects for the Company are required, under the agreements, to source raw materials such as stone chips and coarse sand from the quarries specified by the Company, for which they would be reimbursed the carriage costs. This is verifiable from the M & N forms submitted by the contractors.

Payment of carriage of ₹ 50.43 crore was made irregularly without verifying the actual distance from where the materials were brought

Audit scrutiny of records in 358 cases revealed that the contractors did not submit M&N forms to the Company for transportation of 1,55,090 CuM of stone chips and 1,26,654 CuM of coarse sand. Despite this, the concerned Company officials⁴³ processed and approved payment of ₹ 50.43 crore (₹ 31.46 crore on stone chips and ₹ 18.97 crore on coarse sand) as carriage to the contractor without ensuring submission of Form M and N.

³⁹ Construction of Agriculture College, Kishanganj and pre-fabricated godown of 5,000 MT at Munger district, respectively.

⁴⁰ DGM, AGM, JE and Accountant of the concerned PIUs.

⁴¹ Form M is affidavit of the contractor for lifting of minor-minerals from authorised quarry/seller and form N contains details of minor minerals issued by the authorised quarry/seller.

⁴² Excess payment calculated at contract value (20 per cent above BoQ).

⁴³ DGM, AGM, JE and the Accountant of the concerned PIUs.

Accepting the audit observation, the BCD stated (November 2017) that all PIUs have been instructed to pay the bills of contractors only after verification of M & N forms.

Post-facto grant of time extension and refund of liquidated damage in violation of the agreements

2.1.29 Standard clauses in the agreements executed by the Company stipulate that Contractors are required to seek extension of time within 14 days of occurrence of any hindrance while executing any project. Scrutiny of records of five test checked PIUs revealed that in 46 out of 177 delayed works, the contractors had sought time extensions from one to 26 months after completion of the concerned projects, the approval of which, in violation of the standard clauses, resulted in irregular release of ₹ 3.48 crore of liquidated damages retained by the Company for delay in execution.

Replying to the audit observation, the BCD stated (November 2017) that the agreements permitted fair and reasonable time extension by the Engineer -in-Charge even without the contractor applying for extension of time. Since the projects have already been completed and handed over to the concerned department, the retained amounts of liquidated damages were released.

The reply of the BCD is unacceptable. The clause relating to *suo motu* approval of extension is applicable only when the delays are not attributable to the contractor. In all these cases commented upon in audit, however, the delays were attributable primarily to the contractor. Consequently, the approval of extension after the specified period and the consequent release of liquidated damages of ₹ 3.48 crore was unwarranted, and resulted in undue benefit to the contractors.

Recommendation

The Company should ensure that time extensions are only granted when warranted under the agreement.

Irregular payment of variations without approval of competent authority

2.1.30 The Bihar PWD code stipulates that variations (during execution as compared to estimates) of more than 20 *per cent* in BoQ items should be approved by the user department. Audit observed, however, that, in two works⁴⁴ by the concerned DGMs, though the variation ranged between 25 *per cent* and as much as 91 times the estimated cost, the variations were not referred to the user department, and instead, excess payment of ₹ 63.10 crore (as of May 2017) was made to the contractor.

Replying to the audit observation, the BCD stated (November 2017) that the variations were recommended by the consultant and will now be approved by the competent authority. The reply is not acceptable. The recommendations of the consultant are not binding on the Company and are required to be examined for approval by the competent authority before incurring the additional payment of ₹ 63.10 crore, which did not happen in this case.

⁴⁴ Construction of godowns (Gaya and Darbhanga) and construction of Dr. Kalam Krishi Mahavidyalaya (Kishanganj).

Recommendation

The Company, in case of variation in works, should invariably obtain approval of the user department before releasing payments.

Impact of Audit

Action taken by the Company on the basis of audit findings

- The Company has agreed to claim interest from user departments in cases of utilisation of Company funds in Project works due to delay in release of funds by user departments. This will act as a deterrent against delay by user departments in release of funds.
- The Company has adopted BCD, GoB guidelines for fixing timelines for various pre-execution activities.
- The Company has also resolved (November 2017) to invite tenders only after availability of hindrance free land.
- The Company instructed all the PIUs to pay the bills of the contractors only after verification of M & N form and also agreed to recover the excess payment pointed out by audit.

Conclusion

- The absence of a whole time Managing Director impacted the performance of the Company.
- On-site monitoring mechanism in the Company was deficient. Quality control systems were deficient due to absence of lab technicians.
- Financial management was deficient as the Company did not claim interest from user departments for utilising its own funds in project works. Moreover, failure of the Company to prudently invest its bank balances resulted in loss of interest of ₹ 6.11 crore.
- Planning process was deficient due to non-setting up of timelines for pre-execution activities, deficiencies in preparation of DPR, estimates, etc. These resulted in delays in commencement of work, inflated estimates, etc. Tendering process was not transparent as instances of extension of undue benefit to the bidders, commencement of work without ensuring availability of land and irregular award of works were observed.
- Execution of projects was not satisfactory, since instances of time overrun of up to two or more years, delays in agreement, irregular payments, avoidable expenditure / excess payments along with non-compliance of rules were observed. Further, instances of irregular extensions of time to contractors were also noticed. Abnormal delays in handing over of the completed works resulted in the works not being utilized.

2.2 Audit on development of Educational Infrastructure by Bihar State Educational Infrastructure Development Corporation Limited

Introduction

2.2.1 Bihar State Educational Infrastructure Development Corporation Limited (Company) was incorporated in July 2010 as a wholly owned Government Company under the administrative control of the Education Department, Government of Bihar (GoB). The Company is engaged in construction and maintenance of all types of educational infrastructure in Bihar on behalf of the departments of Education and Minority Welfare. The Company executes all projects through private contractors, and charges centage¹ for its services.

The Audit by way of test check, covered 15 out of 60 (25 *per cent*) projects implemented during the audit period. These 15 projects executed 3,534 works (70 *per cent* of the 5,082 works executed by the 60 projects). Audit test checked 1,413 works (40 *per cent* of 3,534 works) in these 15 projects valued at ₹ 1,061.72 crore (29 *per cent* of ₹ 3617.06 crore incurred on the 60 projects).

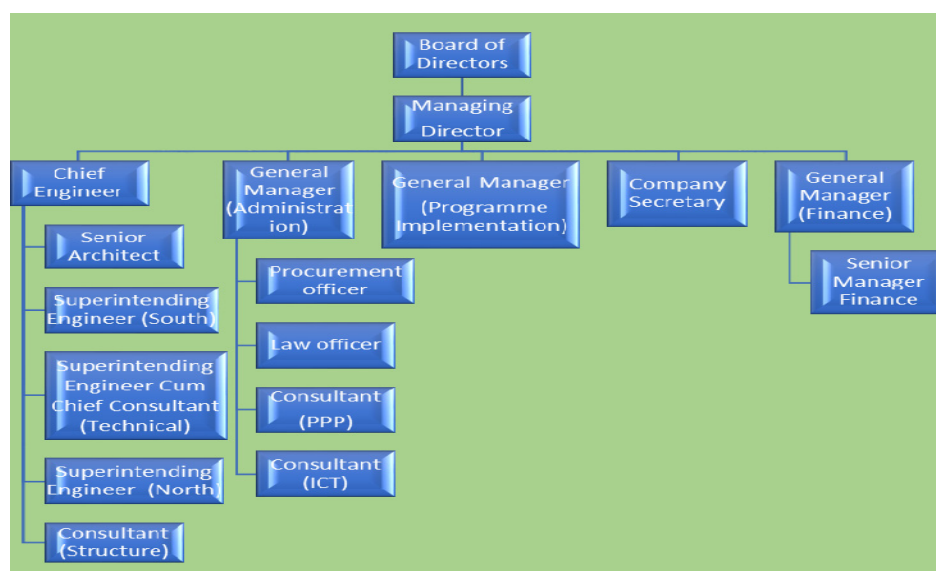
There are total 12 audit observations, and most of them are of a nature that may reflect similar errors/omissions in other works being implemented by the Company, but not covered in the test audit. The Company therefore may like to internally examine all the other works being executed by them with a view to ensuring that they are being carried out as per requirement and rules.

The Company is managed by a Board of Directors comprising the Managing Director and nine other Directors. The Development Commissioner, GoB is the *ex-officio* Chairman of the Board. The Managing Director is the Chief Executive Officer of the Company and is responsible for implementation of the objectives of the Company and day-to-day conduct of business.

The Company's functioning is divided into three wings, *i.e.*, Technical, Administrative and Finance. The organisational chart of the Company is given below:

¹ Till January 2016, Centage was fixed at the rate of nine *per cent* of project cost. However, the rate of centage was revised (23 January 2016) as follows:

- (A) For project cost upto ₹ 10 crore = seven *per cent*
- (B) For project cost more than ₹ 10 crore and up to ₹ 100 crore = (A) + five *per cent* on amount exceeding ₹ 10 crore.
- (C) For project cost more than ₹ 100 crore = (B) + one *per cent* on amount exceeding ₹ 100 crore.



The audit of the Company was carried out to evaluate and assess whether the infrastructural projects were executed economically, efficiently and effectively by the Company with due regard to proper planning and canons of financial propriety. The performance of the Company was evaluated with reference to the provisions of Bihar Public Works Department (BPWD) code, Standard Bidding Documents (SBD) and the applicable laws.

Audit Scope and Methodology

2.2.2 Audit used Stratified Random Sampling Method without replacement², and examined records of 15³ out of 60 projects/schemes executed by the Company during 2012-17 at an expenditure of ₹ 2,654.30 crore (i.e., 73.38 per cent of the total expenditure of ₹ 3,617.06 crore).

Audit methodology included examination of Company records, issue of Audit observations/queries, joint physical verification of incomplete/ delayed projects, etc. Management/ Education Department views were also elicited in Entry and Exit Conferences.

Acknowledgement

Audit acknowledges the cooperation and assistance extended by the Company and its officials during conduct of the Audit.

² Stratified Random Sampling refers to a method of sampling wherein the sample population is divided into various strata or groups according to some criteria and the samples are selected on a random basis without replacement to arrive at the representative sample.

³ (1) Senior Secondary School (SSS) scheme, (2) Model School (MS) scheme, (3), Upgraded Secondary School (USS) scheme, (4) Girl's Hostel (GH) scheme, (5) Higher Secondary School (HSS) scheme, (6) Chandragupta Institute of Management Project (CIMP), (7) ICT @ School scheme, (8) SSS Minority (SSSM) scheme, (9) Residential School, Tharhut, (10) Aryabhatt Knowledge University, (11) Sainik School, Nalanda, (12) Sainik School, Gopalganj, (13) Child Development Project Officer (CDPO), (14) L.N.M. College Girls Hostel, Meeting Hall and Internal Painting, and (15) Rashtriya Shiksha Abhiyaan Office.

Audit Findings

2.2.3 The Audit findings are discussed in succeeding paragraphs:

Human Resource Management

2.2.4 The position of manpower of the Company over the past four years is summarized below:

Shortage of manpower in the Company ranged from 18.52 per cent to 25.93 per cent during the period 2013-17

Particulars	Sanctioned ⁴ strength	March 2014	March 2015	March 2016	March 2017
Managing Director (MD)	1	1	1	1	1
General Manager (GM)- (Administration)	1	0	0	0	0
GM- Programme Implementation (PI)	1	1	1	1	1
GM (Finance)	1	0	1	0	0
Chief Engineer	1	0	1	1	1
Chief Consultant (Technical)	1	0	0	1	1
Superintending Engineer	2	0	2	1	1
Executive Engineer (EE) Civil	14	11	13	13	13
Assistant Engineer (AE) Civil	35	32	30	32	34
Junior Engineer (JE) Civil	160	134	140	151	146
Other Staff	80	41	44	41	35
Total	297	220	233	242	233
Shortage (in per cent)		25.93	21.55	18.52	21.55

The vacancies in the key posts of GM (Administration) and GM (Finance) resulted in poor monitoring of projects, and also led to the financial irregularities detailed throughout the report, due to absence of checks and balances.

Audit also observed an instance where the Managing Director and GM (Administration)⁵ appointed (November 2013) an Assistant Engineer who did not fulfil the prescribed eligibility criteria. Replying to the audit observation, the Education Department stated (November 2017) that necessary action would be taken in this regard.

As observed in the audit of the Bihar State Building Construction Corporation Limited, the Company should evaluate the necessity of operating so many posts in the EE, AE, JE cadres, especially since no works are executed in house, and its main task is that of contract management.

Recommendation

1. The State Government and the Company should review the need to continue with the present HR structure, in light of the fact that the Company does not execute works in house.
2. The State Government should review all irregular appointments for corrective action.

⁴ Apart from the sanctioned strength of 297, the GoB appoints one Chief Vigilance Officer of the rank of Joint Secretary or equivalent.

⁵ Duties and responsibilities of GM (Admn) were discharged by GM (P.I).

Financial Management

2.2.5 The financial position and working results of the Company for the last five years ending March 2017 are given below:

Table No. 2.2.2: Financial position and working results					
(₹ in crore)					
Financial Position					
Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
Paid up Capital	20.00	20.00	20.00	20.00	20.00
Reserves & Surplus	39.81	68.66	111.26	181.60	204.55
Non-Current Liabilities ⁶	0.00	2,013.78	2,766.97	3,109.60	3,840.52
Current Liabilities & Provisions	1,235.64	58.82	154.56	299.93	360.57
Total	1,295.45	2,161.26	3,052.79	3,611.13	4,425.64
Net Fixed Assets	0.12	0.29	0.36	0.48	0.33
Long Term Loans and Advances	0.00	0.00	2.51	1.84	1.48
Other Non-Current Assets	11.67	22.30	48.91	76.12	88.01
Current Assets ⁷	1,283.66	2,138.67	3,001.01	3,532.69	4,335.82
Total	1,295.45	2,161.26	3,052.79	3,611.13	4,425.64
Working results					
Total Income	12.14	40.32	90.20	102.56	59.03
Total Expenditure	6.90	11.47	17.57	32.05	36.08
Exceptional items	0.00	0.00	26.50	0.00	0.00
Profit/ (loss) before tax	5.24	28.85	46.13	70.51	22.96
Less: Prior period adjustments and Taxes	-	-	-	-	-
Net Profit/(Loss) after Taxes	5.24	28.85	46.13	70.51	22.96
Centage earned	9.72	35.35	83.34	98.95	52.50
Centage as <i>per cent</i> of total Income	80.06	87.67	92.39	96.48	88.94
Return on Investment (in <i>per cent</i>) ⁸	8.76	32.54	35.14	34.98	10.22

The reduction in income and net profit in 2016-17 is mainly attributable to slow execution of the works and reduction in centage rates with effect from January 2016.

Utilisation of funds

2.2.6 Details of receipt of funds from user departments and their utilisation during 2012-13 to 2016-17 are given in the table below:

⁶ Non-current liabilities include funds from the user departments along with accrued interest, Earnest Money deposit and the Performance Bank Guarantee forfeited, if any.

⁷ Current Assets include work in progress of construction work against fund received.

⁸ ROE and ROCE were the same as ROI as there was no long term borrowing, accumulated loss and deferred revenue expenditures. Further, the profit before and after tax were the same.

Table No. 2.2.3: Receipt and utilisation of funds							
(₹ in crore)							
Year	Opening Balance	Funds received during the year	Total funds available	Funds utilized	Surrendered during the year	Closing Balance	Percentage of utilisation (%)
(1)	(2)	(3)	(4) =(2+3)	(5)	(6)	(7) =(4-5-6)	(8) =(5*100)/4
2012-13	503.87	818.62	1,322.49	117.99	6.13	1,198.37	8.92
2013-14	1,198.37	611.08	1,809.45	426.35	2.79	1,380.31	23.56
2014-15	1,380.31	682.74	2,063.05	1,009.32	9.93	1,043.80	48.92
2015-16	1,043.80	602.34	1,646.14	1,259.51	55.36	331.27	76.51
2016-17	331.27	716.06	1,047.33	802.46	5.65	239.22	76.62
Total		3,430.84		3,615.63	79.86		

The Company surrendered ₹ 79.86 crore to the administrative department (Education Department), out of which, ₹ 55.36 crore was surrendered by the Company at the instance of the department for their own utilisation in construction of toilets and renovation of schools under the Rashtriya Madhyamik Shiksha Abhiyaan (RMSA) scheme.

Other observations :

(1) The Company utilised its own funds amounting to ₹ 232.56 crore for various schemes out of which only ₹ 150.47 crore was adjusted from the user departments and the balance of ₹ 82.09 crore remained unadjusted for periods ranging from 13 to 650 days⁹ (March 2017). As a result, the Company suffered loss of interest income of ₹ 6.97 crore¹⁰.

Failure to keep surplus funds in savings accounts with auto sweep facility resulted in loss of interest income of ₹ 62.30 crore

(2) During 2012-17, the Company kept surplus project funds ranging from ₹ 293.84 crore to ₹ 866.32 crore in 60 Savings Bank Accounts without opting for auto sweep facility, resulting in loss of interest income of ₹ 62.30 crore¹¹ to project funds.

(3) The GM (Finance) cum Senior Accounts Officer of the Finance Wing of the Company, granted Mobilisation Advance of ₹ 7.02 crore in 11 cases to five agencies¹² whose requests were received after a lapse of 34 to 209 days from the date of commencement of work which was against the provisions of the SBD stipulating grant of Mobilisation Advance within 30 days of commencement of work on request made by contractor.

Delay in payment of service tax resulted in creation of undue liability of ₹ one crore

(4) The GM (Finance) cum Senior Accounts Officer failed to ensure deposit of Service Tax within the prescribed time period i.e., in the month following the month in which it became due. The Company during the period April 2015 to September 2016 collected service tax of ₹ 7.36 crore from contractors, which were deposited (November 2016) belatedly after a lapse of one to 18 months from the due date of payment. Delay in payment of service

⁹ ₹ 78.50 crore remained unadjusted for 13 to 285 days in 2015-16, and continued (with some additional expenditure) totalling to ₹ 82.09 crore for 60 to 365 days in 2016-17.

¹⁰ Worked out on the basis of interest rate of savings account linked with auto sweep facility.

¹¹ Worked out at the differential rate of (6.5-4) 2.5 per cent per annum for the period when surplus funds were available.

¹² M/s Delco Infrastructure Projects Limited, M/s Jindal Mectec Private Limited, M/s Llyod Insulations (India) Limited, M/s Anoj Enterprises and M/s Dilip Kumar Sharma.

tax has resulted in creation of an undue liability of ₹ one crore on account of interest payable for the period in case the Service Tax Department imposes penalty.

The Education Department, while accepting the audit observations, stated (November 2017) that the Company is regular in depositing service tax since December 2016.

Recommendation

The Company should exercise due diligence in management of its funds by faster execution of works, use of auto sweep facilities (instead of depositing in saving bank accounts), and paying taxes in time.

Internal Oversight Mechanism

Quality Controls

2.2.7 The internal quality control laboratory of the Company has no facility to test steel, mortar and chemical analysis of cement, even though such tests are essential to determine the quality of construction in the different projects undertaken by the Company.

Replying to the audit observation, the Education Department stated (November 2017) that steel from reputed manufacturers and cement bearing ISI mark was used in construction. The reply is not acceptable, since there is no record to show that Company officials had ensured that only materials of the prescribed specifications were used, either by physical verification, or by scrutinizing purchase invoices of materials used in construction.

Recommendation

The Company should put in place a mechanism to ensure that materials of the specified quality are used in its construction projects.

Internal Audit

2.2.8 The Company does not have an Internal Audit Wing. As evident from the findings discussed in paragraph 2.2.17 and paragraph 2.2.20, the internal oversight mechanism of the Company requires significant improvement. The administrative department also did not perform its duties in enforcing oversight of the Company, as is evident from the fact that no action was taken on the 34 monthly progress reports submitted by the Company during the period March 2014 to March 2017.

The Education Department accepted (November 2017) the audit observation.

Recommendation

An independent Internal Audit Wing should be established at the earliest for timely detection of deficiencies and ensuring remedial action.

Project Management

2.2.9 Planning

Instances of deficient planning in preparation of estimates as observed in Audit are discussed below:

Finalisation of tender without obtaining clear title to work site

2.2.10 The BPWD Code stipulates that the site of every building is required to be settled by obtaining No Objection Certificate (NOC) from the local administration in time before finalising detailed designs and estimates of work.

240 works involving sanctioned cost of ₹ 249.68 crore could not be started due to non-availability of encumbrance free land

Examination of records revealed that the Company officials¹³ failed to ensure the availability of dispute free land by way of undertaking site inspections, site surveys and NOC prior to tendering. As a result, 240 works pertaining to seven schemes¹⁴ involving sanctioned cost of ₹ 249.68 crore, could not be started for periods ranging from 16 to 73 months (November 2017) due to non-availability of encumbrance free land, and the funds earmarked for these works were diverted to other works.

The Education Department accepted (November 2017) the audit observations.

Recommendation

The Education Department and the Company should ensure that designs and work estimates are finalised only after obtaining NOC from the local administration.

Model School Scheme

Denial of quality education to talented rural students in 368 schools due to non-provisioning of furniture in the estimates and other reasons

2.2.11 The Education Department, GoB had proposed (March 2012) construction of 368 Model schools in educationally backward blocks of Bihar, with an aim to provide quality education to talented rural children, under RMSA.

Audit observed that Company officials¹⁵ at the time of framing estimates failed to include cost estimates for furniture and other essential amenities (viz. open theatres, basketball/ volley ball courts) and finalized tenders (October 2012 to September 2014) for construction of 353 out of 368 Model schools. The Company could not float tenders for the remaining 15 Model schools due to non-availability of dispute free land.

Out of 353 schools, the Company completed construction of 297¹⁶ Model schools at a cost of ₹ 555.69 crore (December 2015). The work of the remaining 56 schools could not be commenced due to non-availability of land. However, none of the 297 completed schools could be used due to non-availability of furniture and other essential amenities.

Audit further observed that the Education Department as well as the Bihar Madhyamik Shiksha Parishad (BMSP)¹⁷ failed to notice the deficiency of non-

¹³ MD, GM (Administration) and Chief Engineer (Technical).

¹⁴ USS, SSS, SSSM, CDPO, MS, HSS and GH scheme.

¹⁵ MD and Chief Engineer (Technical).

¹⁶ 216 completed Model Schools and 81 Model schools that were decided (December 2015) to be wound up on completion up to G + 1 stage.

¹⁷ BMSP, a society registered under Society Registration Act (XXI) 1860 and functioning under the Education Department, is the nodal agency for execution of Model school project of RMSA.

inclusion of furniture and other amenities in the estimate prepared by the Company. The Company initiated the proposal to secure funds from the State Government for furniture and other amenities for 297 completed model schools only in September 2016, and the funds were not released by the State Government till date (December 2017).

As a result, the intended benefit of imparting quality education under the Model School Scheme could not be provided due to non-construction of 15 schools, non-completion of 56 schools due to non-availability of dispute free land and non-provision of furniture and other essential amenities in 297 completed schools.

The Education Department, while accepting the audit observation, stated (November 2017) that a fresh tender was invited (May 2017) for procurement of furniture. However, the reply was silent over the issue of deficient preparation of estimates.

Recommendation

The Company may consider establishing a dedicated cell within the Technical Wing for scrutiny of estimates.

Non-availing of Central Excise Duty exemption of ₹ 10.04 crore

2.2.12 In terms of Central Excise Department notification (August 1995), steel and cement used in projects financed by international organizations, including the World Bank, are exempt from levy of Central Excise duty.

Non-availing of Central Excise Duty exemption resulted in avoidable expenditure of ₹ 10.04 crore

Audit observed that while approving the Bill of Quantities (BoQs) and estimates for four¹⁸ World Bank assisted projects, the Chief Engineer (Technical) failed to account for the Central Excise duty exemption, resulting in avoidable expenditure of ₹ 10.04 crore as on November 2017.

The Education Department accepted (November 2017) the audit observation.

Recommendation

The State Government may issue orders reiterating the exemption orders of the Central Excise Department.

Project Execution

Execution of Projects

2.2.13 The Company, during 2012-17, undertook 60 projects/schemes including 5,082 works at a sanctioned cost of ₹ 6,196.61 crore and as of March 2017, an expenditure of ₹ 3,617.06 crore (58.37 per cent) was incurred. The financial status of the projects/ schemes is detailed in **Annexure-2.2.1**.

Audit noticed various deficiencies in execution of these projects as detailed below:

¹⁸ District Institute of Education and Training, Primary Teachers Education College, Block Institute of Teachers Education and College of Teacher Education.

Submission of certificates after completion of selection of the contractor

2.2.14 The SBD, *inter alia*, requires bidders to submit experience certificates regarding electrification/sanitary works, either carried on by themselves or by their sub-contractors, at the time of submission of bids.

Lack of transparency in tendering process of the Company resulted in irregular award of work to the contractor

Audit observed that in respect of Sainik School, Nalanda, one bidder¹⁹ did not submit the required electrification/sanitary works experience certificates at the time of submission of bid. However, the Technical Committee²⁰ of the Company did not disqualify the bid during technical evaluation and the bid was declared technically qualified. On financial evaluation, the bidder emerged L1 and was awarded (September 2011) the work at the agreement cost of ₹ 30.64 crore. The required certificates were obtained subsequent to opening of the financial bids, which was against the canons of transparency in tender procedure.

The Education Department, while accepting the audit observation, stated (November 2017) that though the requirement of submitting of electrification/sanitary works experience certificate was mentioned in SBD, the same was not provisioned in the Technical evaluation template for e-tendering. And the Technical Committee too limited itself to the examination of documents submitted based on its template. However, efforts would be made to enlarge the template as per SBD.

The reply of the department vindicates the audit observation.

Inconsistent approach to evaluation of bids

2.2.15 The SBD stipulates that bidders who meet the minimum qualification criteria will be qualified only if their Assessed Available Bid Capacity (bid capacity)²¹ is more than the total bid value. Further, the Bihar Finance (Amendment) Rules (BFR), 2005, stipulates that the Technical Committee shall record the reasons for acceptance or rejection of the technical bids.

Audit observed that the Technical Committee²² disqualified the bid of one bidder M/s Satyanarayan Singh, Jharkhand in four works relating to nine schools (estimated cost: ₹ 24.94 crore²³) on the ground of insufficient bid capacity despite the bid capacity (₹ 37 crore) being 400 *per cent* more than the individual estimated cost of each of the four works. Besides, no explanation for disqualification on the basis of insufficient bid capacity of the said bidder was recorded by the Technical Committee as per the requirement of BFR.

It was further observed that the Technical Committee of the Company had considered the same bid capacity of ₹ 37 crore as individually sufficient for Technical Qualification of the bidder in three other works comprising eight

¹⁹ M/s Dayanand Prasad Sinha & Co.

²⁰ Chief Consultant (Technical), Chief Consultant (Architect), Chief Consultant (Finance & Accounts), Executive Engineer (Headquarters) and Consultant (Technical).

²¹ Bid capacity = Maximum annual turnover in any one of last five years x Number of years in which the proposed work is to be completed x 3 – Existing commitments (ongoing work).

²² Chief Consultant (Technical), Superintending Engineer (Headquarters), Executive Engineer (Headquarters), Senior Architect and Senior Accounts Officer.

²³ MS 133- ₹ 5.40 crore, MS 135- ₹ 5.36 crore, MS 166- ₹ 8.42 crore and MS 169- ₹ 5.76 crore.

schools at an aggregate estimated cost of ₹ 22.32 crore²⁴. This reflected inconsistency in evaluation of bids and lack of transparency in award of works by the Company.

The Education Department accepted (November 2017) the audit observation.

Recommendation

The State Government is required to ensure that the Company complies with the SBD provisions to infuse transparency in technical evaluation of bids.

Award of contract on the basis of forged documents

Lack of due diligence resulted in selection of a contractor with fictitious bid capacity, leading to extension of undue benefit to the contractor and unfruitful expenditure of ₹ 36.82 crore

2.2.16 The Company invited tenders (18 February 2014) for construction of 887 schools in 387 groups. One bidder (M/s Birendra Kumar Singh, Katihar) submitted certified accounts (20 April 2014) and a certificate of turnover (20 April 2014) issued by a Chartered Accountant (CA) firm (Sanjay Kumar Jha and Associates), where turnover of ₹ 49.89 crore was claimed for 2013-14²⁵. Based on this, the Technical Committee²⁶ assessed the bid capacity of the bidder at ₹ 188.30 crore and the Company awarded (July 2014) him contracts for 67 schools (to cater to 18,760 students in various districts of Bihar) valued at ₹ 77.42 crore, which were scheduled for completion between December 2015 and March 2016.

Audit cross-verified the Income Tax Return filed by the bidder for 2013-14 and certified by the same CA firm, which gave a different figure of ₹ 1.44 crore. It was further observed that the bidder had reported the same turnover (₹ 1.44 crore) in his return for the same period (2013-14) filed with the Commercial Taxes Department, Bihar. Thus, the ineligible bidder was awarded the contracts on the basis of fraudulent certification.

It was further observed that after securing the contract, the ineligible bidder failed to complete (as on December 2017) construction of any of the 67 schools, despite incurring expenditure of ₹ 36.82 crore.

The Education Department stated (November 2017) that the increase in bid capacity was due to increase in turnover in one year which was achievable.

The reply of the department is not acceptable. The Company failed to detect the fictitious credentials of the bidder supported by fraudulent certificate of CA. The audit observation is supported by the fact that the contractor failed to complete construction of even one of the 67 schools awarded to him.

²⁴ MS 16- ₹ 5.68 crore, MS 35- ₹ 8.45 crore and MS 108- ₹ 8.19 crore.

²⁵ Being the maximum annual turnover in any one of last five years considered for assessing bid capacity.

²⁶ Chief Engineer, Superintending Engineer (Headquarter), Executive Engineer (Headquarter) and Senior Accounts Officer.

Recommendation

The State Government may frame measures to cross verify all submissions by bidders and to blacklist and criminally prosecute bidders and their associates who furnish fraudulent documents.

Failure of the Company to renew Performance Bank Guarantees

2.2.17 The SBD stipulates that the contractor shall submit an irrevocable Performance Bank Guarantee (PBG) of two *per cent* of the tendered amount, which shall initially be valid for up to 28 days beyond the defect liability period²⁷. The PBG is to be forfeited in case the contract is rescinded.

Audit observed that the Company rescinded six works valued at ₹ 9.08 crore due to slow progress of work. However, due to lapses of the Company officials²⁸ to ensure their timely renewal, the PBGs valued at ₹ 59.68 lakh could not be encashed. It was further observed that in 36 works, PBGs valued at ₹ 2.91 crore, the same Company officials failed to renew PBGs prior to the expiry of the validity period, despite non-completion of these works (March 2017). Non-extension of expired PBGs seriously diluted the financial safeguards available to the Company in case of default on the part of the contractor.

The Education Department, while accepting the audit observation, stated (November 2017) that efforts are being made for continuous monitoring of the PBGs in future.

Recommendation

The Company should introduce a mechanism to ensure timely renewal of PBGs.

Failure to rescind contracts and constructions on non-encumbrance free sites resulted in unfruitful expenditure of ₹ 3.10 crore

2.2.18 The SBD provides for rescinding the contract if a contractor persistently neglects/defaults to comply with the terms and conditions of the contract.

Audit observed that though progress of work in six²⁹ works relating to 21 schools (agreement cost ₹ 9.08 crore) was slow, the Company (Chief Engineer) took four years to rescind the contracts, after incurring an expenditure of ₹ 2.77 crore. Besides, two works³⁰ consisting of two schools were abandoned midway after incurring ₹ 33.08 lakh, due to constructions on non-encumbrance free sites.

²⁷ Period (36 months after handing over of the project) during which the contractor is liable to rectify any defects in work which arises after completion of work.

²⁸ GM (Finance) cum Senior Accounts Officer (Finance Wing).

²⁹ USS-6, USS-7, USS-8, USS-40, USS-43 and USS-45.

³⁰ Case SSS-261: The school was being constructed on raiyati land (right to hold land for the purpose of cultivation), and consequently construction was stayed by Court orders (August 2015); Case SSS-199: Construction was stopped midway (December 2014) as the DM ordered shifting of the location.

Slow execution and construction on non-encumbrance free land resulted in unfruitful expenditure of ₹ 3.10 crore

As a result of abandoning of eight works relating to 23 schools, the intended benefits of improved educational infrastructures could not be achieved for over five years even after incurring an expenditure of ₹ 3.10 crore. As such, the entire expenditure of ₹ 3.10 crore so incurred on these eight works became unfruitful.

Photographs of abandoned works



Upgraded Secondary School, Devchanda, Middle School, Andharvan, Madhubani Piro (USS-6, photo dated 11-07-17) (SSS-199, photo dated 20-07-17)

The Education Department accepted (November 2017) the audit observation.

Recommendation

The Company should ensure that the sites are encumbrance free before commencing works and should take timely action against errant contractors.

Inaccurate adoption of Schedule of Rates without due consideration to individual components of pile work resulted in extension of undue benefit to the contractor of ₹ 3.72 crore

2.2.19 The BPWD Code stipulates that estimates/BoQ for works should be prepared on the basis of the Bihar Schedule of Rates (SoRs). Where rates for specific items are not available in the Bihar SoR, the rates may be adopted from the Central Public Works Department (CPWD) SoR applicable to the concerned zone.

Failure of the Company to consider individual components of pile work of 500 mm dia already available in BCD SoR, 2011 resulted in avoidable excess payment of ₹ 3.72 crore to the contractor

During scrutiny of records relating to the work relating to Chandragupta Institute of Management, Patna, it was noted that the Technical wing³¹ of the Company adopted the CPWD Delhi SoR rate for the pile work³² of 500 mm diameter (dia), on the ground that the composite rate³³ for this work was not available in the Bihar SoR 2011. Audit however observed that the contention of the Technical wing was incorrect, as the Bihar SoR contained rates for every individual component of the pile work of 500 mm dia, and these were on the lower side. As a result, the BoQ cost of 500 mm dia work was taken as ₹ 3,075.81/Running meter (Rmt) instead of ₹ 2,165.65/Rmt as per Bihar SoR. This resulted in avoidable excess payment of ₹ 3.72 crore³⁴ to the contractor on the executed work of 39,240 Rmt.

The Education Department reply (November 2017) did not address the audit observation.

³¹ Consultant (M/s DDF Consultant Pvt Ltd) and Chief Consultant (Technical).

³² Pile work is a foundation work done beneath the ground to strengthen base and load bearing capacity of the building.

³³ Composite rate which is inclusive of every individual component rate of items.

³⁴ ₹ 3.72 crore = 39,240 * (3,075.81-2,165.65) * 1.043 (being the agreement cost 4.30 per cent above BoQ).

Recommendation

The Company should ensure adoption of appropriate rate for labour and material as per Bihar SoR.

Non-compliance with Codal Provisions/ Agreement

2.2.20 The following violations of codal provisions were observed:

(1) The BPWD Code stipulates that items of work not included in the BoQ shall be termed as extra items, for which supplementary agreements are to be entered into. Audit, however, observed that in respect of 28 groups of works, without executing a supplementary agreement, the variation committee³⁵ of the Company irregularly allowed variations and paid ₹ 4.25 crore for non-BoQ items.

In their reply (November 2017) the Education Department stated that the provisions of BPWD code were not adhered to in small projects and small modifications in line with existing ground situation was brought about, and approval was given on the recommendation of the variation committee.

The reply was not tenable since the provision of BPWD code is applicable for small projects, also.

(2) The SBD provisions stipulate that contractors should apply for time extension along with request for rescheduling the milestones, within 14 days of occurrence of delay. Audit noted that, in 31 works, the contractors applied for time extension after periods ranging from one to 40 months of the scheduled date of completion of works. Audit observed that, in all these cases, and in violation of the above provisions, the Chief Engineer (Technical) irregularly granted time extension. Consequently, the Company released ₹ 1.68 crore to the contractors that had earlier been withheld towards liquidated damages.

The Education Department reply (November 2017) did not address the issue why the contractors could not apply on time and why and on what authority Chief Engineer (Technical) violated the SBD requirements and belatedly approved extension of time and consequently released withheld liquidated damages.

Recommendation

The Company should ensure compliance to codal provisions and applicable laws.

Deficiency in implementation of ICT @ Schools scheme in 832 schools

2.2.21 Information and Communication Technology in Schools (ICT @ School) is a Centrally Sponsored scheme of the Rashtriya Madhyamik Shiksha Abhiyaan, which, *inter alia*, stipulated ensuring dependable power supply in schools, internet connectivity, teachers' training and development of E-Content³⁶ on various subjects. BMSP of the department accorded (June

³⁵ Chief Engineer, Executive Engineer (Headquarters), Executive Engineer (of the concerned work/ division) and Assistant Engineer.

³⁶ It encompasses e-texts and digital learning resources like digital textbooks, workbooks, articles, videos or multimedia which facilitates greater interactivity, customizability and opportunities of social collaboration for students and faculty.

2011) the implementation work of ICT @ School scheme in 1,000 schools to the Company, for supply and maintenance of Information Technology (IT) infrastructure³⁷. The Company entered (June 2012 and July 2012) into agreements with three vendors³⁸, selected through tendering process for implementation of ICT@ Schools scheme in 832 schools spread over five zones at a cost of ₹ 116.07 crore for a period of five years before taking over from them. The work in 168 schools was not started due to paucity of funds. Deviations in almost all the services rendered by the vendors under the scheme were noted as discussed below:

- (1) The Company (MD and GM-PI) did not appoint a third party agency for conducting acceptance test of supply and installation of hardware, software and accessories by the contractors, as required under the terms and conditions of agreements entered into with the vendors in respect of 832 schools. Conducting the said acceptance test was essential to ensure the verification of the availability of all the defined services. Further, no time-limit for conducting such acceptance test was defined in the agreement rendering the agreements more deficient.
- (2) Theft of ICT materials (July 2012 to June 2016) costing ₹ 1.50 crore was observed in 68 schools, which were replaced after considerable delay of 5 to 49 months by the contractor during February 2015 to July 2017. The thefts impacted the very process of impartation of ICT education in these schools and the students of these schools were deprived of ICT education during this period.
- (3) The Company appointed (March 2017) a third party agency for evaluation of the scheme after a delay of more than four years. Further, no time limit was defined in the agreement, rendering the agreement deficient.
- (4) The Company provided for induction training of 40 hours with a refresher training program of four days in each succeeding year, as against the required 80 hours followed by refresher course of 40 hours in each succeeding year. Further, training to only 5,769 teachers was provided (December 2015 to January 2016), against the required training to 8,320³⁹ teachers.
- (5) No provision of E-Content to enhance the comprehension level of students on various subjects was made in the agreements with the vendors. This was mainly attributable to the negligence of the Company.

Further, the Company (MD and GM-PI) failed to incorporate specific timelines as well as penal clauses in the agreement for deliverables⁴⁰, due to which the contractors inordinately delayed execution of agreement,

³⁷ Establishment of computer lab, hardware including desktops, PC-sharing kit, networking equipment, operating system and application software, furniture, teachers' training, development of e-content, etc.

³⁸ M/s CompuCom Software Limited (Zone 2 & Zone 4), M/s IL & FS Education & Technology Services Limited (Zone 1 and Zone 5) and M/s Pearson Education Services Private Limited (Zone 6).

³⁹ Worked out on the basis of training to be imparted to at least 10 teachers in each school.

⁴⁰ Completion of teachers' training, supply of hardware and software, development and installation of E-content, etc.

replacement of theft materials, teachers' training, etc. As a result, the benefits of the scheme were not effectively achieved.

The Education Department, accepted the audit observations and stated (November 2017) that the same has been noted for future compliance.

Conclusion

- **Financial Management of the Company suffers from deficiencies, viz., non-adoption of auto-sweep facility for idle funds, delay in payment of statutory duty leading to penalty, failure in timely renewal of performance bank guarantees, irregular grant of mobilization advance, etc.**
- **Internal Oversight Mechanism is weak as there is no Internal Audit Wing in the Company. Top and Middle management also failed to exercise due diligence as evident from the deficiencies noticed in various functions of the Company.**
- **Project Management at every stage viz., planning, execution and monitoring is deficient in view of non-inclusion of furniture component in estimate for construction of model schools, selection of ineligible bidders, delay in completion in various projects, non-availing of Central Excise Duty exemption, non-adoption of proper SoR, etc.**
- **The Education Department, besides being the administrative department, under whose general supervision the Company operates, was responsible for implementation of various Central and State Government schemes through the Company. The failure of the Model School Scheme in the State is a clear indication that the department failed in its external oversight role leading to denial of improved educational benefits to large numbers of students.**

CHAPTER-3
COMPLIANCE AUDIT OBSERVATIONS

CHAPTER-3 Compliance Audit Observations

Important audit findings emerging from test check of transactions of State Government companies are included in this Chapter.

Government companies

Bihar State Food and Civil Supplies Corporation Limited

3.1 Suspected collusion of Company officials to unduly favour supplier

Company officials irregularly awarded contracts valued at ₹ 128.45 crore and ₹ 157.36 crore to supplier, accepted the consignments without prescribed quality checks, short collected ₹ 10.72 crore as security deposits from the supplier, irregularly released ₹ 15.75 crore against supply of inferior quality of gunny bags despite clear orders to withhold payment, awarded contract for the second year to the same supplier despite being aware that the goods supplied in the first year were under investigation for poor quality, and disobeyed orders to blacklist the supplier.

Bihar State Food and Civil Supplies Corporation Limited (Company) invited (November 2014) tenders for supply of 60,000 gunny bag bales¹ for KMS 2014-15² in Bihar. The tender documents contained the following conditions:

- ❖ At the time of submission of bid, all bidders were required to submit to the Company gunny bag samples, duly tested by Bureau of Indian Standards (BIS)/ National Accreditation Board for Testing and Calibration Laboratories (NABL).
- ❖ The successful bidder was required to deposit security deposit at three *per cent* of the total value of the quantity ordered.
- ❖ The Company was required to verify the quality and quantity of the gunny bags at the unloading points through its Quality Control staff.

The contract was awarded (January 2015) to M/s Winsome International Limited, Samastipur (supplier) at ₹ 21,408.34 per bale for 60,000 bales (total value: ₹ 128.45 crore). Audit scrutiny (June 2016) of records revealed the following:

- Though the supplier did not furnish duly tested gunny bag samples at the time of bidding (as required under the tender guidelines), the five member Tender Evaluation Committee³ failed to insist on this.
- Against the requirement for security deposit of ₹ 3.85⁴ crore, the Finance Wing, comprising the Deputy General Manager (Finance) and the Manager (Finance), accepted, in its place, without authority and for

¹ 1 bale contains 500 bags.

² Kharif Marketing Season (25 November 2014 to 30 September 2015).

³ Consisting of Managing Director, Chief of Finance, Officer on Special Duty, Manager Procurement (FCI) and Financial Advisor.

⁴ Three *per cent* of ₹ 128.45 crore.

reasons not on record, deposit of only ₹ 50 lakh, thus extending an undue benefit of ₹ 3.35 crore to the supplier.

- No Quality Control staff were deputed to verify the quality and quantity of gunny bags at the unloading points, as required under the tender guidelines.
- The Jute Commissioner⁵, suspected (July 2015) that the supplier was supplying gunny bags much beyond its production capacity, and carried out an inspection (September 2015), where it was found that many of the gunny bags supplied to the Company did not meet specifications and/ or were of inferior quality/ underweight. As per BIS standards, even if one bag is found to be less than prescribed minimum weight, the entire lot was to be rejected. Further inspection could not be carried out, as the inspection team was prevented (19 September 2015) by Company officials from carrying out further quality check.

Based on the preliminary findings, the Jute Commissioner advised (September 2015) the Company and the Secretary, Food and Consumer Protection Department (F&CPD), Government of Bihar (GoB) to withhold all payments for gunny bags till conclusion of the joint inspection⁶. However, the Finance Wing⁷ of the Company, without any justification on record, released (September 2015 to November 2015) payment of ₹ 15.75 crore to the supplier. The joint inspection (October 2015) confirmed that the gunny bags were of inferior quality.

- Despite being aware of the Company's previous issues with the quality of the gunny bags of the supplier, the Chief of Procurement of the Company awarded (12 November 2015) the contract valued at ₹ 157.36 crore (for supply of 60,000 bales at ₹ 26,226.15 per bale) for KMS 2015-16 to the same supplier.
- Subsequently, the Ministry of Consumer Affairs, Food and Public Distribution, GoI (Ministry) advised (24 November 2015) the Secretary, F&CPD, GoB to blacklist the supplier. However, the Technical Evaluation Committee of the Company ignored the advice of GoI and on the basis of an affidavit from the supplier that he had not been blacklisted by any government agency (which the Technical Evaluation Committee was aware to be untrue) recommended (January 2016) the supplier for KMS 2015-16. The Managing Director (who was also aware of the blacklisting of the firm) approved the contract.
- Further, the Company retained ₹ 50 lakh of KMS 2014-15 as security deposit from the supplier for the KMS 2015-16 contract, instead of the required ₹ 7.87 crore⁸. The supplier failed to supply the required bales, as a result of which the Company was forced to purchase 10,268 bales from Directorate General of Supplies and Disposals. However, the Company did not take any action against the supplier.

⁵ Jute Commissioner (JC) under the Ministry of Textiles, Government of India (GoI) has been accorded regulatory powers on jute goods, in terms of the Jute and Jute Textiles Control Order, 2000 and Ministry of Textiles Order, dated 28 October 2005.

⁶ By the officials of the Jute Commissioner, Food Corporation of India and the Company.

⁷ DGM (Finance) and Manager (Finance).

⁸ Rate revised to five *per cent* of total value of contract for KMS 2015-16.

Thus, due to suspected collusion of senior Company officials with the supplier, and failure of the F&CPD to ensure compliance to the orders of the Jute Commissioner and the Ministry, the Company (i) irregularly awarded the contracts for supply of 1,20,000 bales of gunny bags valued at ₹ 128.45 crore and ₹ 157.36 crore for KMS 2014-15 and 2015-16 respectively; (ii) irregularly accepted ₹ 50 lakh as security deposit for KMS 2014-15 and 2015-16 instead of ₹ 3.85 crore and ₹ 7.87 crore respectively; (iii) failed to ensure prescribed quality checks at unloading points; (iv) released ₹ 15.75 crore to the supplier in direct defiance of the Jute Commissioner's orders to withhold payments; (v) awarded the contract for ₹ 157.36 crore to the same supplier for the second year despite being aware of pending quality issues with the supplier under the first year's contract; and (vi) disobeyed the orders of GoI to blacklist the supplier and permitted him to continue with the second year's contract.

The Company in reply to the audit observations stated (December 2017) that the security deposit amount was limited to the actual quantity (5,000 bales) of gunny bags ordered in the first instalment, balance payment was released for KMS 2014-15 since the final orders on quality were pending, and the supplier was not blacklisted as it has not violated any terms and conditions of the agreement.

The replies of the Company are not acceptable, since they are not supported by the facts on record.

The matter was reported (June 2017) to the Government, and reply is awaited (March 2018).

Recommendation

GoB may consider launching a criminal investigation on the suspected collusion of Company officials in the contracts for supply of gunny bags valued at ₹ 285.81 crore.

Bihar Medical Services and Infrastructure Corporation Limited

3.2 Unnecessary loss of interest on bank deposits

Failure of the Company to monitor its bank deposits resulted in loss of ₹ 5.43 crore.

Bihar Medical Services and Infrastructure Corporation Limited (Company), received (February 2014) ₹ 118 crore from State Health Society, Health Department, GoB for conversion of Primary Health Centres (PHCs) into Community Health Centres (CHCs), which was deposited in a separate savings account (at interest of four *per cent* per annum) opened (February 2014) with ICICI Bank. Thereafter, at the request of the Company, the Bank transferred the balances from the savings account and created (19 May 2014) a fixed deposit of ₹ 118.74 crore (at nine *per cent* interest per annum).

Audit observed (March 2017) that, without any instructions from the Company, the Bank liquidated the fixed deposit (27 June 2014) and transferred the amount of ₹ 119.66 crore to the savings account. Thereafter, again without any instructions from the Company, the Bank transferred ₹ 120.64 crore from the savings account, and created (1 July 2014) a fixed

deposit, which once again, was liquidated (29 September 2014) without authority, and transferred to the savings account. The funds remained parked in the savings account till July 2015. During August 2015, ₹ 80 crore was transferred to flexi-accounts with auto sweep facility and the remaining amount of ₹ 44.12 crore remained in the savings account without auto sweep facility till March 2016, after which, the funds were utilised.

Audit further observed (March 2017) that the conduct of the Bank in keeping the balance in fixed deposit or savings accounts remained unnoticed by the General Manager (Finance & Accounts) of the Company.

Due to the above, the Company lost interest of ₹ 5.43⁹ crore during the period May 2014 to March 2016.

The Company accepted the audit observation and informed (September 2017) that the matter is being pursued with the Bank.

The matter was reported (June 2017) to the Government, and reply is awaited (March 2018).

Bihar State Text Book Publishing Corporation Limited

3.3 Unnecessary payment of fine and consultant fee

The Company unnecessarily renewed the services of a consultant for three years paying ₹ 1.08 crore, even though the consultant had already given its report, which the Company failed to act on, rendering infructuous the entire expenditure of ₹ 1.44 crore over the four years. Failure to act on the recommendations of the Consultant also resulted in avoidable payment of penalty of ₹ 50.27 crore.

Bihar State Text Book Publishing Corporation Limited (Company) publishes and distributes free textbooks for students of Class 1 to 8 in the State of Bihar under Sarva Shiksha Abhiyan (SSA). To mitigate the problem of delays in supply of textbooks and consequent imposition of penalty by the Bihar Shiksha Pariyojna Parishad (BSPP), the Company appointed (February 2012) Chandragupta Institute of Management, Patna (CIMP) as consultant to study the text book supply chain and suggest methods to improve the supply chain management, at an agreed fee of ₹ 36 lakh for the year 2012-13.

Audit observed that though the consultant submitted its study report (October 2012), the Company failed to take any action on the recommendations, and the problems continued to persist.

It was further observed that despite the above, the Company¹⁰ continued to award the same work to the same consultant for the years 2014-15, 2015-16 and 2016-17 (in February 2014, December 2014 and November 2015 respectively) on the same terms and conditions and fee. The recommendations of the consultant were similar in each of the subsequent studies. Again, no

⁹ ₹ 4.04 crore during the period May 2014 to May 2015 and ₹ 1.39 crore during June 2015 to March 2016.

¹⁰ Decision taken by Manager (Works), Financial Advisor, Officer on Special Duty and the Managing Director.

concrete action was taken by the Company, rendering infructuous the expenditure of ₹ 1.44 crore to the consultant, of which, payment of ₹ 1.08 crore, for three years, was unnecessary. The delays in printing and supply of text books continued to persist, due to which the Company paid penalty of ₹ 50.27 crore¹¹ to BSPP.

The matter was reported (May 2017) to the Government and the Company; their replies are awaited (March 2018).

Bihar Rajya Pul Nirman Nigam Limited, Bihar State Beverages Corporation Limited, Bihar State Road Development Corporation Limited, Bihar Urban Infrastructure Development Corporation Limited, Bihar State Educational Infrastructure Development Corporation Limited and Bihar State Text Book Publishing Corporation Limited

3.4 Avoidable expenditure on gifts

The companies incurred an avoidable expenditure of ₹ 2.06 crore on gift items contravening the canons of financial propriety.

Scrutiny of records revealed (November 2016 to June 2017) that six Government companies purchased gift items valued at ₹ 2.06 crore during 2014 to 2016 as per Board of Directors resolution, and distributed the same to Members of Legislative Assembly/Council (MLAs/MLCs), press reporters, senior officers and other dignitaries during 2014 to 2016 as detailed below:

Sl. No.	Name of Company	Year	Item	Quantity	Amount (₹ in lakh)	Total (₹ in lakh)
1.	Bihar Rajya Pul Nirman Nigam Limited	2014	Wrist Watch	450	16.63	51.60
		2015	Mobile	350	34.97	
2.	Bihar State Beverages Corporation Limited	2015	Briefcase	400	10.00	10.00
3.	Bihar State Road Development Corporation Limited	2016	Mobile	400	34.00	34.00
4.	Bihar Urban Infrastructure Development Corporation Limited	2014	Mobile	338	15.44	56.44
		2015	Briefcase	363	15.00	
		2016	Briefcase	400	26.00	
5.	Bihar State Educational Infrastructure Development Corporation Limited	2014	Camera	175	18.60	36.31
		2015	Wrist Watch	175	17.71	
6.	Bihar State Textbook Publishing Corporation Limited	2015	Wrist Watch	175	17.71	17.71
Total						206.06

The Management of one Company, viz., Bihar State Beverages Corporation Limited replied (March 2017) that the expenditure on gift items was incurred

¹¹ ₹ 28.32 crore and ₹ 21.95 crore during 2014-15 and 2015-16 respectively.

by the Company on the direction of the department¹² and was duly approved by the Board of Directors.

The reply of the Management is not acceptable as the expenditure violated the canons of financial propriety, and was not in furtherance of the objectives of the Company.

The matter was reported to the Companies (May 2017 and September 2017) and Government (May 2017 and September 2017), and replies are awaited (March 2018).

Bihar State Tourism Development Corporation Limited and Bihar Police Building Construction Corporation Limited

3.5 Avoidable payment of interest

BSTDCL and BPBCCL unnecessarily paid penal interest of ₹ 1.07 crore to Income Tax authorities due to failure to correctly estimate current income for the financial year.

The Income Tax Act, 1961 requires assesseees to pay advance tax on estimated current income for the financial year in four advance instalments, at the prescribed rates, failing which, penal interest is payable at the rate of one *per cent* per month of delay.

Scrutiny of records (February and May 2017) of Bihar State Tourism Development Corporation Limited (BSTDCL) and Bihar Police Building Construction Corporation Limited (BPBCCL) revealed that the Finance Wings¹³ of both the companies failed to remit advance tax in full, as required under the Income Tax Act. Against total tax liability of ₹ 98 lakh, ₹ 1.84 crore, ₹ 1.77 crore and ₹ 1.69 crore for Assessment Years (AY) 2013-14, 2014-15, 2015-16 and 2016-17, BSTDCL paid advance tax of ₹ 58 lakh, ₹ 1.16 crore, ₹ 1.13 crore and ₹ 1.20 crore respectively. Similarly, against total tax liability of ₹ 1.98 crore, ₹ 1.79 crore and ₹ 5.61 crore for AY 2014-15, 2015-16 and 2016-17, BPBCCL paid advance tax of ₹ 90.97 lakh, ₹ 80.44 lakh and ₹ 1.80 crore respectively. Consequently, both the companies unnecessarily paid penal interest of ₹ 1.07¹⁴ crore.

The matter was reported (June 2017 / October 2017) to the Companies and Government, and replies are awaited (March 2018).

¹² Prohibition, Excise & Registration Department, Government of Bihar.

¹³ Headed by Deputy General Manager (Finance and Accounts) of BSTDCL and Chief Accounts Officer of BPBCCL.

¹⁴ BSTDCL - ₹ 38.58 lakh and BPBCCL - ₹ 68.01 lakh.

Bihar State Power (Holding) Company Limited

3.6 Avoidable expenditure

Undue benefit of ₹ 61.70 crore to supplier due to inappropriate action of Company officials in revision of Power Purchase Agreement.

A Power Purchase Agreement (PPA) for procurement of 260 Mega Watt (MW) power was executed (November 2011) between erstwhile Bihar State Electricity Board [(Now Bihar State Power (Holding) Company Ltd. (BSPHCL)] and M/s GMR Kamalanga Energy Ltd., Bangalore (GMR) with 9 November 2015 as the Scheduled Delivery Date (SDD) of power supply. The agreement also provided for revision of the SDD with mutual consent of both parties.

Scrutiny of records of North Bihar Power Distribution Company Limited (NBPDC) (February 2017) revealed that GMR made a revised offer (October 2013) to supply power from 1 April 2014 or even earlier. Thereafter (December 2013), in addition to reiterating their willingness to advance the SDD, GMR made a more favourable proposal to supply power at a tariff equal to monthly average of price at which Indian Energy Exchange (IEX) sold power in the Eastern Region (Orissa State only) during the relevant month or quoted tariff in accordance with the provisions of PPA, whichever was lower, for the period from revised SDD to the original SDD.

Audit scrutiny further revealed that, even though they were aware of the more advantageous second offer of December 2013, the Company officials¹⁵ referred only to the earlier offer of October 2013 when petitioning (April 2014) the Bihar Electricity Regulatory Commission (BERC) for permission to revise the PPA, which BERC approved (July 2014). The PPA was revised in September 2014.

It was observed that during September 2014 (date of effect of revised PPA) and November 2015 (original SDD), IEX prices were lesser than the regular tariff fixed in the PPA. Therefore, as a result of the omission referred to above, the Company incurred excess expenditure and resultant loss of ₹ 61.70 crore during this period, which was ultimately passed on to the consumers through tariff.

The matter was reported (July 2017) to the Company and Government, and replies are awaited (March 2018).

Recommendation

The GoB and the Company may initiate action for fixing responsibility on officials for undue benefit to supplier.

¹⁵ CMD of BSPHCL, Managing Directors of NBPDC and South Bihar Power Distribution Company Limited, and Electrical Executive Engineer (Inter-state) of Bihar State Power Transmission Corporation Limited.

North Bihar Power Distribution Company Limited

3.7 Undue benefit to consumers

Loss of ₹ 5.24 crore due to wrong application of tariff rates.

Tariff Orders¹⁶ of the Bihar Electricity Regulatory Commission (BERC) categorise Irrigation and Agriculture Service (IAS) tariffs into IAS-I on supply of electrical energy for agricultural purposes including private tube wells, and IAS-II, which is a higher tariff for consumers of State tube wells and irrigation pumps / State irrigation pumps.

Scrutiny of records (December 2016 onwards) of Electric Supply Division, Chhapra (West) under the North Bihar Power Distribution Company Ltd. (NBPDC) revealed that 26 State tube well consumers were wrongly billed¹⁷ under IAS-I tariff category from June 2014 to February 2017. Consequently, the Company charged only ₹ 58.58 lakh instead of ₹ 6.18 crore and sustained a loss of revenue of ₹ 5.60 crore.

Replying to the audit observation, NBPDC stated (July 2017 and October 2017) that they had since rectified the error and the amount of ₹ 5.60 crore charged to the respective consumers in their electricity bills, against which ₹ 36.44 lakh had been recovered from three consumers.

In this connection, Audit observes that out of the balance of ₹ 5.24 crore, the chances of recovery of ₹ 1.31 crore appears remote in view of Rule 10.18 of the Bihar Electricity Supply Code, 2007 which states that no recovery shall be made from the consumers after a period of two years unless such sum has been shown continuously recoverable as arrears of charges for the electricity supplied.

The matter was reported (June 2017) to the Government, and reply is awaited (March 2018).

North Bihar Power Distribution Company Limited and South Bihar Power Distribution Company Limited

3.8 Compounding charges not deposited

The Distribution companies failed to remit to Government ₹ 2.04 crore collected as compounding charges.

In terms of the Bihar Electricity Supply Code, 2007 read with Section 152 of the Electricity Act, 2003, the State Government or any officer authorized by it in this behalf, may collect compounding charges¹⁸ which is required to be promptly remitted to State Government account in terms of the General Financial Rules.

¹⁶ BERC Tariff Order 2014-15, 2015-16 and 2016-17.

¹⁷ By Junior Engineer and Revenue Officer/ Assistant Engineer (Revenue).

¹⁸ Collected from consumers or persons in lieu of instituting or continuing any proceeding against them in any criminal court for committing or suspected to be committing an offence of theft of electricity.

Scrutiny of records (March 2017) of North Bihar Power Distribution Company Limited (NBPDC) and South Bihar Power Distribution Company Limited (SBPDCL) revealed that these companies failed to deposit to Government account compounding charges amounting to ₹ 4.99 crore¹⁹ collected during 2010-2017.

Accepting the audit contention, the Energy Department attributed (October 2017) the failure to remit the compounding charges to lack of information about the Treasury Receipt head. The reply is not tenable since there is no record of this, and seven years is sufficiently long for the companies to have secured this information if they wished to.

Till date (March 2018), NBPDC has remitted (April 2017 to February 2018) ₹ 2.95 crore to Government account. However, no information of remittance was received from SBPDCL.



(NILOTPAL GOSWAMI)

Patna

The 22 June 2018

Principal Accountant General (Audit), Bihar

Countersigned



(RAJIV MEHRISHI)

New Delhi

The 02 July 2018

Comptroller and Auditor General of India

¹⁹ NBPDC: ₹ 2.97 crore and SBPDCL : ₹ 2.02 crore.

ANNEXURES

ANNEXURES

Annexure-1.1 (Referred to in Paragraphs 1.1 and 1.5) Equity, Loans outstanding and Guarantees of PSUs as on 31 March 2017

(₹ in crore)

Sl. No.	Sector and Name of the Company	Equity ^s				Outstanding Loans				Guarantee
		State Government	Central Government	Others ^f	Total	State Government	Central Government	Others [©]	Total	
1	2	3 (a)	3 (b)	3 (c)	3 (d)	4 (a)	4 (b)	4 (c)	4(d)	5
A. WORKING GOVERNMENT COMPANY										
AGRICULTURE & ALLIED										
1	Bihar Rajya Beej Nigam Limited	2.28	1.22	0.22	3.72	27.93	0.00	0.00	27.93	-
Sector wise total		2.28	1.22	0.22	3.72	27.93	0.00	0.00	27.93	0.00
FINANCE										
2	Bihar State Credit & Investment Corporation Limited	15.12	0.00	0.00	15.12	20.47	0.00	27.96	48.43	-
3	Bihar State Backward Classes Finance & Development Corporation	23.36	0.00	0.00	23.36	0.00	-	15.60	15.60	15.60
4	Bihar State Minorities Finance Corporation Limited	40.11	0.00	0.00	40.11	5.60	0.00	20.62	26.22	20.62
5	Bihar State Film Development and Finance Corporation Limited	1.00	0.00	0.00	1.00	0.50	0.00	0.00	0.50	-
Sector wise total		79.59	0.00	0.00	79.59	26.57	0.00	64.18	90.75	36.22
INFRASTRUCTURE										
6	Bihar Police Building Construction Corporation Ltd.	0.10	0.00	0.00	0.10	0.43	0.00	0.00	0.43	-

Sl. No.	Sector and Name of the Company	Equity ^s				Outstanding Loans				Guarantee
		State Government	Central Government	Others [£]	Total	State Government	Central Government	Others [©]	Total	
1	2	3 (a)	3 (b)	3 (c)	3 (d)	4 (a)	4 (b)	4 (c)	4(d)	5
7	Bihar Rajya Pul Nirman Nigam Limited	3.50	0.00	0.00	3.50	0.00	0.00	0.00	0.00	-
8	Bihar State Building Construction Corporation Ltd.	5.00	0.00	0.00	5.00	0.00	0.00	0.00	0.00	-
9	Bihar State Road Development Corporation Limited	20.00	0.00	0.00	20.00	0.00	0.00	43.00	43.00	43.00
10	Bihar Urban Infrastructure Development Corporation Limited	5.00	0.00	0.00	5.00	0.00	0.00	0.00	0.00	-
11	Bihar State Educational Infrastructure Development Corporation Limited	20.00	0.00	0.00	20.00	0.00	0.00	0.00	0.00	-
Sector wise total		53.60	0.00	0.00	53.60	0.43	0.00	43.00	43.43	43.00
MANUFACTURING										
12	Bihar State Electronics Development Corporation Limited	25.00	0.00	0.00	25.00	0.00	0.00	0.00	0.00	-
13	Bihar State Beverages Corporation Limited	5.00	0.00	0.00	5.00	0.00	0.00	0.00	0.00	-
Sector wise total		30.00	0.00	0.00	30.00	0.00	0.00	0.00	0.00	0.00
POWER										
14	Bihar State Hydroelectric Power Corporation Limited	99.04	0.00	0.00	99.04	223.09	0.00	243.34	4,66.43	243.34
15	Bihar State Power (Holding) Company Limited	21,127.91	0.00	0.00	21,127.91	66.14	0.00	0.00	66.14	-
16	Bihar State Power Generation Company Limited	0.00	0.00	2,573.85	2,573.85	0.00	0.00	3,574.00	3,574.00	2,538.34
17	Bihar State Power Transmission Company Ltd.	0.00	0.00	6,075.54	6,075.54	340.55	0.00	204.98	545.53	-

Sl. No.	Sector and Name of the Company	Equity ^s				Outstanding Loans				Guarantee
		State Government	Central Government	Others ^f	Total	State Government	Central Government	Others ^g	Total	
1	2	3 (a)	3 (b)	3 (c)	3 (d)	4 (a)	4 (b)	4 (c)	4(d)	5
18	North Bihar Power Distribution Company Limited	0.00	0.00	5,253.20	5,253.20	383.27	0.00	894.44	1,277.71	323.47
19	South Bihar Power Distribution Company Limited	0.00	0.00	6,182.40	6,182.40	122.57	0.00	793.26	915.83	373.82
20	Bihar Grid Company Limited	0.00	0.00	297.00	297.00	0.00	0.00	826.70	826.70	-
21	Pirpainti Bijli Company Private Limited	0.00	0.00	0.01	0.01	0.00	0.00	23.04	23.04	-
22	Lakhisarai Bijli Company Private Limited	0.00	0.00	0.01	0.01	0.00	0.00	28.85	28.85	-
Sector wise total		21,226.95	0.00	20,382.01	41,608.96	1,135.62	0.00	6,588.61	7,724.23	3,478.97
SERVICES										
23	Bihar State Tourism Development Corporation Limited	5.00	0.00	0.00	5.00	0.00	0.00	0.00	0.00	-
24	Bihar State Food & Civil Supplies Corporation Limited	5.27	0.00	0.00	5.27	2,180.48	0.00	0.00	2,180.48	-
25	Bihar Medical Services & Infrastructure Corporation Ltd.	6.74	0.00	0.00	6.74	0.00	0.00	0.00	0.00	-
Sector Wise Total		17.01	0.00	0.00	17.01	2180.48	0.00	0.00	2,180.48	0.00
MISCELLANEOUS										
26	Bihar Forestry Development Corporation Limited	0.34	0.00	0.00	0.34	0.00	0.00	0.00	0.00	-
27	Bihar State Text Book Publishing Corporation Limited	0.36	0.00	0.12	0.48	0.00	0.00	0.00	0.00	-
Sector wise total		0.70	0.00	0.12	0.82	0.00	0.00	0.00	0.00	0.00
Total A (All sector wise working Government companies)		21,410.13	1.22	20,382.35	41,793.70	3,371.03	0.00	6,695.79	10,066.82	3,558.19

Sl. No.	Sector and Name of the Company	Equity ^s				Outstanding Loans				Guarantee
		State Government	Central Government	Others [£]	Total	State Government	Central Government	Others ©	Total	
1	2	3 (a)	3 (b)	3 (c)	3 (d)	4 (a)	4 (b)	4 (c)	4(d)	5
B. WORKING STATUTORY CORPORATION										
FINANCE										
1	Bihar State Financial Corporation	39.95	37.70	0.19	77.84	228.47	0.00	0.00	228.47	0.00
Sector wise total		39.95	37.70	0.19	77.84	228.47	0.00	0.00	228.47	0.00
SERVICES										
2	Bihar State Road Transport Corporation	74.75	26.52	0.00	101.27	866.03	0.00	0.00	866.03	-
3	Bihar State Warehousing Corporation	3.20	3.20	0.00	6.40	0.00	0.00	0.00	0.00	-
Sector wise total		77.95	29.72	0.00	107.67	866.03	0.00	0.00	866.03	0.00
Total B (All sector wise working Statutory corporations)		117.90	67.42	0.19	185.51	1,094.50	0.00	0.00	1,094.50	0.00
Grand Total (A + B)		21,528.03	68.64	20,382.54	41,979.21	4,465.53	0.00	6,695.79	11,161.32	3,558.19
C. NON-WORKING GOVERNMENT COMPANY										
AGRICULTURE & ALLIED										
1	Bihar Rajya Matasya Vikas Nigam Limited	3.70	0.00	0.00	3.70	2.60	0.00	0.00	2.60	-
2	SCADA Agro Business Company Limited	0.00	0.00	0.05	0.05	0.00	0.00	0.00	0.00	-
3	Bihar State Water Development Corporation Limited	10.00	0.00	0.00	10.00	49.68	0.00	0.00	49.68	-

Sl. No.	Sector and Name of the Company	Equity ^s				Outstanding Loans				Guarantee
		State Government	Central Government	Others [£]	Total	State Government	Central Government	Others ©	Total	
1	2	3 (a)	3 (b)	3 (c)	3 (d)	4 (a)	4 (b)	4 (c)	4(d)	5
4	Bihar State Dairy Corporation Limited	6.72	0.00	0.00	6.72	0.00	0.00	0.00	0.00	-
5	Bihar Hill Area Lift Irrigation Corporation Limited	10.82	0.00	0.00	10.82	8.55	0.00	0.00	8.55	-
6	Bihar State Agro Industries Development Corporation Limited	5.12	2.45	0.00	7.57	12.60	0.00	0.00	12.60	-
7	Bihar State Fruit & Vegetables Development Corporation Limited	1.61	0.49	0.00	2.10	1.42	0.70	0.00	2.12	-
8	Bihar Insecticide Limited	0.00	0.00	2.96	2.96	0.00	0.00	1.54	1.54	-
9	SCADA Agro Business Limited, Khagaul	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-
10	SCADA Agro Business Limited, Dehri.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-
11	SCADA Agro Business Limited, Arrah	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-
12	SCADA Agro Business Limited, Aurangabad	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-
13	SCADA Agro Business Limited, Mohania	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-
14	SCADA Agro Forestry Company Limited, Khagaul	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-
Sector wise total		37.97	2.94	3.01	43.92	74.85	0.70	1.54	77.09	0.00
FINANCE										
15	Bihar Panchayati Raj Finance Corporation Limited	2.01	0.00	1.01	3.02	0.00	0.00	0.00	0.00	-

Sl. No.	Sector and Name of the Company	Equity ^s				Outstanding Loans				Guarantee
		State Government	Central Government	Others [£]	Total	State Government	Central Government	Others [©]	Total	
1	2	3 (a)	3 (b)	3 (c)	3 (d)	4 (a)	4 (b)	4 (c)	4(d)	5
16	Bihar State Handloom and Handicrafts Corporation Ltd.	10.00	0.00	0.00	10.00	1.16	0.00	0.00	1.16	-
17	Bihar State Small Industries Corporation Limited	7.18	0.00	0.00	7.18	10.40	0.00	1.83	12.23	-
18	Bihar State Industrial Development Corporation Limited	14.04	0.00	0.00	14.04	66.54	0.00	0.00	66.54	-
Sector wise total		33.23	0.00	1.01	34.24	78.10	0.00	1.83	79.93	0.00
INFRASTRUCTURE										
19	Bihar State Construction Corporation Limited	7.00	0.00	0.00	7.00	3.38	0.00	0.00	3.38	-
Sector wise total		7.00	0.00	0.00	7.00	3.38	0.00	0.00	3.38	0.00
MANUFACTURING										
20	Bihar State Mineral Development Corporation Ltd.	9.97	0.00	0.00	9.97	0.00	0.00	0.00	0.00	-
21	Bihar Solvent & Chemicals Limited	0.20	0.00	0.88	1.08	0.00	0.00	2.12	2.12	-
22	Magadh Mineral Limited	0.00	0.00	0.36	0.36	0.00	0.00	0.47	0.47	-
23	Kumardhubi Metal Casting & Engineering Limited	0.00	0.00	2.17	2.17	0.00	0.00	6.63	6.63	-
24	Beltron Video System Limited	0.00	0.00	5.05	5.05	0.00	0.00	4.51	4.51	-
25	Beltron Mining System Limited	0.00	0.00	2.48	2.48	0.00	0.00	0.00	0.00	-
26	Beltron Informatics Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-
27	Bihar State Sugar Corporation Limited	20.00	0.00	0.00	20.00	322.95	0.00	0.00	322.95	-
28	Bihar State Cement Corporation Limited	0.00	0.00	0.00	0.00	0.03	0.00	0.00	0.03	-

Sl. No.	Sector and Name of the Company	Equity ^s				Outstanding Loans				Guarantee
		State Government	Central Government	Others ^f	Total	State Government	Central Government	Others [©]	Total	
1	2	3 (a)	3 (b)	3 (c)	3 (d)	4 (a)	4 (b)	4 (c)	4(d)	5
29	Bihar State Pharmaceuticals & Chemicals Development Corporation Limited	15.78	0.00	0.00	15.78	4.25	0.00	0.00	4.25	-
30	Bihar Maize Product Limited	0.00	0.00	0.74	0.74	0.00	0.00	0.02	0.02	-
31	Bihar Drugs and Chemicals Limited	0.00	0.00	4.00	4.00	1.28	0.00	0.00	1.28	-
32	Bihar State Textiles Corporation Limited	10.78	0.00	0.00	10.78	2.27	0.00	0.00	2.27	-
Sector wise total		56.73	0.00	15.68	72.41	330.78	0.00	13.75	344.53	0.00
SERVICES										
33	Bihar State Export Corporation Limited	2.00	0.00	0.00	2.00	1.22	0.00	0.00	1.22	-
Sector wise total		2.00	0.00	0.00	2.00	1.22	0.00	0.00	1.22	0.00
MISCELLANEOUS										
34	Bihar State Forest Development Corporation Limited	1.75	0.54	0.00	2.29	0.00	0.00	0.00	0.00	-
35	Bihar Paper Mills Limited	0.00	0.00	7.77	7.77	0.00	0.00	10.72	10.72	-
36	Bihar State Glazed Tiles & Ceramics Limited	0.00	0.00	1.40	1.40	0.00	0.00	3.66	3.66	-
37	Vishwamitra Paper Industries Limited	0.00	0.00	1.74	1.74	0.00	0.00	0.81	0.81	-
38	Jhanjharpur Paper Industries Limited	0.00	0.00	1.49	1.49	0.00	0.00	0.46	0.46	-
39	Bihar State Tannin Extract Ltd.	0.00	0.00	1.57	1.57	0.00	0.00	2.08	2.08	-
40	Bihar State Finished Leathers Corporation Limited	0.00	0.00	1.47	1.47	9.18	0.00	0.00	9.18	-

Sl. No.	Sector and Name of the Company	Equity [§]				Outstanding Loans				Guarantee
		State Government	Central Government	Others [£]	Total	State Government	Central Government	Others ©	Total	
1	2	3 (a)	3 (b)	3 (c)	3 (d)	4 (a)	4 (b)	4 (c)	4(d)	5
41	Synthetic Resins (Eastern) Ltd.	0.00	0.00	0.31	0.31	0.00	0.00	1.05	1.05	-
42	Bhavani Active Carbon Limited	0.00	0.00	0.09	0.09	0.00	0.00	0.00	0.00	-
43	Bihar State Leather Industries Development Corporation Ltd.	17.40	0.00	0.00	17.40	12.43	0.00	1.70	14.13	-
44	Bihar Scooters Limited	0.00	0.00	1.63	1.63	6.09	0.00	0.00	6.09	-
Sector wise Total		19.15	0.54	17.47	37.16	27.70	0.00	20.48	48.18	0.00
Total C (All sector wise non working Government companies)		156.08	3.48	37.17	196.73	516.03	0.70	37.60	554.33	0.00
Grand Total (A + B + C)		21,684.11	72.12	20,419.71	42,175.94	4,981.56	0.70	6,733.39	11,715.65	3,558.19

§ Includes share application money pending allotment.

£ Includes Equity Capital of Holding Company.

© Includes financial institutions (ADB/SIDBI/REC, etc.) and PSUs.

Note:

Sl.nos. C24, C25 and C26 are subsidiary companies of Sl.no. A12.

Sl. nos. A16, A17, A18 and A19 are subsidiary companies of Sl.no. A15.

Sl.no. A20 is a Joint Venture of Sl.no. A15 and PGCIL.

Sl. nos. A21 and A22 are subsidiary companies of Sl.no. A16.

Sl. nos. C9, C10, C11, C12, C13 and C14 are subsidiary companies of Sl.no. C2.

Sl.nos. C23, C28, C35 and C44 are subsidiary companies of Sl.no. C18.

Sl.nos. C8, C22, C30, C31, C36, C37, C38, C41 and C42 are subsidiary companies of Sl.no. C29.

Sl.no. C39 is the subsidiary company of Sl.no. C34.

Sl. nos. C21 and C40 are subsidiary companies of Sl.no. C43.

Annexure: 1.2
(Referred to in Paragraph 1.1)

Summarised financial position and working results of PSUs (accounts of which are not in arrears for more than three years) as on 31 December 2017

(₹ in crore)

Sl. No.	Name of PSUs	Year of finalised Account	Net profit/loss	Turnover
1	2	3	4	5
Profit making Companies				
1	Bihar State Tourism Development Corporation Limited	2014-15	5.35	11.63
2	Bihar State Electronics Development Corporation Limited	2014-15	11.43	39.23
3	Bihar State Power Transmission Company Limited	2016-17	2.25	285.66
4	Bihar Grid Company Limited	2016-17	0.35	0.77
5	Bihar State Building Construction Corporation Limited	2016-17	28.51	39.21
6	Bihar State Beverages Corporation Limited	2014-15	93.44	3,504.29
7	SCADA Agro Business Company Limited	2014-15	0.02	0.00
8	Bihar State Educational Infrastructure Development Corporation Limited	2016-17	22.96	52.50
9	Bihar Rajya Pul Nirman Nigam Limited	2015-16	107.71	122.62
10	Bihar Urban Infrastructure Development Corporation Limited	2015-16	6.16	150.34
Total			278.18	4,206.25

Sl. No.	Name of PSUs	Year of finalised Account	Net profit/loss	Turnover
1	2	3	4	5
Loss making Companies				
11	Bihar State Financial Corporation	2016-17	-16.38	2.94
12	North Bihar Power Distribution Company Limited	2016-17	-513.44	2,984.84
13	South Bihar Power Distribution Company Limited	2016-17	-905.36	4,032.31
14	Bihar State Power Generation Company Limited	2016-17	-1.82	51.36
15	Bihar State Film Development & Finance Corporation Limited	2015-16	-0.18	0.00
16	Bihar State Agro Industries Development Corporation Limited	2015-16	-0.75	0.00
17	Bihar Forestry Development Corporation Limited ¹	2015-16	0.00	0.00
Total			-1,437.93	7,071.45
No profit no loss making Company				
18	Bihar State Power (Holding) Company Limited	2016-17	0.00	0.00
Total			0.00	0.00
Grand Total			1,159.75	11,277.70

¹Bihar Forestry Development Corporation Limited incurred a Net Loss of ₹ 1,348 and its Turnover was Nil.

Annexure – 1.3 (a)
(Referred to in Paragraph 1.9)
Details of Directors on the Board of working PSUs of Bihar

Sl. No.	Name of the Company	Period	Names of Directors on the Board	Designation and Post held	Name of Managing Director	Whether holding additional charge of administrative Department
PSUs whose accounts were in arrears upto three years						
1.	Bihar Rajya Pul Nirman Nigam Limited.	2016-17	Shri Vinay Kumar, Shri Umesh Kumar Shri Rajendra Prasad Gupta, Shri Lakshmi Narayan Das Shri Kameshwar Prasad Kushwaha, Shri Ram Charitra Prasad, Shri Shailesh Prasad Singh,	Chairman, BRPNNL Managing Director, BRPNNL Additional Secretary, Road Construction Department, GoB Engineer-in-Chief, BRPNNL Social Worker Engineer Educationalist	Shri Umesh Kumar	No
2.	Bihar State Road Development Corporation Limited.	2016-17	Shri Shishir Sinha, Shri Amrit Lal Meena, Ms. Sujata Chaturvedi, Shri Chaitanya Prasad, Shri Chanchal Kumar, Shri Vinay Kumar,	Development Commissioner, GoB cum Chairman, BSRDC Ltd. Principal Secretary, Road Construction Department, GoB cum MD-BSRDCL Principal Secretary, Finance Department, GoB Principal Secretary, Urban Development & Housing Deptt., GoB Principal Secretary, Building Construction Deptt., GoB Secretary, Rural Works Deptt., GoB	Shri Amrit Lal Meena	Principal Secretary, Road Construction Department, Govt. of Bihar

Sl. No.	Name of the Company	Period	Names of Directors on the Board	Designation and Post held	Name of Managing Director	Whether holding additional charge of administrative Department
			Shri Lakshmi Narayan Das	Engineer-in-Chief, Road Construction Deptt., GoB		
3.	Bihar State Electronics Development Corporation Ltd.	2016-17	Mr. Shishir Sinha, Shri Dipak Kumar Singh, Shri Rahul Singh	Development Commissioner, GoB-cum Chairman,, BSRDC Ltd. Principal Secretary, Labour Resources cum Chief Executive Officer – Bihar Skill Development Mission Managing Director, Bihar State Electronics Development Corporation Ltd.	Shri Rahul Singh	Secretary, Information Technology Department, GoB
4.	Bihar State Tourism Development Corporation Limited.	2016-17	Shri Pankaj Kumar Ms. Inayat Khan Sri Ashok Kumar Singh, Sri Sitesh Prasad Srivastav, Sri Shailendra Prakash Sinha Smt. Mahashweta Maharathi	Secretary, Tourism Department Joint Secretary-cum-Internal Financial Advisor, Tourism Department-cum-Managing Director, BSTDC Add. Secretary, Tourism Department-cum-Director, GoB Principal, IHM, Hajipur Bihar Hotels Ltd. General Secretary, Rajgir, BodhBihar Society	Ms. Inayat Khan	No
5.	Bihar Forestry Development Corporation Limited	2016-17	Mr. Shishir Sinha, Mr. Tripurari Sharan Ms. Sujata Chaturvedi Mr. Arvind Kumar Chaudhary Mr. Devendra Kumar Shukla Mr. Sheo Shankar Chaudhary	Development Commissioner, GoB Pr. Secretary, Deptt. of Forest & Environment, GoB Principal Secretary, Finance Department, GoB Secretary, Rural Development Department, GoB Principal Chief Conservator of Forest, Deptt. of Forest & Environment, GoB Managing Director, Bihar Forestry Development Corporation Limited	Mr. Sheo Shankar Chaudhary	No
6.	Bihar Urban Infrastructure Development	2016-17	Shri Sishir Sinha, Smt. Sujata Chaturvedi	Chairman-cum-Development Commissioner, GoB Principal Secretary, Finance Department, GoB	Sri Amrendra Prasad Singh	No

Sl. No.	Name of the Company	Period	Names of Directors on the Board	Designation and Post held	Name of Managing Director	Whether holding additional charge of administrative Department
	Corporation Limited.		Shri Amrit Lal Meena, Sri Chaitanya Prasad, Shri Chanchal Kumar Sri Vinay Kumar, Sri Abhishek Singh, Shri Suman Kumar Nayak, Dr. Jitendra Singh, Sri Amrendra Prasad Singh	Principal Secretary, Building Construction Department, GoB Principal Secretary, UD&HD, GoB Principal Secretary, Building Construction Department, GoB Secretary, Rural Works Department, GoB Municipal Commissioner, Patna Independent Director Independent Director Managing Director, BUIDCO		
7.	Bihar Medical Services & Infrastructure Corporation Limited	2016-17	Shri Shishir Sinha, Shri R. K. Mahajan Ms. Sujata Chaturvedi Shri Lokesh Kumar Singh Shri Sanjay Kumar Singh Dr. H. N. Diwakar Shri Shashi Bhushan Kumar	Development Commissioner, Bihar Principal Secretary, Health Department, GoB Principal Secretary, Finance Department, GoB Executive, Health Society, GoB Managing Director, BMSICL Director in Chief (Admin.), Health Department, GoB Chief General Manager (Project), BMSICL	Shri Sanjay Kumar Singh,	Additional Secretary, Health Department, GoB
8.	Bihar State Film Development & Finance Corporation Limited.	2016-17	Shri Shishir Sinha, Ms. Sujata Chaturvedi Shri Brajesh Mehrotra Shri Chaitanya Prasad Dr. S. S. Siddharth	Development Commissioner, Bihar Principal Secretary, Finance Department, GoB Principal Secretary, Information & Public Relation Department, GoB Managing Director, BSFDFCL Principal Secretary, Industries Department, GoB	Shri Chaitanya Prasad,	Principal Secretary, Art, Culture & Youth Department, GoB

Sl. No.	Name of the Company	Period	Names of Directors on the Board	Designation and Post held	Name of Managing Director	Whether holding additional charge of administrative Department
9.	Bihar State Beverages Corporation Limited.	2016-17	Shri Shishir Sinha, Shri H. R. Srinivasa, Ms. Sujata Chaturvedi Shri Amir Subhani Shri A. K. Das Shri Aditya Kumar Das	Chairman, BSBCL Secretary, Resource Finance Department, GoB Pr. Secretary cum Commissioner Commercial Tax Department, GoB Pr. Secretary, Registration Excise & Prohibition, GoB Commissioner Excise, GoB Managing Director, BSBCL	Shri Aditya Kumar Das	Inspector General of Registration Prohibition, Excise & Registration Department, GoB
PSUs whose accounts were in arrears for more than three years						
10.	Bihar Rajya Beej Nigam Limited.	2016-17	Shri Sunil Kumar Singh Shri Himanshu Kumar Rai Smt. Nivedita Rai Dr. R.C. Srivastava Shri Onkar Singh	Agriculture Production Commissioner cum Chairman Director Agriculture cum Managing Director, BRBNL Internal Financial Advisor, Agriculture Department, GoB Vice Chancellor, Rajendra Agriculture University, Pusa, Samastipur Regional Director, Rashtriya Beej Neegam Ltd., Shekhpur.	Shri Himanshu Kumar Rai	Director, Agriculture, GoB

Sl. No.	Name of the Company	Period	Names of Directors on the Board	Designation and Post held	Name of Managing Director	Whether holding additional charge of administrative Department
11.	Bihar State Credit & Investment Corporation Limited.	2016-17	Shri Ravindra Prasad, Shri Pradeep Kumar, Shri Mritunjay Kumar, Shri Ravindra Prasad,	Director (Technical Department), Department of Industries, GoB Additional Secretary, Dept. of Industries, GoB OSD, Sugar Cane Dept. cum Internal Financial Advisor, Dept. of Industries, GoB Managing Director, BICICO	Sri Ravindra Prasad,	Director, Technical Development, GoB
12.	Bihar State Warehousing Corporation.	2016-17	Shri Amrit Lal Meena, Shri Pankaj Kumar, Shri Jawahar Prasad, Shri M. K. Verma, Shri R. K. Pandey Shri Amrish Goutam, Shri Manoj Kumar Kalamthekar Shri Pramod Kumar Singh	Chairman, BSWC-cum-Principal Secretary, Co-operative Department, GoB Secretary, Food & Consumer Protection Deptt., GoB Managing Director, BSWC General Manager (Commercial), Central Warehousing Corporation. Dy. Secretary, Finance, Food & Consumer Protection Deptt., GoB Director, BSWC Regional Manager, Central Warehousing Corporation. DGM (A.B.U.) SBI, Patna	Shri Jawahar Prasad	No

Sl. No.	Name of the Company	Period	Names of Directors on the Board	Designation and Post held	Name of Managing Director	Whether holding additional charge of administrative Department
13.	Bihar State Hydro Electric Power Corporation Limited.	2016-17	Shri Pratyaya Amrit, Shri Sandeep Kumar R. Pudukalkatti, Shri R. Lakshmanan, Shri Ram Pukar Ranjan, Shri Vinoda Nand Jha	Pr. Secretary, Department of Energy, GoB cum Chairman, BHPC Managing Director, BHPC Managing Director, BSPGCL Engineer in Chief (Irrigation Creation) Water Resources Department, GoB Joint Secretary, Internal Financial Advisor, Department of Energy, GoB	Shri Sandeep Kumar R. Pudukalkatti,	No
14.	Lakhisarai Bijlee Company Private Limited	2016-17	Shri R. Lakshmanan, Shri Sandeep Kumar R. Pudukalkatti, Mr. Hajeeq Beg, Shri Subramanian Baskaran	Managing Director: Bihar State Power Generation Company Limited, South Bihar Power Distribution Company Limited, Pirpainti Bijlee Company Private Limited, Lakhisarai Bijlee Company Private Limited. Managing Director, North Bihar Power Distribution Company Limited, Chief Executive, IEDCL SVP, IEDCL	Shri R. Lakshmanan,	No

Sl. No.	Name of the Company	Period	Names of Directors on the Board	Designation and Post held	Name of Managing Director	Whether holding additional charge of administrative Department
15.	Pirpainti Bijlee Company Private Limited	2016-17	Shri R. Lakshmanan, Shri Sandeep Kumar R. Pudakalkatti, Mr. Hajeeq Beg, Shri Subramanian Baskaran	Managing Director: Bihar State Power Generation Company Limited, South Bihar Power Distribution Company Limited, Pirpainti Bijlee Company Private Limited, Lakhisarai Bijlee Company Private Limited. Managing Director, North Bihar Power Distribution Company Limited, Chief Executive, IEDCL SVP, IEDCL	Shri R. Lakshmanan,	No
16.	Bihar State Backward Classes Finance & Development Corporation Limited.	2016-17	Shri Prem Singh Meena, Ms. Sujata Chaturvedi, Shri Arvind Kumar Choudhary, Shri Sushant Kumar, Smt. N. Vijyalaxmi, Shri Virendra Kumar, Shri Devesh Chandra Sehra	Secretary Principal Secretary, Finance Department, GoB Secretary, Rural Development Department, GoB Managing Director, Bihar State Backward Classes Finance & Development Corporation Limited. Managing Director, Women Development Corporation Director, Schedule Caste Managing Director, Schedule Caste Co-operative Development Corporation	Shri Sushant Kumar	No

Sl. No.	Name of the Company	Period	Names of Directors on the Board	Designation and Post held	Name of Managing Director	Whether holding additional charge of administrative Department
17.	Bihar State Minorities Finance Corporation Limited.	2016-17	Mr. Amir Subhani, Md. Shahbaz Ali Ms. Sujata Chaturvedi, Shri Atul Prasad, Shri Pankaj Kumar Singh, Md. Arshad Aziz	Pr. Secretary, Minority Welfare Department, GoB Managing Director, National Minority Development & Finance Corporation, New Delhi Principal Secretary, Finance Department, GoB Pr. Secretary, Welfare Department, GoB Director, Industries Managing Director, Bihar State Minorities Finance Corporation Limited	Md. Arshad Aziz	No
18.	Bihar State Text Book Publishing Corporation Limited.	2016-17	Shri R. K. Mahajan, Shri M. Ramachandrudu Arshad Firoz	Principal Secretary, Education Department, GoB cum Chairman Managing Director, BSTBPCL Dy. Secretary-cum-Internal Financial Advisor Education Department, GoB	Shri M. Ramachandrudu,	Director, Primary Education, Education Department, GoB
19.	Bihar State Food & Civil Supplies Corporation Limited	2016-17	Shri Sunil Kumar Singh Shri Arvind Kumar Choudhary Shri Pankaj Kumar Shri Bharat Kumar Dubey	Agriculture Production Commissioner, GoB Secretary, Rural Development Department, GoB Secretary, Food & Consumer Protection Department, GoB Special Secretary, Food & Consumer Protection Department, GoB	Shri Pankaj Kumar	Secretary, Food & Consumer Protection Department, GoB

Sl. No.	Name of the Company	Period	Names of Directors on the Board	Designation and Post held	Name of Managing Director	Whether holding additional charge of administrative Department
20.	Bihar Police Building Construction Corporation Limited.	2016-17	Shri Sunil Kumar, Shri Rajendra Prasad Chaudhary Shri Ranjan Kumar Sinha, Shri Birendra Kumar Dr. Amit Kumar Jain	DG-Cum-Chairman-Cum-Managing Director, BPCCCL Engineer in Chief-Cum-Add. Commissioner-Cum-Special Secretary, Building Construction Department, GoB Add. Secretary-cum-Internal Financial Advisor, Home Department, GoB Chief Engineer, P.H.E.D., GoB I.G. Bihar	Shri Sunil Kumar,	No
21.	Bihar State Road Transport Corporation.	2016-17	Board dissolved	Board dissolved	Shri Sanjay Kumar Agarwal, Administrator, BSRTC	Secretary, Transport Department, GoB

Annexure – 1.3(b)
(Referred to in Paragraph 1.9)

Names of officers who are directors of more than one PSU whose accounts are in arrears

Sl. No.	Name and post held	Company
1	Sri Sunil Kumar Singh, Agriculture Production Commissioner, GoB	Bihar Rajya Beej Nigam Limited
		Bihar State Food & Civil Supplies Corporation Limited
2	Sri Arvind Kumar Chaudhary, Secretary, Rural Development Department, GoB	Bihar State Food & Civil Supplies Corporation Limited
		Bihar State Backward Classes Finance & Development Corporation Limited
		Bihar State Electronics Development Corp. Ltd.
3	Sri Pankaj Kumar, Secretary, Food & Consumer Protection Department, GoB	Bihar State Food & Civil Supplies Corporation Limited
		Bihar State Warehousing Corporation
		Bihar State Tourism Development Corp. Limited
4	Sri Shishir Sinha, Development Commissioner, GoB	Bihar Forestry Development Corp. Limited
		Bihar State Electronics Development Corp. Ltd.
		Bihar Medical Services & Infrastructure Corp. Ltd.
		Bihar Urban Infrastructure Development Corporation
5	Smt. Sujata Chaturvedi, Principal Secretary, Finance Department, GoB	Bihar State Film Development & Finance Corporation Limited
		Bihar Forestry Development Corp. Limited
		Bihar State Backward Classes Finance & Development Corporation Limited
		Bihar Medical Services & Infrastructure Corp. Ltd.
		Bihar State Film Development & Finance Corporation Limited
6	Sri Amrit Lal Meena, Principal Secretary, Road Construction Department, GoB	Bihar State Minorities Finance Corporation Limited
		Bihar State Road Development Corporation Limited
		Bihar State Warehousing Corporation
7	Sri R. Lakshmanan,	Bihar Urban Infrastructure Development Corporation
		Bihar State Road Development Corporation Limited
		Bihar State Hydroelectric Power Corporation Limited
8	Sri Sandeep Kumar R. Pudakalkatti,	Lakhisarai Bijlee Company Private Ltd.
		Pirpainti Bijlee Company Private Ltd.
		Bihar State Hydroelectric Power Corporation Limited
9	Sri Vinay Kumar, Secretary, Rural Works Department, GoB	Lakhisarai Bijlee Company Private Ltd.
		Pirpainti Bijlee Company Private Ltd.
10	Sri Chaitanya Prasad, Principal Secretary, UD&H Department, GoB	Bihar State Road Development Corporation Limited
		Bihar Rajya Pul Nirman Nigam Limited
		Bihar State Film Development & Finance Corporation Limited
		Bihar State Road Development Corporation Limited

Annexure – 1.4
(Referred to in Paragraph 1.9)
Arrears in accounts of working and non-working PSUs as on 31 December 2017

Sl.No.	Name of the PSU	Year(s) for which accounts are in arrears	Number of accounts in arrears
1	2	3	4
A. Working Companies			
1 Year			
1.	Bihar Rajya Pul Nirman Nigam Limited.	2016-17	1
2.	Bihar State Film Development and Finance Corporation Limited.	2016-17	1
3.	Bihar Urban Infrastructure Development Corporation Limited	2016-17	1
Total			3
2 to 5 Years			
1	Bihar State Tourism Development Corporation Limited.	2015-16 and 2016-17	2
2	Bihar State Electronic Development Corporation Limited.	2015-16 and 2016-17	2
3	Bihar State Beverages Corporation Limited.	2015-16 and 2016-17	2
4	Bihar Forestry Development Corporation Limited	2015-16 and 2016-17	2
5	Bihar State Road Development Corporation Limited	2014-15 to 2016-17	3
6	Bihar Medical Services & Infrastructure Corporation Limited	2014-15 to 2016-17	3
7	Bihar State Minorities Finance Corporation Limited.	2013-14 to 2016-17	4
8	Pirpainti Bijlee Company Private Limited	2013-14 to 2016-17	4
9	Lakhisarai Bijlee Company Private Limited	2013-14 to 2016-17	4
10	Bihar Police Building Construction Corporation Limited.	2012-13 to 2016-17	5
11	Bihar State Credit & Investment Corporation Limited.	2012-13 to 2016-17	5
Total			36
Above 5 Years			
1.	Bihar State Text Book Publishing Corporation Limited.	2006-07 to 2016-17	11
2.	Bihar State Hydro Electric Power Corporation Limited.	2001-02 to 2016-17	16
3	Bihar Rajya Beej Nigam Limited.	2000-01 to 2016-17	17
4	Bihar State Backward Classes Finance & Development Corporation	1998-99 to 2016-17	19
5	Bihar State Food & Civil Supplies Corporation Limited.	1994-95 to 2016-17	23
Total			86
Total (A)			125

Sl.No.	Name of the PSU	Year(s) for which accounts are in arrears	Number of accounts in arrears
B Statutory Corporation (Working)			
Above 5 Years			
1	Bihar State Warehousing Corporation	2011-12 to 2016-17	6
2	Bihar State Road Transport Corporation	2006-07 to 2016-17	11
Total (B)			17
Total (A+B)			142
C Non-Working Company (Other than under liquidation)			
1 Year			
1	Bihar State Agro Industries Limited	2016-17	1
2 to 5 Years			
1	SCADA Agro Business Corporation Limited.	2015-16 and 2016-17	2
Above 5 Years			
1	Bihar State Industrial Development Corporation Limited	2009-10 to 2016-17	8
2	Bihar State Construction Corporation Limited	2003-04 to 2016-17	14
3	Bihar State Forest Development Corporation Limited.	2001-02 to 2016-17	16
4	Bihar State Mineral Development Corporation Limited.	2001-02 to 2016-17	16
5	Bihar State Dairy Development Corporation Limited	1998-99 to 2016-17	19
6	Bihar State Fruits & Vegetables Development Corporation Limited	1995-96 to 2016-17	22
7	Bihar Rajya Matsya Vikas Nigam Limited.	1993-94 to 2016-17	24
8	SCADA Agro Business Company, Khagaul Limited	1993-94 to 2016-17	24
9	SCADA Agro Business Company, Dehri Limited	1993-94 to 2016-17	24
10	SCADA Agro Business Company, Arrah Limited	1993-94 to 2016-17	24
11	SCADA Agro Business Company, Aurangabad Limited	1993-94 to 2016-17	24
12	SCADA Agro Business Company, Mohania Limited	1993-94 to 2016-17	24
13	SCADA Agro Forestry Company Khagaul Limited	1993-94 to 2016-17	24
14	Beltron Video System Limited	1990-91 to 2016-17	27
15	Beltron Mining System Limited	1990-91 to 2016-17	27
16	Bihar State Tannin Extract Limited	1989-90 to 2016-17	28
17	Bihar State Textile Corporation Limited	1988-89 to 2016-17	29
18	Bihar Insecticides Limited	1987-88 to 2016-17	30
19	Beltron Informatics Limited ^b	1988-89 to 2016-17	30
20	Bihar State Solvent & Chemicals Limited	1987-88 to 2016-17	30

Sl.No.	Name of the PSU	Year(s) for which accounts are in arrears	Number of accounts in arrears
21	Bihar State Pharmaceuticals & Chemical Development Corporation Limited	1986-87 to 2016-17	31
22	Bihar State Glazed Tiles & Ceramics Limited	1986-87 to 2016-17	31
23	Bihar Drugs & Chemicals Limited	1986-87 to 2016-17	31
24	Jhanjharpur Paper Industries Limited	1986-87 to 2016-17	31
25	Bhawani Active Carbon Limited	1986-87 to 2016-17	31
26	Bihar Paper Mills Limited	1986-87 to 2016-17	31
27	Vishwamitra Paper Industries Limited	1985-86 to 2016-17	32
28	Bihar State Sugar Corporation Limited	1985-86 to 2016-17	32
29	Bihar Panchayati Raj Finance Corporation Limited	1985-86 to 2016-17	32
30	Bihar Maize Product Limited	1984-85 to 2016-17	33
31	Synthetic Resins (Eastern) Limited	1984-85 to 2016-17	33
32	Magadh Minerals Limited	1984-85 to 2016-17	33
33	Bihar State Handloom & Handicrafts Corporation Limited.	1984-85 to 2016-17	33
34	Bihar Hill Area Lift Irrigation Corporation Limited.	1983-84 to 2016-17	34
35	Bihar State Cement Corporation Limited.	1981-82 to 2016-17	36
36	Bihar State Water Development Corporation Limited.	1979-80 to 2016-17	38
37	Bihar Scooters Limited.	1977-78 to 2016-17	40
Total (C)			1,029
Grand Total (A+B+C)			1,171

^BThe company has not finalized even its first account since its formation in March 1988.

Annexure 1.5
(Referred to in Paragraph 1.11)
Equity, Loans, Grants and Guarantees by the State Government in PSUs whose accounts were
in arrears as on 31 December 2017

(₹ in crore)

Sl. No.	Name of PSU	Years from which accounts are in arrears	Equity, Loans, Grants and Guarantees by State Government during the years for which accounts are in arrears					
			Equity	Loans	Capital Grant	Others [±]	Guarantee	Total
1	2	3	4	5	6	7	8	9
A. Working Government Companies								
1 year - Nil								
2 to 5 years								
1	Bihar State Tourism Development Corporation Limited	2015-16	0.00	0.00	2.00	0.00	0.00	2.00
2	Bihar State Minorities Finance Corporation Limited	2013-14	6.21	7.00	220.00	0.00	20.62	253.83
3	Bihar State Road Development Corporation Limited	2014-15	0.00	0.00	0.00	0.00	43.00	43.00
Sub-total			6.21	7.00	222.00	0.00	63.62	298.83
Above 5 years								
1	Bihar State Text Book Publishing Corporation Limited	2006-07	0.00	0.00	0.00	23.00	0.00	23.00
2	Bihar Rajya Beej Nigam Limited	2000-01	0.00	2.28	64.28	11.93	0.00	78.49
3	Bihar State Backward Classes Finance & Development Corporation	1998-99	20.74	7.49	0.00	0.00	15.60	43.83
4	Bihar State Food & Civil Supplies Corporation Limited	1994-95	0.33	1,125.46	0.00	1,460.29	0.00	2,586.08
5	Bihar State Hydroelectric Power Corporation Limited	2001-02	0.00	157.70	0.00	0.00	466.43	624.13
Sub-total			21.07	1,292.93	64.28	1,495.22	482.03	3,355.53
Total (A)			27.28	1,299.93	286.28	1,495.22	545.65	3,654.36
B. Working Statutory Corporations								
1 year - Nil								
2 to 5 years - Nil								
Above 5 years								
1	Bihar State Warehousing Corporation	2011-12	0.00	0.00	47.17	0.00	0.00	47.17
2	Bihar State Road Transport Corporation	2006-07	0.00	775.01	0.00	0.00	0.00	775.01
Total (B)			0s.00	775.01	47.17	0.00	0.00	822.18
Total (A+B)			27.28	2,074.94	333.45	1,495.22	545.65	4,476.54

Sl. No.	Name of PSU	Years from which accounts are in arrears	Equity, Loans, Grants and Guarantees by State Government during the years for which accounts are in arrears					
			Equity	Loans	Capital Grant	Others [‡]	Guarantee	Total
1	2	3	4	5	6	7	8	9
C. Non-Working Companies								
1 year - Nil								
2 to 5 years - Nil								
Above 5 years								
1	Bihar Rajya Matasya Vikas Nigam Limited	1993-94	1.25	5.63	0.26	0.00	0.00	7.14
2	Bihar State Construction Corporation	2003-04	0.00	2.28	0.00	0.00	0.00	2.28
3	Bihar State Sugar Corporation Limited	1985-86	11.21	365.32	0.00	69.27	0.00	445.80
4	Bihar State Fruits & Vegetables Development Corporation Limited.	1995-96	0.00	5.65	21.07	0.00	0.00	26.72
5	Bihar State Mineral Development Corporation Limited	2001-02	0.00	0.00	11.00	0.00	243.34	254.34
6	Bihar State Textile Corporation Limited	1988-89	5.80	2.74	0.00	0.00	0.00	8.54
7	Bihar Hill Area Lift Irrigation Corporation Limited	1983-84	5.22	18.78	0.00	55.41	0.00	79.41
8	Bihar State Water Development Corporation Limited	1979-80	5.00	154.33	0.00	0.00	0.00	159.33
9	Bihar State Handloom & Handicrafts Corporation Limited.	1984-85	3.72	0.25	0.00	0.48	0.00	4.45
10	Bihar State Pharmaceuticals & Chemical Development Corporation Limited.	1986-87	12.92	6.30	0.00	0.00	0.00	19.22
Total (C)			45.12	561.28	32.33	125.16	243.34	1,007.23
Total (A+B+C)			72.40	2,636.22	365.78	1,620.38	788.99	5,438.77

Source: Figures are based on information furnished by PSUs and Finance Department, Government of Bihar.

[‡] Includes subsidy and revenue grant (Bihar State Text Book Publishing Corporation Limited, Bihar State Food & Civil Supplies Corporation Limited, Bihar State Sugar Corporation limited, Bihar Hill Area Lift Irrigation Corporation Limited and Bihar State Handloom & Handicrafts Corporation Limited.)

Annexure: 1.6
(Referred to in Paragraph 1.13)

Summarised financial position and working results of PSUs (accounts of which are not in arrears for more than three years) as per their latest finalized financial statements

(Amount : ₹ in crore)

Sl. No.	Name of PSU	Year of finalised account	Net profit /loss before dividend, interest and tax	Net profit/loss after tax and dividend	Turnover	Investment [€]	Shareholders fund [¥]	Capital employed [#]	Return on Capital employed [§] (4/9) (ROCE)	Return on Invest-ment@ (4/7) (ROI)	Return on Equity [¶] (5/8) (ROE)
1	2	3	4	5	6	7	8	9	10	11	12
2014-15											
Profit making Companies											
1	Bihar State Tourism Development Corporation Limited	2014-15	5.59	3.54	11.63	23.43	23.43	23.43	23.86	23.86	15.11
2	Bihar State Electronics Development Corporation Limited	2014-15	12.36	7.96	39.23	77.40	46.77	77.40	15.97	15.97	17.02
3	Bihar State Power Transmission Company Limited	2014-15	89.06	70.53	268.56	3,483.77	3,085.05	3,483.77	2.56	2.56	2.29
4	Bihar Grid Company Limited	2014-15	0.00	0.00	0.00	58.55	20.05	58.55	0.00	0.00	0.00
5	Bihar State Building Construction Corporation Limited	2014-15	41.21	26.78	58.18	38.58	38.58	38.58	106.82	106.82	69.41
6	Bihar State Beverages Corporation Limited	2014-15	93.44	61.82	3,504.29	111.69	111.69	111.69	83.66	83.66	55.35
7	SCADA Agro Business Company Limited	2014-15	0.02	0.02	0.00	2.92	-1.74	1.13	1.77	0.68	-1.15
8	Bihar State Educational Infrastructure Development Corporation Limited	2014-15	46.13	46.13	83.34	131.26	131.26	131.26	35.14	35.14	35.14
9	Bihar Rajya Pul Nirman Nigam Ltd.	2014-15	124.09	80.93	145.08	468.35	468.35	468.35	26.50	26.50	17.28

Sl. No.	Name of PSU	Year of finalised account	Net profit /loss before dividend, interest and tax	Net profit/loss after tax and dividend	Turnover	Investment [€]	Shareholders fund [₹]	Capital employed [#]	Return on Capital employed [§] (4/9) (ROCE)	Return on Invest-ment@ (4/7) (ROI)	Return on Equity ^μ (5/8) (ROE)
1	2	3	4	5	6	7	8	9	10	11	12
10	Bihar Urban Infrastructure Development Corporation Limited	2014-15	13.56	10.72	194.98	27.00	27.00	27.00	50.22	50.22	39.70
Total (A)			425.46	308.43	4,305.29	4,422.95	3,950.44	4,421.16	9.62	9.62	7.81
Loss making Companies											
11	Bihar State Financial Corporation	2014-15	-0.59	-17.66	5.03	453.34	-343.82	31.69	-1.86	-0.13	5.14
12	North Bihar Power Distribution Company Limited	2014-15	-68.28	-269.79	2,229.24	4,523.12	2,015.04	3,511.99	-1.94	-1.51	-13.39
13	South Bihar Power Distribution Company Limited	2014-15	-584.34	-747.55	2,764.48	2,336.15	-1,663.92	178.23	-327.86	-25.01	44.93
14	Bihar State Film Development & Finance Corporation Limited	2014-15	-0.07	-0.09	0.00	1.15	-0.90	-0.75	9.33	-6.09	10.00
15	Bihar State Agro Industries Development Corporation Limited	2014-15	-23.85	-23.85	0.00	62.18	-168.37	-113.83	20.95	-38.36	14.17
16	Bihar Forestry Development Corporation Limited	2014-15	0.00	0.00	0.00	0.34	0.03	0.03	0.00	0.00	0.00
Total (B)			-677.13	-1,058.94	4,998.75	7,376.28	-161.94	3,607.36	-18.77	-9.18	-²
No profit no loss making Companies											
17	Bihar State Power (Holding) Company Limited [♣]	2014-15	0.00	0.00	0.00	1,554.93	1,475.00	1,554.93	0.00	0.00	0.00
18	Bihar State Power Generation Company Limited	2014-15	0.00	0.00	0.00	978.78	344.00	978.78	0.00	0.00	0.00
Total (C)			0.00	0.00	0.00	978.78	344.00	978.78	0.00	0.00	0.00
Grand Total (A+B+C)			-251.67	-750.51	9,304.04	12,778.01	4,132.50	9,007.30	-2.79	-1.97	-18.16

²ROE is not worked out since accumulated losses are more than Paid up Capital.

Sl. No.	Name of PSU	Year of finalised account	Net profit /loss before dividend, interest and tax	Net profit/loss after tax and dividend	Turnover	Investment [€]	Shareholders fund [¥]	Capital employed [#]	Return on Capital employed [§] (4/9) (ROCE)	Return on Invest-ment@ (4/7) (ROI)	Return on Equity [¶] (5/8) (ROE)
1	2	3	4	5	6	7	8	9	10	11	12
2015-16											
Profit making Companies											
1	Bihar State Power Transmission Company Limited	2015-16	32.93	9.54	227.81	4,971.45	4,439.36	4,971.45	0.66	0.66	0.21
2	Bihar Grid Company Limited	2015-16	0.00	0.00	0.00	382.63	80.61	382.63	0.00	0.00	0.00
3	Bihar State Building Construction Corporation Limited	2015-16	8.30	5.51	27.34	43.83	43.83	43.83	18.94	18.94	12.57
4	Bihar State Educational Infrastructure Development Corporation Limited	2015-16	70.51	70.51	98.95	201.60	201.60	201.60	34.98	34.98	34.98
5	Bihar Rajya Pul Nirman Nigam Limited	2015-16	107.71	70.26	122.62	531.75	531.75	531.75	19.88	19.88	13.21
6	Bihar Urban Infrastructure Development Corporation Limited	2015-16	6.16	4.91	150.34	31.90	31.90	31.90	19.31	19.31	15.39
Total (A)			225.61	160.73	627.06	6,163.16	5,329.05	6,163.16	3.63	3.63	3.02
Loss making Companies											
7	Bihar State Financial Corporation	2015-16	4.24	-14.73	4.30	470.18	-358.18	34.16	12.41	0.90	4.11
8	North Bihar Power Distribution Company Limited	2015-16	155.44	-339.44	2,717.93	4,145.64	2,190.44	2,795.07	5.56	3.75	-15.50
9	South Bihar Power Distribution Company Limited	2015-16	-624.85	-734.17	3,294.59	5,436.20	1,566.60	2,530.41	-24.69	-11.49	-46.86

Sl. No.	Name of PSU	Year of finalised account	Net profit /loss before dividend, interest and tax	Net profit/loss after tax and dividend	Turnover	Investment [€]	Shareholders fund [¥]	Capital employed [#]	Return on Capital employed [§] (4/9) (ROCE)	Return on Invest-ment@ (4/7) (ROI)	Return on Equity [¶] (5/8) (ROE)
1	2	3	4	5	6	7	8	9	10	11	12
10	Bihar State Film Development & Finance Corporation Limited	2015-16	-0.16	-0.18	0.00	1.50	-0.90	-0.40	40.00	-10.67	20.00
11	Bihar State Agro Industries Development Corporation Limited	2015-16	-0.75	-0.75	0.00	62.16	-169.22	-114.69	0.65	-1.21	0.44
Total (B)			-466.08	-1,089.27	6,016.82	10,115.68	3,228.74	5,244.55	-8.89	-4.61	-33.74
No profit no loss making Companies											
12	Bihar State Power (Holding) Company Limited♣	2015-16	0.00	0.00	0.00	15,923.28	15,855.87	15,923.28	0.00	0.00	0.00
13	Bihar State Power Generation Company Limited	2015-16	0.00	0.00	0.00	5,649.45	2,426.44	5,649.45	0.00	0.00	0.00
Total (C)			0.00	0.00	0.00	5,649.45	2,426.44	5,649.45	0.00	0.00	0.00
Grand Total (A+B+C)			-242.47	-928.54	6,647.99	21,928.29	10,984.23	17,057.16	-1.42	-1.11	-8.45
2016-17											
Profit making Companies											
1	Bihar State Power Transmission Company Limited	2016-17	41.66	1.53	285.66	6,988.27	6,144.06	6,988.27	0.60	0.60	0.02
2	Bihar Grid Company Limited	2016-17	0.51	-2.09	0.77	1,123.70	294.92	1,121.62	0.05	0.05	-0.71
3	Bihar State Building Construction Corporation Limited	2016-17	28.58	18.63	39.21	62.39	62.39	62.39	71.71	71.71	29.86
4	Bihar State Educational Infrastructure Development Corporation Limited	2016-17	22.96	22.96	52.50	224.55	224.55	224.55	10.22	10.22	10.22
Total (A)			93.71	41.03	378.14	8,398.91	6,725.92	8,396.83	1.31	1.31	0.61

Sl. No.	Name of PSU	Year of finalised account	Net profit /loss before dividend, interest and tax	Net profit/loss after tax and dividend	Turnover	Investment [€]	Shareholders fund [¥]	Capital employed [#]	Return on Capital employed [§] (4/9) (ROCE)	Return on Investment [@] (4/7) (ROI)	Return on Equity ^μ (5/8) (ROE)
1	2	3	4	5	6	7	8	9	10	11	12
Loss making Companies											
5	Bihar State Financial Corporation	2016-17	-0.23	-16.53	2.94	486.48	-374.57	34.07	-0.68	-0.05	4.41
6	Bihar State Power Generation Company Limited	2016-17	-1.82	-1.82	51.36	6,201.98	2,572.03	6,200.16	-0.03	-0.03	-0.07
7	North Bihar Power Distribution Company Limited	2016-17	-358.91	-513.44	2,984.84	5,941.09	3,389.18	4,077.08	-8.80	-6.04	-15.15
8	South Bihar Power Distribution Company Limited	2016-17	-637.78	-905.36	4,032.31	7,098.23	2,371.25	3,287.08	-19.40	-8.99	-38.18
Total (B)			-998.74	-1,437.15	7,071.45	19,727.78	7,957.89	13,598.39	-28.91	-15.10	-18.06
No profit no loss making Companies											
9	Bihar State Power (Holding) Company Limited ♣	2016-17	0.00	0.00	0.00	21,194.05	21,127.91	21,194.05	0.00	0.00	0.00
Total(C)			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grand Total (A+B+C)			-888.87	-1,396.12	7,449.59	28,126.69	14,683.81	21,995.22	-4.04	-3.16	-9.51

€ Investment = (Paid up capital +Free Reserve +Long term loan).

¥ Shareholders fund = (Paid up capital + Free Reserve & Surplus - Accumulated Loss - Deferred Revenue Expenditure).

Capital employed = Shareholders fund + Long term Borrowings.

§ Return on Capital employed = (Net profit/loss before dividend, interest and tax) /Capital Employed.

@ Return on Investment (ROI) = (Net Profit before dividend, tax and interest) / Investment.

μ Return on Equity (ROE) = (Net profit after tax - Preference dividend) /Shareholder' Fund.

♣Figures of BSPHCL was not taken into account for calculation of ROCE, ROI and ROE as it is a holding company and the Capital employed in this company were already taken in its subsidiary companies.

Annexure-2.1.1

(Referred to in Paragraph 2.1.12)

Details of Major Projects (commenced, completed and under progress) of Bihar State Building Construction Corporation Limited during 2012-13 to 2016-17

(Amount: ₹ in crore)

Sl. No.	Name of the project	Date of Administrative Approval	Amount of Administrative Approval	Number of works taken up	Expenditure incurred (as on March 2017)	Status of Project
1	Construction work of Krishi Mahavidyalaya in Kishanganj	14/11/2014	683.39	1	462.78	Work in progress
2	Upgradation of Primary Health Centre into Community Health Centre	19/11/2013	656.87	192	521.38	Completed : 181 Work In Progress : 11
3	Construction work of Pre-fabricated Godowns	10/01/2014	506.15	105	23.37	Completed : 06 Work in Progress : 99
4	Construction of Traditional Godowns	03/04/2013	169.27	425	145.02	Completed : 419 Work In Progress : 6
5	Construction of Traditional Godowns	17/05/2015	251.42		239.58	
6	Construction work of Pre-fabricated Godowns in Rohtas, Munger, Supaul and Purnia Districts	30/03/2015	119.02	8	32.71	Completed : 2 Work in Progress : 6
7	Construction work of 560 bedded Schedule Caste Residential High Schools in Patna, Kishanganj, East Champaran and Forbisganj	25/09/2014	70.20	4	75.70	Completed : 2 Work In Progress: 2
8	Construction work of Dashrath Manjhi Labour and Niyojan Study Centre	06/08/2015	35.79	2	10.73	Work in progress
9	Construction work in the campus of Bihar Rajya Beej Nigam in Kudra in Kaimur Districts	31/12/2013	34.68	1	34.18	Work in Progress
10	Construction work for the Seed Processing unit of Bihar Rajya Beej Nigam in Sherghati in Gaya District	31/12/2013	16.97	1	15.15	Completed
11	Construction work of Press Club Building in Bihar	17/03/2015	27.76	34	18.49	Completed : 30 Work in Progress: 04
12	Construction and Renovation work of runway and lounge in Begusarai, Munger, Chapra, Madhubani and Saharsa.	20/01/2014	23.76	05	20.97	Completed

Sl. No.	Name of the project	Date of Administrative Approval	Amount of Administrative Approval	Number of works taken up	Expenditure incurred (as on March 2017)	Status of Project
13	Construction work of Animal Hospitals under Rashtriya Krishi Vikas Yojana	22/12/2014	21.92	40	18.02	Completed : 30 Work in Progress: 10
14	Construction work of Beautification and Protection work of archaeological places under 13 th Finance Commission	14/08/2014	20.11	6	3.20	Completed : 1 Work in Progress: 5
15	Construction of building of Alternative Dispute Resolution Centre in Nalanda, Buxar, Munger, Begusarai, Madhepura, Jahanabad, Aurangabad, Siwan and Bettiah	24/09/2013	17.30	9	13.11	Completed : 8 Work in Progress : 1
16	Construction work of seven 50 bedded Boys hostel under 12 th five year plan	19/01/2015	16.81	7	12.18	Completed : 7
17	Construction of Office Buildings of District Industry Centre at Kishanganj, Sheohar, Bettiah, Arwal, Katihar & Sheikhpura.	04/09/2015	15.42	6	5.30	Completed: 3 Work in Progress: 3
18	Babu Jagjivan Ram 100 bedded Hostel Project	21/01/2014	15.16	4	9.18	Completed: 3 Work in progress : 1
19	Construction work of 13 Godowns of 1000 MT each for Beej Nigam in different places of the state	31/12/2014	12.46	13	9.29	Completed : 11 Work in progress : 2
20	Construction work of stadia in different districts under Mukhya Mantri Khel Vikas Scheme.	22/05/2013	12.19	19	10.64	Completed: 17 Work in progress : 2
21	Other Miscellaneous Works	--	645.34	237	73.80	Completed:135 Work in progress:102
Total			3,371.99	1,119	1,754.78	Completed 861 and Work in progress: 258

Annexure-2.2.1

(Referred to in Paragraph 2.2.13)

Financial status of projects undertaken by Bihar State Educational Infrastructure Development Corporation Limited as on March 2017

(₹ in crore)

Sl. No.	Project	No. of works	Unit cost	Total sanctioned cost	Amount received	Expenditure	Percentage of expenditure to the sanctioned cost (in per cent)
1	(a) Upgraded Secondary School (2009-10) Central	323	0.58	187.73	131.7	127.74	68.04
	(b) Upgraded Secondary School (2010-11) Central	403	0.58	234.22	149.47	163.03	69.60
	(c) Upgraded Secondary School (2009-10) State	45	0.58	26.15	21.34	15.8	60.43
2	(a) Girl's Hostel (2009-10)	80	1.41	113.07	113.07	72.80	64.38
	(b) Girl's Hostel (2010-11)	113	1.37	154.48	58.73	116.30	75.28
3	(a) Model School (2009-10)	98	3.36	329.28	158.55	195.66	59.42
	(b) Model School (2010-11)	255	3.02	770.10	397.14	476.78	61.91
4	Upgraded Senior Secondary School	357	1.16	412.34	14.04	190.32	46.16
5	Senior Secondary School	993	1.16	1146.92	800.00	832.43	72.58
6	Higher Secondary School	226	1.16	261.03	187.97	175.57	67.26
7	Senior Secondary School Minority	121	1.46	176.92	176.92	87.50	49.45
8	Exam Hall	26	3.66	95.16	73.33	76.84	80.75
9	College Toilet	253	0.04	10.12	10.12	7.44	73.54
10	Shiksha Bhawan	9	2.30	20.70	16.28	12.28	59.33
11	Degree College	12	5.47	65.59	35.00	22.67	34.56
12	Renovation Work (College Building)	30	-	125.43	110.29	81.87	65.27
13	Renovation Work (Secondary/HSS Building)	25	-	70.29	48.43	43.70	62.18
14	Child Development Project Office	33	1.14	38.59	31.81	22.77	58.99
15	Information and Communication Technology in Schools	832	0.14	115.48	69.47	84.18	72.90
16	Information and Communication Technology under World Bank project	1	-	52.00	43.24	4.60	8.85
17	District Institute of Education and Training	26	-	487.52	462.39	393.79	45.04
18	Primary Teacher Education College	22	-	265.89	31.75		
19	College of Teacher Education	6	-	72.51	1.50		
20	Block Institute of Teachers Education	4	-	48.34	0.00		
21	Block Resource Centre	185	-	115.86	81.39	4.08	3.52
22	Operating Cost for World Bank	1	-	43.24	12.52	0.93	2.14

Sl. No.	Project	No. of works	Unit cost	Total sanctioned cost	Amount received	Expenditure	Percentage of expenditure to the sanctioned cost (in per cent)
23	Aryabhata Knowledge University	1	-	94.98	18.00	57.97	61.04
24	M.P. LADS Fund for AKU (Journalism & Mass Comm.)	1	-	11.11	5.03	0.00	0.00
25	Bal Bhawan Kilkari	1	-	3.02	2.85	2.77	91.78
26	Chandragupt Institute of Management, Patna	1	97.11	97.11	89.08	93.88	96.67
27	Auditorium, Sabor, Bhagalpur	1	0.69	0.69	0.69	0.46	66.13
28	Residential School, Tharhut	6	13.75	82.50	50.00	60.48	73.31
29	R.P.Singh Main Gate	1	0.06	0.06	0.06	0.06	94.75
30	Hockey Ground, Shastrinagar	1	0.50	0.50	0.50	0.35	69.71
31	Simultala Avasiya Vidyalaya	1	5.53	5.53	4.70	4.86	87.90
32	Connect to National Network Knowledge	1	41.67	41.67	34.86	7.53	18.06
33	Sainik School, Gopalganj	1	-	24.40	12.90	25.36	103.94
34	Sainik School, Nalanda	1	-	40.99	40.99	37.81	92.25
35	Kalidas Vidyapati Science College	1	0.40	0.40	0.40	0.35	86.57
36	Bihar Hindi Granth Academy	1	4.45	4.45	3.94	3.58	80.43
37	Furniture purchase for DIET & Others	1	6.10	6.10	6.10	6.20	101.62
38	L.N. Mishra College Girls Hostel & Meeting Hall & Internal Painting	1	6.86	6.86	6.40	6.20	90.38
39	Gulzarbag Women College	1	4.45	4.45	0.50	0.58	13.10
40	Renovation of SIT Building	1	-	0.82	0.79	0.62	74.98
41	Institutional Development of BSEB	1	-	4.93	1.55	1.48	29.94
42	Director, DIET-22 DIET & 4 CTE	1	-	3.90	1.30	1.28	32.86
43	Construction of Bapu Smarak Mahila High School	1	2.64	2.64	1.40	0.06	2.44
44	Renovation of DIET & CTE @ Bikram, Patna & Turki	2	-	0.82	0.82	0.68	83.34
45	Exam Building (S.N.Sinha, B.N. Mondal, Sardar Ballavbhai Patel)	3	4.57	13.72	5.00	6.67	48.64
46	Upgraded Senior Secondary School	201	0.01	72.38	1.00	0.00	0.00
47	Double Accounting System	1	-	1.50	1.50	0.00	0.00
48	Rastriya Shiksha Abhiyan Office	1	2.92	2.92	2.92	2.06	70.65
49	Const. of MDM Office	1	-	1.24	1.24	0.95	76.35
50	State Council of Educational Research and Training	1	-	1.27	0.56	0.54	42.27
51	Computer, AC & Other Furniture (SCERT)	1	-	0.23	0.23	0.17	72.11
52	GH Bakhtiyarpur & HS Haspura	2	-	2.31	1.16	0.82	35.59
53	Rajendra Pd. High School, Rupauli HS & SHS	3	-	5.33	4.87	3.14	58.89

Sl. No.	Project	No. of works	Unit cost	Total sanctioned cost	Amount received	Expenditure	Percentage of expenditure to the sanctioned cost (in per cent)
54	Furnishing of Niyojan Bhawan	1	-	1.12	0.92	0.77	69.07
55	Const. of B.Ed. Building in M.U.	1	-	3.60	3.60	0.00	0.00
56	Const. of Building under Kaushal Vikash Kendra	313	-	112.85	57.38	70.30	62.29
57	BSEB (Exam Building & Other Works)	10	-	86.57	74.57	3.90	4.50
58	Repair of diff. School on occasion of GGS Jayanti	34	-	6.53	5.57	6.10	93.46
59	Const. of Girls High School, Paliganj	1	-	1.23	1.23	0.00	0.00
60	Conference cum guest room and renovation of Nehru hostel and academic building in campus of SCERT	1	-	6.92	6.92	0.00	0.00
Total		5,082		6,196.61	3,687.98	3,617.06	58.37

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