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

**For the year ended 31 March 2004**

**(CIVIL)**

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**GOVERNMENT OF BIHAR**

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1917-1918

1919-1920

1921-1922

1923

1924-1925

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1927-1928

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1930-1931

1932-1933

1934-1935

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# *Preface*

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1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.
2. Chapter I and II of this Report respectively contain Audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2004.
3. The remaining chapters deal with the findings of performance audit, and audit of transactions in the various departments and internal control mechanism in Government departments.
4. The Report containing the observations arising out of audit of Statutory Corporations, Boards and Governments Companies and the Report containing such observations on Revenue Receipts are presented separately.
5. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2003-2004 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to the year 2003-2004 have also been included wherever necessary.



# OVERVIEW








## OVERVIEW


This Report includes two chapters containing observations of Finances and Appropriation Accounts of the Government of Bihar for the year 2003-04 and three other chapters comprising five performance reviews, 18 paragraphs and internal control mechanism in the Government Departments. A synopsis of the main audit observations contained in the Audit Report is presented in this overview.


### 1 Finances of the State Government


 Revenue receipts (Rs 12456 crore) during 2003-04 showed an increase of 14 *per cent* as against four *per cent* increase in revenue expenditure (Rs 12711 crore) over the previous year, leading to decrease in revenue deficit (Rs 255 crore) by 80 *per cent*. The revenue deficit along with steep increase in capital expenditure (Rs 1549 crore) led to a fiscal deficit of Rs 4363 crore which was seven *per cent* of the Gross State Domestic Product (GSDP).


 Twenty-six *per cent* of revenue receipts came from the State's own resources. The contribution of grants-in-aid from the Central Government increased to 16 *per cent* in 2003-04 over previous year. Contribution of Central Tax Transfers also increased from six *per cent* in 2002-03 to 16 *per cent* in 2003-04.


 Among the sources of tax revenue, Sales Tax (57 *per cent*), Stamps and Registration Fees (14 *per cent*), State Excise (eight *per cent*) and Taxes on vehicles (seven *per cent*) were the principal contributors. Of non-tax revenue sources, Non-ferrous/mining and metallurgical industries (23 *per cent*) and interest receipts (seven *per cent*) were principal contributors.

 Overall expenditure of the State increased from Rs 13972 crore in 2002-03 to Rs 16829 crore in 2003-04 at a growth rate of 20.45 *per cent*. Revenue expenditure (Rs 12711 crore) constituted 76 *per cent* of total expenditure.


 The fiscal liabilities (Rs 37453 crore) increased during 2003-04 with a growth rate of six *per cent* over previous year and stood at three times of the revenue receipts. These liabilities along with contingent liabilities in the form of guarantees, which accounted for another 63 *per cent* of GSDP, are a cause for concern.


 Interest payments increased by 11 *per cent* from Rs 3022 crore in 2002-03 to Rs 3343 crore in 2003-04 primarily due to continued reliance on borrowings for financing the deficit.


 The fiscal deficit which represents the total borrowings of the Government and its total resource gap, increased by 46 *per cent* from Rs 2988 crore in 2002-03 to Rs 4363 crore in 2003-04 due to increase in disbursement of loans and advances by 244 *per cent* from Rs 747 crore in 2002-03 to Rs 2569 crore in 2003-04. The ratio of revenue deficit to fiscal deficit was six *per cent* in 2003-04.


 Large fiscal deficits year after year together with low or no return on investment indicated continued fiscal imbalances. Increasing ratios of fiscal liabilities to GSDP indicated that the State is gradually getting into a debt trap. The ratio of State's total financial assets to liabilities has also deteriorated indicating that a greater part of liabilities are without an asset back up.


## 2 Allocative priorities and Appropriation

 During 2003-04 State Government incurred expenditure of Rs 22481.90 crore against the total budget provision of Rs 21993.75 crore. The overall excess of Rs 488.15 crore was the result of savings of Rs 3294.19 crore partly off set by excess of Rs 3782.34 crore.

 Excess expenditure of Rs 11249.96 crore for the years 1977-78 to 2003-04 had not been regularized as required under Article 205 of the Constitution of India. Expenditure of Rs 3966.13 crore was incurred in 24 cases in excess of Rs five crore of more and also by more than 50 *per cent* of the provision and expenditure of Rs 1249.22 crore was incurred in six cases without any budget provision.

 There was persistent savings exceeding two crore and also by more than 10 *per cent* of the total provision in 36 cases.


 The supplementary provision of Rs 635.19 crore obtained by the Government in 58 cases between August 2003 to March 2004 proved wholly unnecessary as the expenditure did not come up in these cases even to the level of the original provision.


 Anticipated savings in 27 cases of Grants/Appropriations in Revenue section and 10 cases in Capital section aggregating Rs 1560.79 crore (exceeding Rs one crore in each case) had not been surrendered while in eight cases surrender of Rs 26.13 crore were in excess and in five cases surrender of Rs 545.69 crore were unjustified. In 71 cases, Rs 2297.46 crore out of Rs 3294.19 crore were surrendered on the last day of March 2004.


### 3 Performance reviews


#### *Functioning of Rural Health Services*


*Rural health care units failed to provide basic minimum services and bring about improvement in referral linkages. The health care services in rural areas of the State were grossly inadequate. Shortage of medical officers and paramedical staff ranged upto 95 per cent. There were huge shortages of health care units compared to the GOI norms. Infrastructural facilities such as buildings, drinking water, electricity, labour room facilities, equipment and diagnostic facilities were lacking in most of the health units.*


 The number of rural health care units in the State was inadequate compared to the standards set as per the Minimum Needs Programme. The shortfall ranged between 29 and 88 per cent.

 Infrastructural facilities such as availability/ functioning of X-ray units, essential equipment and diagnostic facilities were lacking in most of the sub-centres, PHCs/APHCs and referral hospitals.

 In the test-checked districts, 49 per cent sub-centres and 41 per cent PHC/APHCs had no building. The buildings housing 45 per cent sub-centres and 36 per cent PHC/APHCs and 38 per cent referral hospitals were in dilapidated condition.

 Immunisation programme suffered due to non-functional cold chain equipment. Physical performance in immunisation of children in the State was low at 20 per cent.

 Health care units lacked medical and paramedical staff and technicians. Thirty nine APHCs had no doctor during 2002-04 and medicines were prescribed by para medical staff.

 Out of the Central funds of Rs 10.11 crore released to 10 test-checked districts, Rs 8.68 crore were credited to civil deposit, Rs 0.50 crore were spent on purchases of medicine and Rs 0.93 crore were surrendered.

(Paragraph 3.1)

#### *Pradhan Mantri Gram Sadak Yojana (PMGSY)*

*In Bihar 17920 habitations having population of 500 and more were required to be provided with all weather road connectivity by constructing 9628 roads (33351 kilometres). But only a small number of habitations (10 per cent) was targeted for providing such connectivity in two phases (phase I and phase II) by constructing 969 roads (2400 kilometres) against which only 172 roads (466 kilometres) were constructed. Department had no statistics about the number of habitations benefitted by these roads. The scheme suffered due to*

*defective project reports, improper planning and absence of effective monitoring and evaluation.*



Out of Rs 149.90 crore sanctioned for Phase I of PMGSY and Rs 302.98 crore sanctioned for Phase II, only Rs 95.06 crore (63 per cent) and Rs 91.75 crore (61 per cent) respectively were spent as of May 2004.



Out of 299 roads (860 Km) sanctioned for connecting 629 habitations under Phase I, only 280 roads were taken up of which 127 roads were completed and out of 670 (1540 km) roads sanctioned for connecting 1236 habitations in Phase II, only 45 roads were completed as of May 2004.



The project reports deviated from the technical specifications prescribed in the Government of India (GOI) guidelines.



Work was awarded to six contractors beyond their capacity resulting in work valued at Rs 32.87 crore remaining incomplete.



Bank guarantee of Rs 21.20 crore was not obtained on 449 road works as a result contractors had no liability to maintain the road works.



In nine packages of seven districts works worth Rs 4.26 crore were abandoned due to naxal problem, non availability of bitumen/land, delay in payment etc.



Out of 226 roads inspected by National Quality Monitors only 10 per cent of roads were constructed as per norms.


*(Paragraph 3.2)*

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


*The Child Labour (Prohibition and Regulation) Act 1986 (Act) is a Central Act to be implemented by all the States. The Act along with the Rules framed thereunder seeks to prevent the employment of children below 14 years of age in hazardous occupations. The Act lays down a procedure to decide modification to the schedule of banned occupations and processes, regulates the conditions of work of children and imposes penalties. Follow up action taken on prosecution cases launched for violating provisions of the Child Labour Act was not effective. The Child Labour Rehabilitation-cum-Welfare Fund (CLRWF) could not be raised to provide employment to the affected families. Special schools for the education of child labour were not opened as per guidelines of Government of India (GOI).*




The State Government notified the Rules under the Child Labour Act only in February 1996 after eight years of the framing of Rules.

 Against child labour violation cases of 17632 only 1468 (eight per cent) were prosecuted during 1999-2004.

 Only three out of 38 districts were covered under NCLP.


 Special schools had withdrawn children mainly from home-based occupations instead of from hazardous occupations.


 Neither any employment was given to adult member of any affected family nor was any amount deposited by the State Government in the Welfare fund.


(Paragraph 3.3)


### **Indian System of Medicine and Homoeopathy**


*The Government established the department of Indian System of Medicine and Homoeopathy (ISM&H) for making available doctors practising these systems of medicine and providing medical and health care services to the masses at an affordable price. The Department failed to provide adequate educational and research facilities in Indian System of Medicine and Homoeopathy (ISM&H). Medical and health care services were also poor in the State.*


 Ayurvedic, Unani and Homoeopathic Medical Colleges and hospitals did not fulfill the required standard prescribed by the Central Council of Indian Medicine and the Central Council of Homeopathy New Delhi in respect of deployment of teaching, non-teaching, medical and para medical staff.

 In the Government Homoeopathic Medical College and Hospital, Muzaffarpur considerable number of students dropped out every year.

 Functioning of the Ayurvedic College-cum-Hospital, Begusarai and the Government Tibbi College, Patna suffered due to lack of basic infrastructure facilities.

 No patient was admitted in paediatric emergency and research department of Government Ayurvedic College hospital, Patna during 1999-2003.

 Out of Rs 1.25 crore released by the GOI for strengthening of infrastructure in Ayurvedic & Unani Colleges / Pharmacies, expenditure of Rs 73.22 lakh incurred on the facilities was rendered unfruitful

 The ISM&H Department had not established any monitoring mechanism for evaluating the functioning of Ayurvedic, Homoeopathic and Unani colleges, hospitals and dispensaries.

(Paragraph 3.4)

### **Functioning of Industries Department**

*Financial management in the Industries Department was characterised by weakness in budgetary control procedures as indicated by huge savings, unnecessary drawal of funds without budget provisions etc. The implementation of the industrial development schemes was poorly managed as evident from the cases of unspent funds, misuse and diversion of funds, expenditure on incomplete and abandoned schemes and low employment generation. The department failed to provide essential infrastructural facilities for setting up new industries in the State. Initiatives of the department like mega growth centres and mini growth centres did not bear fruit. The Industrial Park at Hajipur remained a non-starter. The Industrial Area Development Authorities (IADAs) failed to develop industrial estates between 1999 and 2004, as planned out of 1236 entrepreneurs functioning in the allotted plots, 675 entrepreneurs closed their units during 1999-2004.*



The budget of the department was not based on actual needs. The result was huge savings of Rs 200.02 crore during 1999-2004.



The Director of Industries and the Director of Technical Development irregularly drew Rs 3.11 crore (March 2001 and March 2003) from the treasury to avoid lapse of funds and the entire amount was retained in Civil Deposit since then. Besides, Rs 32.25 crore shown as expenditure under plan schemes were actually lying in the bank accounts of the IADAs and the Industrial Data Bank, Patna.



Director of Industries paid Rs one crore to Indian Craft Village Trust, Kolkata in March 1998 for construction of Bihar Pavilion in Kolkata. No construction was carried out by the Trust and the amount was being utilised by the Trust.



Out of 1236 entrepreneurs functioning on land developed by the IADAs, 675 entrepreneurs closed their units during 1999-2004 due to inadequate infrastructure.



Mega Growth Centres could not come up even after a lapse of 12 years due to non-acquisition of land. The Export Promotion Industrial Park at Hajipur also remained a non-starter.



Due to poor infrastructure support, the industrial development in the State was far behind the declared policy objectives of the Government. Only 20 per cent of the industrial units were functional in the State. Under the Small Scale Industries sector though the investments increased marginally from Rs 37.24 crore to Rs 46.38 crore during 1999-2003 the employment generation dropped from 15475 to 13622 during the same period.

(Paragraph 3.5)

**4.1      *Fraudulent drawal/misappropriation/embezzlement/losses***



Misappropriation of Rs 2.54 lakh besides adjustment of advances without supporting vouchers for Rs 19.08 lakh due to inadequate supervisory control.

*(Paragraph 4.1.1)*



Payment of Rs 1.14 crore was made for two different works both involving filling up boxes with road materials, brickflat soling etc. when even earth work excavation for box cutting was only partly done.

*(Paragraph 4.1.2)*



Failure of BDO Chakia to comply with the codal provisions relating to maintenance of Cash Book resulted in misappropriation of Rs 45.99 lakh and non-accounting of Rs 1.02 crore.

*(Paragraph 4.1.3)*



Non maintenance of cash book and other account records led to misappropriation, short accounting and irregular booking of expenditure aggregating Rs 64.65 lakh.

*(Paragraph 4.1.4)*

**4.2      *Infructuous/wasteful expenditure and overpayment***



Failure of BDO, Paraiya to ensure timely completion of pump houses led to infructuous expenditure of Rs 87.03 lakh.

*(Paragraph 4.2.1)*



The work was taken up without proper planning for ensuring availability of fund and resulted in infructuous expenditure of Rs 1.77 crore on incomplete works.

*(Paragraph 4.2.2)*

### 4.3 Avoidable/excess/unfruitful expenditure



Irregular continuation of 124 temporarily appointed staff over the years in the District Court Nawada resulted in unauthorised payment of Rs 4.05 crore.

(Paragraph 4.3.1)



Failure of BSSB to derecognise 86 ineligible Sanskrit Schools in time resulted in avoidable payment of salary of Rs 6.80 crore to their teaching and non-teaching staff.

(Paragraph 4.3.2)



The Collector, Patna unauthorisedly utilised revenue receipts/grants of Rs 1.34 crore for office expenses.

(Paragraph 4.3.6)



Non provision of essential items in the road crust resulted in sub-standard execution of road work of Rs 1.94 crore.

(Paragraph 4.3.7)



Due to faulty planning, expenditure of Rs 1.54 crore incurred on construction of road was unfruitful.

(Paragraph 4.3.8)

### 4.4

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



Expenditure of Rs 2.61 crore was incurred on a non-functional Agricultural (Engineering) Workshop at Patna.

(Paragraph 4.4.1)

## 5

### Internal control mechanism and internal audit system

*Internal control mechanism is an integral part of management process by which an organization governs its activities to effectively achieve its objectives. Adherence to a built in internal control, which includes statutes, codes and manuals minimise the risk of errors and irregularities. A check of the internal control mechanism in the Primary & Mass Education Department showed that the internal control system were not functioning effectively.*



Budget estimates for 2000-04 were prepared without taking into account the actual requirements.





There was lack of monitoring and internal coordination in the implementation of the total literacy campaign and the Sarva Siksha Abhiyan.



Non-adherence to the prescribed controls led to misappropriation of Government money of Rs 2.62 lakh.



The number of units audited by internal audit was 0.18 per cent of the total number of auditee units of the department during 1999-2004. There was poor follow up of inspection reports.

*(Paragraph 5)*



# CHAPTER-I

## Finances of the State Government



## CHAPTER-I

### FINANCES OF THE STATE GOVERNMENT

#### *Summary*

Revenue receipts (Rs 12456 crore) during 2003-04 showed an increase of 14 per cent as against four per cent increase in revenue expenditure (Rs 12711 crore) over the previous year, leading to decrease in revenue deficit (Rs 255 crore) by 80 per cent. The revenue deficit along with steep increase in capital expenditure (Rs 1549 crore) led to a fiscal deficit of Rs 4363 crore which was seven per cent of the Gross State Domestic Product (GSDP).

Only twenty-six per cent of revenue receipts came from the State's own resources, while Central tax transfers & grants-in-aid contributed nearly 74 per cent of the revenue receipts. The contribution of grants-in-aid from the Central Government increased to 16 per cent in 2003-04 over previous year. Contribution of Central Tax Transfers also increased from six per cent in 2002-03 to 16 per cent in 2003-04.

Among the sources of tax revenue, Sales Tax (57 per cent), Stamps and Registration Fees (14 per cent), State Excise (8 per cent) and Taxes on vehicles (7 per cent) were the principal contributors. Of non-tax revenue sources, Non-ferrous/mining and metallurgical industries (23 per cent) and interest receipts (7 Per cent) were principal contributors.

Overall expenditure of the State increased from Rs 13972 crore in 2002-03 to Rs 16829 crore in 2003-04 at a growth rate of 20.45 per cent. Revenue expenditure (Rs 12711 crore) constituted 76 per cent of total expenditure. The fiscal liabilities (Rs 37453 crore) increased during 2003-04 with a growth rate of six per cent over previous year and stood at three times of the revenue receipts.

Interest payments increased by 11 per cent from Rs 3022 crore in 2002-03 to Rs 3343 crore in 2003-04 primarily due to continued reliance on borrowings for financing the deficit.

The fiscal deficit which represents the total borrowings of the Government and its total resource gap increased by 46 per cent from Rs 2988 crore in 2002-03 to Rs 4363 crore in 2003-04 due to increase in disbursement of loan and advances by 244 per cent from Rs 747 crore in 2002-03 to Rs 2569 crore in 2003-04. The ratio of revenue deficit to fiscal deficit was six per cent in 2003-04.

Large fiscal deficits year after year together with low or nil return on investment indicates continued fiscal imbalances. It is not uncommon for a State to borrow for increasing its social and economic infrastructure base. However, increasing ratios of fiscal liabilities to GSDP indicated that the State is gradually getting into a debt trap. In Bihar ratio of fiscal liabilities to GSDP was 63 per cent indicating unsustainability of debt in the long run.

#### *1.1 Introduction*

The Finance Accounts of the Government of Bihar are laid out in 19 statements, presenting receipts and expenditure, revenue as well as capital, in the Consolidated Fund, Contingency Fund and the Public Account of the State Government. The lay out of the Finance Accounts is depicted in Box 1.1

**Box 1.1**

**Lay out of Finance Accounts**

Statement No. 1 presents the summary of transactions of the State Government-receipts and expenditure, revenue and capital, public debt receipts and disbursements etc. in the Consolidated fund, Contingency fund and Public account of the State.

Statement No. 2 contains the summarised statement of capital outlay showing progressive expenditure to the end of 2003-04.

Statement No. 3 gives financial results of irrigation works, their revenue receipts, working expenses and maintenance charges, capital outlay, net profit or loss, etc.

Statement No. 4 indicates the summary of debt position of the State, which includes borrowings from internal debt, Government of India, other obligations and servicing of debt.

Statement No. 5 gives the summary of loans and advances given by the State Government during the year, repayments made, recoveries in arrears, etc.

Statement No. 6 gives the summary of guarantees given by the Government for repayment of loans etc. raised by the statutory corporation, local bodies and other institutions.

Statement No. 7 gives the summary of cash balances and investments made out of such balances.

Statement No. 8 depicts the summary of balances under Consolidated fund, Contingency fund and Public account as on 31 March 2004.

Statement No. 9 shows the revenue and expenditure under different heads for the year 2003-04 as a percentage of total revenue/expenditure.

Statement No. 10 indicates the distribution between the charge and voted expenditure incurred during the year.

Statement No. 11 indicates the detailed account of revenue receipts by minor heads.

Statement No. 12 provides accounts of revenue expenditure by minor heads under non-plan, State plan and centrally sponsored schemes separately and capital expenditure major head- wise.

Statement No. 13 depicts the detailed capital expenditure incurred during and to the end of 2003-04.

Statement No. 14 shows the details of investment of the State Government in statutory corporations, government companies, other joint stock companies, cooperative banks and societies etc. up to the end of 2003-04.

Statement No. 15 depicts the capital and other expenditure to the end of 2003-04 and the principal sources from which the funds were provided for that expenditure.

Statement No. 16 gives the detailed account of receipts and disbursements and balances under heads of account relating to debt, contingency fund and public account.

Statement No. 17 presents detailed account of debt and other interest bearing obligations of the Government of Bihar.

Statement No. 18 provides the detailed account of loans and advances given by the Government of Bihar, the amount of loan repaid during the year, the balance as on 31 March 2004 and the amount of interest received during the year.

Statement No. 19 gives the details of earmarked balances of reserved funds.

### 1.2 *Trend of finances with reference to previous year*

Finances of State Government during the current year as compared to that of the previous year were as under:

(Rupees in crore)

2002-03	Sl. No.	Major Aggregates	2003-04
10968	1.	<b>Revenue Receipts (2+3+4)</b>	<b>12456</b>
2761	2.	Tax Revenue	2890
261	3.	Non-Tax Revenue	320
7946	4.	Other Receipts	9246
16	5.	<b>Non-Debt Capital Receipts</b>	<b>10</b>
16	6.	Of which Recovery of Loans	10
10984	7.	<b>Total Receipts (1+5)</b>	<b>12466</b>
10901	8.	<b>Non-Plan Expenditure (9+11+12)</b>	<b>11683</b>
10901	9.	On Revenue Account	11627
3022	10.	Of which, Interest Payments	3343
negligible	11.	On Capital Account	56
-	12.	Loans and advances disbursed	-
3071	13.	<b>Plan Expenditure (14+15+16)</b>	<b>5146</b>
1354	14.	On Revenue Account	1084
970	15.	On Capital Account	1493
747	16.	Loans and advances disbursed	2569
13972	17.	<b>Total Expenditure (8+13)</b>	<b>16829</b>
2988	18.	<b>Fiscal Deficit (17-1-5)</b>	<b>4363</b>
1287	19.	<b>Revenue Deficit (9+14-1)</b>	<b>255</b>
(-) 34	20.	<b>Primary Deficit(+)/Surplus(-) (18-10)</b>	<b>1020</b>

### 1.3 *Summary of Receipts and Disbursements for the year*

Table 1 summarises the finances of the State Government of Bihar for the year 2003-04 covering revenue receipts and expenditure, capital receipts and expenditure, public debt receipts and disbursements and public account receipts and disbursements made during the year as emerging from **Statement-1** of Finance Accounts and other detailed statements.

**Table -1 SUMMARY OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2003-04**

(Rupees in crore)

2002-03	Receipts	2003-04	2002-03	Disbursements	2003-04		
Section-A: Revenue							
					Non-Plan	Plan	Total
10968.42	I. Revenue receipts	12455.56	12255.13	I. Revenue expenditure	11627.29	1083.54	12710.83
2761.05	Tax revenue	2889.69	6574.14	General services	7151.13	24.33	7175.46
260.82	Non-tax revenue	320.38	3915.71	Social Services	3367.15	666.28	4033.43
6549.23	Share of Union Taxes/Duties	7627.87	1763.46	Economic Services	1105.25	392.93	1498.18
1397.32	Grants from Govt. of India	1617.62	1.82	Grants-in-aid / Contributions	3.76	--	3.76
Section-B: Capital							
-	II Misc. Capital Receipts		969.74	II Capital Outlay	56.30	1492.87	1549.17
15.58	III. Recoveries of Loans and Advances	10.45	747.19	III Loans and Advances disbursed	--	2568.92	2568.92
4189.80	IV Public debt receipts*	5068.51	1526.35	IV Repayment of Public Debt	--	--	2801.64
5584.15	V Public account receipts	7440.06	4822.34	V Public account - disbursements	--	--	5788.95
- 344.35	Opening Balance	92.85	92.85	Closing Balance	--	--	- 352.08
20413.60	Total	25067.43	20413.60	Total			25067.43

\* Includes net ways and means advances and over drafts

#### 1.4 Audit Methodology

Audit observations on the Finance Accounts bring out the trends in the major fiscal aggregates of receipts and expenditure and from the statement of the Finance Accounts for the year 2003-04 and wherever necessary, show these in the light of time series data (Appendix I to IV) and periodic comparisons.

The key indicators adopted for analysing the State finances are (i) Resources by volumes and sources, (ii) Application of resources, (iii) Assets and Liabilities and (iv) Management of deficits. Audit observations have also taken into account the cumulative impact of resource mobilisation efforts, debt servicing and corrective fiscal measures. Overall financial performance of the State Government as a body corporate has been presented by the application of a set of ratios commonly adopted for the relational interpretation of fiscal aggregates.

The erstwhile State of Bihar was bifurcated into the successor States of Bihar and Jharkhand with effect from 15 November 2000, as per the Reorganisation Act. Hence the indicators of the financial performances of Government take into account the Finance Accounts figures of the combined State of Bihar and Jharkhand upto 14.11.2000 and of the successor State of Bihar thereafter. The reporting parameters are depicted in Box 1.2.



**Box 1. 2****Reporting Parameters**

Fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal and external debt and revenue and fiscal deficits have been presented as percentage to GSDP at current market prices. The new GSDP series as indicated in the Budget at a glance by the Finance Department of the State Government have been used.

For tax revenues, non-tax revenues, revenue expenditure etc, buoyancy projections have also been provided for a further estimation of the range of fluctuations with reference to the base represented by GSDP.

For most series a trend growth during 1999-2004 has been indicated. The ratios with respect to GSDP have also been depicted. Some of the terms used here are explained in *Appendix V*.

The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account as defined in Box 1.3.

**Box 1.3 - State Government Funds and the Public Account**

<b>Consolidated Fund</b>	<b>Contingency Fund</b>	<b>Public Account</b>
All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund entitled 'the Consolidated Fund of the State' established under Article 266(1) of the Constitution of India.	Contingency Fund of the State established under Article 267(2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.	Besides the normal receipts and expenditure of Government which relate to the Consolidated Fund, certain other transactions enter Government Accounts, in respect of which Government acts more as a banker. Transactions relating to provident funds, small savings, other deposits, etc are a few examples. The public moneys thus received are kept in the Public Account set up under Article 266(2) of the Constitution and the related disbursements are made from it.

Indicators of financial performance of the successor State of Bihar after 14 November 2000 are subject to variation after completion of allocation of assets and liabilities between the successor States of Bihar and Jharkhand.

### **1.5 Resources by volumes and sources**

Resources of the State Government consist of revenue receipts and capital receipts. Revenue receipts consist of tax revenues, non-tax revenues, State's share of union taxes and duties and grants-in-aid from the Central Government. Capital receipts comprise miscellaneous capital receipts like proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources viz. market loans, borrowings from financial institutions/commercial banks etc. and loans and advances from Government of India as well as accruals from the Public Account.

Table 2 shows that the total receipts of the State Government for the year 2003-04 were Rs 24974.58 crore, of which, the revenue receipts of the State Government were only Rs 12455.56 crore, constituting 49.87 per cent of the total receipts. The balance of receipts came from borrowings and Public Account receipts.

**Table 2 – Resources of Bihar**

		(Rupees in crore)
<b>I Revenue Receipts</b>		<b>12456</b>
<b>II Capital Receipts</b>		<b>5079</b>
a	Miscellaneous Receipts	-
b	Recovery of Loans and Advances	10
c	Public Debt Receipts	5069
<b>III Public Account Receipts</b>		<b>7440</b>
a	Small Savings, Provident Fund, etc.	987
b	Reserve Fund	-
c	Deposits and Advances	3154
d	Suspense and Miscellaneous	2079
e	Remittances	1220
<b>Total Receipts</b>		<b>24975</b>

#### **1.5.1 Revenue receipts**

Statement-11 of the Finance Accounts details the Revenue Receipts of the Government. Revenue receipts of the State increased from Rs 10659 crore in 1999-2000 (erstwhile composite state) to Rs 12456 crore in 2003-04 (successor state). The rate of growth of revenue receipts during 2003-04 over the previous year was 14 per cent, primarily due to 16 per cent growth in the State's share in Union taxes and duties and 16 per cent growth in the grants in aid from Government of India.

Overall revenue receipts, its annual rate of growth, ratio of these receipts to the State's Gross Domestic Product (GSDP) and its buoyancy is indicated in Table 3.

Table 3: Revenue Receipts – Basic Parameters

(Values in Rupees in crore and others in per cent)

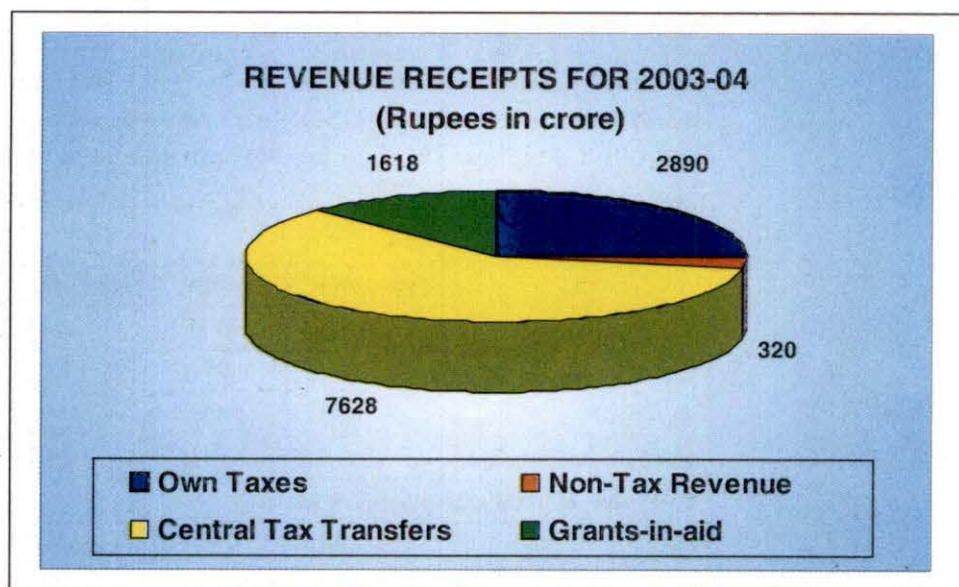
	1999-2000	2000-01	2001-02	2002-03	2003-04
Revenue Receipts	10659	11177	9839	10968	12456
Own taxes*	28.94	25.13	23.57	25.17	23.20
Non-Tax Revenue*	10.94	6.37	2.91	2.38	2.57
Central Tax Transfers*	46.55	58.84	62.78	59.71	61.24
Grants-in-aid*	13.57	9.66	10.74	12.74	12.99
Rate of Growth of RR	14.66	4.86	(-)11.97	11.47	13.57
Revenue Receipts/GSDP	14.79	22.63	19.30	19.35	20.81
Revenue Buoyancy	1.666			1.026	2.42
GSDP Growth	8.80	(-) 31.49	3.25	11.18	5.60

Blank cell in the table represents "buoyancy in negative"

\* (As a percentage of revenue receipts)

Among the tax revenues, 16 per cent increase in taxes on goods and passengers, 18 per cent growth in taxes on vehicles and 20 per cent increase in stamps and registration fees were the principal contributors to the high growth in revenue during the year. A jump of 431 per cent in other administration service receipts, 20 per cent growth in receipts from non-ferrous mining and metallurgical industries and 145 per cent growth in other rural development programmes were major contributors to the increased non-tax revenue.

Sales tax was the major source of State's own tax revenue having contributed 57 per cent of the tax revenue followed by stamp duty and registration fee (14 per cent), taxes on goods and passengers (11 per cent) and state excise (8 per cent). Of non-tax revenue sources, non-ferrous mining and metallurgical industries (23 per cent) and interest receipts (7 per cent) were the principal contributors.



Non-tax revenue of the state increased from Rs 261 crore in 2002-03 to Rs 320 crore in 2003-04.

While on an average around 26 per cent of the revenue receipts had come from the State's own resources, central tax transfers and grants-in-aid together continued to contribute nearly 74 per cent of the total revenue.

As on 31 March 2004 arrears of revenue pending collection under eight<sup>1</sup> of the major heads of revenue as reported by the department were Rs 1356.87 crore out of which Rs 813.79 crore were outstanding for more than five years.

The source of receipts under different heads and GSDP during 1999-2004 is indicated in Table 4.

Table 4 – Sources of Receipts: Trends

(Rupees in crore)

Year	Revenue Receipts	Capital Receipts			Total Receipts	Gross State Domestic Product (GSDP)
		Non-Debt Receipts	Debt Receipts	Accruals in Public Account		
1999-2000	10659	12	3476	31087	45234	72083
2000-01	11177	11	3528	10462	25178	49383
2001-02	9839	13	3758	7719	21329	50987
2002-03	10968	16	4190	5584	20758	56688
2003-04	12456	10	5069	7440	24975	59862

## 1.6 Application of resources

### 1.6.1 Trend of growth

The total expenditure of the state increased marginally from Rs 16667 crore in 1999-2000 for the erstwhile composite State of Bihar to Rs 16829 crore in 2003-04 for the reorganised state of Bihar.

The total expenditure of the State, its trend and annual growth, the ratio of expenditure to the State's GSDP and revenue receipts and its buoyancy with regard to GSDP and revenue receipts are indicated in Table 5 below.

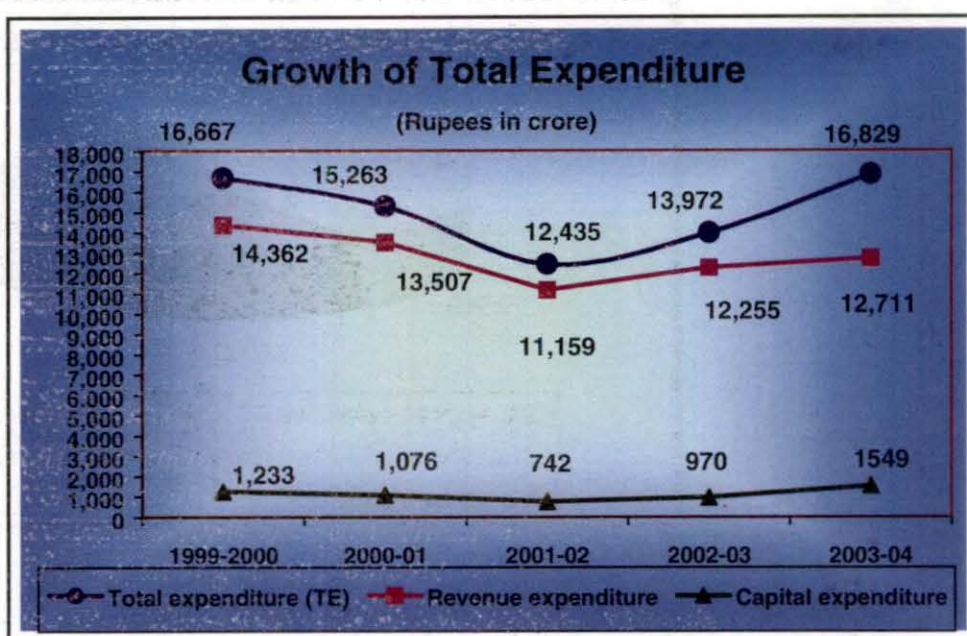
Table 5: Total Expenditure – Basic Parameters (Value: Rupees in crore and others in per cent)

	1999-2000	2000-01	2001-02	2002-03	2003-04
Total expenditure	16667	15263	12435	13972	16829
Rate of growth	28.54	(-) 8.42	(-) 18.53	12.36	20.45
TE/GSDP	23.12	30.91	24.39	24.65	28.11
Revenue receipts/TE	63.95	73.23	79.12	78.50	74.02
<b>Buoyancy of total expenditure with</b>					
GSDP	3.24	0.27	-5.70	1.10	3.65
Revenue receipts	1.95	(-) 1.73	1.55	1.08	1.51

<sup>1</sup> Taxes on sales and trade etc., Vehicles; Non-ferrous mining and metallurgical industries; State excise; Taxes and duties on electricity; Taxes on sugarcane; Entry tax; Entertainment tax.



The total expenditure of the State increased by 20.45 per cent during 2003-04 over the previous year. During 2003-04 revenue receipts accounted for 74.02 per cent of the total expenditure.



In terms of activities, the total expenditure could be considered as being composed of expenditure on general services including interest payments, social and economic services, grants-in-aid and loans and advances. The relative shares of these components in total expenditure are indicated in Table 6.

Table 6: Components of expenditure – Relative Share (in per cent)

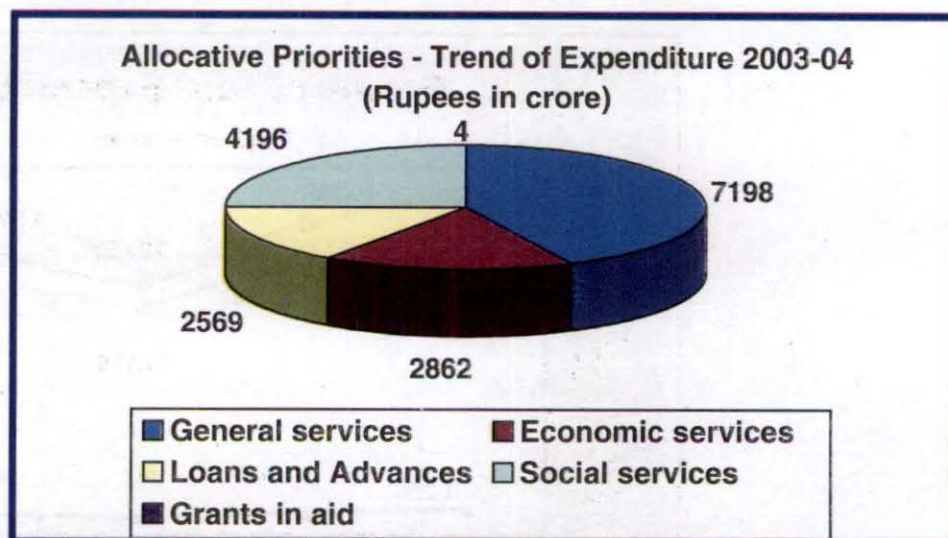
	1999-2000	2000-01	2001-02	2002-03	2003-04
General Services	39.10	45.81	51.00	47.63	42.77
Social Services	33.48	32.05	28.75	29.04	24.93
Economic Services	20.71	17.66	15.94	17.96	17.01
Grants-in-aid	0.28	0.02	0.02	0.02	0.02
Loans and advances	6.43	4.46	4.29	5.35	15.27

The movement of the relative shares of these components of expenditure indicated that while the share of economic services and social services in total expenditure declined from 20.71 per cent and 33.48 per cent in 1999-2000 to 17.01 per cent and 24.93 per cent in 2003-04 respectively, the relative share of general services increased from 39.10 per cent to 42.77 per cent during the period. Loans and Advances increased from 6.43 per cent to 15.27 per cent during the same period.

### 1.6.2 Incidence of revenue expenditure

Statement 12 of the Finance Accounts depicts the detailed revenue expenditure by minor heads and capital expenditure by major heads. Revenue expenditure had the predominant share in total expenditure. Revenue expenditure is

usually incurred to maintain the current level of assets and services and does not represent a significant addition to the State's service network.



Revenue expenditure, its rate of growth, ratio of revenue expenditure to State's GSDP and revenue receipts and its buoyancy with both GSDP and revenue receipts are indicated in Table 7 below:

Table 7: Revenue Expenditure – Basic Parameters

(Value: Rupees in crore and others in per cent)

	1999-2000	2000-01	2001-02	2002-03	2003-04
Revenue Expenditure	14362	13507	11159	12255	12711
Rate of Growth	24.21	(-) 5.95	(-) 17.38	9.82	3.72
RE/ GSDP	19.92	27.35	21.89	21.62	21.23
RE as per cent of total expenditure	86.17	88.50	89.74	87.71	75.53
RE as per cent to Revenue Receipts	134.74	120.85	113.42	111.73	102.05
<b>Buoyancy of Revenue Expenditure with</b>					
GSDP	2.75	0.19		0.88	0.66
Revenue Receipts	1.65		1.45	0.86	0.27

Blank cell in the table represents "buoyancy in negative"

Revenue expenditure of the State decreased from Rs 14362 crore in 1999-2000 (for the composite State) to Rs 12711 crore in 2003-04. Revenue expenditure was 75.53 per cent of total expenditure (Rs 16829 crore) during 2003-04.

Though the ratio of revenue expenditure to revenue receipts declined from 134.74 per cent in 1999-2000 to 102.04 per cent in 2003-04, the dependence of the State on borrowings for meeting its current expenditure continued.



### ♦ Expenditure on pension payments

Pension payments have increased by 83 *per cent* from Rs 1241 crore in 1999-2000 to Rs 2269 crore in 2003-04. Year-wise break-up of expenditure incurred on pension payments during 1999-2004 was as under:

**Table 8: Pension Expenditure**

(Rupees in crore)

Year	Expenditure	Percentage to total revenue
1999-2000	1241	11.64
2000-2001	2011	17.99
2001-2002	2273	23.10
2002-2003	2049	18.68
2003-2004	2269	18.22

With the increase in the number of retirees, the pension liabilities are likely to increase further in future. The State Government had not constituted any fund to meet the fast rising pension liabilities of the retired State employees. Considering the rate at which pension liabilities are increasing in the last few years, reforms in the existing pension schemes assume critical importance.

### ♦ Interest payments

The Eleventh Finance Commission (August 2000) has recommended that as a medium term objective, States should endeavour to keep interest payment as a ratio to revenue receipts pegged at 18 *per cent*. It was however observed that interest payments as percentage of revenue receipts ranged between 26 and 28 during the last five years.

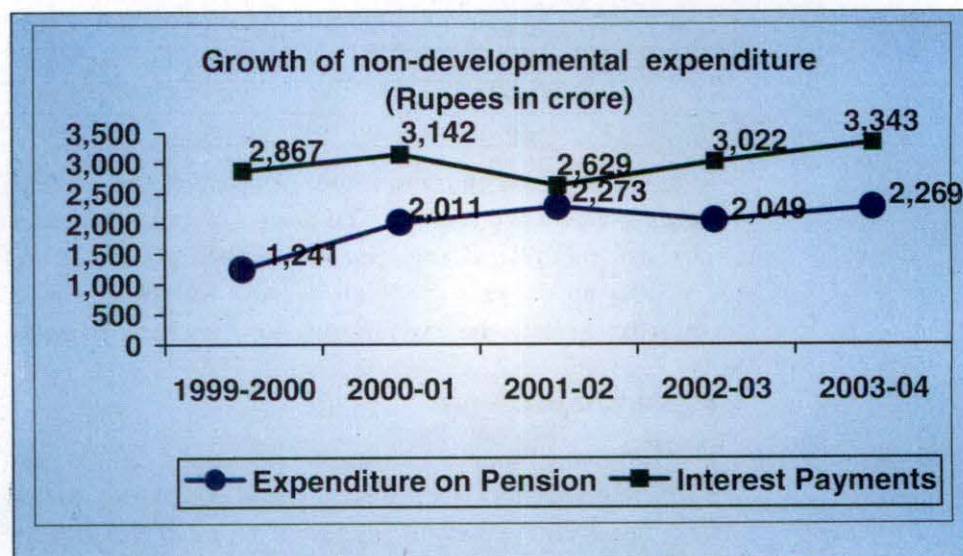
**Table 9**

Year	Interest Payment	Percentage of interest payment with reference to	
	(Rupees in crore)	Revenue Receipts	Revenue Expenditure
1999-2000	2867	26.90	19.96
2000-2001	3142	28.11	23.26
2001-2002	2629	26.72	23.56
2002-2003	3022	27.55	24.66
2003-2004	3343	26.84	26.30

In absolute terms, interest payments increased steadily by 16.60 *per cent* from Rs 2867 crore in 1999-2000 to Rs 3343 crore in 2003-04 primarily due to continued reliance on borrowings for financing the fiscal deficit. The interest payment consumed hundred percent of the State's own revenue, leaving nothing for meeting the development requirements of the state.

The State Government raised market loans of Rs 2125.78 crore at the weighted average rate of 6.14 *per cent* during the year, whereas the borrowings of Rs 2068.55 crore from National Small Saving Fund carried interest at the rate of 10.50 *per cent per annum* and the loan of Rs 819.71 crore from Government of India carried interest at the rate of 11 *per cent per annum*.

from Government of India. Nearly 46 per cent of the outstanding market loans as of 31<sup>st</sup> March 2004 carried interest rate exceeding 11 per cent. Thus, the effective cost of borrowings on their past loans is much higher than the rate at which they are able to raise resources at present from the market. The maturity profile of the State Government market loans indicate that nearly 35 per cent of the total market loans are repayable within next five years while remaining loans are required to be repaid within 5 to 10 years. Thus, the rise in expenditure on interest payment is not likely to slow down in near future.



➤ **Under statement of interest payment on State Provident Fund**

Budgetary provisions of interest payment on provident fund were tentative and inadequate. These were not based on interest rates on provident fund fixed by Government. The amount of interest payment even on the basis of average of opening balance and closing balance during 1999-2004 should have been Rs 3583.79 crore instead of Rs 2211.92 crore reflected in the accounts as detailed below:

**Table 10**

(Rupees in crore)

Years	Admissible rate of interest on GPF (in per cent)	Amount of interest payment provided in the accounts	State Provident Fund		Average of OB and CB	Minimum amount of interest to be booked in the accounts at the admissible rate of interest	Difference of column 7 and column 3
			Opening Balance (OB)	Closing Balance (CB)			
1	2	3	4	5	6	7	8
1999-2000	12.00	536.75	6117.99	7115.21	6616.60	794.00	257.25
01.4.2000 – 14.11.2000	11.00	335.47	7115.21	7403.39	7259.30	499.08	163.61
15.11.2000 – 31.03.01	11.00	122.03	7403.39	7504.91	7454.15	307.48	185.45
2001-02	9.50	329.00	7504.91	7639.62	7572.27	719.37	390.37
2002-03	8.00	427.00	7639.62	7918.92	7779.27	622.34	195.34
2003-04	8.00	461.67	7918.92	8119.07	8018.99	641.52	179.85
Total		2211.92				3583.79	1371.87

(Calculated on average sum of opening and closing balance)



### 1.7 Expenditure by allocative priorities

The actual expenditure of the State in the nature of plan expenditure, capital expenditure and developmental expenditure emerging from Statement 12 of the Finance Accounts reflect the allocative priorities of the State. Higher the ratio of these components to total expenditure, better is deemed to be the quality of expenditure.

Table 11 below gives the percentage share of these components of expenditure in State's total expenditure\*.

**Table 11: Quality of expenditure (per cent to total expenditure\*)**

	1999-2000	2000-01	2001-02	2002-03	2003-04
Plan Expenditure	17.79	13.13	13.52	17.57	18.07
Capital Expenditure	7.91	7.38	6.23	7.33	10.86
Developmental Expenditure	57.91	52.04	46.69	49.66	49.50

\* Total expenditure excludes expenditure on loans and advances.

Plan expenditure varied between 17.79 *per cent* of total expenditure in 1999-2000 to 18.07 *per cent* in 2003-04. Out of the developmental expenditure (Rs 7058.55 crore), Social Services (Rs 4196.87 crore) accounted for 59.46 *per cent* during the year. General Education, Health and Family Welfare and Water supply and Sanitation consumed 88 *per cent* of the expenditure in the social sector.

**Table 12**  
**Social Sector expenditure** (Rupees in crore)

Major Heads	1999-2000	2000-01	2001-02	2002-03	2003-04
Education, Sports, Art and Culture	3916.89	3288.06	2501.70	2750.20	2875.92
Medical and Public Health	786.36	680.18	518.61	571.64	539.03
Water Supply and Sanitation, Housing and Urban Development	392.80	264.88	153.33	294.13	276.23
<b>Total</b>	<b>5096.05</b>	<b>4233.12</b>	<b>3173.64</b>	<b>3615.97</b>	<b>3691.18</b>

Similarly, the expenditure on Economic Services (Rs 2861.68 crore) accounted for 40.54 *per cent* of the developmental expenditure. Of this, Rural Development (Rs 1094.97 crore), Irrigation and Flood Control (Rs 840.45 crore) and Transport (Rs 266.14 crore) accounted for 76.93 *per cent* of the expenditure on economic sector.

**Table 13**  
**Economic Sector expenditure** (Rupees in crore)

Major Heads	1999-2000	2000-01	2001-02	2002-03	2003-04
Rural Development	1343.65	992.92	814.74	1126.55	1094.97
Irrigation and Flood Control	1052.54	827.63	624.25	666.62	840.45
Transport	426.15	331.87	127.75	285.05	266.14
<b>Total</b>	<b>2822.34</b>	<b>2152.42</b>	<b>1566.74</b>	<b>2078.22</b>	<b>2201.56</b>

In addition, the Government of Bihar paid Rs 2568.92 crore as loans and advances during the year. Of this, Rs 2468.30 crore (96 per cent) was paid to the Bihar State Electricity Board (BSEB).

### **1.7.1 Financial assistance to local bodies and other institutions**

Autonomous bodies and authorities perform non-commercial functions and public utility services. These bodies and authorities receive substantial financial assistance from Government. Government also provides substantial financial assistance to other institutions such as those registered under the State Co-operative Societies Act, the Companies Act, 1956, etc. to implement various programmes of Government. The quantum of assistance provided to different bodies etc., during the period of five years ending 2003-04 was as follows:

**Table 14**

*(Rupees in crore)*

Sl. No.	Bodies/authorities, etc.	1999-2000	2000-01	2001-02	2002-03	2003-04
1.	Universities and Educational Institutions	518.65	463.00	369.13	461.13	545.94
2.	Municipal Corporations and Municipalities	115.44	57.18	28.99	99.98	83.71
3.	Zila Parishads and Panchayati Raj Institutions	6.93	2.90	106.60	292.34	133.92
4.	Development Agencies	34.76	61.32	12.87	34.81	3.87
5.	Other Institutions (including statutory bodies)	29.29	49.20	47.05	133.45	20.99
	<b>Total</b>	<b>705.07</b>	<b>633.60</b>	<b>564.64</b>	<b>1021.71</b>	<b>788.43</b>
	Percentage increase (+) / decrease (-) over previous year	(-) 17.94	(-) 10.14	10.88	80.94	(-) 22.83

### **1.7.2 Delay in furnishing utilisation certificates**

The financial rules of Government require that where grants are given for specific purposes, certificates of utilisation (UCs) are to be obtained by the departmental officers from the grantees and after verification, these should be forwarded to the Accountant General (AG) within 15 months from the date of sanction of the grant unless specified otherwise.

Of UCs due in respect of grants-in-aid of Rs 1664.88 crore paid upto 2003-04, UCs for only Rs 105.30 crore were furnished to the Accountant General by 30 June 2004 and UCs for Rs 1559.58 crore were in arrears. Department-wise and age-wise break up is given in **Appendix VI**.

**1.7.3 Delay in submission of accounts by Autonomous Bodies**

The status of submission of accounts by the autonomous bodies and submission of Audit Reports thereon to the State Legislature is indicated in **Appendix VII**.

**1.8 Assets and Liabilities**

The Government accounting system does not attempt a comprehensive accounting of fixed assets, i.e. land, buildings etc., owned by the Government. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure. Statement 16 read with details in Statement 17 of Finance Accounts show the year-end balances under the Debt, Deposit and Remittance heads from which the liabilities and assets are worked out. Appendix-1 presents an abstract of such liabilities and assets as on 31 March 2004 compared with the corresponding position on 31 March 2003. While the liabilities in this statement consist mainly of money owed by the State Government such as internal borrowings, loans and advances from the Government of India, receipts from the Public Account and Reserve Fund, the assets comprise mainly the capital expenditure and loans and advances given by the State Government.

The liabilities of Government of Bihar depicted in the Finance Accounts, however, do not include the pension and other retirement benefits payable to serving/retired State employees and guarantees/ letters of comforts etc. issued by the State Government.

**Appendix-IV** depicts the Time Series Data on State Government Finances for the period 1999-2004.

**1.8.1 Incomplete projects**

As per information received from the State Government, as of 31 March 2004, there were 22 incomplete projects in which Rs 1174 crore were blocked. (Refer: **Appendix -VIII**)

**1.8.2 Investments and returns**

As on 31 March 2004 Government had invested Rs 700.01 crore in Statutory Corporations, Joint Stock Companies and Co-operatives. Government's return on this investment was negligible as indicated in Table 15 below:

**Table 15: Return on Investment**

Year	Investment at the end of the year	Return	Percentage of return	Weighted rate of interest on Government market loans
	(Rupees in crore)			
1999-2000	646.90	1.10	0.17	11.38
2000-2001	685.47	Rs 4500 Only	nil	11.41
2001-2002	686.67	0.01	nil	9.00
2002-2003	694.34	0.02	nil	7.20
2003-04	700.01	0.04	0.01	6.14

**1.8.3 Loans and advances by State Government**

In addition to its investment, Government has also been providing loans and advances to many organisations. Total outstanding balance of the loans advanced was Rs 10764 crore as on 31 March 2004 (Table 16). Interest received against these advances was meagre varying from 0.12 per cent to 0.65 per cent of the outstanding loans and advances during 1999-2004.

**Table 16: Average Interest Received on Loans Advanced by the State Government***(Rupees in crore)*

	1999-2000	2000-01	2001-02	2002-03	2003-04
Opening Balance	5223.26	6282.97	6952.84	7473.60	8205.21
Amount advanced during the year	1071.79	680.46	533.71	747.19	2568.92
Amount repaid during the year	12.08	10.59	12.95	15.58	1045
<b>Closing Balance</b>	<b>6282.97</b>	<b>6952.84</b>	<b>7473.60</b>	<b>8205.21</b>	<b>10763.68</b>
Net Addition (+) / Reduction (-)	1059.71	669.87	520.76	731.61	2558.47
Interest Received	22.31	8.58	11.75	53.01	23.08
Interest received as <i>per cent</i> to outstanding Loans and advances	0.36	0.12	0.16	0.65	0.21

**1.8.4 Commercial activities*****Lack of accountability for the use of public funds in departmental commercial undertakings***

Activities of quasi-commercial nature are performed by the departmental undertakings of certain Government departments. These undertakings are to prepare *pro forma* accounts in the prescribed format annually showing the results of financial operation so that the Government can assess the results of their working. The Head of Departments in the Government are to ensure that the undertakings, which are funded through the budget, prepare the accounts on timely basis and submit the same to the Accountant General for audit.

As of March 2004, there were 29 departmentally managed Commercial/Quasi-Commercial undertakings in the State. Of these 26 undertakings detailed in **Appendix-IX** had not prepared *proforma* accounts since their inception. The matter had been taken up with the concerned administrative departments and the Finance Department from time to time.

The *Proforma* Accounts of three other undertakings were in arrears for varying periods ranging from 16 to 26 years as of March 2003. Relevant details are furnished in **Appendix-X**.

It was seen that none of the undertakings was maintaining its commercial accounts (accounts in double entry system) as prescribed in respect of departmentally managed Commercial/Quasi-commercial undertaking.

### 1.8.5 Management of cash balances

It is generally desirable that the State's flow of resources should match its expenditure obligations. However, to take care of any temporary mismatches in the flow of resources and the expenditure obligations, a mechanism of Ways and Means Advances (WMA) from the Reserve Bank of India has been put in place. Bihar had the WMA limit of Rs 305 crore from March 3, 2003.

**Table 17: Ways and Means advances and overdrafts of the State and interest paid thereon**

(Rupees in crore)

	1999-2000	2000-01	2001-02	2002-03	2003-04
<b>Ways and Means Advances</b>					
Taken in the Year	3076.07	2144.41	2593.23	7.12	1708.45
Outstanding	NIL	NIL	NIL	NIL	NIL
Interest paid	6.42	10.70	7.86	0.13	3.71
<b>Overdraft</b>					
Taken in the Year	109.93	1224.55	3229.53	NIL	1142.89
Outstanding	NIL	NIL	NIL	NIL	NIL
Interest paid	0.03	1.36	3.94	NIL	1.42
Number of Days the State was in overdraft	2	63	123	NIL	44

### 1.8.6 Undischarged Liabilities

#### *Fiscal liabilities – public debt and guarantees*

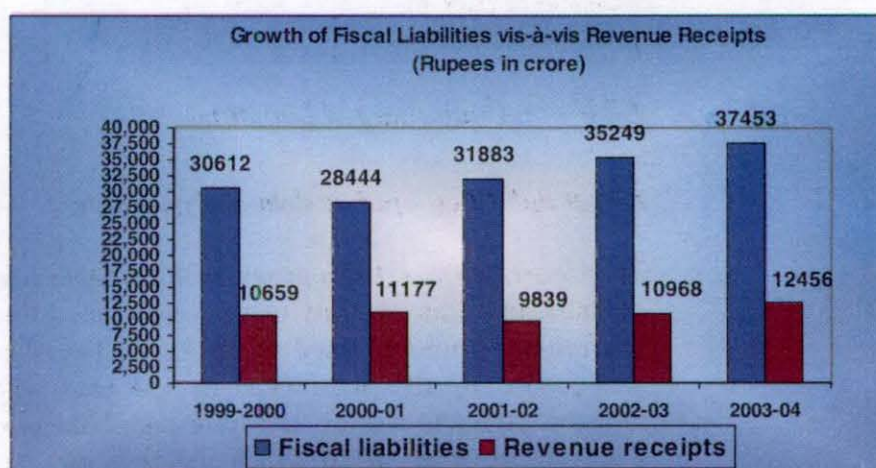
The Constitution of India provides that a State may borrow within the territory of India, upon the security of its consolidated fund within such limits as may from time to time be fixed by an Act of Legislature. However, no such law was passed by the State. Statement 4 read with Statements 16 and 17 of Finance Accounts show the year-end balances under Debt, Deposit and Remittances heads from which the liabilities are worked out. It would be observed that the overall fiscal liabilities of the State increased from Rs 30612 crore in 1999-2000 to Rs 37453 crore in 2003-04. These liabilities as ratio to GSDP increased from 42.50 per cent in 1999-2000 to 62.60 per cent in 2003-04 and stood at three times of its revenue receipts and 11.67 times of its own resources comprising its own tax and non-tax revenues. Table 18 below gives the fiscal liabilities of the State, its rate of growth, ratio of these liabilities to GSDP, revenue receipts and own resources and buoyancy of these liabilities with respect to these parameters.

**Table 18: Fiscal Imbalances–Basic Parameters***(Rupees in crore and Ratios in per cent)*

	1999-2000	2000-01	2001-02	2002-03	2003-04
Fiscal Liabilities	30612	28444	31883	35249	37453
Rate of growth	14.11	(-) 7.08	12.09	10.56	6.25
<b>Ratio of Fiscal Liabilities to</b>					
GSDP	42.50	57.60	62.50	62.20	62.60
Revenue Receipts	287.20	254.50	324.00	321.37	300.70
Own Resources	720.01	807.80	1223.90	1166.46	1166.80
<b>Buoyancy of Fiscal Liabilities to</b>					
GSDP	1.60	0.22	3.72	0.94	1.12
Revenue Receipts	0.96			0.92	0.46
Own Resources	1.28	0.41		0.66	1.00

Blank cell in the table represents "buoyancy in negative"

In addition to these liabilities, Government had guaranteed loans taken by various Corporations and others, which in 2003-04 stood at Rs 470.72 crore. The guarantees are in the nature of contingent liabilities of the State and in the event of non-payment of loans, there is an obligation on the State to honour these commitments. Currently, the fiscal liabilities including the contingent liabilities exceed over three times the revenue receipts of the State. The direct fiscal liabilities of the State have grown much faster as compared to its rate of growth of GSDP.



Another important indication of debt sustainability is net availability of the funds after payment of the principal on account of the earlier contracted liabilities and interest. Table 19 below gives the position of the receipts and repayments of internal debt over the last five years. The net funds available on account of the internal debt and loans and advances from Government of India after providing for the interest and repayments declined from 9.93 per cent in 1999-2000 to minus 12 per cent during 2003-04.



Table 19: Net Availability of Borrowed Funds

(Rupees in crore)

	1999-2000	2000-01	2001-02	2002-03	2003-04
<b>Internal Debt*</b>					
Receipts	427	2045	2681	2935	4249
Repayments (Principal + Interest)	948	1029	987	923	1766
Net Funds available	(-) 521	1016	1694	2012	2483
Net Funds available ( <i>per cent</i> )	(-) 122.00	50.00	63	69	58
<b>Loans and Advances from Government of India</b>					
Receipts	3046	1246	1077	1255	820
Repayments (Principal + Interest)	2180	2264	1926	3195	3894
Net Funds available	866	(-) 1018	(-) 849	(-) 1940	(-) 3074
Net Funds available ( <i>per cent</i> )	28	(-) 82	(-) 79	(-) 155	(-) 375
<b>Total Public Debt</b>					
Receipts	3473	3291	3758	4190	5069
Repayments (Principal + Interest)	3128	3293	2913	4118	5660
Net Funds available	345	(-) 2	845	72	(-) 591
Net Funds available ( <i>per cent</i> ) of total receipts	9.93	(-) 0.06	22.49	1.72	(-) 12

\* Internal debt excluding ways and means advances.

## 1.9 Management of deficits

### 1.9.1 Fiscal imbalances

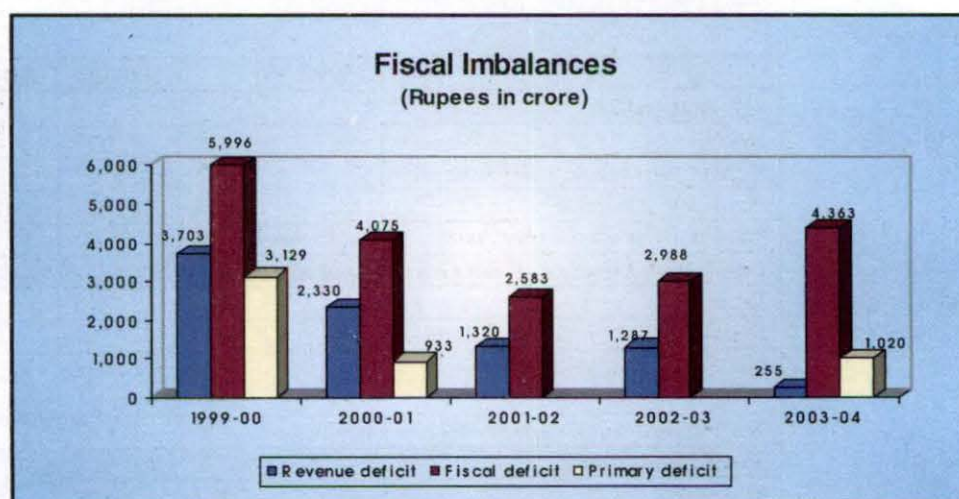
The deficits in Government accounts represent the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources raised and applied are important pointers to fiscal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

The revenue deficit (Statement 1 of Finance Account) of the State, which is the excess of its revenue expenditure over revenue receipts, decreased from Rs 3703 crore in 1999-2000 to Rs 255 crore in 2003-04. The fiscal deficit, which represents the total borrowing of the Government and its total resource gap, increased from Rs 2583 crore in 20001-02 to Rs 4363 crore in 2003-04. The State also had the primary deficit decreasing from Rs 3129 crore in 1999-2000 to Rs 1020 crore in 2003-04. These deficits however, do not include the short booking of interest payment on State Provident Fund of at least Rs 1372 crore during 1999-2004.

Table 20: Fiscal Imbalances – Basic Parameters

(Value: Rupees in crore and Ratios in percent)

	1999-2000	2000-01	2001-02	2002-03	2003-04
Revenue deficit	3703	2330	1320	1287	255
Fiscal deficit	5996	4075	2583	2988	4363
Primary Deficit (-)/ Surplus (+)	3129	933	(-) 46	(-) 34	1020
RD/GSDP	5.10	4.70	2.60	2.27	0.43
FD/GSDP	8.30	8.30	5.10	5.27	7.29
PD/GSDP	4.30	1.90	(-) 0.10	(-) 0.06	1.70
RD/FD	62	57	51	43	6



The ratio of revenue deficit to fiscal deficit had decreased from 62 *per cent* 1999-2000 to six *per cent* in 2003-04. As proportion to GSDP, revenue deficit had decreased to 0.43 *per cent* and fiscal deficit to 7.29 *per cent* in 2003-04.

### 1.10 Fiscal Ratios

The finances of a State should be sustainable, flexible and non-vulnerable. Table 21 below presents a summarized position of Government finances over 1999-2004, with reference to certain key indicators that help assess the adequacy and effectiveness of available resources and their applications highlight areas of concern and capture its important facets.

The buoyancy of the revenue receipts indicates the nature of the tax regime and the State's increasing access to resources with increase in GSDP. The ratios of revenue receipts and State's own taxes to GSDP indicate the adequacy of the resources. These ratios show an improvement during 1999-2004 indicating improving mobilization of resources and its sustainability.

Various ratios concerning expenditure management of the State indicate the quality of its expenditure and the sustainability of these in relation to its resource mobilisation. The ratio of revenue expenditure to total expenditure has remained steady around 86-90 *per cent* up to 2002-03 but declined in 2003-04 to 75.53 *per cent*. The developmental expenditure to total expenditure ratio has steadily declined from 57.91 *per cent* in 1999-2000 to 46.69 *per cent* in 2001-02 with an increase to 49.50 *per cent* in 2003-04. The capital expenditure as percentage to total expenditure varied between 6.23 *per cent* and 10.86 *per cent* during 1999-2004.



Table 21: Ratios of Fiscal Efficiency (in per cent)

Fiscal Ratios	1999-2000	2000-01	2001-02	2002-03	2003-04
<b>Resource Mobilization</b>					
Revenue Receipts/GSDP	14.79	22.63	19.30	19.35	20.81
Revenue Buoyancy	1.67			1.02	2.42
Own Tax/GSDP	4.28	5.69	4.55	4.87	4.83
<b>Expenditure Management</b>					
Total Expenditure/GSDP	23.12	30.91	24.39	24.65	28.11
Revenue Receipts/ total expenditure	63.95	73.23	79.12	78.50	74.02
Revenue expenditure/Total expenditure	86.17	88.50	89.74	87.71	75.53
Capital expenditure	7.91	7.38	6.23	7.33	10.86
Development expenditure/Total expenditure (RE+CE)	57.91	52.04	46.69	49.66	49.50
Buoyancy of TE with RR	1.95		1.55	1.08	1.51
Buoyancy of RE with RR	1.65		1.45	0.86	0.27
<b>Management of Fiscal Imbalances</b>					
Revenue Deficit (Rs in crore)	3703	2330	1320	1287	255
Fiscal Deficit (Rs in crore)	5996	4075	2583	2988	4363
Primary Deficit (Rs in crore)	3129	933	(-) 46	(-) 34	1020
Revenue Deficit/Fiscal Deficit (Per cent)	62	57	51	43	6
<b>Management of Fiscal Liabilities</b>					
Fiscal Liabilities/GSDP	42.50	57.60	62.50	62.20	62.60
Fiscal Liabilities/RR	287.20	254.50	324.00	321.37	300.70
Buoyancy of FL with RR	0.96			0.92	0.46
Buoyancy of FL with OR	1.28	0.41		0.66	1.00
Interest Spread	(-)1.18	(-)42.13	(-)5.47	2.18	- 3.59
Net Fund available	9.93	(-)0.06	22.49	1.72	(-)12
<b>Other Fiscal Health Indicators</b>					
Return on Investment	1.10	NIL	0.01	0.02	0.04
BCR (Rs in crore)	(-) 3418	(-) 2387	(-) 1246	(-) 1039	(-)638
Financial Assets/Liabilities	64	73	72	72	72

Blank cell in the table represents "buoyancy in negative"

## Conclusions

It is not uncommon for a State to borrow for increasing its social and economic infrastructure support and creating additional income generating assets. However, large fiscal deficit year after year, together with low or nil return on investments indicate that the State is gradually getting into a debt trap. The State's continuous low or nil return on investment indicates an implicit subsidy and use of high cost borrowing for investments, which yields very little to it. Investments in loss making companies are not sustainable. The ratio of State's total financial assets to liabilities has not improved indicating that liabilities are continuing without adequate asset back up. This indicates that either the State has to generate more revenue out of its existing assets or need to provide from its current revenues for servicing its debt obligations. The BCR plays a critical role in determining its plan size and a negative BCR adversely affects the same and reduces availability of fund for additional infrastructure support and other revenue generating investment. The balance of current revenue of the State has also continued to be negative.



# CHAPTER-II

## Allocative priorities and Appropriation



## CHAPTER-II

### ALLOCATIVE PRIORITIES AND APPROPRIATION

#### 2.1 Introduction

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

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

#### 2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2003-2004 against 52 Grants and Appropriations was as follows:

(Rupees in crore)

	Nature of expenditure	Original grant/appropriation	Supplementary grants/appropriation	Total	Actual Expenditure	Saving (-) Excess (+)
Voted	I. Revenue	11034.81	529.92	11564.73	9341.80	- 2222.93
	II. Capital	1742.23	633.26	2375.49	1549.17	-826.32
	III. Loans and Advances	1088.17	89.95	1178.12	2568.92	+1390.80
<b>Total voted</b>		<b>13865.21</b>	<b>1253.13</b>	<b>15118.34</b>	<b>13459.89</b>	<b>-1658.45</b>
Charged	IV. Revenue	3448.88	3.03	3451.91	3369.03	-82.88
	V. Capital	NIL	0.08	0.08	NIL	-0.08
	VI. Loans and Advances	NIL	NIL	NIL	NIL	NIL
	VII. Public Debt.	3421.07	2.35	3423.42	5652.98	+2229.56
<b>Total charged</b>		<b>6869.95</b>	<b>5.46</b>	<b>6875.41</b>	<b>9022.01</b>	<b>+2146.60</b>
<b>Appropriation to Contingency Fund (if any)</b>		<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Grand Total</b>		<b>20735.16</b>	<b>1258.59</b>	<b>21993.75</b>	<b>22481.90</b>	<b>+488.15</b>

The total expenditure was understated at least to the extent of Rs 7.48 crore for which vouchers were not received from the treasuries during the year 2003-04 and the expenditure remained unaccounted for in the Consolidated Fund of the State and kept in the Suspense Accounts of the Accountant General (A&E).

The total expenditure was inflated to the extent of Rs 546.92 crore since these were drawn on abstract contingent bills but detailed contingent bills for which

were not submitted. An amount of Rs 7.28 crore (Revenue-5.24 crore and Capital-2.04 crore) was transferred to major head "8443 Civil Deposit" "800 Other Deposit" through nil payment vouchers and this also inflated the expenditure figures while the money was actually retained by the Government.

### 2.3 Fulfillment of Allocative Priorities

#### 2.3.1 Appropriation by Allocative Priorities:

The overall excess of Rs 488.15 crore (two per cent of the total provision) was the net result of saving of Rs 3294.19 crore and excess of Rs 3782.34 crore against the total provision of Rs 21993.75 crore. In violation of the provisions of the Article 204(3) of the Constitution, the State Government incurred excess expenditure of Rs 1550.55 crore in five voted Grants and Rs 2231.79 crore in four charged Appropriations in 2003-04 which requires regularisation under Article 205 of the Constitution as indicated in *Appendix XI*. The details of savings/excesses were sent to the Controlling Officers requiring them to explain the significant variations but these were not received (November 2004).

#### 2.3.2 Major savings

Departments were required to prepare their estimates keeping in view the relevant factors like trends in the economy, actual expenditure of last three years etc. Non-adherence to the tenets of budget formulation and budget management led to injudicious appropriation of funds resulting in large savings under various heads like health, education, welfare, public works etc. In 11 cases involving nine Grants substantial savings of Rs 100 crore or more in each case totalling Rs 2425 crore (74 per cent of total savings) were noticed as shown in the Table below.

Table

Sl. No.	No. & Name of Grants	Nature of Expenditure	Grant			Actual Expenditure	Saving
			Original	Supplementary	Total		
			Rupees in crore				
1.	3- Building Construction and Housing Department	Capital-Voted	98.45	55.33	153.78	40.51	113.27
2.	20 Health, Medical Education and Family Welfare Department	Revenue-Voted	697.02	19.52	716.54	530.98	185.56
3.	22 Home Department	Revenue-Voted	1050.96	34.68	1085.64	949.09	136.55
		Capital-Voted	100.00	2.52	102.52	0.28	102.24
4.	36 Public Health Engineering Department	Capital-Voted	169.16	17.56	186.72	72.94	113.78

Chapter II: Ancillary provisions and appropriation							
Sl. No.	No. & Name of Grants	Nature of Expenditure	Grant			Actual	Saving
			Original	Supple- mentary	Total	Expend- iture	
			Rupees in crore				
5.	42-Rural Development Department	Revenue-Voted	776.46	138.37	914.83	627.00	287.83
		Capital-Voted	421.60	171.91	593.51	473.30	120.21
6.	44-Secondary, Primary and Adult Education	Revenue-Voted	3006.26	38.00	3044.26	2347.51	696.75
7.	49-Water Resources Department	Capital-Voted	650.78	10.99	661.77	346.14	315.63
8.	50-Minor Irrigation Department	Revenue-Voted	130.30	144.57	274.87	105.50	169.37
9.	51. Welfare Department	Revenue-Voted	414.41	27.88	442.29	258.70	183.59
		Total	7515.40	661.33	8176.73	5751.95	2424.78

In 69 schemes involved in these nine Grants, major savings of Rs five crore or more occurred as per details given in *Appendix-XII*. In 26 out of 69 cases the entire provision remained unutilised.

Reasons for savings were not intimated by the departments except in a few cases where the reasons given were non-release of funds by GOI for Centrally Sponsored Schemes, reduction of plan outlay, posts kept vacant, and non-drawal of funds due to restriction imposed by the State Government, etc

### 2.3.3 Other cases of savings

In 42 cases expenditure fell short by Rupees two crore or more and also by more than 20 per cent of the total provision in each case amounting to Rs 2909.79 crore as indicated in *Appendix XIII*.

### 2.3.4 Persistent savings

In 36 cases involving 30 Grants and Appropriations, there were persistent savings of more than Rs two crore and 10 per cent or more of the total provisions in each case as indicated in *Appendix-XIV*.

### 2.3.5 Excess requiring regularisation

#### ➤ Excess over provision requiring regularisation:

As per Article 205 of the Constitution of India, it is mandatory for the State Government to get the excess over a Grant or Appropriation regularised by the State Legislature. However, the excess expenditure amounting to Rs 11,249.96 crore for the years 1977-78 to 2003-04 had not been regularised so far (November 2004). This was a breach of legislative control over appropriation. Details are indicated in *Appendix-XV*.

➤ ***Expenditure in excess of provision in minor heads***

In 24 cases involving 11 Grants and Appropriation expenditure in each case exceeded the approved provision by Rupees five crore or more and also by more than 50 per cent of the provision totalling Rs 3966.13 crore as per details given in **Appendix XVI**.

➤ ***Expenditure without provision***

As per Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds therefor. It was however, noticed that expenditure of Rs 1249.22 crore was incurred in six cases as shown in **Appendix XVII** without any provision in the original estimate or supplementary demand or any re-appropriation order.

**2.3.6 Persistent excesses**

Significant excesses persisted in the Grant 15-Pension from 2000-01 to 2003-04, the amount being Rs 364.97 crore, Rs 491.24 crore, Rs 9.68 crore and Rs 60.00 crore respectively. Persistent excesses require investigation by the Government for remedial action.

**2.3.7 Original budget and supplementary provisions**

Supplementary provisions of Rs 1258.59 crore made during the year constituted 6.07 per cent of the original budget provision (Rs 20735.16 crore) as against 11.68 per cent in the preceding year.

Total supplementary Grants (other than Public Debt) obtained during the year were Rs 1256.24 crore while the ultimate total savings (other than Public Debt) amounted to Rs 1741.41 crore.

**2.3.8 Unnecessary/excessive/inadequate supplementary provisions**

- Supplementary provision of Rs 635.19 crore obtained in 58 cases during August 2003 to March 2004 was wholly unnecessary as the expenditure did not come up in these cases even to the level of original provision as shown in **Appendix XVIII**.
- In five cases, against additional requirement of only Rs 82.40 crore, supplementary Grants/Appropriations of Rs 207.48 crore were obtained resulting in savings in each case exceeding Rs 10 lakh aggregating to Rs 125.08 crore as detailed in **Appendix XIX**. This included savings of Rs 120.21 crore in Grant No. 42 alone.
- In five cases, supplementary provision of Rs 376.80 crore proved insufficient leaving an aggregate uncovered excess expenditure of Rs 1471.50 crore as indicated in **Appendix-XX**. This included excess of Rs 1409.92 crore in Grant No. 10 alone.



**2.3.9 Excessive/unnecessary re-appropriation of fund**

Re-appropriation is transfer of funds within a Grant from one unit of Appropriation where savings are anticipated to another unit where additional funds are needed. 38 cases under 20 Grants and Appropriations where the re-appropriation of funds proved injudicious in view of the final excess of over Rupees one crore are detailed in *Appendix-XXI*. Besides, in five cases of Grants/Appropriations, excessive surrenders resulted in large excess after re-appropriation as detailed in *Appendix - XXII*.

**2.3.10 Anticipated savings not surrendered**

According to rules, the spending departments are required to surrender the Grants/Appropriations or portions thereof to the Finance Department as and when savings are anticipated. However, at the close of the year 2003-04 there were 27 cases of Grants/Appropriations in Revenue section and 10 cases of Grants/Appropriations in Capital section in which savings of Rs 1560.79 crore, exceeding Rupees one crore in each case had not been surrendered by the Departments vide *Appendix-XXIII*.

In 71 cases, Rs 2297.46 crore out of the total savings of Rs 3294.19 crore were surrendered on the last day of March 2004 indicating inadequate financial control over expenditure. Details are given in the *Appendix-XXIV*.

**2.3.11 Surrender in excess of actual savings**

In eight cases, the amount surrendered was in excess of actual savings. Against the savings of Rs 81.17 crore, the amount surrendered was Rs 107.30 crore resulting in excess surrender of Rs 26.13 crore (*Appendix XXV*). Further, in five cases surrenders of Rs 545.69 crore were made even though expenditure of Rs 10904.12 crore was in excess of the total provision of Rs 7124.56 crore resulting in excess of Rs 4325.25 crore after re-appropriation indicating inadequate budgetary control vide *Appendix XXVI*.

**2.3.12 Rush of expenditure**

The financial rules require that Government expenditure should be evenly distributed throughout the year. Rush of expenditure particularly in the closing months of the financial year is regarded as a breach of financial rules. The position in respect of expenditure (Revenue and Capital) for four quarters and also for the month of March 2004 is depicted in *Appendix-XXVII* which shows that the expenditure incurred in the quarter ending March 2004 was 47 per cent of the total expenditure during the year indicating a tendency to utilise the budget only at the close of the financial year.

**2.3.13 Unreconciled expenditure**

Financial rules require that the departmental controlling officers should reconcile periodically the departmental figures of expenditure with those booked by the Accountant General. In respect of 40 major heads, expenditure of Rs 11893.65 crore pertaining to 2003-04 remained unreconciled by various

controlling officers. Details are given in **Appendix-XXVIII**. The unreconciled expenditure accounted for 53 per cent of the total expenditure.

#### **2.3.14 Plan performance**

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

State Government raised market loans (borrowing) (Rs 2125.78 crore) and obtained Central loans (Rs 819.71 crore) at 11 per cent rate of interest per annum and received Grants (Rs 1169.28 crore) from the Central Government (aggregate receipts Rs 4114.77 crore) for Plan Scheme during 2003-04. Against this only Rs 2545.27 crore were spent on Plan Schemes including loans and advances.

It was also seen from the Appropriation Account of the State Government for the year 2003-04 that out of the budget provisions the State Government failed to spend Rs 756.92 crore (21 per cent) under various State Plan Schemes (Rs 455.70 crore), Centrally Sponsored Schemes (Rs 299.83 crore) and Central Plan Schemes (Rs 1.39 crore) vide **Appendix XXIX**.

The State Government failed to utilise the entire provision of Rs 264.04 crore in 39 cases and large funds of Rs 636.89 crore (exceeding Rs one crore in each case) aggregating to Rs 900.93 crore in 53 cases.

#### **2.3.15 Non-receipt of explanations for savings/excess**

After close of the financial year, the detailed Appropriation Accounts showing the final Grants/Appropriations, the actual expenditure and the resultant variations sub head wise are sent by the Accountant General (A&E) to the Controlling Officers requiring them to explain significant variations.

During 2003-04 there was an excess expenditure of Rs 3782.34 crore and savings of Rs 3294.19 crore which constituted 15 per cent of the total budget provision. The Controlling Officers administering the Grants consistently failed to discharge their responsibility of providing explanation for the excesses/savings.

### **2.4 Budgetary procedure and expenditure control**

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

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

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






According to the general principles of budgeting, the Demands for Grants/Appropriations are to be made for gross amount of expenditure under the relevant service head (Revenue and Capital) and recoveries indicated as “Deduct-Receipts and Recoveries treated as reduction of expenditure” below the head separately. The budget of Government of Bihar did not follow this principle and as a result the extent of recoveries made out of the expenditure was not ascertainable.

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# CHAPTER-III

## Performance Reviews

-  **Functioning of Rural Health Services**
-  **Pradhan Mantri Gram Sadak Yojana**
-  **Implementation of Child Labour (Prohibition & Regulation ) Act, 1986**
-  **Indian System of Medicine and Homoeopathy**
-  **Functioning of Industries Department**

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## CHAPTER-III

### PERFORMANCE REVIEWS

#### HEALTH DEPARTMENT

##### 3.1 FUNCTIONING OF RURAL HEALTH SERVICES

###### *Highlights*

*Rural health care units failed to provide basic minimum services and bring about improvement in referral linkages. The health care services in rural areas of the State were grossly inadequate. Shortage of medical officers and paramedical staff ranged upto 95 per cent. There were huge shortages of health care units compared to the GOI norms. Infrastructural facilities such as buildings, drinking water, electricity, labour room facilities, equipment and diagnostic facilities were lacking in most of the health units.*

The number of rural health care units in the State was inadequate compared to the standards set as per the Minimum Needs Programme. The shortfall ranged between 29 and 88 per cent.

(Paragraph 3.1.7)

Infrastructural facilities such as availability/ functioning of X-ray units, essential equipment and diagnostic facilities were lacking in most of the sub-centres, PHCs/APHCs and referral hospitals.

(Paragraph 3.1.7)

Out of test-checked districts, 49 per cent sub-centres and 41 per cent PHC/APHCs had no building. The buildings housing 45 per cent sub-centres and 36 per cent PHC/APHCs and 38 per cent referral hospitals were in dilapidated condition.

(Paragraph 3.1.7)

Immunisation programme suffered due to non-functional cold chain equipment. Physical performance in immunisation of children in the State was low at 20 per cent.

(Paragraph 3.1.9)

Health care units lacked medical and paramedical staff and technicians. Thirty nine APHCs had no doctor during 2002-04 and medicines were prescribed by para medical staff.

(Paragraph 3.1.12)

Out of the central fund of Rs 10.11 crore released to 10 test-checked districts, Rs 8.68 crore were credited to civil deposit, Rs 0.50 crore were spent on purchases of medicine and Rs 0.93 crore were surrendered.

(Paragraph 3.1.5)

### ***Introduction***

The objective of primary health care is to provide basic health services at the door steps of rural people through a network of Sub-Centres (SCs), Primary Health Centres (PHCs), Additional Primary Health Centres (APHCs) and Referral Hospitals (RHs). The major components of primary health care are (i) health education to the community, (ii) maternal, child health and family welfare, (iii) curative services, (iv) maintenance of demographic services (v) prevention and control of local epidemics and (vi) implementation of national health programmes.

Health care services in Bihar are rendered in rural areas through 397 PHCs, 1330 APHCs, 7024 SCs and 70 RHs.

#### ***3.1.2 Organisational set-up***

Commissioner-cum-Secretary to Government, Health and Family Welfare Department assisted by a Director-in-chief, three Directors, seven Additional Directors and 10 other State level programme officers, is responsible for administering rural health services in the State. At the district level, Civil Surgeon-cum-Chief Medical Officers (CS-cum-CMO) oversee rural health services rendered by the PHCs, APHCs, SCs and RHs.

#### ***3.1.3 Audit objectives***

Audit objectives were to assess whether:

- Infrastructural facilities including manpower were available as per norms laid down by the Government of India;
- Quality of health care services was satisfactory and immunization goals were achieved;
- Essential and life saving drugs, machine and equipment were available in rural hospitals.

#### ***3.1.4 Audit coverage***

Records of Director, Health Services Bihar, Patna and 10 Civil-surgeons-cum-Chief Medical Officers<sup>1</sup> along with 21 RHs, 511 PHCs/APHCs and 3318 Sub-centres for the period 1999-2004 were test checked in audit during August 2003 and March 2004. Significant audit findings were as follows:

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<sup>1</sup> Bhagalpur, Bhojpur, Gaya, Katihar, Motihari, Muzaffarpur, Nalanda, Purnea, Samastipur and Vaishali



### 3.1.5 Financial management

#### Funds provided by the State Government

Funds provided by the State Government and the expenditure on rural health services during 1999-2004 were as under:

Substantial savings

Year	Budget provision			Expenditure			Saving (-)/Excess (+)		
	Plan	Non-plan	Total	Plan	Non-plan	Total	Plan	Non-plan	Total
	(Rupees in crore)								
1999-2000	396.02	348.02	744.04	247.57	234.51	482.08	(-)148.45	(-)113.51	(-) 261.96
2000-01	413.67	244.89	658.56	225.89	195.09	420.98	(-)187.78	(-) 49.80	(-) 237.58
2001-02	159.43	172.91	332.34	147.22	151.19	298.41	(-) 12.21	(-) 21.72	(-) 33.93
2002-03	189.96	179.65	369.61	147.85	139.96	287.81	(-)42.11	(-) 39.69	(-) 81.80
2003-04	182.55	143.98	326.53	165.66	134.88	300.54	(-) 16.89	(-) 09.10	(-) 25.99
Total	1341.63	1089.45	2431.08	934.19	855.63	1789.82	(-) 407.44	(-) 233.82	(-) 641.26

(Source :- Appropriation Account of relevant years;)

#### Funds provided by the Central Government

The Government released Rs 58.92 crore during 2001-04 out of the Central funds received under Pradhan Mantri Gramodaya Yojana (PMGY) for purchase of medicine and equipment (Rs 29.40 crore) and for maintenance, renovation, water supply and sanitation in RHs and PHCs (Rs 29.52 crore).

Funds aggregating Rs 9.85 crore meant for medicine, equipment and infrastructure locked up

Out of Rs 10.11 crore released to 10 test –checked DMs, Rs 8.68 crore were credited to civil deposit Rs 0.50 crore were spent on purchase of medicine and Rs 0.93 crore surrendered.

Out of Rs 5.86 crore received by the test checked divisions for maintenance, renovation, water supply and sanitation of PHCs and RHs, Rs 4.69 crore were spent on 261 works (completed 209; incomplete: 52) up to March 2004. Of these, 143 works executed at a cost of Rs 2.47 crore were not sanctioned by the Government. The expenditure was incurred on construction of residential buildings and their compound walls and repairs to roads. Rupees 1.17 crore remained unutilised with the divisions as of March 2004.

Unauthorized retention of Rs 22.96 crore by SCOVA

Government of India (GOI) released Rs 36.18 crore during 1999-2004 directly to the State Committee on Voluntary Action (SCOVA), a registered society, for immunisation, maintenance of cold chain, Dai training, RCH camps, ANMs awareness training etc. under the Reproductive Child and Health (RCH) programme, SCOVA did not release Rs 22.96 crore to the districts as of May 2004.

### 3.1.6 Programme management

The primary health care infrastructure provides the first level contact between the rural population and the health care providers and forms the pathway for implementation of all the health and family welfare programmes. However, the number of rural hospitals as required in terms of national norms were not in place to meet the needs of the rural people. Availability of essential machines, equipment, indoor and outdoor facilities and availability of medicines, drinking water, sanitation and electricity as against the requirement for these services are discussed in succeeding paragraphs.

### 3.1.7 Inadequate infrastructure

Under the Minimum Needs Programme, one SC for every five thousand population, one PHC for every 30 thousand population and one RH for every four PHCs (or every one lakh population) were to be provided by 2000 in a phased manner to cater to the needs of health care of the rural people. Based on the rural population of Rs 7.31 crore (census 2001) the number of PHCs/SCs and RHs required as per norms and the number actually available are given in the table below:

Health care units	Number required as per the norms	Available	Shortfall	Percentage shortfall
(In number)				
Sub-centres	14620	7024	7596	52
PHCs/APHCs	2436	1727	709	29
Referral hospitals	609	70	539	88

The number of rural health care units not adequate to meet the needs of rural population

The number of health care units was not adequate to meet the health care needs of the rural people of the State. Further, 1330 APHCs created between 1981-82 and 1987-88 were to be upgraded under the State policy, to the level of PHCs by 1993-94 but these were not upgraded (June 2004).

### Buildings

Test-check of 21 RHs 511 PHCs/APHCs, and the records of the CS-cum-CMO of 10 districts disclosed the following points:

1612 SCs (49 per cent), 210 PHC/APHCs (41 per cent) and one RH (five per cent) had no building. 1489 SCs (45 per cent), 185 PHC/APHCs (36 per cent) and eight RHs (38 per cent) had buildings in dilapidated or damaged condition. One RH building taken up for execution in 1987 had not been completed.



Building of PHC, Lalgang, Vaishali

Thirteen RHs were non-operational due to lack of infrastructure

In addition to the existing 70 RHs in the State, 13 RHs constructed at a cost of Rs 5.06 crore between January 1991 and February 2000 were not operational due to non-availability of medical and paramedical staff and equipment.

### *Beds*

Meagre availability of beds in health care units

Health sub-centres were intended to provide outdoor services to patients while PHC/APHC and RHs were to extend both indoor and outdoor services. Accordingly, the PHC/APHCs were to have a strength of six beds and RH 30 beds. In the test-checked 10 districts, against total of 3558 beds sanctioned for 493 PHCs/APHCs and 20 RHs, only 787 beds (22 per cent) were available in 136 PHCs/APHCs and 19 RHs.

### *Equipment*

Non-availability/ non functioning of X-ray units

In 32 PHCs, only a few machines and equipment such as freezer, weighing machine, stethoscope, oxygen cylinder etc. were available. 377 APHCs in 10 test-checked districts had no surgical instruments for surgical procedures. RHs had no machines and equipment for specialised treatment of patients referred by the PHCs/APHCs. X-ray machines were not available in 7 RHs<sup>2</sup>, while X-ray machines (cost : Rs 8.28 lakh) available in 12 RHs<sup>3</sup> were not in operation due to their non-installation since August 1984.

Diagnostic labs lacked infrastructure

Facility for pathological tests was not available in any of the PHCs/APHCs/ RHs. The laboratory lacked technicians, machinery, equipment and chemicals required for the tests.

<sup>2</sup> Asthana, Amapur, Dhamdaha, Dumaria, Sherghati, Sultanganj and Pirpaiti

<sup>3</sup> Areraj, Barsoi, Barari, Chakia, Dhaka, Islampur, Khaje-Chand Chhapra, Lalganj, Rajgir, Sahapur, Sakara and Sandesh



### 3.1.8 Health care services

No indoor patient was admitted during 1999-2004 in 482 out of 493 PHCs/ APHCs and five out of 20 RHs, due to lack of basic infrastructure. Even in the remaining 11 PHCs/APHCs and 15 RHs only a small number of patients was admitted as shown in the table below:

Year	PHCS/APHCs				RHs			
	Beds available	Patients admitted	Admission		Beds available	Patients admitted	Admission	
			Per day (average)	Per PHC per day (average)			Per day (average)	per hospital per day (average)
1999-2000	66	1405	4	0.36	235	5036	14	0.93
2000-01	66	1892	5	0.45	235	6219	17	1.13
2001-02	66	2443	7	0.64	235	6440	18	1.20
2002-03	66	2637	7	0.64	235	6318	17	1.13
2003-04	66	2115	6	0.55	235	5593	15	1.00

It was noticed that only surgical operation for family planning were carried out in the PHCs and RHs.



Operation theatre of APHC, Bhagwanpur Ratti, Vaishali



Ward of Referral hospital Lalganj, Vaishali



Ward of APHC, Bhagwanpur Ratti, Vaishali

None of the test-checked SCs were equipped to provide even the first aid. Most of the SCs had no medicines, syringes and needles. It was noticed that medicines purchased by health care units lasted for only two to three months in a year while Rs 1.47 crore (out of Rs 7.48 crore provided in the budgets during 1999-2004) for purchase of medicines were not utilised and lapsed due to release of funds near the end of the budget periods and non-finalisation of rates in time.

#### No dietary facility

There was no provision for dietary articles for rural health care units.

#### No emergency service facility and medicines prescribed by ANMs in health sub-centres

None of the health sub centres and RHs provided emergency services to patients. As per standing instructions of the Government one Medical Officer was to visit health sub centres at least once a week for OPD health care.

The Medical Officers (MOs) of the PHCs never visited health sub-centres in the test-checked sub centres. In their absence the Auxiliary Nurses and Midwives (ANM) prescribed medicines. Thirty eight doctors of Deshi Chikitsa (Homeopathy, Ayurvedic, Unani) were posted in 31 APHCs. However, no Deshi medicines were supplied to the APHCs for treatment of the patients affecting the quality of health care.

The Additional Secretary to Government stated (December 2004) that due to inadequate infrastructure facility rural health care services are deficient. However steps are being taken to upgrade health care services.

#### 3.1.9 Reproductive child and health care

The universal immunisation programme (UIP) aimed at reducing mortality and morbidity among infants and younger children by application of preventive vaccines for Polio, Tetanus, DPT, DT, Measles, etc. The Pulse Polio immunisation campaign taken up (1995) for eradication of polio by the year 2000 supplemented the programme. Physical achievement against targets in the 10 test-checked districts was as follows:



**Poor physical achievement under immunization programme**

Year	DPT		OPV		BCG		Measles		Tetanus	
	T	A	T	A	T	A	T	A	T	A
1999-2000	8.29	3.41 (41)	8.29	3.64 (44)	8.29	4.95 (60)	8.29	3.20 (39)	8.69	2.27 (26)
2000-01	8.00	5.35 (66)	8.00	5.13 (64)	8.00	6.33 (79)	8.00	4.60 (58)	8.22	3.79 (40)
2001-02	8.31	5.24 (63)	8.31	5.20 (63)	8.31	6.52 (78)	8.31	4.40 (53)	9.08	3.67 (40)
2002-03	8.17	4.94 (60)	8.17	5.41 (66)	8.17	6.61 (81)	8.17	4.57 (56)	9.19	3.77 (41)
2003-04	9.12	4.11 (45)	9.12	4.21 (46)	9.12	5.21 (57)	9.12	2.70 (30)	14.25	2.89 (20)

(T: Target; A: Achievement and figures in bracket indicate percentage)

As per the Tenth Plan document, the level of immunization in Bihar was 20 per cent against the all India level of 42 per cent. Lack of essential facilities like cold chain maintenance, Dai training, etc. as discussed below contributed to poor progress of the immunisation programme.

**Immunisation suffered due to non-functional cold-chain equipment**

Availability of cold chain facility was a pre-requisite for preserving the potency of vaccines at two to eight degrees centigrade. Test check revealed that in PHCs of 10 districts 77 per cent of Ice Lined Refrigerators (ILR), 73 per cent of Deep Freezers and 63 per cent of Vaccine Day Carriers were non-functional due to lack of funds for repair, electricity and technical staff. As a result, implementation of the immunisation programme was affected and despite 33 rounds of pulse polio drives undertaken since 1995, polio was not eradicated completely as of May 2004.

**Kits not provided to trained Dais**

With a view to providing at least one trained Dai to each village having population of 1000 to cater to the health care needs of pregnant rural women, Rs 1.18 crore (2000-01) were provided to SCOVA by GOI for training and supply of kits. Test-check revealed that 1597 Dais were trained in eight districts<sup>4</sup> but no kit was provided to the trained dais which affected the delivery of health care services and rendered unfruitful the expenditure of Rs 0.23 crore incurred on training of Dais in seven districts. No training was organised in the other two districts (Muzaffarpur and Purnea) as of June 2004.

**3.1.10 Administration of sub-standard drugs****Sub-standard medicines dispensed to patients**

In three districts, Drug Inspectors obtained (1999-2000) samples of medicines for quality test but their test reports were sent to CS-cum-CMO after a delay of two to three years. Medicines worth Rs 23.06 lakh (Purnea: Rs 1.04 lakh; Muzaffarpur: Rs 4.80 lakh; Samastipur : Rs 17.22 lakh) were found (May 2000) to be substandard in the tests conducted by the Drug Testing laboratory, Patna. By the time the test reports were received the medicines from which

<sup>4</sup> Bhojpur, Bhagalpur, Gaya, Katihar, Morihari, Nalanda, Samastipur and Vaishali



samples were taken had been dispensed to the patients. Purchase of sub-standard medicine required investigation for fixation of responsibility.

### 3.1.11 Defective maintenance of drug store records

#### Expired medicines provided to patients

Date of expiry of all medicines taken into stock should be noted in the medical store to ensure the timely consumption of drugs. The officer incharge of medical stores should periodically (quarterly) verify if medicines beyond shelf life are not in stock. Test-check revealed that dates of expiry of medicines were not noted and the quarterly verification of stores was not done as per norm by the MOs (I/C). As a result, medicines valued at Rs 3.88 lakh which had expired were distributed to patients (1999-2004).

#### Medicines short accounted

In nine districts<sup>5</sup> test checked medicines valued at Rs 6.98 lakh issued from CS-cum-CMOs store to PHCs and then to APHCs were not taken into stock in the APHCs. This resulted in short accountal of medicines valued at Rs 6.98 lakh.

### 3.1.12 Human resource management

#### Inadequate health care providers

As per norms under the National Health Policy 1983 one Doctor, one Lady Health Visitor (LHV) and one ANM are required for a population of every two thousand, five thousand and three hundred respectively and one Pharmacist for every three doctors in the State.

There was substantial shortage of medical and para medical staff in rural areas of the State. The Additional Secretary to Government stated (December 2004) that the department is considering appointment of medical and para medical staff. Information in respect of men-in-position with reference to the sanctioned strength was not made available with the department. However, in the test-checked districts, (population : 2.76 crore) 13800 doctors and 1.02 lakh para medical staff (LHV:5520; ANM: 92000; Pharmacist:4600) were required as per the norms. Against this, the number of posts sanctioned and the staff in position as on April 2004 were as under:

Health care units	Medical		Para-Medical		Total	
	Sanctioned strength	Men-in-position	Sanctioned strength	Men-in-Position	Sanctioned strength	Men-in-position
	(In number)					
PHC (including HSC)	519	386 (74)	4011	3110 (78)	4530	3496 (77)
APHC	754	436 (58)	1678	652 (39)	2432	1088 (45)
Referral hospital	84	73 (87)	189	79 (42)	273	152 (56)
<b>Total</b>	<b>1357</b>	<b>895</b>	<b>5878</b>	<b>3841</b>	<b>7235</b>	<b>4736</b>

(Figure in bracket indicate percentage).

<sup>5</sup> Bhagalpur, Bhojpur, Katihar, Motihari, Muzaffarpur, Nalanda, Purnea, Samastipur and Vaishali

**Health care units  
lacked staff**

As against the requirement of 13800 doctors and 1.02 lakh para medical staff as per norms, the number of sanctioned posts in the two categories of staff was 1357 and 5878 respectively. The number of men in position was still lower at 895 doctors and 3841 para medical staff.

In eight districts<sup>6</sup> test-checked, 39 APHCs had no doctor during 2002-04 and the medicines were prescribed by the para medical staff. The health care units were clearly not fully operational.

**Only 30 specialist  
doctors posted to  
RHs against 76  
required**

Four posts of specialists in the fields of obstetrics and gynaecology, paediatrics, surgery and medicine were sanctioned by the Government for each RH in the State for specialized treatment of patients. Accordingly, 76 specialists were required to be posted in 19 functional RHs in the test-checked districts. Against this only 30 specialists (39 per cent) were in position as of March 2004. Four hundred forty seven (out of 493) PHC/APHCs did not have the services of lady doctors.

**Lack of lady doctors  
to provide services to  
rural women.**

In 10 districts only 73 lady doctors were posted in 64 PHCs/APHCs and three RHs, while 447 PHCs/APHCs and 17 Referral hospitals were without lady doctors.

**Nugatory  
expenditure of 10.24  
crore on idle  
personnel**

In six PHCs<sup>7</sup> no indoor and out door facilities were available. Consequently six MOs and 24 other officials posted in these PHCs did not perform any duty resulting in nugatory expenditure of Rs 0.91 crore on their pay and allowances during 1999-2004. Seventeen X-ray technicians in 17 RHs and one Radiologist in one RH (Lalganj) were without work as X-ray machines in the RHs were either not available (three RHs) or were non-functional (14 RHs) for want of repairs, X-ray films, chemicals and indoor facilities. Further, 24 cooks/ assistant cooks in 19 RHs and a few Class-III and IV officials in RH, Manihari (Katihar) remained without work. This resulted in nugatory expenditure of Rs 2.04 crore on their pay and allowances during 1999-2004. Besides, 237 to 249 ward attendants were posted during 1999-2004 in 158 APHCs where there was no bed facility and no indoor patients. They remained without work resulting in nugatory expenditure of Rs 7.29 crore on their pay and allowances during 1999-2004.

### **3.1.13 Conclusions**

**Poor quality of health  
care**

The health care services were characterised by underspending against budget provisions which led to lack of basic and essential infrastructure like building, electricity, water, sanitation, , machine and equipment, manpower, labour rooms, etc. Despite inadequate number of health care units in the State, the number of patients admitted as indoor patients was very low reflecting the lack of treatment facilities in these units. The immunisation programme achieved only a fraction of its targets. There were instances of substandard drugs being

<sup>6</sup> Bhagalpur; Gaya; Katihar; Motihari; Muzaffarpur; Purnea; Samastipur; Vaishali

<sup>7</sup> PHCs: Amaur (Purnea); Lalganj (Vaishali); Katihar; Pirpaiti (Bhagalpur); Sherghati (Gaya); Sultanganj (Bhagalpur)

dispensed and faulty management of medical stores. Large amounts were spent as salary of medical and paramedical personnel posted in many health care units who were not in a position to treat any patient for want of infrastructural facilities.

### ***Recommendations***

- There is a need to revitalise the rural health care units by providing and improving basic and essential infrastructure of building, water, electricity, sanitation, machinery and equipment, manpower and medicines;
- At least one lady doctor should be posted in each PHC and RH in order to provide health care to rural women who constitute 46 per cent of the rural population
- Linkages of PHCs, APHCs and SCs with referral hospitals should be established by making the latter functional by posting specialist doctors and providing equipment and medicine.
- Management of medical stores and the procedure for testing of drugs and follow up actions thereon need to be revamped.

The points were referred to Government (July 2004); the reply received (December 2004) has been incorporated in the review at appropriate places.

## RURAL DEVELOPMENT DEPARTMENT

### RURAL ENGINEERING ORGANISATION

#### 3.2 Pradhan Mantri Gram Sadak Yojana (PMGSY)

##### *Highlights*

*In Bihar 17920 habitations having population of 500 and more were required to be provided with all weather road connectivity by constructing 9628 roads (33351 kilometres). But only a small number of habitations (10 per cent) was targeted for providing such connectivity in two phases (phase I and phase II) by constructing 969 roads (2400 kilometres) against which only 172 roads (466 kilometres) were constructed. Department had no statistics about the number of habitations benefitted by these roads. The scheme suffered due to defective project reports, improper planning and absence of effective monitoring and evaluation.*

**Out of Rs 149.90 crore sanctioned for Phase I of PMGSY and Rs 302.98 crore sanctioned for Phase II, only Rs 95.06 crore (63 per cent) and Rs 91.75 crore (61 per cent) respectively were spent as of May 2004.**

*(Paragraph 3.2.5)*

**Out of 299 roads (860 km) sanctioned for connecting 629 habitations under Phase I, only 280 roads were taken up of which 127 roads were completed and out of 670 (1540 km) roads sanctioned for connecting 1236 habitations in Phase II, only 45 roads were completed as of May 2004.**

*(Paragraph 3.2.6 & 3.2.8)*

**The project reports deviated from the technical specifications prescribed in the Government of India (GOI) guidelines.**

*(Paragraph 3.2.9)*

**Work was awarded to six contractors beyond their capacity resulting in work valued at Rs 32.87 crore remaining incomplete.**

*(Paragraph 3.2.9)*

**Bank guarantee of Rs 21.20 crore was not obtained on 449 road works as a result contractors had no liability to maintain the road works.**

*(Paragraph 3.2.13)*

**In nine packages of seven districts works worth Rs 4.26 crore were abandoned due to naxal problem, non availability of bitumen/land, delay in payment etc.**

*(Paragraph 3.2.10)*

**Out of 226 roads inspected by National Quality Monitors only 10 per cent of roads were constructed as per norms.**

*(Paragraph 3.2.13)*

## Introduction

Government of India (GOI) launched the Pradhan Mantri Gram Sadak Yojana (PMGSY) in December 2000 to provide connectivity by way of an all weather road (with necessary culvert and cross drainage structure) to unconnected habitations in the rural areas with a population of 1000 and above by 2003 and habitations with a population of 500 and above by the end of the Tenth Plan (2007) as a measure of promoting access to economic and social services in rural areas. In Bihar 24321 habitations (36625 Km road) have been identified as unconnected rural habitations out of which 11,717 (26687 Km road) had a population of more than 1000 people and the rest had population between 250 and 1000.

### 3.2.2 Organisational set up

Rural Development Department is the nodal department for implementation of PMGSY. Rural Engineering Organisation (REO) is a part of the department headed by Secretary, REO who is assisted by one Engineer-in-Chief-cum-Special Secretary and one Chief Engineer at the Secretariat level. He is assisted by two Chief Engineers at zonal level and 10 Superintending Engineers at the range levels. The execution of work is carried out by 45 Project Implementing Unit (PIUs) headed by Executive Engineers, spread over 38 districts. State Level Standing Committee (SLSC) headed by Chief Secretary is also formed to vet the Core Network and Annual Project Proposal received from District Panchayats and Detailed Project Reports (DPR) prepared by the PIUs. In pursuance of GOI instructions, State Government created the Bihar Rural Road Development Agency (BRRDA) headed by one Chief Engineer.

### 3.2.3 Audit objective

The audit objectives were to see whether:

- Planning for covering all unconnected habitations under this scheme in a given time frame has been made.
- Guidelines of PMGSY have been followed while preparing detailed project report.
- Due economy has been observed in implementation of the scheme.
- The implementation of the scheme has been efficient and effective.

### 3.2.4 Audit coverage

Implementation of PMGSY in 14 districts<sup>1</sup> (out of 38) was test-checked during August to October 2004. Selection of test checked districts was based on the

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<sup>1</sup> Araria, Begusarai, Bhagalpur, Gaya, Gopalganj, Madhubani, Motihari, Muzaffarpur, Patna, Purnea, Samastipur, Saran, Siwan and Vaishali.



norm of expenditure incurred and geographical location. Points noticed are discussed in the succeeding paragraphs.

### 3.2.5 Funding pattern

The scheme provides 100 per cent Central assistance in four instalments. Twenty five per cent is released after clearance of the schemes by the National Rural Road Development Agency (NRRDA) and the other instalments are payable after utilisation of 60 per cent of funds received upto the previous year. Funds sanctioned by GOI and expenditure incurred as of May 2004 in phase I (2000-01) and phase II (2001-02) were as under.

(Rupees in crore)

	Amount sanctioned	Amount released	Expenditure as of May 2004	Percentage of expenditure
Phase I	149.90	149.90	95.06	63
Phase II	302.98	150	91.75	61

#### Non utilisation of funds in phase I and II

State Government received Rs 149.90 crore for phase I in March 2001 and released the amount in May 2001 to Deputy Development Commissioners (DDC) who released the funds to PIUs in only May 2002. Thus the funds remained blocked with DDC for over a year due to delay in finalisation of tender.

An amount of Rs 152.98 crore for Phase II, though sanctioned, was not released by GOI upto March 2004 due to non-utilisation of funds received by the State in the previous year.

### 3.2.6 Programme management

In Bihar 11717 and 6203 habitations having population of more than 1000 and 500 people respectively were identified as unconnected habitations. For providing connectivity to these habitations 9628 roads were required to be constructed with length of 33351 Km. But construction of only 969 roads (10 per cent) with 2400 Km length was sanctioned for construction in two phases (phase I-2000-01 and phase II 2001-02) for providing connectivity to 1865 habitations. Out of 299.90 crore (upto December 2003) made available for construction of these roads, only Rs 186.81 crore (62 per cent) could be spent as of May 2004.

### 3.2.7 Planning

Preparation of core network is the basis of for all planning in the rural road sector. Core network<sup>2</sup> of roads identified and approved by district boards should be submitted to State level agency and NRRDA. Roads undertaken under PMGSY should form a part of the core network. However, no core network of roads existed at the time of selection of roads to be constructed under phase I. Even the core network prepared for phase I (after selection of

<sup>2</sup> A core network is that minimal network of roads that is essential to provide basic access to essential social economic services to all eligible habitations in the selected areas through at least one all-weather road connectivity.



roads) and phase II in 38 districts though approved by District Boards were pending submission to NRRDA as of May 2004.

**Selection of roads done without preparation of core network**

As per guidelines all roads being constructed under PMGSY should be part of core network. Core network should be prepared after due consultation with the elected representatives of the people from panchayat level to MLAs and MPs. However, selection of roads to be constructed in phase I was done without preparation of core network.

### 3.2.8 Implementation

**Poor physical progress of road construction**

As per guidelines of PMGSY, roads constructed were to be completed within 10 months from the date of sanction of the scheme by GOI. Number of packages sanctioned for phase I and phase II and achievement there against in the state were as given below:

	Target			Achievement			Achievement (in per cent)		
	Package (No.)	Road (No.)	Road (Km.)	Package (No.)	Road (No.)	Road (Km.)	Package (No.)	Road (No.)	Road (Km.)
Phase I	108	299	860	31	127	364	29	42	42
Phase II	183	670	1540	6	45	102	3	7	7
Total	291	969	2400	37	172	466	32	49	

The shortfall was mainly due to the problem of naxalities, land acquisition problems, damage by floods etc

**Connectivity not ensured despite huge expenditure**

In 14 test-checked districts, GOI sanctioned construction of 1130 Km roads under Phase I and Phase II to be completed by March 2003 at a cost of Rs 20.10 lakh per km (total cost Rs 227.16 crore). Against this, 998 Kms (449 number) of roads were taken up for construction at an average cost of Rs 21.24 lakh per km (total cost Rs 211.99 crore.) resulting in increase in the cost of construction by Rs 11.38 crore. To adjust this increase in cost and to keep the expenditure within the sanctioned limit, the length of road was reduced by 132 Km without prior approval of GOI which resulted in less connectivity to habitations.

**Shortfall in achievement of physical target**

In 14 test-checked districts, 763 habitations were to be provided connectivity with 998 Km (449 nos.) of roads. However, it was noticed that only 178 habitations (23 per cent) were provided connectivity with 211 Km (83 nos.) of roads (21 per cent) under phase I and II by March 2004. Shortfall in achievements in 12 districts ranged from 13 to 94 per cent. In two districts (Gaya and Araria) shortfall was 100 per cent. The shortfall was mainly due to naxal related problems in the area, land acquisition problems and allotment of work to contractors beyond their working capacity.

### 3.2.9 Violation of Rural Road Manual and PMGSY guidelines

As per guidelines of PMGSY construction of roads under PMGSY was to be carried out as per specification of Rural Road (RR) Manual. It was noticed that in construction of 998 Kms of roads in 14 districts test-checked, GOI guidelines were not followed as shown below:



**In the DPR height of embankment did not take into account highest flood level**

- As per provisions of RR Manual, height of embankment of road was to be 0.6 metre to one metre above the highest flood level. However, this aspect was ignored while preparing detailed project report. As such roads constructed are exposed to risk of damage by floods.

**Roads passing through populated habitations were not cemented**

- As per guidelines of PMGSY, in case of a road passing through populated habitations, it should be either stone paved or cemented (50 meter before start of habitations to 50 meter after end of habitations). Proper provision for side drainage was also to be made but no such provision was made in the Project Reports. This omission made the roads susceptible to damage by water and other waste coming out of the houses of the habitations.

**Primer coat not laid on WBM surface**

- As per specifications of road and bridge works of MORT&H, a layer of primer coat was required to be laid on WBM surface before application of tack coat over it. But no provisions for laying of primer coat on WBM surface was made in project reports for construction of 23 number of roads of phase I in Muzaffarpur, Rosera and Samastipur Divisions (Package no. 23-01, 23-02 and 23-03 of REO Muzaffarpur & package 30-03, 30-04 and 30-05 of REO Rosera and package no 30-01 and 02 of REO Samstipur) resulting in execution of road work amounting to Rs 11.41 crore below specification.

PIUs stated (October 2004) that estimates of the roads were approved by the STA. The reply was not tenable as the estimates were prepared in violation of the guidelines. In phase II, provision has been made for primer coat on WBM surface.

**Works awarded to agencies beyond their capacity resulting in works remaining incomplete**

- As per PMGSY guidelines the contractors bidding for work should possess one hot mix plant, one road roller and one tractor with water tanker. The contractors were also required to set up a field laboratory at the work site to carry out quality test of materials and to have sufficient manpower including technical staff to carry out the work as per required specification in time. But in six districts more than one package of road work was allowed to one agency though it did not have sufficient number of equipment and manpower to carry out work simultaneously in a number of packages. It was noticed that 23 packages of 54 number of road works were allotted by the Superintending Engineers to six contractors in six districts<sup>3</sup> beyond their capacity. This resulted in 23 packages of road works valued at Rs 32.87 crore remaining incomplete (total expenditure Rs 16.73 crore). Besides, because of award of work without judging the working capacity of the contractors, the works which were to be completed between March 2002 and December 2003 were lying incomplete even as of March 2004.

**3.2.10 Abandoned road works****Unfruitful expenditure on abandoned road works**

Construction of 43.10 Km road of eight REO Divisions was awarded to eight different contractors at an estimated cost of Rs 8.73 crore. The construction of these roads was abandoned since March 2003 due to earth work being damaged in floods and demand of compensation for damages, naxal problem in the area, non-availability of bitumen, delay in payment, non-availability of land, insufficient width of the road and non-rectification of damage work. This resulted in unfruitful expenditure of Rs 4.26 crore on abandoned road works. The details were as under:

*(Rs in crore)*

Division	Package No	Length of road	Estimate	Actual payment	Reason
(1)	(2)	(3)	(4)	(5)	(6)
Muzaffarpur	3	2.21 Km	0.23	0.08	Non payment of compensation due to damage by flood
Gaya	12-04 & 12-07	17.05 Km	4.11	1.07	Naxal problem
Munger	24-01	9.36 Km	1.03	0.65	Non-availability of bitumen
Purnea	27-01	6.40 Km	1.27	0.98	Non-availability of bitumen
Patna	26-11 & 26-14	1.48 Km	0.46	0.11	Due to delay in payment
Benipatti	21-1	4.45 Km	1.22	1.02	Non-availability of land
Masaurhi	26-01	1.50 Km	0.27	0.22	Insufficient width of the road
Samastipur		0.65 Km	0.14	0.13	Non-rectification of damage work
<b>Total</b>		<b>43.10 Km</b>	<b>8.73</b>	<b>4.26</b>	

**3.2.11 Undue aid to contractor****Short recovery of mining cess from the bills of contractor**

As per notification issued by Government of Bihar, mining cess at the rate of Rs 100 per cubic metre with effect from April 2001 on consumption of stone metals was to be realized from the bills of contractor. Audit scrutiny revealed that mining cess for road works in three divisions (Rosera, Madhubani and Begusarai) was realised from the bills of the contractor at rates ranging between Rs 25 and Rs 50 per cubic meter resulting in short recovery of Rs 17.91 lakh and undue financial aid to the contractor.

**Extra expenditure due to undue award to agency to carry stone chips from distant quarry**

As per project report approved for East Champaran District stone chips to be utilized in road works under PMGSY was to be obtained from nearby Bhiknathori quarry. On the contrary, due to delay in construction of work on four packages (10 number of road) under two divisions (Motihari & Dhaka) of East Champaran district, extra expenditure of Rs 75.66 lakh has been incurred by allowing carriage of stone aggregate from quarry other than that approved in the Detailed Project Report. Executive Engineers (Motihari and Dhaka) stated (October 2004) that the quarry of Bhiknathori was closed, hence the contractor was allowed to carry stone chips from Shekhpura quarry.

### 3.2.12 Penal clause of contract not enforced

Non recovery of penalty due to non-enforcement of penal clause

In case of default in execution of works, Clause 2 of normal contract provided for levying penalty at ½ per cent per day of the value of the work remaining incomplete limited to 10 per cent of the contract value. It was noticed that 123 packages of 366 number of road works in 14 districts were not completed by stipulated period (March 2002) but penalty clause was not enforced, resulting in non-recovery of penalty of Rs 12.95 crore from 73 contractors.

### 3.2.13 Quality control and on line management system

Ninety per cent of roads inspected by NQM graded good as against norm of very good

Quality control envisaged three-tier quality control mechanism, one at PIUs level, second being the quality control monitors independent of PIUs and the third the National Quality Monitors (NQM) under the control of NRRDA. The State quality co-ordinator or officers of the State quality control agency were also required to conduct random test of works being executed but no such test was conducted by the State quality control agency as of March 2004.

As per guidelines of PMGSY quality of completed road should be very good. The State Government should ensure that the contractor replaces the material or rectify the workmanship within the stipulated time. But it was noticed that seven completed roads valuing Rs 3.65 crore in five districts<sup>4</sup> were graded good instead of very good.

Further out of 226 roads inspected by the National Quality Monitor (NQM) as of May 2004 only 10 percent of roads was graded very good. Balance were graded as good (72 per cent), average (17 per cent) and poor (one per cent). Agencies carrying out road works of average and poor grades were to be blacklisted. But no agency was black listed and no action whatsoever was taken by the State Government to fix accountability for not constructing roads graded very good as per the norms.

Guidelines of PMGSY also provided for payment of bills only after quality test. It was noticed that during January to June 2004 payment of Rs 3.39 crore in Patna REO was made for six packages (package no 26-02, 03, 04, 05, 08, 15) of road works (33.83 Kms) without quality test of the roads. However the division kept back Rs 1.88 lakh only for quality test to be carried out in future.

Road work (0.815 Km) carried out in package No. 26-11 of Patna district (Moriyama to Sheogarh Path) at a cost of Rs 15.89 lakh was quality tested (May 2003) by NQM. In its report NQM suggested (May 2003) to re-do the work, which was not done as of March 2004. The contractor carried out only rectification works. No action was taken by the Government against the contractor, the agency and the officials.

Construction of 3.66 Kms of road in Package No. BR 11-05 of East Champaran district carried out at an estimated cost of Rs 62.60 lakh was inspected (October 2002) by NQM. It was found that estimate of earth work

<sup>4</sup> Vaishali, Gopalgang, Saran, Madhubani, Samastipur

**No action on guilty official despite NQM direction for exemplary punishment**

was inflated and height of embankment was found only three feet against estimated height of 5.97 ft. Further drawing of the road suggested three ft earth work on old road surface, however, only nine inches new earthwork was carried out at site. Though NQM suggested (November 2002) exemplary punishment against the guilty official, no action was initiated as of April 2004.

**Bank guarantee not obtained for road works**

As per guidelines of PMGSY, the roads to be constructed were to be of very good quality, requiring no repair for five years. Accordingly provision was to be made in NIT for such quality assurance and the contractor entrusted with work were to provide bank guarantee valid for 5 years for the value of 10 per cent of the cost of the work. However, no such provision was made in the NIT for 449 road works (998 Kms) valued at Rs 211.99 crore in districts and the Department failed to obtain bank guarantee of Rs 21.20 crore. Thus roads were not backed by quality assurance and performance guarantee.

As per guidelines, a module of the On line Management System was to be evolved in which test results carried out by two tiers of monitors (one carried out by PIUs and another by independent monitors) was to be recorded.

**Online management system remained non-operative**

It was noticed that in spite of supply of two sets of computers to all the 15 REO Divisions by the GOI, online management system could not be started due to lack of computer operators and electricity. Further none of the divisions had internet facility. Thus online management system was not in place in the test-checked divisions.

### **3.2.14 Conclusion**

PMGSY failed to provide all weather road connectivity to the targeted habitations as the progress of the programmes was very slow. In 14 test-checked districts, 763 habitations having population of 20.30 lakh were to be provided connectivity with 998 Km (449 nos) of roads. However, only 178 habitations (23 per cent) having population 4.46 lakh (22 per cent) were provided connectivity with 211 Km (83 nos) of roads (21 per cent).

### **Recommendations**

- Progress of road works including the incomplete and abandoned road works should be expedited on priority basis.
- Road works should be effectively monitored for execution of works in time and as per specification of GOI.
- Quality tests of roads and material by State level monitors should be carried out from time to time for quality assurance of roads constructed.
- Online management system should be started immediately.

The points were referred to Government (December 2004), their reply had not been received (February 2005).

### 3.3 Implementation of Child Labour (Prohibition & Regulation) Act, 1986

#### *Highlights*

*The Child Labour (Prohibition and Regulation) Act 1986 (Act) is a Central Act to be implemented by all the States. The Act along with the Rules framed thereunder seeks to prevent the employment of children below 14 years of age in hazardous occupations. The Act lays down a procedure to decide modification to the schedule of banned occupations and processes, regulates the conditions of work of children and imposes penalties. Follow up action taken on prosecution cases launched for violating provisions of the Child Labour Act was not effective. The Child Labour Rehabilitation-cum-Welfare Fund (CLRWF) could not be raised to provide employment to the affected families. Special schools for the education of child labour were not opened as per guidelines of Government of India (GOI).*

**The State Government notified the Rules under the Child Labour Act only in February 1996 after eight years of the framing of Rules.**

*(Paragraph 3.3.7)*

**Against child labour violation cases of 17632 only 1468 (eight per cent) were prosecuted during 1999-2004.**

*(Paragraph 3.3.10)*

**Only three out of 38 districts were covered under NCLP.**

*(Paragraph 3.3.11)*

**Special schools had withdrawn children mainly from home-based occupations instead of from hazardous occupations.**

*(Paragraph 3.3.12)*

**Neither any employment was given to adult member of any affected family nor was any amount deposited by the State Government in the Welfare fund.**

*(Paragraph 3.3.13)*

#### *Introduction*

The Child Labour (Prohibition & Regulation) Act 1986 seeks to achieve the basic objective of protecting children below the age of 14 years from exploitation and preventing them from being employed in hazardous occupations and to regulate the working conditions of children in other employments. The State Government adopted the Act by notifying the rules in February 1996. GOI fixed the target of eliminating child labour in the

hazardous sector by the end of the 10<sup>th</sup> Plan. National Child Labour Projects (NCLPs) focussed on different development and welfare programmes for the benefit of child labour in the project area.

The Bihar State Child Labour Commission (BSCLC) Act, 1996 was enacted (September 2003) for the welfare of child labour.

As the National Policy on Child Labour was not being implemented effectively, the Supreme Court of India issued (December 1996) further directions for:

- identification of working children;
- withdrawal of children working in hazardous employment and ensuring their education in appropriate institutions;
- contribution of Rs 20,000 per child by the offending employer of child labour to CLRWF to be established for the purpose; and
- employment of one adult member of the family of child so withdrawn from work and if that is not possible, a contribution of Rs 5000 to the CLRWF to be made by the State Government.

### 3.3.2 *Main features of the Child Labour Act, 1986*

- To ban the employment of children below the age of fourteen years in specified occupations and processes;
- To lay down a procedure to decide modification to the Schedule of banned occupations or processes;
- To regulate the conditions of work of children in employments where they are not prohibited from working;
- To lay down enhanced penalties for employment of children in violation of the provisions of this Act, and other Acts which forbid the employment of children;
- To obtain uniformity in the definition of “child” in the related laws.

### 3.3.3 *Organisational set up*

In Bihar, the Act is being implemented through the Department of Labour Employment and Training headed by Commissioner-cum-Secretary to the Government of Bihar. However, the Labour Commissioner, Bihar has been appointed ‘Inspector’ in the State, who is assisted by other officers<sup>1</sup> appointed as ‘Inspector’.

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<sup>1</sup> 1. All DM/DC, 2. Chief Inspector of Factories, 3. Director, Agriculture Labour, 4. All Joint Labour Commissioners, 5. All Deputy Labour Commissioners, 6. All Deputy Chief Inspectors of Factories, 7. All Sub-Divisional Officers, 8. All Assistant Labour Commissioners (Agri. Labour), 9. All Factory Inspectors, 10. All Labour Enforcement Officers, 13. All Circle Officers, 14. All Panchayat Supervisors, 15. All Co-operative Extension Officers



NCLPs are managed through Project Societies<sup>2</sup> headed by the District Magistrate of the area as Chairman and actually run by the Project Director. The composition of the Project Societies is such as to represent both official and non-official functionaries and representatives of the departments of health, education, rural development, welfare and labour.

### 3.3.4 Audit objectives

The Audit objectives of the review were mainly to examine:

- the extent of implementation of the Act with regard to the prohibition and regulation of child labour,
- the steps taken under the National Policy on Child Labour and Programmes for rehabilitation of child labour and results achieved.

### 3.3.5 Audit coverage

Records of three NCLP societies, three District offices of Labour Department (Saharsa, Jamui and Nalanda) and of the Secretariat for the period 1999-2004 were test-checked during April 2004 to July 2004.

### 3.3.6 Financial management

Hundred per cent funds for NCLPs were released by GOI, Ministry of Labour. Funds received by NCLPs were being kept in savings accounts in the banks.

The details of funds released by GOI and expenditure incurred in three NCLPs were as under:

(Rupees in lakh)

Name of NCLPs	Year	Funds allotted by GOI	Opening Balance	Funds released	Funds released short (-) Excess(+)	Interest earned	Others	Total (4+5+7+8)	Expenditure	Unspent Balance
1	2	3	4	5	6	7	8	9	10	11
Saharsa	2000-01	67.01	73.72	22.34	(-) 44.67	2.88	--	98.94	5.51	93.43
	2001-02	85.94	93.43	--	(-) 85.94	2.02	--	95.45	28.95	66.50
	2002-03	85.94	66.50	--	(-) 85.94	1.70	--	68.20	54.39	13.81
	2003-04	85.94	13.81	61.41	(-) 24.53	0.16	--	75.38	58.19	17.19
<b>Total</b>		<b>324.83</b>		<b>83.75</b>	<b>(-)241.08</b>	<b>6.76</b>	<b>--</b>		<b>147.04</b>	
Jamui	2000-01	59.91	69.37	19.64	(-) 40.27	1.13	--	90.14	34.20	55.94
	2001-02	74.66	55.93	31.19	(-) 43.47	4.76	--	91.88	54.81	37.07
	2002-03	71.16	37.07	35.58	(-) 35.58	1.56	--	74.21	49.21	25.00
	2003-04	71.16	25.00	58.28	(-) 12.88	0.42	--	83.70	65.80	17.90
<b>Total</b>		<b>276.89</b>		<b>144.69</b>	<b>(-)132.20</b>	<b>7.87</b>	<b>--</b>		<b>204.02</b>	
Nalanda	2000-01	74.29	25.94	24.76	(-) 49.53	0.75	3.90	55.35	37.64	17.71
	2001-02	88.68	17.71	63.84	(-) 24.84	0.69	0.81	83.05	76.82	6.23
	2002-03	92.18	6.23	99.01	(+) 06.83	0.39	2.68	108.31	88.55	19.76
	2003-04	92.18	19.76	88.24	(-) 03.94	1.29	--	109.29	62.25	47.04
<b>Total</b>		<b>347.33</b>		<b>275.85</b>	<b>(-)71.48</b>	<b>3.12</b>	<b>7.39</b>		<b>265.26</b>	
<b>Grand Total</b>		<b>949.05</b>		<b>504.29</b>	<b>(-)444.76</b>	<b>17.75</b>	<b>7.39</b>		<b>616.32</b>	



It would be clear from the above table that the NCLPs in the State could not utilise the entire funds released by GOI though GOI released much less than the funds allotted to the State.

### ✓ 3.3.7 *Regulatory functions under the Act, 1986*

Although the Act was passed in 1986 and the related Child Labour (Prohibition and Regulation) Rules were framed by the Central Government in 1988, the Rules were notified in February 1996 after a delay of eight years for application in the State by Government of Bihar. The delay in notification in turn delayed taking definite steps for tackling the problem of child labour. The Commissioner and Secretary however stated (November 2004) that action plan for elimination of child labour will be submitted to GOI shortly.

### 3.3.8 *Regulatory functions under the BSCLC Act, 1996*

For eradication, welfare and rehabilitation of Child Labour, the BSCLC Act, 1996 was notified in September 2003 to perform the following main functions:

- to review the implementation of various rules passed by the GOI and the State Government for welfare of child labour;
- to help and encourage the NGOs and educational institutions working in the field of welfare and rehabilitation programme and rights of child labour;
- to advise education department in preparation and implementation of major programme for compulsory, free vocational training for child labour;
- to collect, compile and publish facts and figures relating to child labour employed in hazardous and non-hazardous occupations in the State;
- to suggest remedies to prevent new entry of child labour specially in hazardous occupations.

It was noticed that there was nothing on record to show the action taken to collect, compile and publish facts and figures relating to child labour employed in hazardous and non-hazardous occupations in the State. However, the Commissioner and Secretary to Government stated (November 2004) that the Commission is an autonomous body and the State Government can not issue directions to the commission.

### **Prohibitory functions under the Act**

### ✓ 3.3.9 *Survey*

A survey was conducted by the District Magistrates in May 1997 which identified 21281 children in hazardous and 27761 children in non-hazardous occupations in the State. No follow up survey was done as of July 2004.



However, the Commissioner and Secretary to Government stated (November 2004) that direction was issued for undertaking survey to identify child labour.

### 3.3.10 Inspection and Prosecution

The monthly quota of inspections was fixed by the Labour Commissioner as ten inspections for Labour Superintendents, five for Assistant Labour Commissioners and two for Deputy Labour Commissioners. However, the number of inspections, violations of the Act and prosecution in the State were as under:-

Year	Inspection	Violation	Prosecution launched	Percentage
1999-2000	14,313	581	234	40.3
2000-01	20,552	1,836	136	7.4
2001-02	48,415	3,719	315	8.5
2002-03	48,276	6,065	398	6.6
2003-04	36,835	5,431	385	7.1
<b>Total</b>	<b>1,68,391</b>	<b>17,632</b>	<b>1,468</b>	<b>8.1</b>

**Prosecutions launched in only eight per cent of detected cases**

Against 17632 violation cases detected by the Department in 168391 inspections carried out in the State during 1999-2004, 1468 (eight per cent) prosecution cases were filed. On the query relating to action taken after filing the cases for prosecution, no reply was furnished. The Commissioner and Secretary to Government stated (November 2004) that it is difficult to ascertain whether the violation and prosecution cases related to the Act or regulatory provision. He did not provide information in respect of disposal of 1468 prosecution cases filed. The Government did not have any separate information in respect of inspections conducted in hazardous and non-hazardous industries.

Number of inspections, violations and prosecution in the districts having NCLPs during 1999-2004 were as under:

Year	Inspections				Violations				Prosecutions			
	Saharsa	Janmui	Nalanda	Total	Saharsa	Janmui	Nalanda	Total	Saharsa	Janmui	Nalanda	Total
1999-2000	52	300	20	372	21	63	--	84	14	09	--	23
2000-01	50	150	60	260	10	35	05	50	02	03	02	07
2001-02	73	200	811	1084	26	54	59	139	02	08	03	13
2002-03	255	120	1117	1492	57	15	84	156	08	02	10	20
2003-04	223	135	796	1154	49	21	100	170	05	11	08	24
<b>Total</b>	<b>653</b>	<b>905</b>	<b>2804</b>	<b>4362</b>	<b>163</b>	<b>188</b>	<b>248</b>	<b>599</b>	<b>31</b>	<b>33</b>	<b>23</b>	<b>87</b>

Of 4362 inspections, 599 cases of violations were detected but only 87 prosecution cases were launched against the defaulters.

### 3.3.11 Rehabilitation programme in NCLP

The main objective of the NCLP was to withdraw children working in hazardous occupations and rehabilitate them through their education in the Special Schools where they are provided non formal education, vocational training, stipend, nutrition, etc.

Under the Project Based Plan of Action, the main thrust of NCLP was to reduce the incidence of Child labour in the project area thereby encouraging the elimination of child labour progressively. The action to be taken in these projects were:

- stepping up of enforcement of child labour laws;
- formal / non-formal education;
- provision of vocational training;
- income and employment generation activities;
- direct rehabilitation of child labour;
- raising of public awareness; and
- survey and evaluation.

**Only three out of 38 districts covered under NCLP**

However, out of 38 districts of Bihar only three districts (Saharsa, Jamui and Nalanda) were covered by NCLPs as the majority of child labour were identified in these districts. The objective of NCLP remained neglected as discussed below:

**Vocational training not imparted in Saharsa District**

- Up to 2002-03, the Project societies had not implemented vocational training for the children in Saharsa due to non-availability of skilled teachers. The Commissioner and Secretary to Government stated (November 2004) that vocational training in Saharsa was not provided to children in the absence of qualified teachers.
- There was shortage of one field officer and one steno at NCLP Nalanda since inception of the society. The Commissioner and Secretary to Government accepted (November 2004) the audit comment and intimated that action is being taken for their appointment.

### 3.3.12 Special schools under NCLPs

As per Government guidelines, special schools were to be opened for rehabilitation of child labour withdrawn from hazardous occupations by encouraging voluntary efforts for imparting formal/non formal education and pre-vocational/craft training. The children were to be provided with supplementary nutrition, stipend, health care services etc.

**Special schools had withdrawn children mainly from home based occupations**

Forty special schools for 2000 child labour each in Saharsa and Jamui and 25 in Nalanda districts for 2500 child labour students were opened. As per provisions, child labour in hazardous work should be given priority in the



NCLP schools. However, it was found that children were drawn from home based occupations and enrolled in these schools.

The number of child labour who were enrolled in special schools, mainstreamed after completing education and dropped out of the special schools during study was as under:

Name of Districts	No. of Child labour:	Number of child labour enrolled, mainstreamed and dropped out.														
		1999-2000			2000-01			2001-02			2002-03			2003-04		
		M	F	T	M	F	T	M	F	T	M	F	T	M	F	T
Saharsa	Enrolled	1995	05	2000	1995	05	2000	1995	05	2000	1995	05	2000	1804	122	1926
	Mainstreamed	1249	05	1254	--	--	--	--	--	--	--	--	--	1576	122	1698
	Dropped out	572	--	572	--	--	--	--	--	--	--	--	--	228	--	228
Jamui	Enrolled	883	1017	1900	883	1017	1900	883	1017	1900	937	1063	2000	850	1150	2000
	Mainstreamed	--	--	--	--	--	--	--	--	--	895	1057	1952	850	1150	2000
	Dropped out	--	--	--	--	--	--	--	--	--	20	28	48	--	--	--
Nalanda	Enrolled	1259	952	2211	1213	1287	2500	1163	1338	2501	1174	1326	2500	1174	1326	2500
	Mainstreamed	185	182	367	952	831	1783	250	130	380	267	293	560	NA	NA	1210
	Dropped out	07	04	11	48	78	126	05	08	13	07	06	13	NA	NA	NA

Scrutiny further revealed that these NCLP schools were lacking in basic facilities like:

- Twenty two schools in Saharsa were conducting four classes in a single room with inadequate space. The Commissioner and Secretary to Government stated (November 2004) that required accommodation was not available in villages.
- Due to non receipt of funds in 2001-02 and 2002-03 from GOI, mid day meal was not supplied.
- Toilet facilities were not provided in the special schools despite enrolment of female child labour students during 1999-2004. The Commissioner and Secretary to Government stated (November 2004) that due to location of special schools in remote village areas, it was not possible to arrange toilet facilities in these schools.

### 3.3.13 Welfare Fund not created

As per direction of the Hon'ble Supreme Court of India, the offending employer was to pay compensation of Rs 20000 for every child employed in a hazardous work and this amount was to be deposited in the Child Labour Rehabilitation-cum-Welfare Fund. Another amount of Rs 5000 was required to be deposited in the fund for each child by the State Government where it was not possible to provide job to an adult member of the affected family whose child was withdrawn from hazardous work.

No welfare funds raised under CLRWF

However, it was noticed that only Rs 0.80 lakh was collected from the employers in four cases in Patna in July 1997. Neither any employment was given to adult member of any affected family nor any amount was deposited

by State Government in the welfare fund. However the Commissioner and Secretary to Government stated (November 2004) that in view of the advice furnished by Law department Child Labour should be given compensation at the rate of Rs 20000. However, the fact remains that no welfare fund was raised (March 2004).

### 3.3.14 *Monitoring and evaluation*

#### **Monitoring was poor**

The activities of NCLP were required to be monitored by GOI through the Ministry of Labour and by State Government through the Labour Department. The Senior functionaries of the Ministry of Labour, GOI were required to visit the project location from time to time. The State Government was also required to have regular interaction with the project societies and ensure timely submission of audited accounts and utilisation certificates etc. by the project society. The State Government was to review the progress of implementation of the Child Labour programme twice in a year.

However, it was noticed that monitoring was not done as per norms at the State level. A meeting of State Monitoring Committee was held in May 2003 to review the implementation of its earlier decision (February 2002) to supply meals regularly to child labour students in schools. However, the Commissioner and Secretary to Government stated (November 2004) that enforcement agencies have been given responsibilities to review implementation of the Act in the State.

### 3.3.15 *Conclusions*

#### **Poor coverage of districts under NCLP**

The actual number of child labour could not be ascertained in the absence of any follow up survey of child labour since May 1997. The NCLP was in operation in only three out of 38 districts of the State. The administrative machinery has not been strengthened to undertake follow up action for violating the Child Labour Act as a result of which there was prosecution in only eight per cent of the detected cases during 1999-2004.

### *Recommendations*

- The State Government should commission surveys at periodic intervals to correctly assess the impact of the Act and the implementation of the scheme in the State.
- The NCLP schools should be started in a phased manner in all the Districts of the State and only children withdrawn from hazardous occupations are to be enrolled in the NCLP-run schools under the guidelines of the scheme.
- Vocational education in special schools should be given a market orientation. Post mainstreaming monitoring of the special school children should be made mandatory for NGOs as well as Project Societies.

- Review and monitoring of the activities of the NCLP schools by the Project Society as well as the Directorate and the Department must be regular and effective.

The points were referred to Government (September 2004); their reply received (November 2004) has been incorporated wherever necessary.

## MEDICAL EDUCATION AND FAMILY WELFARE DEPARTMENT

### 3.4 INDIAN SYSTEM OF MEDICINE & HOMOEOPATHY

#### *Highlights*

*The Government established the department of Indian System of Medicine and Homoeopathy (ISM&H) for making available doctors practising these systems of medicine and providing medical and health care services to the masses at an affordable price. The Department failed to provide adequate educational and research facilities in Indian System of Medicine and Homoeopathy (ISM&H). Medical and health care services were also poor in the State.*

**Ayurvedic, Unani and Homoeopathic Medical Colleges and hospitals did not fulfill the required standard prescribed by the Central Council of Indian Medicine and the Central Council of Homeopathy New Delhi in respect of deployment of teaching, non-teaching, medical and para medical staff.**

*(Paragraph 3.4.7)*

**In the Government Homoeopathic Medical College and Hospital, Muzaffarpur considerable number of students dropped out every year.**

*(Paragraph 3.4.7)*

**Functioning of the Ayurvedic College-cum-Hospital, Begusarai and the Government Tibbi College, Patna suffered due to lack of basic infrastructure facilities.**

*(Paragraph 3.4.8)*

**No patient was admitted in paediatric emergency and research department of Government Ayurvedic College hospital, Patna during 1999-2003.**

*(Paragraph 3.4.8)*

**Out of Rs 1.25 crore released by the GOI for strengthening of infrastructure in Ayurvedic & Unani Colleges / Pharmacies, expenditure of Rs 73.22 lakh incurred on the facilities was rendered unfruitful**

*(Paragraph 3.4.10)*

**The ISM&H department had not established any monitoring mechanism for evaluating the functioning of Ayurvedic, Homoeopathic and Unani colleges, hospitals and dispensaries.**

*(Paragraph 3.4.11)*

#### *Introduction*

The Government established the department of Indian System of Medicine and Homoeopathy (ISM&H) for making available doctors practising these systems of medicine and providing medical and health care services to the masses at an affordable price in the State. These systems include Ayurveda, Siddha, Unani, Yoga, Naturopathy and Homoeopathy.



There are five Government Ayurvedic and one Unani and one Homoeopathic medical colleges / hospitals in the State. There is also one Ayurveda Post Graduate Department (Government Ayurvedic Medical College, Patna), one Ayurvedic and Unani Research Unit and one Ayurvedic and Unani Pharmacy. Institutions established for providing education and health care services under ISM&H are regulated by rules and instructions issued by the Central Council of Indian Medicine (CCIM) and the Central Council of Homoeopathy (CCH), New Delhi. There is a ten-bedded Government Homoeopathic Hospital, besides 69 ayurvedic, 30 unani and 28 homeopathic dispensaries in the State.

#### **3.4.2 Programme objectives**

The ISM&H department has been functioning for attainment of and propagation of these systems of medicine with the following objectives:

- Providing better educational and research facilities.
- Providing medical and health care services at an affordable price.
- Ensuring adequate infrastructure facilities.
- Developing herbal gardens for raw materials used in manufacture of medicines.

#### **3.4.3 Organisational set-up**

The ISM&H Department is headed by the Secretary, Health Education (Family Welfare), who is assisted by the Director and three Deputy Directors at the secretariat level. There are 27 District Indigenous Medical Officers (DIMOs) at the district level who are also in charge of Joint dispensaries at the district headquarters which had doctors of Ayurveda, Unani and Homoeopathy streams and State dispensaries (at the block level) which had a doctor of either Ayurveda or Unani or Homoeopathy stream.

#### **3.4.4 Audit objectives**

The main objectives of audit were to assess whether:

- Norms laid down by CCIM/CCH, New Delhi for running of medical colleges/hospitals were observed.
- Adequate infrastructure was provided to the ISM&H institutions for efficient delivery of services.
- Medical and health care services were provided to patients at an affordable price.
- Ayurvedic and unani medicines of required quality were produced for use in hospitals, etc.

### 3.4.5 Audit coverage

Performance of the three Ayurvedic Medical College-cum-Hospitals at Patna, Begusarai and Bhagalpur, Government Tibbi College (Unani) Patna, Ayurvedic Post Graduate Department Patna, Government Ayurveda and Unani Research Institute Patna, State Ayurvedic and Unani Pharmacy Patna, Rai Bahadur Tunkee Shah (RBTS) Government Homoeopathic Medical College-cum-Hospital, Muzaffarpur and eight<sup>1</sup> DIMOs for the period 1999-2004 was reviewed by test check of records during May 2004 to October 2004.

### 3.4.6 Financial outlay and expenditure

The position of budget allotment and expenditure during 1999-2004 was as under:

<i>(Rupees in crore)</i>			
Year	Allotment	Expenditure	Saving
1999-2000	24.22	22.31	1.91
2000-2001	23.44	21.32	2.12
2001-2002	17.07	10.25	6.82
2002-2003	16.36	9.48	6.88
2003-2004	20.02	15.72	4.30
<b>Total</b>	<b>101.11</b>	<b>79.08</b>	<b>22.03</b>

*(Source - Appropriation Accounts, Government of Bihar, 1999-2004)*

### 3.4.7 Programme management

Government (Ayurvedic, Unani and Homeopathic) Medical Colleges in the State were to function as per the standards and regulations laid by the CCIM and CCH, New Delhi. Scrutiny of records revealed:

#### Shortage of teaching and non teaching staff

In none of the test-checked Ayurvedic, Unani and Homoeopathic Medical Colleges-cum-Hospitals, the strength of teaching and non-teaching staff was as per the norms prescribed by CCIM and CCH (*Appendix XXX & XXXI*). The number of men in position was less (Professors: 88 per cent, Readers : 76 per cent and Lecturers : 35 per cent) than the sanctioned strength.

Against the requirement of 27 posts of Demonstrators in each Ayurvedic Medical College, no post had been sanctioned in any of the Ayurvedic Medical Colleges.

Post Graduate (PG) Department of the Government Ayurvedic Medical College, Patna is the sole institution in the State imparting post graduation courses in two disciplines namely "Dravyaguna" and "Ras Shastra". The CCIM, New Delhi after considering the available facilities of teaching,

No post of demonstrators in Ayurvedic medical colleges of the State

<sup>1</sup> Begusarai, Muzaffarpur, Hazipur, Samastipur, Gaya, Aurangabad, Nawada and Biharsharif

practical training and infrastructure decided not to permit admission of students for the session 1997-98 and advised (September 1997) creation of independent hostel facility for boys and girls. In October 1998, however, the CCIM permitted admission of four students in each discipline with the condition to fill up the vacant posts of Professor (one) and Reader (one) and to establish a laboratory of P.G. standard in "Dravyaguna" and "Ras Shastra" within one year. However, these courses were continued without providing these facilities. In PG Department of the Ayurvedic college, Patna it was observed that admission of students for the session 2002-03 onwards was pending as confirmation in respect of number of seats reserved as per new Reservation Policy 2000 was awaited from the Government.

### **Lack of basic facilities in colleges / hospitals**

Functioning of Ayurvedic College-cum-Hospital, Bhagalpur suffered due to lack of basic infrastructure facilities like electricity, equipment and shortage of beds. The CCIM, New Delhi had derecognised the college in 2001 due to non-functioning of the Indoor Patient Department (IPD). The IPD was still not functioning (March 2004).

### **Admission of students**

#### **Admission of students in medical colleges below the norms**

Government Tibbi College, (Unani) Patna, the sole institute in the State for providing degree in Unani System of medicine, with enrollment capacity of 40 students, did not fulfill the minimum standard of three beds per student, separate hostel for boys and girls and herbal garden as fixed by CCIM, New Delhi. Despite these deficiencies, 106 students were admitted during 1999-2003.

Rajkiya Ayodhya Shivkumari Ayurveda Mahavidyalaya, Begusarai was permitted (August 2001) by CCIM, New Delhi to admit 30 students for BAMS degree course. Against the capacity of 30 students only 17 and 14 students were admitted in 2002-2003 and 2003-2004 respectively. Examinations for the sessions 2002-03 and 2003-04 were also not conducted. No reasons were furnished in this regard.

It was also observed in RBTS Government Homoeopathic Medical College-cum-Hospital, Muzaffarpur that students were not enrolled to the full capacity during 2003-04. Moreover, a substantial number of students dropped out every year as indicated in the table below.

#### **High dropouts of students**

<i>(In number)</i>			
Year	Sanctioned by CCH	Students admitted	Dropped out students
1999-2000	60	38	9
2000-2001	60	60	26
2001-2002	60	60	28
2002-2003	60	55	28
2003-2004	60	12	5

Shortage of teaching / non-teaching staff and inadequate infrastructure in the Colleges-cum-Hospitals contributed to shortfall in admission of students in the colleges and high drop-out rate.

### 3.4.8 *Functioning of Government Ayurvedic, Homoeopathic and Unani Hospitals*

The functioning of Ayurvedic, Homoeopathic and Unani Hospitals suffered from lack of medical / para-medical staff, poor infrastructure and non-availability of medicines as discussed below.

#### **Shortage of staff**

**Shortage of medical/ para medical staff in the hospitals attached to Ayurvedic colleges**

The functioning of three test checked Government Ayurvedic Colleges-cum-Hospitals<sup>2</sup> suffered due to non sanctioning / posting of Medical and para-Medical staff as tabulated below:

Post	CCIM norm	Sanctioned by Government	(In number)
			Men-in-Position
House Physician	30	Nil	Nil
Anaesthetist	3	Nil	Nil
Clinical Registrar	3	Nil	Nil
Casualty Officer	3	Nil	Nil
Assistant Matron	3	Nil	Nil
Nursing Sister	9	1	Nil

Consequently, no medical and health care services were rendered by these hospitals during 1999-200.

RBTS Government Homoeopathic Medical College and Hospital, Muzaffarpur was taken over by Bihar Government in 1981 and was recognised by CCH, New Delhi in 1999. The hospital attached to the college had a capacity of 60 beds. As per CCH norm one Deputy Medical Superintendent, four Resident Medical Officers and eight house staff were required to be posted in the hospital but the State Government did not sanction these posts (October 2004). No patient was admitted during 1999-2002 whereas only three and 20 patients were admitted during 2002-2003 and 2003-2004 respectively.

#### **Poor infrastructural facilities in hospitals**

**Lack of infrastructure facilities in Ayurvedic College, Begusarai**

The RBTS Government Ayurveda Hospital, Begusarai was functioning without the facility of "Panchkarma", X-ray, Operation Theatre, Delivery Room, Family Planning and Emergency child welfare unit. Dravyaguna and Ras Shastra Departments were functioning in a single room.

The hospital attached to the Government Tibbi College (Unani), Patna had the building in a dilapidated condition, no electric and water supply and was without bathroom and toilet facilities. The hospital was also without any operation theatre.

Indoor patients were not provided with essential facilities like bed sheets, pillow cover, mosquito net, mattress etc

**Herbal garden was neglected due to lack of fund**

All Ayurvedic Medical College and Hospitals were required to maintain a herbal garden for obtaining raw material for production of medicines as well as study of medicinal plants. It was observed that only the Ayurvedic Medical College, Patna had a three acre herbal garden which was not maintained due to lack of funds. Consequently, no raw material for preparation of medicines was obtained from the garden.

The laboratories for pharmacy of Unani and Ayurvedic medicines were non-functional. In PG Department of the Government Ayurvedic Hospital, Patna bed capacity was not utilized in full during 2000-03. No patient was admitted in the Paediatric, Emergency and Research Departments during 1999-2003.

### **Negligible expenditure on medicines**

Despite availability of funds, most of the hospitals suffered from shortage of medicines and equipment due to their non-purchase as shown below:

**Negligible expenditure on medicines and equipment**

Name of institute	Years	Purpose of allotment	(Rupees in lakh)	
			Amount of allotment	Amount utilised
Government Ayurvedic College, Patna	2000-2001 to 2003-2004	Medicine machine & equipment	1.04 1.85	-
Ayurveda and Unani Medicine Manufacturing Unit	1999-2000 to 2002-2003 1999-2004	Raw material Machine & equipment	6.40 6.40	0.88 0.08
Post Graduate Deptt. Patna	1999-2000 to 2003-2004	Equipment medicine	2.28 0.63	0.41 -
Ayurvedic and Unani Research Unit, Patna	1999-2000 to 2003-2004	Diet Medicine Equipment	1.06 1.50 2.32	- 0.30 -
Ayurvedic Medical College Hospital Begusarai	2001-2002 to 2003-2004	Machine equipment and Material	3.60	-
Total			27.08	1.67

The head of the PG Department stated that the meeting of the purchase committee under Chairmanship of District Magistrate could not be held to finalise the rates.

### **3.4.9 Functioning of dispensaries**

**Inadequate infrastructure facilities in dispensaries**

District joint dispensaries (DJD) and the attached State dispensaries (SD) (sub-divisional level) were under the administrative control of DIMO. Seven District joint dispensaries and 32 State dispensaries out of eight DJD and 36 SD) test-checked in audit were running in private buildings. Only seven State dispensaries had the facility of electricity, nine were provided with water supply and three had toilet facility.

None of the dispensaries was provided with pathological, X-ray and indoor treatment facility. One Unani Dispensary in Muzaffarpur was running without Medical Officer since May 2001.

During 1999-04 out of Rs 10.29 crore, negligible funds (one per cent) were provided to dispensaries for medicine.

The State dispensaries had not maintained any record of the number of outdoor patients treated and details of medicines prescribed.

Shortage of staff and poor infrastructure led to poor functioning of the hospitals and dispensaries defeating the objective of providing medical and health care services to the masses.

#### 3.4.10. Unfruitful expenditure on incomplete / unused infrastructure

Out of Rs 1.25 crore released by the GOI for strengthening of infrastructure in Ayurvedic & Unani Colleges / Pharmacies, expenditure of Rs 73.22 lakh incurred on the facilities was rendered unfruitful due to their non-completion / non-use, as detailed in the table below:

Sl No	Name of the Construction	Amount released (Rs in lakh)	Year of release	Expenditure incurred (Rs in lakh)	Remarks
1	State Ayurvedic & Unani Pharmacy, Patna	75.00	2000-01	25.00	Expenditure of Rs 25 lakh incurred on construction of the pharmacy building at Patna was unfruitful due to its non-completion for want of additional funds of Rs 5 lakh earmarked for it. Another Rs 50 lakh meant for purchase of machines and equipment for the pharmacy was lying unutilized.
2	Hostel building at Government Ayurvedic College, Patna	15.00	2000-01	15.00	The building was lying incomplete for want of additional funds of Rs 15 lakh
3	Hospital building for Government Tibbi College, Patna	10.00	1997-98	10.00	The building taken up for execution in November 2003 was lying incomplete due to paucity of funds.
4	Girls' hostel building in RBTS Homeopathic College, Muzaffarpur	15.00	2000-01	13.32	Hostel building completed in July 2003 was not put to use in the absence of security arrangements and non-fixation of rent by the Government. The balance of Rs 1.68 lakh was not refunded by the executing agency.
5	Computer lab, Government Ayurvedic College Patna	10.00	2001-02	9.90	The computer lab set up in July 2002 was lying unutilized in the absence of trained personnel.
	<b>Total</b>	<b>125.00</b>		<b>73.22</b>	

The balance of Rs 51.78 lakh was lying with the executing agencies.

#### 3.4.11 Conclusions

The ISM&H department failed to provide education in ISM&H as the medical colleges lacked in basic infrastructure facilities and shortage of teaching and non-teaching staff. Medical and health care services in the hospitals were also



poor for want of medical and para medical staff, infrastructure facilities and medicines. Raw materials for preparation of medicines could not be obtained from the herbal gardens due to their non-maintenance.

***Recommendations***

- CCIM/CCH norms for providing infrastructure and manpower need to be followed.
- Adequate funds for medicines and equipment and other infrastructure in hospitals / dispensaries should be provided to improve the quality of health care services.
- Pharmacies and quality control system for Ayurvedic and Unani medicines need to be made functional.
- Proper monitoring systems need to be put in place for effective functioning of the ISM&H.

The points were referred to Government (November 2004); their reply had not been received (February 2005).

## INDUSTRIES DEPARTMENT

### 3.5 FUNCTIONING OF INDUSTRIES DEPARTMENT

#### Highlights

*Financial management in the Industries Department was characterised by weakness in budgetary control procedures as indicated by huge savings, unnecessary drawal of funds without budget provisions etc. The implementation of the industrial development schemes was poorly managed as evident from the cases of unspent funds, misuse and diversion of funds, expenditure on incomplete and abandoned schemes and low employment generation. The department failed to provide essential infrastructural facilities for setting up new industries in the State. Initiatives of the department like mega growth centres and mini growth centres did not bear fruit. The Industrial Park at Hajipur remained a non-starter. The Industrial Area Development Authorities (IADAs) failed to develop industrial estates between 1999 and 2004, as planned out of 1236 entrepreneurs functioning in the allotted plots, 675 entrepreneurs closed their units during 1999-2004.*

**The budget of the department was not based on actual needs. The result was huge savings of Rs 200.02 crore during 1999-2004.**

*(Paragraph 3.5.5)*

**The Director of Industries and the Director of Technical Development irregularly drew Rs 3.11 crore (March 2001 and March 2003) from the treasury to avoid lapse of funds and the entire amount was retained in Civil Deposit since then. Besides, Rs 32.25 crore shown as expenditure under plan schemes were actually lying in the bank accounts of the IADAs and the Industrial Data Bank, Patna.**

*(Paragraph 3.5.6 and 3.5.8)*

**Director of Industries paid Rs one crore to Indian Craft Village Trust, Kolkata in March 1998 for construction of Bihar Pavilion in Kolkata. No construction was carried out by the Trust and the amount was being utilised by the Trust.**

*(Paragraph 3.5.9)*

**Out of 1236 entrepreneurs functioning on land developed by the IADAs, 675 entrepreneurs closed their units during 1999-2004 due to inadequate infrastructure.**

*(Paragraph 3.5.15)*

**Mega Growth Centres could not come up even after a lapse of 12 years due to non-acquisition of land. The Export Promotion Industrial Park at Hajipur also remained a non-starter.**

*(Paragraph 3.5.10 and 3.5.12)*

**Due to poor infrastructure support, the industrial development in the State was far behind the declared policy objectives of the Government. Only 20 per cent of the industrial units were functional in the State. Under the Small Scale Industries sector though the investments increased marginally from Rs 37.24 crore to Rs 46.38 crore during 1999-2003 the employment generation dropped from 15475 to 13622 during the same period.**

*(Paragraph 3.5.20)*

### *Introduction*

The Industries Department has been functioning with a view to establishing and developing a comprehensive network of large, medium, and small scale industries as well as rural artisan based industries in the State. Besides, it has to ensure the effective implementation of State and Centrally sponsored schemes and different rehabilitation schemes for sick and closed industrial units.

The State had introduced the State Industrial Incentive Policy 1993 for five years (upto March 1998) primarily based on cash incentives like subsidy, loan, exemption in sales tax etc. Meanwhile an Industrial Policy was initiated in September 1995 by the Government, which withdrew earlier cash incentives and focused on providing infrastructural facilities to entrepreneurs. However, this policy (1995) was not finally published. After division of the State into Bihar and Jharkhand, the Government felt the necessity of a new industrial policy and launched Industrial Policy 2003 stressing on infrastructural facilities and some reformative steps to facilitate entrepreneurs. In the latest policy Government also identified some thrust industries (e.g. information technology, power generation, bio-technology, export, agro based industries etc.) for special attention.

### **3.5.2      *Organisational set-up***

The Industries Department is administered by the Commissioner-cum-Secretary who is assisted by one Special Secretary, one Joint Secretary, two Deputy Secretaries, one Under Secretary and three Directors<sup>1</sup> at the secretariat level and seven Regional Directors<sup>2</sup> and 27 General Managers in the District Industries Centers<sup>3</sup> (DIC) at the district level.

The Director of Industries is responsible for implementing the Industrial Policy adopted by the government and also in charge of the Single Window System. The Director of Handloom and Sericulture is entrusted with the job of

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<sup>1</sup>      *Director of Industries, Director of Technical Development, and Director of Handloom and Sericulture*

<sup>2</sup>      *Bhagalpur, Chapra, Darbhanga, Gaya, Muzaffarpur, Patna and Saharsa*

<sup>3</sup>      *Ara, Aurangabad, Begusarai, Betiah, Gopalganj, Jahanabad, Khagaria, Katihar, Madhepura, Madhubani, Motihari Munger, Nalanda, Nawada, Purnia,, Rohtas, Samastipur, Sitamarhi, Siwan, Vaishali and including above mentioned seven districts.*

development of handloom and sericulture industries as well as to implement schemes for the welfare of weavers and silk producers. Schemes belonging to Village and Small Industries (VSI) sector were also supervised by him. An Industrial Data Bank (IDB) was functioning under the Director of Technical Development with the objectives of collection, storage and documentation of necessary data required for setting up new industries. Besides, the implementation of the Large and Medium Industries (LMI) sector was also placed under his supervision.

### 3.5.3 *Audit objectives and methodology*

The review of the Industries Department was conducted to ascertain the effectiveness and performance of the department in respect of induction and growth of industries in the State. The audit objective was to assess if the following main functions were carried out with the economy, efficiency and effectiveness.

- Financial management;
- Programme management; and
- Monitoring and evaluation

For the review the auditee units were selected on the basis of budget provision, expenditure and their socio-economic importance in the industrial growth of the State. Audit observations were based on the scrutiny of documents related to Industrial Policies, physical and financial reports on the schemes maintained at the secretariat level as well as the district level offices and implementing agencies.

### 3.5.4 *Audit coverage*

Records relating to formulation and implementation of Industrial Policies were examined in the Secretariat. Budget provision and expenditure of three Directorates were reviewed. At the district level records of three Regional Directorates (Bhagalpur, Muzaffarpur and Patna) and ten District Industries Centres (DICs) <sup>4</sup> were checked during November 2003 to August 2004. The period covered in the test check was 1999-2004.

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<sup>4</sup> Bhagalpur, Begusarai, Darbhanga, Gaya, Muzaffarpur, Madhubani, Nalanda, Patna, Purnea and Vaishali

**Financial management**

Budget provision and expenditure on the establishment and schemes of the Industries department during 1999-04 were as under:-

(Rupees in crore)

Year	Budget provision			Expenditure			Saving		
	Plan	Non-plan	Total	Plan	Non-Plan	Total	Plan	Non-plan	Total
1999-2000	81.93	37.59	119.52	27.65	22.11	49.76	54.28	15.48	69.76
2000-01	52.67	73.08	125.75	15.98	45.84	61.82	36.69	27.24	63.93
2001-02	22.04	31.21	53.25	10.30	17.30	27.60	11.74	13.91	25.65
2002-03	25.48	69.27	94.75	22.74	53.74	76.48	2.74	15.53	18.27
2003-04	28.36	49.43	77.79	12.67	42.71	55.38	15.69	6.72	22.41
<b>Total</b>	<b>210.48</b>	<b>260.58</b>	<b>471.06</b>	<b>89.34</b>	<b>181.7</b>	<b>271.04</b>	<b>121.14</b>	<b>78.88</b>	<b>200.02</b>

(Source: Appropriation Accounts of 1999-2004)

### 3.5.5 Budget prepared on ad hoc basis

**Budget was unrealistic**

It was observed in audit that statements of expenditure, men-in-position and sanctioned strength were not compiled at the secretariat level and budgets were prepared on ad hoc basis leading to huge savings of Rs 200.02 crore during 1999-2004, which was 42.46 per cent of the total budget provision during the five years. The savings of Rs 200.02 crore comprised of savings of Rs 132.20 crore under Revenue head and Rs 67.82 crore under the Capital head.

Government stated (February 2005) that savings were mainly due to cut in plan outlay. It was observed in audit that savings were due to poor spending on schemes and non sanction of schemes by the government.

### 3.5.6 Irregular placing of funds in banks, civil deposits

As per Bihar Treasury Code, no amount should be drawn from the treasury unless required for immediate disbursement. In violation of the codal provision, a sum of Rs 3.11 crore was drawn by the Director of Technical Development (Rs 0.30 crore) and the Director of Industries (Rs 2.81 crore) in March 2001 and March 2003 respectively and irregularly retained in Civil Deposits.

Further, three Directorates drew Rs 64.50 crore from Patna Secretariat treasury for execution of plan schemes during 1999-2004, of which Rs 59.38 crore were drawn in the month of March alone and the amount was kept in demand drafts. Besides, the closing balance of cash at the end of every year (1999-2004) in the three Directorates ranged from Rs 3.98 crore to Rs 11.22 crore indicating that the funds were drawn without immediate need, in total disregard of the codal provisions.



### 3.5.7 *Mismanagement of funds under Single Window Clearance*

Single Window System (SWS) was established in 1994 under the Director of Industries to provide full assistance, information and guidance to entrepreneurs under one roof for establishment of industries. In March 1998, the SWS Unit was converted to a registered society and the Director of Industries was its ex-officio chairman. Director of Industries, Bihar drew Rs 37.48 crore, for implementation of various State and Central schemes, from the Patna Secretariat Treasury and transferred the entire amount to Single Window System during the period from March 1998 to October 2002. The drawal of funds from the treasury were made mainly to avoid lapse of budgeted funds of the respective years. Out of this, the society disbursed Rs 34.56 crore to various executing agencies (DICs, Industrial Area Development Authorities, State owned Corporations etc.) and the balance of Rs 1.54 crore remained deposited in the Personal Ledger Account of the Director of Industries since October 2002. No permission was obtained to open the PL Account from the Accountant General (A&E), Bihar. As of March 2004 a sum of Rs 0.65 crore was lying in the Bank accounts of the society. Thus, the drawal of funds from treasury without immediate need, transfer of Government funds to a society outside the Government Account and retention of scheme funds in the Bank accounts of the society were irregular.

### 3.5.8 *Plan funds transferred to autonomous bodies remained unutilised*

A sum of Rs 32.25 crore shown as spent under various plan schemes actually remained unutilised with the IADAs, Patna (Rs 6.99 crore), Darbhanga (Rs 7.87 crore), Muzaffarpur (Rs 14.77 crore) and Industrial Data Bank, Patna (2.62 crore). These amounts were lying in various bank accounts of these bodies as of 31 March 2004.

### 3.5.9 *Misutilisation and diversion of funds*

Director of Industries, Bihar drew (March 1998) Rs one crore for construction of Bihar pavilion in Kolkata by Indian Craft Village Trust (ICVT) Kolkata. The trust in turn invested the amount in fixed deposits in the Standard Chartered Bank. Even the Government did not take up with the Trust the issue of non-construction of the pavilion and misutilisation of State funds. The Government stated (February 2005) that on verification the Joint Director of the Department found (July 2004) that no construction work was started and that the department had requested the ICVT, Kolkata to return the amount with interest.

Further, Director of Industries drew Rs 3.50 crore (March 1995: Rs 2.00 crore; March 1999: Rs 1.50 crore) for assistance to Khadi Gramodyog Board for rebate on sale of Khadi. However, Rs 1.75 crore were disbursed to Khadi Gramodyog Board as of August 2004 and the balance of Rs 1.75 crore misutilised during May 1999 to April 2000 on contingent and miscellaneous payments (Rs 49.04 lakh), payment of municipal taxes of Khadi Gramodyog Board building at Patna (Rs 19.42 lakh), and repayment of loans to Industrial Development Bank of India (Rs 1.06 crore) to discharge liabilities of Bihar



Drug and Chemical Limited for which the Government was a guarantor. The department's reply (February 2005) that out of Rs 3.50 crore, Rs 2.43 crore were disbursed for rebate and Rs 1.09 crore deposited in PL account was not accepted because they did not furnish details of expenditure of Rs 2.43 crore on rebate or the supporting documents showing deficit of Rs 1.09 crore in PL account.

### Programme management

To extend and strengthen the process of industrialisation in the State, various State and Centrally sponsored schemes (including PMRY) were being implemented during 1999-04 by the Industries Department. These schemes were in the Large and Medium Industries (LMI) sector as well as the Village and Small Industries (VSI) sector.

The implementation of the schemes suffered from improper planning and delivery mechanism. On examination of the records in respect of implementation, deficiencies like non-functioning of schemes, abandonment of schemes, low achievement of targets, non co-ordination among the different organs of the department etc. were noticed. The scheme wise deficiencies are discussed in the succeeding paragraphs.

#### 3.5.10 Mega Growth Centres

None of the MGCs were functional due to incomplete infrastructure

This Centrally Sponsored Scheme was launched to develop five<sup>5</sup> centres in the State for establishing various industries at one place with adequate infrastructural facilities (*Appendix-XXXII*). The scheme was to be executed through respective Industrial Area Development Authorities (IADAs). The scheme was sanctioned during the Eighth Five Year Plan (1992-97) at an estimated cost of Rs 30 crore each to be funded by GOI (Rs 10 crore) and State Government (Rs 5 crore). The remaining resources of Rs 15 crore were to be raised by IADA through loans from financial institutions (Rs 4 crore), banks (Rs 1 crore) and market borrowings (Rs 10 crore).

It was noticed that out of Rs 21.13 crore (Central: Rs 7 crore and State: Rs 14.13 crore received by the three IADAs Patna, Muzaffarpur and Darbhanga) for development of mega growth centres only 817 acres of land out of targeted 3645 acres could be acquired for two centres (Bhagalpur and Begusarai) at a cost of Rs 13.48 crore (including cost of development of site). There was no progress in developing the centres at Darbhanga, Chapra and Motipur-Muzaffarpur due to non-acquisition of land. The IADAs failed to mobilise resources from financial institutions, banks and market borrowings. Thus none of the targeted five centers could be completed even after a lapse of 12 years as of March 2004. In their reply department stated (February 2005) that the process of land acquisition was in progress.

IADAs at Chapra and Muzaffarpur spent Rs 19.28 lakh as of March 2004 on pay and preparation of project report etc. which were not related to

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<sup>5</sup> Bhagalpur, Begusarai, Muzaffarpur, Chapra and Darbhanga

development of the centers and allotment of land. In their reply (February 2005) the department informed that process of acquisition of land for MGCs at Darbhanga, Chapra and Motipur were in progress and that steps were being taken for infrastructure development on land acquired for MGCs at Begusarai and Bhagalpur.

### 3.5.11 Mini Growth Centres

This Centrally Sponsored Scheme of six mini growth centres was launched in 1986-87 at an estimated cost of Rs six crore each to be shared equally by GOI, State Government and the Industrial Development Bank of India (IDBI). Additional cost if any was to be borne by the State Government. Under the scheme four mini growth centres<sup>6</sup> were to be set up by IADA, Patna and two centres<sup>7</sup> by IADA, Darbhanga. But none of the mini growth centres was functional as of July 2004. IADAs failed to mobilise resources from IDBI as envisaged in the scheme. Despite availability of funds for setting up centres at Nalanda and Saharsa, no amount was spent as of March 2004. However the mini growth centres of Giddha (Bhojpur) and Aurangabad that accounted for expenditure of Rs 6.05 crore were partially activated. In their reply, the department stated (February 2005) that Mini Growth Centres at Purnea was fully functional and the scheme at Saharsa had been dropped. However records relating to the functioning of Purnea centre, requisitioned in August 2004, were not made available to audit. Details of the schemes are given in *Appendix XXXIII*.

### 3.5.12 Export Promotion Industrial Park (EPIP)

This Centrally Sponsored Scheme (sanctioned 1993) aimed to construct an Industrial Park at Hajipur to encourage export oriented industries in the State at an estimated cost of Rs 11.50 crore which was revised to Rs 14.92 crore (February 1999). The cost was to be shared by the Central and the State Government in the ratio of 75:25. The park was to provide stall and infrastructure facilities to entrepreneurs. The work was to be completed by the Bihar State Export Corporation (BSEC). It was noticed that out of Rs 14.92 crore (Central share : Rs 10.00 crore; State share : Rs 4.92 crore) Rs 12.91 crore (Central share : Rs 8 crore and State share: Rs 4.91 crore) were paid during 1999-2003 to BSEC for the work. But the construction of roads, tube wells, water tower, storm water drainage, boundary walls, effluent discharge pipeline, common facility building and health centre were still incomplete after incurring an expenditure of Rs 11.81 crore (upto Feb 2004).

**Scheme could not attract entrepreneurs**

Further as per GOI guidelines, the element of Central grants was to be excluded for working out the sale price or rent for allotment of plots/sheds in order to make the scheme attractive to the entrepreneurs. On the contrary, State Government fixed the sale price of plots and sheds taking into account the element of Central assistance. Incomplete infrastructure facilities and unattractive pricing made the scheme unviable. As a result, against the target

<sup>6</sup> Giddha in Bhojpur, Aurangabad, Khagaria, Nalanda

<sup>7</sup> Purnea and Saharsa

of 55 only 15 entrepreneurs applied for shed/plots as of March 2004 and only three plots could be allotted to three entrepreneurs. The prospect of the project was bleak as its nodal agency i.e. BSEC had gone into liquidation in May 2004. In their reply department stated (February 2005) that the Bihar Industrial Area Development Authority (BIADA) was appointed nodal agency for completing the remaining work and the matter had been taken up with the BSEC/State Government and Central Government to sort out the issue.

### **3.5.13 Critical Infrastructure Balance (CIB) Scheme**

This Centrally Sponsored Scheme (funded equally by the State and the Central Government) envisaged development of infrastructure facilities surrounding the Export Promotion Industrial Park at Hajipur at an estimated cost of Rs 9.83 crore sanctioned during 1999-2000 and targeted to be completed in two years i.e. by 2001-2002. Meanwhile the estimated cost of the scheme was revised and reduced to Rs 3.91 crore. The Central Government released Rs 99.81 lakh in 2000-2001 but the work could not be started then due to the failure of State Government to provide matching grant.

In 2001-03 Rs 96.95 lakh was paid to Bihar State Export Corporation for development of industrial park at Hajipur. In 2002-03 Rs 54.66 lakh was paid to Bihar State Water Board for drainage of water logged areas and in 2002-03 Rs 77.31 lakh was given to Road Construction Department for widening of Hajipur Jandaha road. Neither the Road Construction Department nor the Water Board had completed the works as of August, 2004 and the funds provided to Bihar State Export Corporation (Rs 96.95 lakhs) had proved unfruitful as the BSEC did not carry out any work with the funds and in the mean time had gone into liquidation (May 2004).

### **3.5.14 Prime Minister Rojgar Yojana (PMRY)**

**Ineffective  
implementation of  
PMRY**

PMRY was being implemented through the DICs. The scheme was started with a view to providing training to new entrepreneurs and arrange loan from banks to help them in self employment. During 1999-04 the scheme had a target of providing self employment to 72449 through bank loans but only 24985 (34 per cent) persons were benefitted under the scheme. The shortfall was due to the fact that the entrepreneurs failed to meet the terms and conditions of bank and there was delay in sending recommendations by the DICs to banks.

### **3.5.15 Industrial Areas/Estates (IAEs)**

**Fifty five per cent  
entrepreneurs closed  
their units in IADA.**

This State funded scheme was started (1972-76) with a view to providing infrastructural facilities like water and power supply, effluent treatment, telecommunication, industrial housing, common facilities etc. in selected areas of the State. Under the scheme 44 IAEs (Patna-21, Muzaffarpur-8 and Darbhanga-15) were identified for development and the execution of the schemes was entrusted to respective Industrial Area Developmental Authorities (Patna, Muzaffarpur and Darbhanga). But none of the three IADAs could develop any plot or shed during the period 1999-2004. However it was noticed that out of 1236 entrepreneurs (who were functioning on the land

developed by the IADAs prior to 1999), 675 entrepreneurs had closed their units as of March 2004.

In IADAs Darbhanga and Muzaffarpur, 178 acres of land valued at Rs 10.08 crore remained unallotted (December 2004).

Out of 454 acres of land acquired for Industrial Estate, Ramnagar, Government allotted 25 acres of land in 1993 for mulberry farm and transferred 60 acres to Charwaha Vidyalaya in 1993 instead of developing them for entrepreneurs.

### **3.5.16 Publicity and Publication Scheme**

This State funded scheme was initiated (1999) with a view to attracting entrepreneurs (from outside and within the State) through publicity of Government programmes. Bihar State Credit and Investment Corporation (BICICO) was provided Rs 95 lakh (between March 1999 and May 2003) for implementing the scheme. Out of Rs 95 lakh, Rs 61.20 lakh were spent (March 2001) for which vouchers were not produced to Audit. The balance of Rs 33.80 lakh was diverted and spent on survey work of software technology park (Rs one lakh), Bhojpuri conference at Mauritius (Rs 2.70 lakh) and meeting staff cost and contingent expenditure of BICICO (Rs 30.10 lakh), which had no connection with publicity and publication for industrial development.

### **3.5.17 Non-submission of utilisation certificate**

Government made available (1999-2004) an amount of Rs 10.89 crore to the Chief Executive Officer, Khadi Gramodyog Board, Patna to meet the establishment cost of the Board but utilisation certificate for the amount was not obtained by the Director. He did not also obtain utilisation certificates for Rs 26.92 lakh made available to eleven others Board, Corporations and Government Companies and Undertakings as loan in 2001-02 for updating their accounts which had been in arrears from two to 11 years.

It was noticed that Rs 30.15 lakh were paid to six cooperative societies and the Bihar State Export Corporation (BSEC) as assistance for development of marketing of handloom products under project package schemes during 1998-2002 but the department failed to obtain utilisation certificates as of March 2004 from the societies and the BSEC.

### **3.5.18 Infructuous expenditure**

Two processing units of raw handloom products situated at Darbhanga (Dying and Finishing Plant) and at Biharsharif (Central Processing Unit) closed in 1997-98. The department had, however, incurred expenditure Rs 1.46 crore on pay and allowances of the idle staff in these processing units during 1999-2004.

**Expenditure of  
Rs 1.46 crore on idle  
staff**

### 3.5.19 Internal Audit

Internal audit of the Industries department had not been conducted by the Finance Department of the State Government. One post of Accounts Inspector had been sanctioned but even that post was vacant during 1999-2004.

### 3.5.20 Impact analysis

Due to poor infrastructure support, industrial development in the State was far behind the declared policy objectives of the Government. Only 20 *per cent* of the industrial units were functional in the State. Under the Small Scale Industries sector though the investments increased marginally from Rs 37.24 crore to Rs 46.38 crore during 1999-2003 the employment dropped<sup>8</sup> from 15475 to 13622 during the same period.

The contribution of the manufacturing sector to the Gross State Domestic Product of the State during 2000-2004 was merely three *per cent* as shown below:

Year	Manufacturing Sector*	Total GSDP**	Percentage
	(Rupees in crore)		
2000-01	1362	49383	3
2001-02	1499	50987	3
2002-03	1561	56688	3
2003-04	1617	59862	3

Source of information: \*GSDP at factor cost by industry of origin of Bihar at constant prices (1993-94)

\*\*Chapter I of Audit Report (2003-04), Government of Bihar

### 3.5.21 Conclusions

The Industries department failed to provide adequate infrastructure facilities to promote industrialisation of the State. The implementation of developmental schemes in respect of industries were suffering from lack of proper planning, misutilisation and diversion of funds and absence of monitoring by the department. Thus the department could not achieve any noticeable growth in development of industries or in employment generation.

### Recommendations

- IADAs need to formulate a clear strategy for speedy development of land acquired for use of entrepreneurs.



- The policy regarding investments in mega and mini growth centres may be reviewed in view of the lack of interest of the financial institutions.
- The Industrial Park at Hajipur should be provided with proper infrastructure facilities to attract entrepreneurs.
- There is a clear need for devising a strictly time bound approach for implementation of various infrastructure development schemes.

The points were referred to Government (September 2004); their reply was received (February 2005) and incorporated in this review.



# **CHAPTER-IV**

**Audit of Transactions  
containing the following:**

- 4.1 Fraudulent drawal/ misappropriation/ embezzlement/ losses**
- 4.2 Infructuous/ wasteful expenditure and overpayment**
- 4.3 Avoidable/ excess/ unfruitful expenditure**
- 4.4 Idle investment/ idle establishment/ blockage of funds**



## CHAPTER-IV

### AUDIT OF TRANSACTIONS

#### 4.1 Fraudulent drawal/misappropriation/embezzlement/losses

#### RURAL DEVELOPMENT DEPARTMENT

##### 4.1.1 Misappropriation of Government money

***Misappropriation of Rs 2.54 lakh besides adjustment of advances without supporting vouchers for Rs 19.08 lakh due to inadequate supervisory control.***

Rule 86 of Bihar Treasury Code Vol. I provides that every Government servant receiving money on behalf of Government is required to maintain a cash book to record all money transactions as soon as they occur and every entry in the cash book should be attested by the head of the office. The cash book should be closed and balanced each day. The head of the office should verify the totals of the cash book, physically verify the cash balance and record a certificate to that effect at the end of each month.

Test check of records of Block Development Officers (BDOs) Phulwarisharif (October 2003) and Forbesganj (February/May 2004) disclosed that these codal provisions were not followed by the BDOs which facilitated misappropriation of Rs 2.54 lakh and adjustment of advances without supporting vouchers for Rs 19.08 lakh as detailed below:

Name of office	Amount (Rs in lakh)	Period	Remarks
BDO Phulwarisharif	1.82	1999-2003	Miscellaneous receipts collected during 1999-2003, were not accounted for in cash book.
BDO Forbesganj	0.72	2003	The balance of advances forming a part of the closing cash balance as on 31 March 2003 was carried forward (on 1 April 2003) short by 0.72 lakh.
BDO Forbesganj	18.05	1999	Though the advances were adjusted, supporting vouchers were not available
	1.03	2001	
<b>Total</b>	<b>21.62</b>		

The BDO Phulwarisharif stated (September 2004) that the cashier had been directed to deposit the miscellaneous receipts of Rs 1.82 lakh. No reply was received from the other BDO. However, disciplinary action should have been taken against the defaulting cashier and BDO as the Drawing and Disbursing Officer. The matter was referred to Government (May 2004): reply had not been received (February 2005).

## ROAD CONSTRUCTION DEPARTMENT

### 4.1.2 Doubtful execution of work

***Payment of Rs 1.14 crore was made for two different works both involving filling up boxes with road materials, brickflat soling etc. when even earth work excavation for box cutting was only partly done.***

(i) The work of widening and strengthening of 34 Km Dulhin Bazar-Rani talab-Pali Kinzar road of Patna district was given administrative approval for Rs 5.15 crore and technical sanction for Rs 4.12 crore (May 1998) by the Chief Engineer, Central Design Organisation, Road Construction Department. The work was divided in three groups and tendered in December 1998. It was allotted to three agencies for Rs 4.62 crore for completion between August 1999 and February 2000. The work of the first group was completed and the works allotted to two other groups (from 9 to 20 Km valued at Rs 1.54 crore and from 21 to 32 Km valued at Rs 1.74 crore) were incomplete as of February 2004.

As per technical specification, the road was to be widened by 1.83 metre (from 3.05 to 4.88 metre) and earth work involving excavation for cutting boxes was to be carried out for facilitating laying of sand and other road materials. Laying of road material in boxes and filling of earth in the remaining vacant area was to be done simultaneously for compacting the filled area with road rollers.

It was noticed (February 2004) that the second agency completed only up to 46 per cent of earth work against the estimated quantity, but 97 per cent of the estimated quantity of sub-base and brick flat soling was executed. The laying of stone metal grade SMG II & SMG III was also executed to the extent of 96 to 115 per cent of the estimated quantity. Likewise, the third agency completed earth work involving excavation only up to 39 per cent while the work of sub-base, brick flat soling and laying of SMG II & SMG III was executed to the extent of 92 to 112 per cent of the estimated quantity.

As the required quantity of earth work was not done by the two agencies and the earth work of filling was not done, the work of providing sub-base, brick flat soling and laying of stone metals was disproportionately high and, in fact, would not really have been possible. However, Rs 87.60 lakh (Rs 46.11+41.49 lakh) were paid (March 2001) to the two agencies for these items of work. Further, as the compaction of earth as well as road material was not done before preparation of water bound macadam and the required earth filling of excavated earth was not carried out, the work as shown by the two agencies from 9 to 32 Km at a cost of Rs 2.10 crore (March 2001) would necessarily be sub-standard.

The Executive Engineer in reply stated (June 2004) that widening of road was to be done by 0.915 meter in both sides of the road and therefore box cutting was done for 0.915 meter in both sides. The reply is not tenable as technical specification required box cutting of a width of 2.15 meter since for the



purpose of compaction of the road by road-rollers, width of 2.15 metre is required.

(ii) A similar work of widening and strengthening of Masaurhi-Pitmas-Naubatpur-Khagaul road was technically sanctioned (June 1998) for Rs 3.27 crore by the Chief Engineer, Central Design Organisation, Road Construction Department, Patna. The work was tendered in April 1999 and awarded (September 2000) to three agencies for Rs 3.65 crore. The work falling between 11 and 21 Km from Masaurhi end was allotted to an agency for Rs 1.42 crore for completion by November 2001. As per the technical specification the road was to be widened from 3.65 metre to 5.5 metre by excavating earth (16125 cu.m.) for cutting boxes and filling these with road materials (sand, bricks, stone metal grade (SMG) II and III). The vacant excavated area was to be filled with the earth excavated. Filling of materials as well as earth was to be done simultaneously to enable compaction of the filled area.

It was noticed in February and May 2004 that work of preparation of sub-base, brick flat soling and laying of stone aggregates of different sizes was done up to 91 to 97 per cent, while excavation of earth was done only up to 44 per cent of the quantity specified in the technical sanction. As no work of laying sub-base and stone aggregate can take place without excavating earth, the work beyond 44 per cent shown as completed in respect of excess sand filling, Jhama brick flat soling, SMG-II and SMG-III valued at Rs 26.66 lakh was not possible. Thus the execution of widening of road valued at Rs 26.66 lakh as well as payment therefore was doubtful.

Besides, as the rolling of the earth and stone aggregates was not carried out at the time of preparation of water bound macadam and the boxes excavated in the widened portion of the road was not filled with excavated earth, the entire work completed at a cost of Rs 89.76 lakh was sub-standard.

The payment of Rs 26.66 lakh for doubtful execution of work and substandard execution of road work valued at Rs 89.76 lakh required investigation.

The Executive Engineer in reply stated (June 2004) that widening of road was to be done by 0.915 meter in both sides of the road and therefore box cutting was done for 0.915 meter in both sides. The reply is not tenable as technical specification required box cutting in width of 2.15 meter to ensure compaction through road rollers.

The matter was referred to the Government (May 2004); their reply had not been received (February 2005).

## RURAL DEVELOPMENT DEPARTMENT

### 4.1.3 Misappropriation and non-accounting of Government money

**Failure of BDO Chakia to comply with the codal provisions relating to maintenance of Cash Book resulted in misappropriation of Rs 45.99 lakh and non-accounting of Rs 1.02 crore.**

Rule 86 of Bihar Treasury Code Vol. I provides that every Government servant receiving money on behalf of government is required to maintain a cash book to record all money transactions as soon as they occur and every entry in the cash book should be attested by the head of the office. The cash book should be closed and balanced each day. The head of the office should verify the totaling of cash book and physically verify the cash balance and record a certificate to that effect at the end of each month.

Audit had pointed out (January 2002) during test check of cash book and other relevant records of the Block Development Officer (BDO), Chakia (East Champaran), suspected misappropriation of Rs 13.30 lakh of cash and non-production of unadjusted vouchers and temporary advance registers. The matter was brought to the notice of the District Magistrate (DM), Motihari, by the BDO, who constituted (March 2002) a Committee headed by the Director, Accounts, Administration and Self Employment, Motihari.

The Committee did not submit any report. The DM Motihari subsequently constituted (June 2002) another Committee headed by Deputy Collector, Land Reforms, Chakia which reported (June 2002) that against closing cash balance of Rs 1.48 crore in 36 subsidiary cash books (as on 11 February 2002) Rs 1.02 crore only were available indicating misappropriation of Rs 45.99 lakh.

Audit scrutiny further revealed (May 2004) that the subsequent cash book with effect from 27.03.2002 was operated with nil opening cash balance without carrying forward the physically verified cash balance of Rs 1.02 crore resulting in non-accountal of cash to that extent. The amount had not been accounted for in the cash book (May 2004).

An F.I.R. (August 2002) was lodged against the ex-BDO and Cashier with the Police for misappropriation of 45.99 lakh. No further action was taken in the matter.

Misappropriation of Rs 45.99 lakh and non-accountal of Rs 1.02 crore needed investigation by Government for fixing responsibility and deterrent action against the guilty officials.

The matter was referred to the Government (July 2004); their reply had not been received (February 2005).

#### 4.1.4 Misappropriation, short accountal and irregular booking of expenditure

**Non maintenance of cash book and other account records led to misappropriation, short accounting and irregular booking of expenditure aggregating Rs 64.65 lakh.**

Rules provide that every Government servant receiving money on behalf of Government is required to maintain a cash book to record all monetary transactions as soon as they occur and every entry in the cash book should be attested by the head of the office. The cash book should be closed and balanced each day. At the end of each month he should physically verify the cash balance and record a certificate to that effect.

During test check (March, May 2004) of the cash books and other relevant records of Block Development Officer (BDO) Sonapur, the following was observed:

- Rs 0.74 lakh collected between March to December 2002 by the cashier on account of commission from Panchayats and recovery of excess payment of leave encashment dues were not accounted for in the general cash book nor deposited in treasury as of May 2004.
- Against the receipts of Rs 6.96 lakh on 4 January 2003 shown in the subsidiary cash book of Integrated Rural Development Programme (IRDP), Rs 2.71 lakh only were carried over to the general cash book. This resulted in short accounting of Rs 4.25 lakh in the general cash book.
- Rupees 40.70 lakh were charged off from the cash book during the period March 2002 to March 2003 on account of petty payments for which vouchers were not available.
- In the break up of the closing balance as on 31 March 2004 in the general cash book, Rs 18.96 lakh were shown as advance to the various departmental functionaries. Sanction to the payment of advances and acknowledgement of the payees were not on record.

Thus, inadequate control over maintenance of cash book and related records led to misappropriation, short accounting and irregular expenditure aggregating Rs 64.65 lakh.

The matter was referred to the Government (July 2004); their reply had not been received (February 2005).

**RURAL DEVELOPMENT DEPARTMENT**

**RURAL ENGINEERING ORGANISATION**

**4.1.5 Non-accountal of Government money**

***Non-observance of correct procedure and inadequate control over advance payments led to non-accountal of Rs 10 lakh.***

Scrutiny of the records of Executive Engineer (EE) REO Division, Sheikhpura revealed (November 2003) that Rs 67.59 crore were received by the EE from Deputy Development Commissioner, Sheikhpura and Lakhisarai during January 2000 to July 2001 for execution of works under different schemes\*. The amount was kept in savings bank account instead of being deposited in treasury under civil deposit as required under the rules.

Out of 67.59 crore received by the Division, Rs 14.18 lakh were to be credited to Government on account of royalty on stone aggregates. The amount was, however, shown in the cash book as advanced to Assistant Engineers (AEs), Sheikhpura and Barbiga during May 2000 (Rs 13.77 lakh) and October 2001 (Rs 0.41 lakh) as temporary advance for execution of departmental works. The SDO Sheikhpura in his cash book, however, accounted for (October 2001) Rs 3.77 lakh only and submitted adjustment accounts for the amount. The remaining Rs 10 lakh were not accounted for in the cash book and the SDO denied receiving the amount.

Thus non-observance of financial rules and inadequate control over advance payments resulted in diversion of departmental receipts for expenditure and non-accountal of Rs 10 lakh.

The Secretary to Government REO, Rural Development Department directed (February 2005) the Superintending Engineer REO (W) Circle, Bhagalpur to investigate into the matter personally and report immediately. Further progress in the matter was awaited (February 2005).

**4.2 Infructuous/wasteful expenditure and overpayment**

**RURAL DEVELOPMENT DEPARTMENT**

**4.2.1 Infructuous expenditure on construction of pump houses**

***Failure of BDO, Paraiya to ensure timely completion of pump houses led to infructuous expenditure of Rs 87.03 lakh.***

Scrutiny of records revealed (December 2003, May 2004) that Block Development Officer (BDO), Paraiya, Gaya received Rs 89.25 lakh (January 1997 to June 2003) from the District Rural Development Agency (DRDA),

\* MPLAD, MLA/MLC schemes, Sunishchit Rojgar Yojana (SRY) etc.

Gaya for the execution of 50 community tube well lift irrigation projects under the Million Wells Scheme.

Deputy Development Commissioner-cum-Chief Executive Officer (DDC-cum-CEO) ordered (November 1996) the work (supply, drilling, installation, energisation of tube wells/generators/pumps) to be completed without any advance payment. The pump houses were to be constructed by the beneficiaries. Payments to the agencies and the beneficiaries was to be made by the BDO after energisation of tube wells and discharge of water at the rate of 5000 gallons per hour and after certificate to that effect was issued by the Assistant Engineer, National Rural Employment Programme (NREP) and the BDO. The projects were taken up at 50 sites in 28 villages during 1997-98 and 1998-99 to be completed by June 1997 and June 1998.

In disregard of the stipulations under the scheme, the BDO, Paraiya advanced Rs 1.07 crore to suppliers/ beneficiaries between January 1999 and June 2003. It was noticed that out of 50 tube wells and 50 pump houses only nine tube wells and nine pump houses constructed (May 2004) at a cost of Rs 20.25 lakh were functional and 41 tube wells were non-functional due to incomplete pump houses as of May 2004. This resulted in infructuous expenditure of Rs 87.03 lakh on incomplete works besides depriving the community of the irrigation facility.

The matter was referred to Government (June 2004); their reply had not been received (February 2005).

## WATER RESOURCES DEPARTMENT

### 4.2.2 *Infructuous expenditure on canal work*

***The work was taken up without proper planning for ensuring availability of fund and resulted in infructuous expenditure of Rs 1.77 crore on incomplete works.***

Based on tenders invited (May 1997, August 1998 and January 1999) by the Executive Engineer, Batane Head Works Division, Hariharganj, Camp-Amba, the Chief Engineer, Aurangabad allotted (May 1997 to January 1999) the work of renovation of Batane right canal at a cost of Rs 3.69 crore to 30 agencies (5+8+17) for increasing irrigation potential from 0.06 lakh hectares to 0.09 lakh hectares. The work included construction of aquaduct, cross drainage and Bhaluary distributory for completion by March 2000.

The work in stretches falling between chain 00 and 492 could not be carried out due to appearance of hard rocks and non-provision for carriage of earth by mechanical means in the agreement. The Government approved (November 2000) a revised estimate of Rs 0.78 crore for incremental earth work (from 25,755 cum to 1,14,533 cum) and carriage with the direction to the Chief Engineer to float tenders for the work. However, tender was not invited as of January 2004 due to lack of funds.

Audit scrutiny (August 2002) and further information collected revealed that the agencies abandoned the work (March 2001) due to lack of funds after receiving payment of Rs 1.77 crore. Thus the work taken up without proper planning and without ensuring availability of funds resulted in infructuous expenditure of Rs 1.77 crore on incomplete works. The intended objective of increasing irrigation potential by 0.03 lakh hectares was also not realized.

The matter was referred to Government (May 2004); their reply had not been received (February 2005).

## DEPARTMENT OF SECONDARY, PRIMARY AND ADULT EDUCATION

### 4.2.3 Overpayment of salaries

***Failure of DSE, Buxar to abolish existing provisions of time bound promotions of primary and middle schools teachers, as decided by Government, resulted in overpayment of Rs 46.01 lakh.***

The Government decided (February, 1999) to abolish the existing provision of time bound and selection grade promotions for its employees with retrospective effect from 1st January 1996. Accordingly the Department of Secondary, Primary and Adult Education issued (July 2003) instructions to cancel the time bound and selection grade promotions allowed to the teachers of Rajkeeyakrit Schools after 31 December 1995 and to fix their pay in the lower or basic grade. Pay and allowances paid in excess was to be recovered from them. However the District Superintendent of Education (DSE), Buxar sanctioned time bound and selection grade promotions to 436 teachers of Rajkeeyakrit middle and primary schools through 20 orders between December 2002 and July 2003 effective from April 1997 to December 2000.

Scrutiny of Service Books and Acquittance Rolls of 416 out of 436 teachers made available to audit showed (January and May 2004) that 416 teachers to whom time bound and selection grade promotions were sanctioned, continued to draw pay in the higher grade as of February, 2004. As a result excess payment of Rs 46.01 lakh on pay and allowances was made to these teachers by the DSE, Buxar during April 1997 to February 2004. The recovery of excess payment was not made as of June, 2004. Service books of these teachers were also not sent to Finance Department or the District Establishment Committee for verification of fixation of pay on time bound promotions as required under instructions of the Finance Department.

Thus due to unauthorised promotions of teachers of primary and middle schools and wrong fixation of pay in the time bound and selection grade, the DSE, Buxar had made overpayment of Rs 46.01 lakh.

On this being pointed out in audit, the matter was discussed in the District Education Establishment Committee, which decided (January 2004) to stop further payment in higher grade to teachers and a reference was made to Government (February, 2004) for direction to recover the excess amount paid.



The matter was referred to the Government (July 2004); their reply had not been received (February 2005).

### 4.3 Avoidable/excess/unfruitful expenditure

#### LAW DEPARTMENT

##### 4.3.1 *Unauthorised payment to irregularly appointed staff*

***Irregular continuation of 124 temporarily appointed staff over the years in the District Court Nawada resulted in unauthorised payment of Rs 4.05 crore.***

Rule 80 of Bihar Financial Rules Vol. I stipulates that no permanent or temporary posts under the Government could be created without the sanction of the Government and the payment of salary and allowances to the staff in excess of sanctioned strength was not permissible.

Scrutiny of records of the District and Sessions Judge (DSJ), Nawada revealed (January 2004) that in addition to the posts of 25 Clerks, 3 Stenos, 21 Peons, 1 Daftari and 5 Drivers sanctioned by the Law Department, Government of Bihar, posts of 59 Clerks, 12 stenos and 53 peons were created and filled between March 1984 to June 1998 by the DSJ, Nawada on temporary basis for one year and allowed to continue over the years without sanction of the Government.

However, the DSJ, Nawada took up (August, 2000) the matter with the High Court, Patna for obtaining the sanction of the Government to regularise 124 posts of additional staff. The High Court, Patna, in turn asked him (August 2000) to explain the reasons under which these posts were used and staff were appointed without the sanction of the posts by the Government. The DSJ, Nawada did not furnish any explanation to the High Court as of April 2004.

Thus unauthorised continuation of 124 temporarily appointed staff over the years resulted in unauthorised payment of Rs 4.05 crore on their pay and allowances during 1999-2004.

The matter was referred to the Government (May 2004); their reply had not been received (February 2005).

## DEPARTMENT OF SECONDARY, PRIMARY AND ADULT EDUCATION

### 4.3.2 Avoidable payment of grants

***Failure of BSSB to derecognise 86 ineligible Sanskrit Schools in time resulted in avoidable payment of salary of Rs 6.80 crore to their teaching and non-teaching staff.***

Scrutiny of records of Director of Secondary Education, Bihar, Patna and Bihar Sanskrit Siksha Board (BSSB), Patna showed that 429 non-government Sanskrit schools recognised before 1981 were taken over (December 1989) by the State Government. Salaries of teaching and non-teaching staff of the taken over schools were paid out of grants received from the government.

Verification of the status of these schools by the District Magistrates/Deputy Development Commissioners of 13 districts<sup>1</sup> between 1989 and 1995 revealed that 86 schools did not fulfill the mandatory conditions (availability of land building, number of students, library etc.) for recognition of Sanskrit schools. Consequently the State Government stopped (November 1995) payment of grants to these schools with effect from December 1989. As a result teaching/non-teaching staff of those schools did not get their salaries thereafter.

The High Court of Judicature at Patna ordered (August 2000) in a case filed (1999) by the affected staff that they were entitled to salaries till the schools were derecognised by the BSSB. The BSSB derecognised 86 Sanskrit schools in June 2002 and accordingly the State Government sanctioned (March 2003) Rs 6.80 crore to the BSSB for payment of salaries to staff of the schools through District Education Officers for the period from December 1995 to 15 June 2002. Payments were made to the teachers during 2003-04.

Had the BSSB derecognised the schools in 1995 itself when it was already clear that they did not fulfill the mandatory conditions like availability of land, building, etc., the payment of grants amounting to Rs 6.80 crore could have been avoided. Even if the BSSB issued the orders for derecognition in August 2000, as soon as the High Court had passed the judgement, an amount of Rs 1.94 crore being the salary for the period from September 2000 to June 2002 could have been saved.

The matter was referred to the Government (May 2004); their reply had not been received (February 2005).

<sup>1</sup> Banka, Bhagalpur, Bhojpur, Darbhanga, East Champaran, Gaya, Jahanabad, Madhubani, Muzaffarpur, Nalanda, Patna, Saran and Sheikhpura.

## HOME (JAIL) DEPARTMENT

## 4.3.3 Unfruitful expenditure on health care equipment

*Improvement in health care of prisoners could not be ensured as equipment valued at Rs 45.70 lakh were either not utilised or only occasionally utilised due to lack of basic infrastructure.*

The Tenth Finance Commission recommended (1995) modernisation of jails in order to improve health care of prisoners in their hospitals and dispensaries. The Inspector General of Prisons placed (November and December 1999) supply orders (value : Rs 77.45 lakh) on six Patna based firms and one Gaya based firm for supply of radiological, pathological and surgical equipment to 19 jails at their tendered rates. The firms supplied these equipment between February and April 2000 and payment was made by the Jail Superintendents (December 1999 - June 2000).

During test-check (December 2003) of records of 11 jails, it was noticed that there was no basic infrastructure like dark room, laboratory, three phase electric connection etc. and technician for X-ray or laboratory. As a result, equipment valued at Rs 28.06 lakh supplied to 11 jails<sup>1</sup>, were not put to use. In four jails (District Jails Ara, Begusarai, Samastipur and Special Central Jail, Bhagalpur) equipment (X-ray machine and accessories) valued at Rs 17.64 lakh were used only occasionally.

Scrutiny further revealed that equipment were also lying idle due to mechanical defects (Female Jail, Bhagalpur and District Jail, Munger), poor quality of equipment (District Jail, Betia) and quality test of equipment not having been conducted by jail doctors (District Jails Hazipur and Phulwarisharif).

Inspector General of Prisons constituted an expert committee (September 2000) headed by the Superintendent, Central Jail of the circle<sup>2</sup> for quality test of equipment supplied to all the jails. No verification was done by the said committee in the test checked districts as of February 2004.

Thus, health care equipment purchased at a cost of Rs 28.06 lakh for 11 jail remained unutilised for want of basic infrastructural facilities. Equipment valued at Rs 17.64 lakh was only occasionally utilised. The intended objective of improvement in health care of the prisoners as recommended by the Tenth Finance Commission was not realised.

The matter was referred to the Government (May 2004); their reply had not been received (February 2005).

<sup>1</sup> District Jails Ara (0.96 lakh), Begusarai (1.05 lakh), Betia (4.36 lakh), Hazipur (3.22 lakh), Motihari (3.22 lakh), Munger (3.26 lakh), Phulwarisharif (3.36 lakh), Samastipur (1.05 lakh), Sasaram (4.21 lakh), District Female Jail, Bhagalpur (2.28 lakh) and Special Central Jail, Bhagalpur (1.09 lakh).

<sup>2</sup> Beur, Bhagalpur, Buxer and Gaya.

## LAW DEPARTMENT

### 4.3.4 Unfruitful expenditure on computerisation of district courts

***In seven test-checked district courts, computer sets supplied were either not installed or non functional making expenditure of Rs 33.06 lakh unfruitful.***

Based on the memorandum of understanding signed (December 1996) by the National Informatics Centre (NIC), the Planning Commission, Government of India and the High Court of Judicature at Patna, the NIC supplied (April 1997) computer sets with accessories valued at Rs 72.32 lakh to 28 district courts of Bihar for establishing computer centres. The centres were intended to develop Management Information System and facilitate Information resources and national level networking of the district courts. Training on computer operation to trainers was to be provided by the NIC whereas infrastructure facilities like furniture, civil and electric works, and telephone were to be provided by the State Government. The task of computerisation was to be accomplished by May 1997.

Scrutiny revealed (February-March 2004) that the State Government spent Rs 71.16 lakh on infrastructure up to March 2004, but the Registrar (Administration) High Court of Judicature at Patna stated (February, 2004) that the date on which the computers were put to use and the number of skilled staff deployed in computer centres was not available. He also stated that the main reasons for under utilisation of computer centers were poor power supply, non-functioning of uninterrupted power supply system (UPS), non-availability of vendors to take up annual maintenance contract for the UPS systems installed in district courts, lack of trained persons, non-availability of funds to meet expenditure on consumables etc.

In seven test-checked district courts<sup>1</sup> it was seen (March, 2004) in audit that computer sets valued at Rs 18.08 lakh were supplied by the NIC as of April 1997 and Rs 14.98 lakh<sup>2</sup> were spent on development of infrastructural facility. However, the computer sets could not be installed in five districts courts<sup>3</sup> as of February 2004 as the State Government did not provide complete infrastructure facility even after incurring expenditure of Rs 14.98 lakh. Though the computers were installed (October 1999 and August 2001) in two of the seven test-checked district courts, those were not functioning since inception due to defects in CVT of UPS as of February 2004. Thus the expenditure of Rs 33.06 lakh on computer sets and infrastructure in these seven districts was totally unfruitful.

Further, the Registrar (Administration) High Court Patna, stated (October 2004) that the computers supplied in the year 1996-97 had become obsolete.

<sup>1</sup> Bhagalpur, Hajipur, Muzaffarpur, Motihari, Patna, Sitamarhi, Samastipur

<sup>2</sup> Furniture (Rs 5.04 lakh), Civil and electrical works (Rs 9.56 lakh), CVT (Rs 0.33 lakh) and Telephone (Rs 0.05 lakh)

<sup>3</sup> Bhagalpur, Muzaffarpur, Patna, Sitamarhi, Samastipur

The matter was referred to the Government (May 2004); their reply had not been received (February 2005)

## DISASTER MANAGEMENT DEPARTMENT

### 4.3.5 Misutilisation of relief funds

***District Magistrate, Muzaffarpur misutilised natural calamities relief funds of Rs 37 lakh.***

Scrutiny of records in the office of the District Magistrate, Muzaffarpur revealed (November 2003) that Rs 12.58 crore were received during 2001-2004 from the State Government for payment to persons affected by flood, fire, drought, cyclone, excessive rain, hailstorm, cold waves etc. Of this DM utilised Rs 37 lakh (2001-04) on repair and maintenance of vehicles, petrol, oil and lubricants, stationery, wages to labourers and miscellaneous items. The details were as under:

Period	Funds misutilised (Rupees in lakh)					Heads of Account
	Repair and maintenance of vehicles & POL	Stationery	Wages for labour	Miscellaneous expenses	Total	
2001-04	2.28	9.43	9.31	11.33	32.35	2053- District Administration
-do-	0.79	0.23	0.43	0.51	1.96	2070- Circuit House
-do-	0.45	1.14	0.55	0.51	2.65	2029- Land Revenue
-do-	Nil	0.16	Nil	Nil	0.16	2030- Stamp
<b>Total</b>	<b>3.52</b>	<b>10.96</b>	<b>10.29</b>	<b>12.35</b>	<b>37.12</b>	

Thus misutilisation of funds of Rs 37 lakh by the DM cut at the root of the budgetary control of expenditure since there was no authorisation for such expenditure in the budget.

The matter was referred to the Government (May 2004); their reply had not been received (February 2005).

## REVENUE AND LAND REFORMS DEPARTMENT

### 4.3.6 Unauthorised use of Government receipts and grants

***The Collector, Patna unauthorisedly utilised revenue receipts/grants of Rs 1.34 crore for office expenses.***

Bihar Financial Rules provide that revenue receipts must be deposited in treasury at once and in no case it should be either kept outside the Government account or utilised to meet departmental expenditure. Rules further provide that charges incurred in one year should not be charged to the grants for another year.

Scrutiny of records (February /May 2004) of District Nazarat, Patna revealed that, out of Rs 41 lakh collected on account of miscellaneous revenue receipts during 2000-03, Rs 20 lakh were utilised to meet office expenses instead of depositing them in treasury and savings of Rs 1.14 crore made from grants received under different heads of accounts during 2000-03 were diverted to meet office expenses (Rs 97 lakh) and expenses on official functions and anniversaries and last rituals of VIPs (Rs 17 lakh).

The details of such expenditure are as under -

Sl. No.	Heads of account	Period	Total grant received	Expenditure incurred	Excess expenditure over grant
1.	2053- General Administration	2000-03	1.23	2.31	1.08
2.	2029- Land Revenue	-do-	0.21	0.30	0.09
3.	2070- State Celebration	-do-	0.07	0.24	0.17
Total			1.51	2.85	1.34

Thus Rs 1.34 crore of miscellaneous revenue receipts/grants were unauthorisedly used by the Collector, Patna for office expenses. The action contravened the basic tenet of actual expenditure conforming to appropriation made by law.

On this being pointed out by audit, the Deputy Collector, Patna stated that demands for additional grants for the adjustment of diverted amounts were sent to the Government during June 2002 to March 2003.

The matter was referred to the Government (July 2004); their reply had not been received (February 2005).road construction department

## **ROAD CONSTRUCTION DEPARTMENT**

### **4.3.7 Sub-standard execution of road work**

***Non provision of essential items in the road crust resulted in sub-standard execution of road work of Rs 1.94 crore.***

The work of widening and strengthening of Pansalwa Baidyanathpur Road (12.2 to 22.2 km) was administratively approved by the Road Construction Department, for Rs 3.04 crore (March 1994) and technically sanctioned by the Chief Engineer (CE), Central Design Organisation (CDO), Patna for Rs 2.72 crore (March 1999). The bill of quantity (BOQ) for the work was approved by the Superintending Engineer, Road Circle, Saharsa for Rs 2.35 crore (January 1999). The work was awarded (March 1999) by the Departmental Tender Committee for Rs 2.45 crore (5 per cent above BOQ). Accordingly, the Executive Engineer (EE), Road Construction Division, Saharsa contracted (March 1999) with the agency for completion of the work by March 2000. The work was completed in June 2001 and Rs 1.94 crore was finally paid in January 2003.



Audit scrutiny (November 2003) disclosed that the work, which was contracted to be completed at a cost of Rs 2.45 crore was actually completed at a cost of Rs 1.94 crore due to the fact that earth work was done only up to 28 per cent and road crust up to 87 per cent of the estimated quantity.

The CE, CDO, RCD, Bihar, Patna had provided laying of 75 mm stone metal Gr. III (2445 Cu.m) in the road crust. But, the Superintending Engineer did not make provision of stone metal, Gr. III in the BOQ though as per technical specification this was the essential item of the road crust. This change in specification was not approved by the CE, CDO, Patna as of February 2004.

Further, thickness of Jhamma metal in preparation of Water Bound Macadam (WBM) surface was only 87.5 to 88.75 mm against the required thickness of 100 mm as per technical specification. For this, an amount of Rs 2.14 lakh was deducted in the last and final bill. Thus, there was sub-standard execution of roadwork for which Rs 1.94 crore were paid.

In reply, the Executive Engineer stated that work was executed as per approved specification. The reply is not tenable as the CE, CDO had not approved the change in specification as required.

The matter was referred to Government (July 2004); their reply had not been received (February 2005).

#### **4.3.8 Unfruitful expenditure on road construction**

***Due to faulty planning, expenditure of Rs 1.54 crore incurred on construction of road was unfruitful.***

The strengthening work of Narirgir-Champapur-Adapur road (from one to 14 Km) was administratively approved (October 2001) for Rs 1.50 crore by the Secretary, Road Construction Department, Bihar, Patna. The technical sanction was accorded (December 2001) for Rs 1.54 crore by the Chief Engineer, Central Design Organisation. The departmental tender committee approved (January 2004) the tender at 3.5 per cent above the estimated cost of Crown Construction, Motihari. Accordingly, the Executive Engineer, Road Construction Division (RCD), Motihari executed an agreement (February 2002) with Crown Construction to complete the work by June 2002 (extended up to March 2003). The agency completed the work (March 2004) and received payment of Rs 1.54 crore (March 2004).

Audit scrutiny showed that there were four bridge sites located at 4th, 7th, 12th and 13th Km of road out of which the bridge located at 12th Km was under construction from the MLA fund. The wooden bridge at 4th Km was in damaged condition and no traffic was passing on this bridge whereas no bridge existed at the 7th and the 13th Km. Thus, without construction of these four road bridges connectivity of Narirgir to Adapur could not be ensured. However, no estimate had been prepared by the Executive Engineer, RCD, Motihari for construction of the bridges.

The Executive Engineer, RC Division, Motihari in his reply stated that the construction of the bridges was to be made by the Bihar State Bridge Construction Corporation Limited. The reply is not tenable. The Bihar State Bridge Construction Corporation Limited being only an executing agency for construction of bridges, the estimate and budget provision have to be made by the Road Construction Department.

Thus due to faulty planning and lack of bridges at the 4<sup>th</sup>, 7<sup>th</sup> and 13<sup>th</sup> Kms no vehicle was plying through this road and the entire expenditure of Rs 1.54 crore on construction of the road was unfruitful.

The matter was referred to the Government (September 2004); their reply had not been received (February 2005).

## **HOME (POLICE) DEPARTMENT**

### **4.3.9      *Avoidable expenditure on payment of surcharge***

***Delay in payment of electricity bill by the SP, Bhagalpur resulted in avoidable payment of surcharge of Rs 34.20 lakh.***

Audit scrutiny of records of the Office of the Superintendent of Police (SP), Bhagalpur revealed (May 2004) that electricity bills amounting to Rs 1.07 crore, pertaining to the period from May 1998 to March 2004 were paid during the period from October 2002 to March 2004. This included Rs 34.20 lakh as surcharge levied by the Bihar State Electricity Board (BSEB) due to delayed payment of the electricity bills.

On being pointed out, the SP Bhagalpur stated (May 2004) that due to delay in allotment of funds by the department, payment of electricity bills could not be made in time. The reply was not tenable as no effort was made by the S.P. to seek funds for this purpose from the department.

Thus, failure of the SP to take initiative for seeking funds resulted in avoidable payment of surcharge of Rs 34.20 lakh.

The matter was referred to the Government (September 2004); their reply had not been received (February 2005).

## 4.4 Idle investment/idle establishment/blockage of fund

## AGRICULTURE DEPARTMENT

## 4.4.1 Non-functional Agriculture Engineering (Research) Workshop

***Expenditure of Rs 2.61 crore was incurred on a non-functional Agricultural (Engineering) Workshop at Patna.***

The Agricultural Engineering (Research) Workshop at Patna was established (December 1954) to provide knowledge to the farmers from time to time about various kinds of highly developed agricultural equipment so that agricultural production in the State could be improved. The workshop also imparted training to the farmers for efficient utilisation and upkeep of agricultural equipment. It was well equipped with lathe machine, milling machine, drill machine, hacksaw machine, tool grinding machine etc. with a carpentry unit and also assigned the task of repair and maintenance of departmental vehicles.

It was noticed (October 2003) in audit that no training or seminar was organised for imparting training to the farmers and very negligible work on repair of departmental vehicles was carried out in the workshop since 1990. The Deputy Director of Agriculture, Agriculture Engineering Workshop, Patna stated (October 2003) that due to lack of funds for carrying out research work and shortage of trained staff, training could not be imparted. This resulted in nugatory expenditure of Rs 2.61 crore as of March 2004 on pay and allowances of 39 idle staff deployed in the workshop since 1990. No efforts were made by the department either to make the workshop functional or utilise the services of the officials who were without work in the workshop elsewhere in the department.

The matter was referred to Government (March 2004). The Deputy Secretary to Government, Agriculture department stated (February 2005) that training was imparted to farmers with the assistance of the Agriculture Ministry, Government of India and repair and maintenance work of departmental vehicles was done at the workshop. The sanctioned strength has now been also reduced to 32. The reply is not tenable as no fund at all available for the workshop to function. Funds had been sanctioned only for pay and allowances of the staff of the workshop.



# **CHAPTER-V**

**Internal Control Mechanism and Internal Audit System**

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## CHAPTER- V

### INTERNAL CONTROL SYSTEM

#### PRIMARY AND MASS EDUCATION DEPARTMENT

##### 5 Internal control mechanism and internal audit system

###### *Highlights*

*Internal control mechanism is an integral part of management process by which an organization governs its activities to effectively achieve its objectives. Adherence to a built in internal control which includes statutes, codes and manuals minimise the risk of errors and irregularities. A check of the internal control mechanism in the Primary & Mass Education Department showed that the internal control system were not functioning effectively.*

**Budget estimates for 2000-04 were prepared without taking into account the actual requirements.**

*(Paragraph 5.5.1)*

**There was lack of monitoring and internal coordination in the implementation of the total literacy campaign and the Sarva Siksha Abhiyan.**

*(Paragraph 5.6.1)*

**Non-adherence to the prescribed controls led to misappropriation of Government money of Rs 2.62 lakh.**

*(Paragraph 5.6.2)*

**The number of units audited by internal audit was 0.18 per cent of the total number of auditee units of the department during 1999-2004. There was poor follow up of inspection reports.**

*(Paragraph 5.7)*

##### **5.1 Introduction**

Internal controls are laid down in the rules, regulations, codes and manuals applicable to a department and adherence to provides a reasonable assurance to departmental officers regarding the proper functioning of the department. The controls act as safeguards against errors and irregularities in operational and financial matters.

##### **5.2 Organisational set up**

The department is headed by the Secretary and assisted by two Directors (one each for primary education and mass education). They are assisted by Deputy Directors and Assistant Directors. There are 37 District Superintendents of

Education (DSEs) and 37 District Mass Education Officers (DMEOs) at the field level.

### **5.3        *Scope of audit***

The functioning of internal control mechanism and internal audit system in the Department was reviewed during July 2004 to September 2004 through test-check of the records of the Secretariat/Directorate and six DSEs and six DMEOs<sup>1</sup> for the period from 1999 to 2004.

### **5.4        *Audit Objective***

The objectives of the review were to examine whether:

- proper internal controls existed in the department in respect of financial management including budgeting and control of expenditure,
- officers of headquarters level visited field offices regularly to monitor the execution of schemes and the functioning of the field offices,
- the department had evolved adequate internal audit system to judge the efficacy of the working of the department.

### **5.5        *Financial control***

#### **5.5.1      *Provision of budget manual not followed***

The Bihar Budget Manual envisaged adherence to budgetary controls, which among other things required the administrative departments to prepare budget estimates based on inputs from lower formations, spend within the budgeted allocations, avoid rush of expenditure towards the close of the year and surrender the anticipated savings in time. Supplementary provision for funds was to be asked only in case the original allotment would prove insufficient. This required regular monitoring of monthly expenditure incurred by the Drawing and Disbursing Officers (DDOs) of sub-ordinate offices by the Directorate. The expenditure at the Directorate was to be monitored by the administrative department. The Finance Department also issued explicit orders imposing restrictions on filling up of vacant posts and stipulating that budget provision for such vacant posts should not be made.

Appropriation Accounts of the Department from 1999-2000 to 2003-04 revealed persistent savings from year to year, indicating deficiency in estimation of the requirement of funds. Besides, the supplementary grants obtained during each year proved unnecessary.

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<sup>1</sup> *Munger, West Champaran, Madhubani, Nalanda, Katihar and Siwan*

Preparation  
of inflated  
budget  
estimates

Year	Original		Supplementary		Surrender		Total		Expenditure		Saving		Percentage of Saving
	Plan	Non plan	Plan	Non plan	Plan	Non plan	Plan	Non plan	Plan	Non plan	Plan	Non plan	
1999-00 Revenue	137.36	2677.79	54.19	4.34	11.17	14.92	180.38	2667.21	91.29	2539.95	(-) 89.09	(-) 127.2	7.60
2000-01 Revenue	2724.52		0.02		234.78		2489.76		2123.42		366.34		14.71
2001-02 Revenue	111.51	1871.51	8.39	8.39	43.32	248.30	76.58	1632.05	47.68	1517.33	(-) 28.90	(-) 114.72	8.41
Capital	47.21	-	8.58	-	33.32	-	22.47	-	19.67	-	(-) 2.80	-	12.46
2002-03 Revenue	186.50	1844.56	74.91	0.07	149.38	266.71	112.03	1577.92	106.13	1580.72	(-) 5.90	(+) 2.80	0.18
Capital	30.00	-	34.00	-	17.37	-	46.69	-	30.77	-	(-) 15.92	-	34.10
2003-04 Revenue	228.97	2035.99	21.75	0.12	8.41	-	242.31	2036.11	178.80	1545.56	(-) 63.51	(-) 490.55	24.32
Capital	54.86	-	-	-	-	-	54.85	-	43.35	-	(-) 11.51	-	20.98

(Bifurcated figures for 2000-01 under plan and non plan are not available)

### 5.5.2 Failure to carry out reconciliation of expenditure

#### Expenditure control mechanism non- existent

According to Rules 471 and 472 of the Bihar Financial Rules, the responsibility for internal control of expenditure rests with the Director, Education (Primary and mass education). This involves periodical examination of account records of all the subordinate drawing and disbursing officers (DDOs). However, the field offices did not submit monthly expenditure reports to the Director and no reconciliation of expenditure was done with the records of the Accountant General. The annual expenditure report was submitted late ranging from one to eight months by the field offices.

### 5.5.3 Deficiencies in cash management

Rule 86 of Bihar Treasury Code, Volume-I provides that all monetary transactions should be entered in the Cash Book as soon as they occur and attested by the head of office in token of check exercised by him.

Test-check of records of two DSEs<sup>2</sup> revealed that the closing balance of Rs 182.56 lakh was not mentioned at the end of 2003-04. There was no analysis of monthly closing balances in the cashbook. As a result, age-wise and scheme-wise unspent balances were not ascertainable thereby increasing the scope of misutilisation and diversion of funds for unauthorised purposes.

The cash books were not attested daily; daily totals in the cash book were not verified; physical verification of cash at the end of each month and surprise verification of cash were not carried out by the heads of the offices.

Surety bond by the persons handling cash was not deposited by them which violated the codal provision of Bihar Financial Rule 435.

<sup>2</sup> Siwan: Rs 79.82 lakh, Munger : Rs 102.74 lakh.

## 5.6 Supervisory control

Non utilisation of  
National Literacy  
Mission fund

### 5.6.1 Non implementation of total literacy campaign and post literacy programme

In order to achieve total literacy during 1991–2002, the National Literacy Mission (NLM) Scheme targeted 44.87 lakh learners to complete primer III stage in 11 districts.

The report of external evaluation agencies on the implementation of total literacy campaign disclosed that out of Rs 34.36 crore sanctioned for 11 districts<sup>3</sup>, Rs 19.60 (57 per cent) crore was spent for total literacy campaign, but literacy achieved in these districts was only 27 per cent.

In nine districts<sup>4</sup>, out of Rs 10.87 crore made available by the Central and the State Governments during 1996-2003 for the total literacy campaign and the post literacy programme (TLC/PLP), Rs 8.13 crore remained unutilised as of September 2004. Expenditure of Rs 2.74 crore on survey of targeted learners also proved unfruitful due to non-implementation of programme (Refer *Appendix XXXIV*). The main reason for the poor performance was lack of motivation among the *preraks* (motivators). Such underspending indicated lack of monitoring and internal control over the programme.

### Study material not supplied

Under Sarva Siksha Abhiyan in Nalanda district under the Education Guarantee Scheme, an amount of Rs 36.34 lakh was provided during 2003-04 to Panchayats for the payment of honorarium to teachers which included Rs 13.69 lakh for purchase of study materials. During audit it was observed that no study material was purchased. However, payment of Rs 22.75 lakh was made to teachers as honorarium for teaching. But without distribution of study material, the intended purpose was not achieved and to that extent the expenditure proved ineffectual. This was clearly a case of lack of internal coordination in the management of programme.

### 5.6.2 Non-adherence to prescribed controls

Misappropriation of  
fund by showing  
inflated enrolment of  
students under mid  
day meals

During test-check of records of mid day meals of DSE East Champaran (Motihari), it was observed that the number of students to whom mid day meals were given was in excess of the actual enrolment registers, as shown in the table below. This led to misappropriation of Rs 2.62 lakh (at the rate of Rs.390 per child per year x 672) during October 2003 to September 2004. This could have been avoided if the mid day meal scheme was inspected regularly by the District Magistrate, the District Education Officer, the DSEs and the Block officials as envisaged in the scheme.

<sup>3</sup> Madhepura, Saharsa, Begusarai, Jehanabad, Khagaria, Darbhanga, Supaul, Munger, Aurangabad, Siwan and Seohar.

<sup>4</sup> Siwan, Aurangabad, Saran, Samastipur, Nawada, Muzaffarpur, Sheikhpura, Kaimur and Supaul.

Name of School	Total enrolment	Reported figure of Student <i>In number</i>	Excess
Govt. Middle School Shekhona Bankatwa Block	380	680	300
Madhya Vidyalay Bijbani Bankatwa Block	386	758	372
<b>Total</b>	<b>766</b>	<b>1438</b>	<b>672</b>

As per provision of rule 132 Bihar Financial Rule the stock entry of all materials purchased should invariably be made and rule 143 and 144 envisaged that the physical verification of stores should be done annually. During test-check it was noticed that physical verification of stores was not done in Patna and Banka District Literacy Committees.

Scrutiny revealed that material purchased amounting to Rs 3.73 lakh in nine District Literacy Committees, one DSE and one DMEO was not accounted for. Thus store material worth Rs 3.73 lakh was misappropriated (Refer *Appendix- XXXV*).

### 5.6.3 *Failure of monitoring mechanism*

Poor inspection by officials of the department

As per order of April 1981 and May 1995 of Education Department, Government of Bihar, the supervisory officers were required to inspect the primary and middle schools. As per the norms<sup>5</sup> prescribed for inspection, the Regional Deputy Director (RDD) of Education was required to inspect five schools in each district under his jurisdiction and the DSE was to inspect 20 schools of his district on a monthly basis. They were required to submit their inspection report in this regard to the Directorate of education within a week of inspection. Test check revealed that against the required annual inspection of 360<sup>6</sup> schools, RDD of Education, Patna inspected schools ranging from only 0 to 12 every year during 1999-2004. Similarly, DSE Betia inspected schools ranging from 0 to 35 every year during 1999-2004 against the required norm of 240 inspections in a year.

Lack of adequate inspections at various levels affected the proper implementation of various schemes and activities.

### 5.7 *Performance of internal audit*

The State Government had established (1953) the internal audit wing under the control of Finance Department merging all the internal audit cells in different departments. The internal audit wing is headed by the Chief Controller of Accounts and functions under the administrative control of the Secretary cum Commissioner of Finance Department. There was no separate internal audit wing in the Department.

<sup>5</sup> Letter no. 9/3-122/95 dated 23.05.95 of Secretary to Government of Bihar.

<sup>6</sup> (6 districts x 5 schools x 12 months = 360) There were six districts under the jurisdiction of RDD education Patna.

The number of units of Primary Education Department audited by the Internal Audit wing ranged from one to 18 in each year during 1999-2004, which was 0.18 per cent of the total number (9835) of auditee units. Thus coverage by internal audit was highly insufficient.

**Lack of pursuance  
for settlement of  
objections**

During the last five years the Finance Department had issued 338 Inspection Reports (IRs) to the Education Department against 9835 annual auditee units. The department failed to comply with the points raised in the inspection reports. As a result no para was settled as of September 2004. The Chief Controller of Accounts, Finance (Audit) Department has also accepted (February 2005) this figure and replied that its efforts to settle paras have not yielded results.

Nature of internal audit observations during the last five years was as under:

Year	Total No. of IRs issued	Defalcation/ Misappropri- ation Amount	Recovera- ble Amount	Dues	Amount under objections	Loss (Revenue)	Un – adjusted Advances	Grand Total
(Rupees in lakh)								
1999-00	39	0.38	22.50	7.59	458.40	0.09	15.94	504.90
2000-01	17	0.91	39.95	-	54.72	7.41	25.91	128.90
2001-02	148	4.21	86.08	0.23	653.52	92.44	183.39	1019.87
2002-03	65	17.30	167.33	0.30	319.78	2.32	243.49	750.52
2003-04	69	3.69	265.00	1.89	10849.89	2.75	212.28	11335.50
<b>Total</b>	<b>338</b>	<b>26.49</b>	<b>580.86</b>	<b>10.01</b>	<b>12336.30</b>	<b>105.01</b>	<b>681.02</b>	<b>13739.69</b>

As per direction of the Secretary, Finance Department cases of defalcation / embezzlement of public fund exceeding Rs 500 should have been reported to the Minister-in-charge which was not done.

## 5.8 Conclusions

The internal controls viz. budget control, expenditure control and supervisory controls were inadequate and ineffective in the Department which led to surrender of funds, excess expenditure and non-achievement of the programme objectives. Coverage by internal audit was insufficient and compliance to internal audit observations was also poor.

## Recommendations

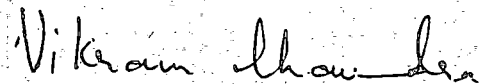
- Budget estimate needs to be prepared on a realistic basis ;
- Field formations should be directed to submit monthly expenditure reports as required under Rules;
- Inspection of schools by the Regional Deputy Director of Education, and other functionaries of the Department needs to be conducted to the required extent on a regular basis;



- Internal audit coverage needs to be increased and compliance with observations of internal audit needs to be ensured. Cases of defalcation/misappropriation need to be investigated immediately.

The matter was referred to Government (January 2005); their reply had been received (February 2005) and incorporated wherever necessary.

Patna  
The



(Vikram Chandra)  
Principal Accountant General (Audit), Bihar

Countersigned



New Delhi  
The

(Vijayendra N. Kaul)  
Comptroller and Auditor General of India



# APPENDICES



## APPENDIX- I

(Refer : Paragraph – 1.3 ; Page 3)

## SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF BIHAR

(Rupees in crore)

As on 31 March 2003	Liabilities		As on 31 March 2004
12471.62		<b>Internal Debt</b>	16298.48
	7083.31	Market Loans bearing interest	8901.09
	2.15	Market Loans not bearing interest	4.34
	13.78	Loans from LIC	13.67
	5372.38	Loans from other Institutions, etc.	7379.38
		Ways and Means Advances	747.99
930.28		Shortfall in Deposit with Reserve Bank	
11665.58		<b>Loans and Advances from Central Government</b>	10105.59
	529.29	Pre 1984-85 Loans	469.61
	2926.21	Non-plan Loans	936.15
	8140.85	Loans for State Plan Schemes	8631.38
	11.43	Loans for Central Plan Schemes	10.57
	14.74	Loans for Centrally Sponsored Plan Schemes	14.92
	42.96	Ways & Means Adv.	42.96
350.00		<b>Contingency Fund</b>	350.00
7879.24		<b>Small Savings, Provident Funds, etc.</b>	7997.21
2773.10		<b>Deposits</b>	2592.07
459.88		<b>Reserve Funds</b>	459.88
-		<b>Remittance Balances</b>	-
-		<b>Suspense and Miscellaneous Balances</b>	-
36529.70		<b>Total</b>	38551.22
As on 31 March 2003	Assets		As on 31 March 2004
14330.98		<b>Gross Capital Outlay</b>	15880.15
	694.34	Investments in shares of Companies, Corporations, etc.	700.01
	13636.64	Other Capital Outlay	15180.14
8205.21		<b>Loans and Advances</b>	10763.68
	6138.58	Loans for Power Projects	8630.26
	1993.98	Other Development Loans	2066.59
	72.65	Loans to Government Servants, etc.	66.83
94.03		<b>Advances</b>	145.84
1662.61		<b>Remittance Balances</b>	1649.15
864.13		<b>Suspense and Miscellaneous Balances</b>	-888.37
1023.14		<b>Cash</b>	395.91
		Cash in Treasuries and Local Remittances	
	75.26	Departmental Balances	91.70
	0.18	Permanent Cash Imprest	0.18
	947.70	Cash Balance Investment and other Reserve Fund Investment	304.03
		Deposits with Reserve Bank	
10349.60		<b>Deficit on Government Accounts</b>	10604.86
	1286.71	(i) Revenue Deficit of the Current Year	255.26
	9062.89	Accumulated deficit up to preceding year Miscellaneous Government Account	10349.60
36529.70		<b>Total</b>	38551.22

## APPENDIX- II

(Refer : Paragraph – 1.4 ; Page 4)

## ABSTRACT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2003-04

(Rupees in crore)

Receipts				Disbursements				
2002-03			2003-2004	2002-2003				2003-04
	Section A : Revenue			Total		Non-Plan	Plan	
10968.42	I. Revenue Receipts		12455.56	12255.13	I. Revenue Expenditure	11627.29	1083.54	12710.83
2761.05	Tax Revenue	2889.69		6574.14	General Services	7151.13	24.33	7175.46
260.82	Non Tax revenue	320.38		3915.71	Social Services	3367.15	666.28	4033.43
6549.23	State's share of Union Taxes and Duties	7627.87		2703.51	Education, Sports, Art and Culture	2615.42	206.34	2821.76
290.32	Non-Plan Grants	1617.62		553.30	Health and Family Welfare	331.11	203.14	534.25
670.05	Grants for State Plan Schemes			219.11	Water Supply, Sanitation, Housing and Urban Development	161.04	39.45	200.49
436.95	Grants for Central Plan and Centrally Sponsored Plan Schemes			10.80	Information and Broadcasting	11.07	0.04	11.11
				83.29	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	65.01	16.72	81.73
				72.36	Labour and Labour Welfare	31.67	51.95	83.62
				265.46	Social Welfare and Nutrition	142.37	148.64	291.01
				7.81	Others	9.46	--	9.46
				1763.46	Economic Services	1105.25	392.93	1498.18
				249.29	Agriculture and allied activities	211.29	37.37	248.66
				789.23	Rural Development	334.55	289.68	624.23
				356.74	Irrigation and Flood Control	283.92	35.17	319.09
				36.6	Energy	--	1.15	1.15
				64.82	Industry and Minerals	19.63	11.87	31.50
				194.08	Transport	203.90	0.71	204.61
					Science, Technology and Environment	--	--	--
				72.64	General Economic Services	51.96	16.98	68.94
				1.82	Grants-in-aid and Contributions	3.76	--	3.76
1286.71	II. Revenue Deficit carried over to Section B		255.27*					
12255.13	Total Section A		12710.83	12255.13				12710.83
	Section B – Others							
- 344.35	III. Opening Cash Balance including Permanent Advances and Cash Balance investment		92.85	969.74	II. Capital Outlay	56.30	1492.87	1549.17
				80.92	General Services	21.60	0.63	22.23
				142.12	Social Services	34.70	128.74	163.44
				46.69	Education, Sports, Art and Culture	--	54.16	54.16
				18.34	Health and Family Welfare	--	4.78	4.78
				75.02	Water Supply, Sanitation, Housing and Urban Development	34.70	41.04	75.74
				2.07	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	--	28.76	28.76
					Social Welfare and Nutrition	--	--	--
					Others	--	--	--
				746.70	Economic Services			1363.50
				5.67	Agriculture and allied activities	--	5.67	5.67
				337.32	Rural Development	--	470.74	470.74
				309.88	Irrigation and Flood Control	--	521.36	521.36
					Energy	--	300.40	300.40
				2.86	Industry and Minerals	--	1.80	1.80
				90.97	Transport	--	61.53	61.53
					General Economic Services	--	2.00	2.00

\* increased due to rounding



Receipts				Disbursements			
2002-03			2003-04	2002-03			2003-04
15.58	IV. Recoveries of Loans and Advances		10.45	747.19	III. Loans and Advances Disbursed		2568.92
	From Power Projects				For Power Projects	2491.69	
8.70	From Government Servants	7.77			To Government Servants	1.94	
6.88	From others	2.68			To others	75.30	
				1286.71	IV. Revenue Deficit brought down		255.27
4189.80	V. Public Debt Receipts		5068.51	1526.35	V. Repayment of Public Debt		2801.64
2934.64	Internal Debt other than Ways and Means Advances and Overdraft	4248.80			Internal Debt other than Ways and Means Advances and Overdraft	421.94	
	Net transaction under Ways and Means Advances and Overdraft				Net transaction under Ways and Means Advances and Overdraft		
1255.16	Loans and Advances from Central Government	819.71			Repayment of Loans and Advances to Central Government	2379.70	
5584.15	VI. Public Accounts Receipts		7440.06	4822.34	VI. Public Account Disbursements		5788.95
963.20	Small Savings, Provident Fund, etc.	986.74			Small Savings, Provident Fund, etc.	868.76	
144.13	Reserve Funds				Reserve Funds		
3026.90	Deposits and Advances	3153.80			Deposits and Advances	3386.63	
333.26	Suspense and Miscellaneous	2079.64			Suspense and Miscellaneous	327.14	
1116.66	Remittances	1219.88			Remittances	1206.42	
				92.85	VII. Cash Balance at end		-352.08
					Cash in Treasuries and Local Remittances		
					Deposits with Reserve Bank	-747.99	
					Departmental Cash Balance including Permanent Advances, etc.	91.88	
					Cash Balance Investment	304.03	
5584.15	Total - Section B		12611.87		Total		12611.87

## APPENDIX-III

(Refer : Paragraph – 1.4 ; Page 4)

## SOURCES AND APPLICATION OF FUNDS

(Rupees in crore)

2002-2003	Sources		2003-2004
10968.42		Revenue Receipts	12455.56
15.58		Recoveries of Loans and Advances	10.45
2663.45		Increase in Public debt	2266.87
761.81		Net Receipts from Public Account -	1651.11
	195.07	Increase in Small Savings, Provident Funds, etc.	117.98
	494.87	Increase in Deposits and Advances	- 232.83
	12.35	Increase in Reserve funds	-
	101.81	Net effect of Suspense and Miscellaneous transactions	1752.50
	- 42.29	Net effect of Remittance transactions	13.46
		Decrease in cash balance	444.93
14409.26		Total	16828.92
2002-2003	Application		2003-2004
12255.13		Revenue expenditure	12710.83
747.19		Lending for development and other purposes	2568.92
969.74		Capital expenditure	1549.17
437.20		Increase in cash balance	-
14409.26		Total	16828.92

## Explanatory Notes for Statements I, II and III :

The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts.

Government accounts being mainly on cash basis, the deficit on Government account, as shown in Appendix-I, indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures etc. do not figure in the accounts.

Remittance, Suspense and miscellaneous balances include cheques issued but not paid, payments made on behalf of other states and other transactions pending settlement etc.

In terms of the Bihar Reorganisation Act, 2000 (No.30 of 2000) the apportionment of assets and liabilities of the composite State of Bihar immediately prior to the appointed day (15 November 2000) as also other financial adjustments has so far been made in respect of Public Debt and cash balance only.

There was a difference of Rs 37.75 crore (debit) between the figures reflected in the accounts and that intimated by the RBI under "Deposits with Reserve Bank".

## APPENDIX-IV

(Refer : Paragraph – 1.4 ; Page 4)

## TIME SERIES DATA ON STATE GOVERNMENT FINANCES

(Rupees in crore)

	1999-00	2000-01	2001-02	2002-03	2003-04
<b>Part A. Receipts</b>					
<b>1. Revenue Receipts</b>	<b>10659</b>	<b>11177</b>	<b>9839</b>	<b>10968</b>	<b>12456</b>
(i) <b>Tax Revenue</b>	<b>3085(29)</b>	<b>2809(25)</b>	<b>2319(24)</b>	<b>2761(25)</b>	<b>2890(23)</b>
Taxes on Sales, Trade, etc.	2068(67)	1821(65)	1413(61)	1648(60)	1637(57)
State Excise	278(9)	243(9)	239(10)	242(9)	240(8)
Taxes on Vehicles	178(6)	224(8)	142(6)	178(6)	209(7)
Stamps and Registration Fees	326(11)	302(11)	304(13)	348(13)	418(14)
Land Revenue	29(1)	34(1)	34(2)	36(1)	34(1)
Other Taxes	206(7)	185(7)	187(8)	309(11)	352(13)
(ii) <b>Non-Tax Revenue</b>	<b>1166(11)</b>	<b>712(6)</b>	<b>287(3)</b>	<b>261(2)</b>	<b>320(3)</b>
(iii) <b>State's share in Union taxes and duties</b>	<b>4962(46)</b>	<b>6576(59)</b>	<b>6177(63)</b>	<b>6549(60)</b>	<b>7628(61)</b>
(iv) <b>Grants-in-aid from Government of India</b>	<b>1446(14)</b>	<b>1080(10)</b>	<b>1057(11)</b>	<b>1397(13)</b>	<b>1618(13)</b>
<b>2. Misc. Capital Receipts</b>	-	-	-	-	-
<b>3. Total Revenue and Non debt capital receipt (1+2)</b>	<b>10659</b>	<b>11177</b>	<b>9839</b>	<b>10968</b>	<b>12456</b>
<b>4. Recoveries of Loans and Advances</b>	<b>12</b>	<b>11</b>	<b>13</b>	<b>16</b>	<b>10</b>
<b>5. Public Debt Receipts</b>	<b>3473</b>	<b>3528</b>	<b>3758</b>	<b>4190</b>	<b>5069</b>
Internal Debt (excluding Ways & Means Advances and Overdrafts)	427	2045	2681	2935	4249
Net transactions under Ways and Means Advances and Overdraft	-	237	-	-	-
Loans and Advances from Government of India <sup>1</sup>	3046	1246	1077	1255	820
<b>6. Total Receipts in the Consolidated Fund (3+4+5)</b>	<b>14144</b>	<b>14716</b>	<b>13619</b>	<b>15174</b>	<b>17535</b>
<b>7. Contingency Fund Receipts</b>	<b>3</b>	-	-	-	-
<b>8. Public Accounts receipts</b>	<b>31087</b>	<b>10462</b>	<b>7719</b>	<b>5584</b>	<b>7440</b>
<b>9. Total receipts of the State (6+7+8)</b>	<b>45234</b>	<b>25178</b>	<b>21329</b>	<b>20758</b>	<b>24975</b>
<b>Part B. Expenditure</b>					
<b>10. Revenue Expenditure</b>	<b>14362(86)</b>	<b>13507(89)</b>	<b>11159(90)</b>	<b>12255(88)</b>	<b>12711</b>
Plan	1541(11)	839(6)	867(8)	1354(11)	1084
Non-plan	12821(89)	12668(94)	10292(92)	10901(89)	11627
General Services (including Interests payments)	6505(45)	6983(52)	6323(57)	6574(54)	7176
Economic Services	2326(16)	1713(13)	1302(12)	1763(14)	1498
Social Services	5483(38)	4809(35)	3532(31)	3916(32)	4033
Grants-in-aid and contributions	48.06	1.96	1.82	1.82	4
<b>11. Capital Expenditure</b>	<b>1233</b>	<b>1076</b>	<b>742</b>	<b>970</b>	<b>1549</b>
Plan	1233(100)	1076(100)	742(100)	970(100)	1493
Non-plan	Negligible	Neg.	Neg.	Negligible	56
General Services	11(1)	9(1)	19(2)	81(8)	22
Economic Services	1125(91)	983(91)	680(92)	747(77)	1364
Social Services	97(8)	84(8)	43(6)	142(15)	163
<b>12. Disbursement of Loans and Advances</b>	<b>1072</b>	<b>680</b>	<b>534</b>	<b>747</b>	<b>2569</b>
<b>13. Total (10+11+12)</b>	<b>16667</b>	<b>15263</b>	<b>12435</b>	<b>13972</b>	<b>16829</b>
<b>14. Repayments of Public Debt</b>	<b>799</b>	<b>807</b>	<b>624</b>	<b>1526</b>	<b>2802</b>
Internal Debt (excluding Ways and Means Advances and Overdrafts)	240	71	96	145	422
Net transactions under Ways and Means Advances and Overdraft	-	186	-	-	-
Loans and Advances from Government of India	559	550	528	1381	2380
<b>15. Appropriation to Contingency Fund</b>	-	-	-	-	-

<sup>1</sup> Includes Ways and Means Advances from GOI.

	1999-00	2000-01	2001-02	2002-03	2003-04
16. Total disbursement out of Consolidated Fund (13+14+15)	17466	16070	13059	15498	19631
17. Contingency Fund disbursements	-	-	-	-	-
18. Public Accounts disbursements	27533	8966	8060	4822	5789
19. Total disbursement by the State (16+17+18)	44999	25036	21119	20320	25420
<b>Part C. Deficits</b>					
20. Revenue Deficit (1-10)	3703	2330	1320	1287	255
21. Fiscal Deficit (3+4-13)	5996	4075	2583	2988	4363
22. Primary Deficit (-)/surplus (+) (21-23))	3129	933	(-) 46	(-) 34	1020
<b>Part D. Other data</b>					
23. Interest Payments (included in revenue expenditure)	2867	3142	2629	3022	3343
24. Arrears of Revenue (Percentage of Tax & non-tax Revenue Receipts in brackets)	2211 (52)	1012 (29)	2629 (47)	3022 (86.91)	1357
25. Financial Assistance to local bodies etc.	705	634	1237	NA	N.A.
26. Ways and Means Advances (WMA)/Overdraft availed (days)	117	188	229	1	44
27. Interest on WMA/Overdraft	NIL	12	12	Negligible	5
28. Gross State Domestic Product (GSDP)	72083	49383	50987	56688	*59862
29. Fiscal liability (year end)	30612	28444	31883	35249	37453
30. Outstanding guarantees including interest (year end)	172				
31. Maximum amount guaranteed (year end)	NA	NA	NA	NA	N.A.
32. Number of incomplete projects	23	23	22	22	22
33. Capital blocked in incomplete projects	136	116	30	NIL	N.A.

Note: Figure in brackets represent percentage (rounded) to total of each subheading.

\* Advance estimates figure provided by the Government of Bihar.

## APPENDIX –V

(Refer : Paragraph – 1.4 ; Page 5)

## List of terms used in the Chapter –I and basis for their calculations

Terms	Basis for calculation
Buoyancy of a parameter	$\frac{\text{Rate of Growth of the parameter}}{\text{GSDP Growth}}$
Buoyancy of a parameter (X) with respect to another parameter (Y)	$\frac{\text{Rate of Growth of the parameter (X)}}{\text{Rate of Growth of the parameter (Y)}}$
Rate of Growth (ROG)	$[(\text{Current year Amount}/\text{Previous year Amount}) - 1] * 100$
Development Expenditure	Social Services + Economics Services
Weighted Interest Rate (Average interest paid by the State)	$\text{Interest Payment}/[(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities})/2] * 100$
Interest spread	GSDP growth – Weighted Interest rates
Interest received as per cent to Loans Advanced	$\text{Interest Received} [(\text{Opening balance} + \text{Closing balance of Loans and Advances})/2] * 100$
Revenue Deficit	Revenue Receipts – Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit – Interest Payment
Balance from Current Revenue (BCR)	Revenue Receipts minus all Plan grants and Non-Plan Revenue Expenditure excluding debits under 2048 – Appropriation for Reduction or Avoidance of Debt

APPENDIX – VI

(Refer : Paragraph – 1.7.2; Page 14)

Utilisation certificates relating to grants-in-aid paid upto March 2004 but not received upto September 2004

Combined State of Bihar upto 14.11.2000

(Rupees in lakh)

Sl. No.	Department	Year to which Grants were paid	Utilisation due		Utilisation received		Utilisation awaited	
			Number	Amount	Number	Amount	Number	Amount
Combined State of Bihar upto 14.11.2000								
1.	Animal Husbandry	upto 2000-2002	511	1533.53	NIL	NIL	511	1533.53
2.	Agriculture	upto 2000-2002	167	4811.84	NIL	NIL	167	4811.84
3.	Co-operative	Upto 2000-2002	471	7149.69	NIL	NIL	471	7149.69
4.	Education	Upto 2000-2002	56	4214.91	NIL	NIL	56	4214.91
5.	Police	Upto 2000-2002	6	559.94	NIL	NIL	6	559.94
6.	Public Works	upto 2000-2002	555	512.12	NIL	NIL	555	512.12
7.	Welfare	Upto 2000-2002	1615	2909.22	NIL	NIL	1615	2909.22
8.	Medical	upto 2000-2002	778	2233.09	NIL	NIL	778	2233.09
9.	Urban Development	upto 2000-2002	6852	22915.76	NIL	NIL	6852	22915.76
10.	Industry	upto 2000-2002	2495	33639.88	NIL	NIL	2495	33639.88
11.	Other	upto 2000-2002	6684	30702.84	NIL	NIL	6684	33702.84
	Total		20190	111182.82	NIL	NIL	20190	111182.82



(Rupees in lakh)

Sl. No.	Department	Year to which Grants were paid	Utilisation due		Utilisation received		Utilisation awaited	
			Number	Amount	Number	Amount	Number	Amount
Separated State of Bihar from 15.11.2000								
1.	Animal Husbandry	2001-2002	5	187.75	NIL	NIL	5	187.75
		2003-04	2	71.47	NIL	NIL	2	71.47
2.	Agriculture	2003-04	2	597.05	NIL	NIL	2	597.05
3.	Education	2001-2002	30	7808.03	NIL	NIL	30	7808.03
		2002-03	21	1164.30	15	461.07	6	703.23
4.	Welfare	2001-2002	28	1135.34	NIL	NIL	28	1135.34
		2002-03	6	7736.71	6	7736.71	NIL	NIL
		2003-04	7	338.62	2	39.00	5	299.62
5.	Co-opeartive	2001-2002	6	152.25	NIL	NIL	6	152.25
		2003-04	1	75.00	NIL	NIL	1	75.00
6.	Public Works	2003-04	37	233.00	7	41.69	30	191.31
7.	Industry	2001-2002	37	980.74	NIL	NIL	37	980.74
		2002-03	19	891.83	NIL	NIL	19	891.83
		2003-04						
8.	Urban Development	2001-2002	207	1909.35	2	100.50	205	1808.85
		2002-03	18	3100.64	6	1577.93	12	1522.71
		2003-04	18	7865.68	NIL	NIL	18	7865.68
9.	Others	2001-2002	141	14088.70	NIL	NIL	141	14088.70
		2002-03	6	756.48	3	446.58	3	309.90
		2003-04	6	6212.29	3	126.55	3	6085.74
	Total	Up to 14.11.2000	20190	111182.82	-	-	20190	111182.28
		0						2
		2001-02	454	26262.16	2	100.50	452	26161.66
		2002-03	70	13649.96	30	10222.29	40	3427.67
		2003-04	73	15393.11	12	207.24	61	15185.87
	Grand Total			166488.04		10530.03		155958.01

APPENDIX-VII

(Refer : Paragraph – 1.7.3; Page 15)

Details with status of accounts submitted by Autonomous bodies to State Legislature

Sl. No.	Name of the body	Period of entrustment of audit of accounts to CAG	Year for which accounts due	Year upto which account submitted	Year upto which Audit Report issued	Year upto which Audit Report submitted to State Legislature	Reasons for non-finalisation of Audit Reports
1.	Bihar State Housing Board, Patna	1994-2004	1994-95 to 1998-99	1993-94	1993-94	1993-94	
2.	Bihar Khadi and village Industries Board, Patna	1987-88 to 2002-2003	1987-88 to 2002-03	1986-87	1986-87	1986-87	
3.	Bihar State LegalService Authority, Patna	2002-03	2002-03	2001-02	2001-02	2001-02	

APPENDIX – VIII

(Refer : Paragraph - 1.8.1; Page 15)

List of incomplete irrigation projects where huge capital was blocked

Sl. No.	Name of the project/scheme	Expenditure (In Rupees)		
		Up to 2002-03	2003-04	Up to date
1	Western Kosi Canal Project	3,33,42,53,952	NIL	3,33,42,53,952
2	Eastern Kosi Project Phase II	55,99,59,036	NIL	55,99,59,036
3	Gandak Project Phase II	47,49,77,945	NIL	47,49,77,945
4	Intergrated Drainage Project	NA	NIL	NA
5	North Koel Project	3,64,84,27,186		3,64,84,27,186
6	Konar Irrigation Project	70,64,21,627	NIL	70,64,21,627
7	Auranga Reservoir Project	36,52,74,217	NIL	36,52,74,217
8	Kadwan Reservoir	30,40,000	NIL	30,40,000
9	Durgawati Reservoir	52,05,61,397	NIL	52,05,61,397
10	Sone Canal Modernisation Project	74,68,36,314	NIL	74,68,36,314
11	National Water Management Project	NA	NIL	NA
	<b>Total (A)</b>	<b>10,35,97,51,674</b>	<b>NIL</b>	<b>10,35,97,51,674</b>
1	Nakti Reservoir Scheme	14,01,03,285	NIL	14,01,03,285
2	Upper Sankh Reservoir	11,53,52,305	NIL	11,53,52,305
3	Ram Rekha Reservoir	2,95,83,886	NIL	2,95,83,886
4	Pamesh Khara Reservoir Scheme	NA	NIL	NA
5	Kans Reservoir Scheme	8,65,89,490	NIL	8,65,89,490
6	Sonua Reservoir Scheme	24,52,39,163	NIL	24,52,39,163
7	Bhairwa Reservoir Scheme	7,40,57,882	NIL	7,40,57,882
8	Kesso Reservoir Scheme	3,22,10,882	NIL	3,22,10,882
9	Dhansigh Toli Reservoir Scheme	14,82,53,933	NIL	14,82,53,933
10	Katri Reservoir Scheme	33,35,73,432	NIL	33,35,73,432
11	Kamsjore Reservoir Scheme	17,34,77,499	NIL	17,34,77,499
	<b>Total (B)</b>	<b>1,37,84,41,757</b>	<b>NIL</b>	<b>1,37,84,41,757</b>
	<b>Grand Total (A + B)</b>	<b>11,73,81,93,431</b>	<b>NIL</b>	<b>11,73,81,93,431</b>

APPENDIX-IX

(Refer : Paragraph – 1.8.4; Page 16)

Departmentally managed commercial/quasi-commercial undertakings  
which have not prepared proforma accounts since their inception

Sl. No.	Name of the commercial/ quasi-commercial undertakings	No. of unit	Date of establishment of undertakings
	<b>Animal Husbandry &amp; Fisheries Department</b>		
1	Central Poultry Farm, Patna	1	December 1948
2	Regional Poultry Farm, Bhagalpur	1	December 1959
3	Regional Poultry Farm, Muzaffarpur	1	October 1971
	<b>Industries Department</b>		
4	Adarsh Iron workshop	5	1956-61
5	Adarsh Wooden workshop	8	1956-64
6	Procurement Centre	7	--
7	Salt Petre Refinery, Mahesi, East Champaran	1	1953
	<b>Excise &amp; Prohibition Department</b>		
8	Purchase & sale of opium stock	1	--
9	Grain Gola	1	1947-48
	<b>Total</b>	<b>26</b>	

**APPENDIX-X**

**(Refer : Paragraph – 1.8.4; Page 16)**

**Departmentally managed commercial/quasi-commercial undertakings,  
the proforma accounts of which are in arrears**

Sl. No.	Name of the commercial/ quasi-commercial undertakings	Period of proforma account in arrears
	<b>Agriculture Department</b>	
1	State Tractor Orgnaisation, Purnea	1977 onwards (November to October)
	<b>Home (Jail) Department</b>	
2	Manufacturing Department of Central Jail, Bhagalpur	1981 to 2002 (January to December)
3	Manufacturing Department of Central Jail, Buxar	1987 to 2002 (January to December)

Notes: The State Tractor Organisation Purnea is reported to have been closed.

## APPENDIX XI

(Refer : Paragraph – 2.3.1; Page 24)

## Statement of excesses over Grants / Appropriations requiring regularisation

(Rupees in crore)

Sl No.	Number and Name of Grant / Appropriation	Total Grant / Appropriation (Original + Supplementary)	Actual Expenditure	Amount of Excess (Percentage of Excess)	Main Reasons
<b>Revenue Voted Grants</b>					
1.	11 Excise and Prohibition Department	16.05	16.49	0.44 (3)	Not intimated (November 2004)
2.	15 Pension	2207.19	2267.19	59.99 (3)	Not intimated (November 2004)
<b>Capital Voted Grant</b>					
3.	10 Energy Department	1382.30	2792.23	1409.93 ( 102 )	Not intimated (November 2004)
4.	30 Minorities Welfare Department	2.90	3.45	0.55 ( 19 )	Not intimated (November 2004)
5.	50 Minor Irrigation Department	95.58	175.22	79.64 (83)	Not intimated (November 2004)
<b>Total Voted Grant:</b>		<b>3704.03</b>	<b>5254.59</b>	<b>1550.55</b>	
<b>Revenue Charged Appropriations</b>					
6.	15 Pension	0.00	1.63	1.63 ( 46595 )	Not intimated (November 2004)
7.	32 Legislature	0.16	0.17	0.01 ( 7 )	Not intimated (November 2004)
8.	50 Minor Irrigation Department	0.02	0.62	0.60 ( 2462 )	Not intimated (November 2004)
<b>Capital Charged Appropriations</b>					
9.	14 Repayment of Public Debt	3423.42	5652.97	2229.55 ( 65 )	Not intimated (November 2004)
<b>Total Charged Appropriations:</b>		<b>3423.60</b>	<b>5655.39</b>	<b>2231.79</b>	
<b>Grand Total:</b>		<b>7127.64</b>	<b>10909.98</b>	<b>3782.34</b>	



## APPENDIX XII

(Refer : Paragraph – 2.3.2; Page 25)

### Areas in which major savings occurred

(Rupees in crore)

Sl. No.	Grant No. / Department	Head of A/c Major/Sub/Minor Head	Major Savings (Percentage in provision)
	<b>Revenue Voted</b>		
	<b>Capital Voted</b>		
<b>I</b>	<b>3 Building Construction and Housing Department</b>	<b>4059 Capital outlay on Public Works</b>	
1.		0002- Minor Works 80 - 051 - 0002	15.00 (100)
2.		0003- Jail reforms project 80 - 051 - 0003	34.13 (100)
3.		0103- Building Construction (Welfare Department) 80 - 051 - 0103	27.15 (100)
4.		0104- Jail Department- Construction and repairs of Central/Divisional/Sub-Jail Buildings 80 - 051 - 0104	5.52 (100)
		<b>6216 Loans for Housing</b>	
5.		0003- Payment of arrear amount of loan received from Life Insurance Corporation of India 02 - 201 - 0003	10.89 (100)
	<b>Revenue Voted</b>		
<b>II</b>	<b>20 Health, Medical Education and Family Welfare Department</b>	<b>2210 Medical and Public Health</b>	
6.		0002- District Medical Officer 01 - 001 - 0002	5.91
7.		0013- Sadar Hospital 01 - 110 - 0013	5.31
8.		0002- Additional Primary Health Centre 03 - 101 - 0002	20.90
9.		0003- Health Sub-centre 03 - 101 - 0003	16.74
10.		0101- Primary Health Centre 03 - 103 - 0101	28.52
11.		0801- Allopathy 03 - 110 - 0801	17.81
		<b>2211 Family Welfare</b>	
12.		0602- Health Sub-centre 00 - 101 - 0602	48.34
13.		0601- Compensation 00 - 105 - 0601	5.73

Sl. No.	Grant No. / Department	Head of A/c Major/Sub/Minor Head	Major Savings (Percentage in provision)
	<b>Revenue Voted</b>		
<b>III</b>	<b>22 Home Department</b>	<b>2055 Police</b>	
14.		0003- Purchase of materials at central level 00 - 001 - 0003	13.37
15.		0002- Unmounted military police 00 - 104 - 0002	18.83
16.		0001- District Executive Force 00 - 109 - 0001	64.09
17.		0001- Establishment of Choukidar, Dafadar 00 - 110 - 0001	26.59
18.		0001- Equipment amount of Central Government under the scheme of modernization of police force 00 - 115 - 0001	7.85
		<b>2070 Other Administrative Services</b>	
19.		0001- Home Guards Rural 00 - 107 - 0001	7.21
	<b>Capital Voted</b>		
	<b>22 Home Department</b>		
		<b>4055 Capital outlay on police</b>	
20		0001 Equivalent amount from Central Government under Police modernization Plan (Non Plan) 00-207-0001	100.00 (100)
<b>IV</b>	<b>36. Public Health and Engineering Department</b>	<b>4215 Capital Outlay on Water Supply and Sanitation</b>	
21.		0602- Central Rural Water Supply Programme 01 - 102 - 0602	67.64
22.		0603- Accelerated Urban Water Supply Scheme 01 - 102 - 0603	10.00 (100)
23.		0101- Rural Piped Water Supply General 01 - 102 - 0101	8.53
24.		0103- Rural Piped Water Supply Scheme 01 - 102 - 0103	10.34
25.		0105- PMs Rural uplift scheme- Construction of new tubewells in lieu of old tubewells (A) general 01 - 102 - 0105	6.84
26.		0106- PMs Rural Uplift Scheme Water Supply in Primary/Middle schools (A) general 01 - 102 - 0106	5.59
27.		0107- PMs Rural Uplift Scheme – Rural Piped Water Supply Scheme under construction 01 - 102 - 0107	16.00 (100)

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Sl. No.	Grant No. / Department	Head of A/c Major/Sub/Minor Head	Major Savings (Percentage in provision)
28.		0602- Centrally sponsored rural cleanness programme 02 - 106 - 0602	10.00 (100)
	<b>Revenue Voted</b>		
<b>V</b>	<b>42 Rural Development Department</b>	<b>2501 Special Programme for Rural Development</b>	
29.		0102 Swarna Jayanti Gram Swarojgar Yojana 01 - 800 - 0102	11.83
		<b>2505 Rural Employment</b>	
30.		0107 Indira Awas Yojana 01 - 702 - 0107	49.39
31.		0110 Complete Rural Employment Scheme 01-702-0110	58.40
32.		<b>2515- Other Rural Development Programme</b> 0003- District Panchayat Establishment 00 - 001 - 0003	19.26
33.		0701 Grants to Panchyati Raj Institutions 00 - 001 - 0701	108.97
34.		0101 Post Stage Block manage to minor construction work 00 - 102 - 0101	5.50
35.		0004 Superintending Engineer (REO) 00 - 800 - 0004	9.81
	<b>Capital Voted</b>		
		<b>4515 Capital Outlay on Other Rural Development Programme</b>	
36.		0101 Minimum Needs Programmes 00 - 103 - 0101	68.51
37.		0109 Implementation of Schemes on the recommendations of members of Legislative Assembly and members of Legislative Council 00 - 103 - 0109	53.28
	<b>Revenue Voted</b>		
<b>VI</b>	<b>44 Secondary, Primary and Adult Education Department</b>	<b>2202 General Education</b>	
38.		0001 Government Primary and Middle School 01 - 101 - 0001	490.71
39.		0801 Government Primary and Middle School 01 - 102 - 0801	9.78
40.		0102 Employment Oriented Scheme under Minimum Needs Programmes 01 - 800 - 0002	35.16

Sl. No.	Grant No. / Department	Head of A/c Major/Sub/Minor Head	Major Savings (Percentage in provision)
41.		0111 Sarva Siksha Abhiyan 01 - 800 - 0111	13.82
42.		0001 Other Schools 02 - 109 - 0001	122.71
43.		0102 Adult Education 04 - 800 - 0102	8.98
	<b>Capital Voted</b>		
<b>VII</b>	<b>49 Water Resources Department</b>	<b>4701 Capital outlay on Major and Medium Irrigation</b>	
44.		0117 South Bihar Irrigation Project (AIBP) 04 - 800 - 0117	188.10 (100)
45.		0118 North Bihar Irrigation Project (AIBP) 04 - 800 - 0118	15.52
46.		0120 North Bihar Irrigation Project (NABARD sponsored project) 04 - 800 - 0120	25.00 (100)
47.		0121- South Bihar Irrigation Project (NABARD sponsored project) 04-800-0121	65.00 (100)
48.		0126- National Integrated Development Programme (Additional Central Assistance) 80 - 800 - 0126	9.39
		<b>4711 Capital outlay on Flood Control and Drainage</b>	
49.		0108- Anti Erosion Work on river Ganga 01 - 001 - 0108	6.49
50.		0111- Flood Control Embankment Road Scheme (NABARD sponsored scheme) work 01 - 001 - 0111	20.00 (100)
51.		0112- Drainage Projects (NABARD sponsored project) work 01 - 001 - 0112	15.00 (100)
52.		0601- Extension and strengthening of embankment of Champaran 01 - 800 - 0601	6.17 (100)
53.		0603- Anti erosion work on river other than Ganga (for Koshi river in Nepal portion) (100% central assistance) 01 - 800 - 0603	5.00 (100)
54.		0604- Extension of embankment of Kamla river) (Indian portion and strengthening) (100% Central Share) 01 - 800 - 0604	10.00 (100)
55.		0606- Flood proofing project in North Bihar 01 - 800 - 0606	10.00 (100)
56.		0609- Extension and strengthening of embankment on river Bagmati 01 - 800 - 0609	15.00 (100)

Sl. No.	Grant No. / Department	Head of A/c Major/Sub/Minor Head	Major Savings (Percentage in provision)
57.		0610- Anti erosion work on river Ganga 01 - 800 - 0610	5.77 (100)
58.		0612- Extension of embankment of Khando river (100% central assistance) 01 - 800 - 0612	5.00 (100)
	<b>Revenue Voted</b>		
<b>VIII</b>	<b>50 Minor Irrigation Department</b>	<b>2702 Minor Irrigation</b>	
59.		0001- Survey and investigation 02 - 005 - 0001	6.34
60.		0002- State Tubewells 02 - 103 - 0002	17.38
61.		0105- National Equi development programme 02 - 103 - 0105	144.57 (100)
<b>IX</b>	<b>51 Welfare Department</b>	<b>2225 Welfare of SCs, STs and OBCs</b>	
62.		0003- Residential schools 01 - 277 - 0003	5.15
63.		0602- Special Integrated Scheme for Harizons for multifarious development- Special Control Assistance 01 - 793 - 0602	5.00 (100)
64.		0601- Post entrance Scholarship 02 - 277 - 0601	5.00 (100)
65.		0002- Special Nutrition Scheme 02 - 102 - 0002	6.58
66.		0602- Consolidated Child Development Scheme 02 - 102 - 0602	91.73
67.		0603- Externally Sponsored Scheme (World Bank) Sponsored Consolidated Child Development Scheme 02 - 102 - 0603	25.53
68.		0605- Women Development Corporation Grants-in-aid 02 - 103 - 0605	10.24 (100)
		<b>2236 Nutrition</b>	
69.		0802- Special Programme for distribution of food grains to under nutritious Pregnant/ Post Delivery women and Aldolescent girls 02 - 101 - 0802	7.70 (100)

## APPENDIX XIII

(Refer : Paragraph – 2.3.3; Page 25)

Cases where expenditure fell short of Budget provisions ( in excess of Rs two crore or more and also by more than 20 per cent of the total provisions in each case )

Number and Name of Grant/ Appropriation	Amount of Savings ( Rupees in crore) Percentage of Provision in brackets	Main reasons of Savings as furnished by the Government
<b>Revenue Voted Section</b>		
<b>1- Agriculture Department</b>	73.91 ( 35.18 )	Reasons for the anticipated saving of Rs. 73.91 crore have not been intimated.
<b>2- Animal Husbandry and Fisheries Department</b>	23.05 ( 26.14 )	Mainly due to restriction imposed by Finance Department: Rs. 6.83 crore and reasons for the balance amount of saving of Rs. 22.02 crore and excess of Rs. 6.80 crore have not been stated.
<b>4- Cabinet Secretariat and Co-ordination Department</b>	2.03 ( 28.70 )	Saving was mainly due to economic measures, non-payment of DA etc. Rs 2.23 crore and excess of Rs. 0.20 crore have not been stated.
<b>6- Election</b>	22.26 ( 42.58 )	Reasons for the saving of Rs. 22.26 crore have not been intimated.
<b>9- Co-operative Department</b>	10.57 ( 27.92 )	Reasons for the saving of Rs. 10.57 crore have not been intimated.
<b>10- Energy Department</b>	6.43 ( 42.98 )	Reasons for the balance of Rs. 6.43 crore have not been intimated
<b>12- Finance Department</b>	15.33 ( 24.93 )	Reasons for final saving of Rs. 15.58 crore and excess of Rs. 0.25 crore have not been stated.
<b>18- Food, Supply and Commerce Department</b>	14.42 ( 26.42 )	The reasons for excess expenditure of Rs. 0.63 crore and saving of Rs. 15.05 crore have not been intimated.
<b>19- Forest and Environment Department</b>	21.14 ( 39.31 )	Mainly due to non-sanction of the scheme: Rs. 3.76 crore and the reasons for the excess expenditure of 1.74 crore and final saving of Rs. 19.12 crore have not been intimated.
<b>20- Health, Medical Education and Family Welfare Department</b>	185.56 ( 25.90 )	Reasons for excess expenditure of Rs. 46.66 crore and saving of Rs. 232.22 crore have not been intimated.
<b>23- Industries Department</b>	20.92 ( 44.49 )	Reasons for excess expenditure of Rs. 0.69 crore and saving of Rs. 21.61 crore have not been intimated.
<b>27- Law Department</b>	41.84 (28)	The reasons for saving of Rs 1.28 crore was due to restrictions imposed on arrear payment by Finance Department and Rs 0.42crore was due to vacant post and the reason for excess of Rs0.40 crore and final saving of Rs 40.54 crore have not been intimated.



Number and Name of Grant / Appropriation	Amount of Savings (Rupees in crore) Percentage of Provision in brackets	Main reasons of Savings as furnished by the Government
33- Personnel and Administrative Reforms Department	7.04 ( 51.76 )	Reasons for final saving of Rs. 7.04 crore have not been intimated.
34- Bihar Public Service Commission	3.17 ( 42.61 )	Reasons for final saving have not been intimated.
35- Planning and Development Department	10.43 ( 34.58 )	Reasons for excess expenditure of Rs 0.68 crore and saving of Rs. 11.11 crore have not been intimated.
39- Relief and Rehabilitation Department	50.40 ( 47.38 )	Reasons for excess expenditure of Rs. 6.98 crore and saving of Rs. 57.38 crore have not been intimated.
40- Revenue and Land Reforms Department	53.42 ( 22.32 )	No reasons for saving of Rs. 53.42 crore have been stated.
42- Rural Development Department	287.84 ( 31.46 )	Mainly due to non-release of Central and State share: Rs. 44.25 crore, reduction in plan outlay: Rs. 10.38 crore, posts kept vacant and economy measures: Rs. 148.62 crore, less expenditure in Panchayat Election in Bhojpur and Buxar as well as less expenditure.
43- Science and Technology Department	26.22 ( 50.64 )	No reasons for saving of Rs. 26.22 crore have been furnished.
44- Secondary, Primary and Adult Education Department	696.75 ( 22.89 )	Mainly due to posts kept vacant and economy measures: Rs. 126.51 crore, reduction in plan outlay: Rs. 3.38 crore and final saving of Rs. 568.24 crore and excess of Rs. 1.38 crore have not been intimated.
45- Sugarcane Department	3.30 ( 27.07 )	The reasons of saving was reduction in plan outlay: Rs. 1.12 crore, non-sanction of State plan: Rs. 2.10 crore, posts kept vacant and economy measures: Rs. 1.38 crore. The reasons for saving of Rs. 0.03 crore and excess expenditure of Rs. 1.27 crore have not been intimated.
46- Tourism Department	3.15 ( 43.60 )	No reasons of saving of Rs. 3.15 crore have been furnished.
48- Urban Development Department	43.55 ( 33.61 )	Out of the saving of Rs. 43.55 crore, saving occurred due to revision in plan outlay: Rs. 3.24 crore and non-release of State share Rs. 1.72 crore and reasons for the remaining amount Rs. 38.59 crore have not been furnished.

Number and Name of Grant / Appropriation	Amount of Savings (Rupees in crore) Percentage of Provision in brackets	Main reasons of Savings as furnished by the Government
50- Minor Irrigation Department	169.37 ( 61.62 )	Mainly due to restriction imposed on drawal of fund: Rs. 17.10 crore, reduction in plan outlay: Rs. 3.59 crore and the reasons of balance saving of Rs. 159.91 crore and the excess expenditure of Rs. 11.23 crore have not been furnished.
51- Welfare Department	183.59 ( 41.51 )	No tangible reasons for the entire saving of Rs. 183.59 crore have been furnished by Government.
52- Art, Culture and Youth Department	5.37 ( 28.11 )	The reasons of saving was restriction imposed on drawal of fund: Rs. 1.34 crore and the final saving of Rs. 4.58 crore and the excess expenditure of Rs. 0.55 crore have not been stated.
Capital Voted Section		
3- Building, Construction and Housing Department	113.28 ( 73.66 )	Mainly due to non-issue of revised sanction by Administrative Department: Rs. 23.29 crore, non-acquisition of land: Rs. 1.48 crore, change in design: Rs. 0.26 crore and the balance amount of Rs 88.25 crore have not been stated.
9 - Co-operative Department	19.52 ( 52.74 )	The Government have not intimated the reasons for the saving of Rs 19.52 crore.
12- Finance Department	10.64 ( 84.55 )	The reasons for entire saving of Rs. 10.64 crore have not been intimated.
20- Health, Medical Education and Family Welfare Department	25.33 ( 84.13 )	Mainly due to reduction in planned expenditure: Rs. one crore, restriction imposed by Finance Department: Rs. 2.80 crore and the reasons for final saving of Rs. 21.53 crore have not been furnished.
22 Home Department	102.24 ( 99.73 )	The reasons for entire saving of Rs. 102.24 crore have not been intimated.
36- Public Health and Engineering Department	113.78 ( 60.94 )	Mainly due to non-sanction of the scheme: Rs. 24.79 crore, reduction in plan outlay: Rs. 11.49 crore, non-passing of bills by Treasury: Rs. 6.65 crore, non-inclusion of the scheme: Rs. 7.45 crore and the reasons of final saving of Rs. 95.70 crore and the excess of Rs 32.30 crore have not been stated.
41- Road Construction Department	69.64 ( 53.09 )	Mainly due to reduction in planned outlay: Rs. 59.12 crore and reasons for the balance saving of Rs. 10.52 crore have not been stated.
42- Rural Development Department	120.21 ( 20.25 )	The reasons for entire saving of Rs. 127.46 crore and the excess expenditure of Rs. 7.25 crore have not been intimated.

Number and Name of Grant/ Appropriation	Amount of Savings (Rupees in crore) Percentage of Provision in brackets	Main reasons of Savings as furnished by the Government
44- Secondary, Primary and Adult Education Department	12.11 ( 21.37 )	The reasons for entire saving of Rs. 12.11 crore have not been intimated.
45- Sugarcane Department	2.10 ( 97.38 )	The reasons for saving of Rs. 2.10 crore was non-sanction by Law Department.
47- Transport Department	3.30 ( 58.05 )	The reasons for saving of Rs. 3.30 crore was due to non-release of State share.
48- Urban Development Department	8.30 ( 39.91 )	The reasons for saving of Rs. 8.30 crore was due to revision of plan outlay.
49- Water Resources Department	315.63 ( 47.69 )	The main reasons of saving as stated are revision in plan outlay: Rs. 162.74 crore, non-receipt of sanction: Rs. 25.77 crore, belated release of fund: Rs. 6.17 crore, non-commencement of work: Rs. 5.00 crore and reasons for the balance saving of Rs. 241.37 crore and excess of Rs 125.42 crore have not been stated.
52- Art, Culture and Youth Department	3.82 ( 79.42 )	The reasons for saving of Rs. 3.82 crore have not been stated.
Revenue Charge Section		
28- High Court of Bihar	5.66 ( 24.73 )	Saving of Rs. 5.66 crore was due to retirement of Judges: Rs. 5.53 crore and non-submission of bills: Rs. 0.13 crore.
34- Bihar Public Service Commission	3.17 ( 42.61 )	Saving of Rs. 3.17 crore was due to vacant posts.
<b>Total:</b>	<b>2909.79</b>	

## APPENDIX - XIV

(Refer : Paragraph – 2.3.4; Page 25)

## Cases of persistent savings exceeding Rupees two crore in each case

Sl. No.	Number and name of Grant/ Appropriation	Savings (Amount in crore of rupees and its percentage to provision in bracket )		
		2001-02	2002-03	2003-04
	<b>REVENUE VOTED</b>			
1	1- Agriculture Department	66.47(32)	89.07(39)	73.91(35)
2	2-Animal Husbandry and Fisheries Department	47.65(43)	31.21(32)	23.05(26)
3	6-Election	3.03(36)	8.44(24)	22.26(43)
4	9-Co-operative Department	14.85(34)	8.11(22)	10.57(28)
5	10-Energy Department	11.72(32)	78.18(62)	6.43(43)
6	12-Finance Department	321.65(87)	314.30(86)	15.33(25)
7	18-Food Supply and Commerce Department	4.91(11)	20.14(30)	14.42(26)
8	19-Forest and Environment Department	13.07(31)	14.89(33)	21.14(39)
9	20-Health Medical Education and Family Welfare Department	234.25(31)	207.48(27)	185.56(26)
10	22-Home Department	262.70(22)	262.02(22)	136.55(13)
11	23-Industries Department	21.41(46)	16.43(29)	20.92(45)
12	26-Labour, Employment and Training Department	53.47(37)	45.44(24)	34.87(20)
13	27-Law Department	31.68(25)	31.73(24)	41.84(28)
14	35-Planning and Development Department	9.92(38)	9.94(34)	10.43(35)
15	39-Relief and Rehabilitation Department	67.19(37)	85.66(46)	50.40(47)
16	40-Revenue and Land Reform Department	40.71(20)	47.39(21)	53.42(22)
17	41-Road Construction Department	90.30(42)	32.98(15)	27.56(12)
18	42-Rural Development Department	252.67(34)	152.00(16)	287.84(31)
19	43-Science and Technology Department	5.08(25)	18.23(53)	26.22(51)
20	44-Secondary, Primary and Adult Education Department	511.08(19)	494.28(18)	696.75(23)
21	46-Tourism Department	3.37(57)	2.58(47)	3.15(44)
22	48-Urban Development Department	46.40(55)	35.70(26)	43.55(34)
23	49-Water Resources Department	55.81(22)	38.36(16)	28.05(12)
24	50-Minor Irrigation Department	30.34(20)	24.42(15)	169.37(62)
25	51-Welfare Department	106.64(37)	109.80(32)	183.59(42)
26	52-Art, Culture and Youth Department	7.00(34)	5.47(28)	5.37(28)
	<b>Total</b>	<b>2313.37</b>	<b>2184.25</b>	<b>2192.55</b>

*Audit Report (civil) for the year ended March 2004*

Sl. No.	Number and name of Grant/ Appropriation	Savings (Amount in crore of rupees and its percentage to provision in bracket )		
		2001-02	2002-03	2003-04
<b>CAPITAL – VOTED</b>				
1	3-Building Construction and Housing Department	24.85(69)	7.57(23)	113.28(74)
2	9-Co-operative Department	14.45(39)	9.86(32)	19.52(53)
3	12-Finance Department	6.94(50)	7.86(61)	10.64(85)
4	36-Public Health Engineering Department	84.27(86)	70.79(50)	113.78(61)
5	41-Road Construction Department	52.35(61)	39.08(31)	69.64(53)
6	42-Rural Development Department	277.07(45)	233.43(41)	120.21(20)
7	49- Water Resources Department	351.02(55)	331.96(52)	315.63(48)
8	52- Youth, Art and Culture Department	3.61(100)	2.21(58)	3.82(79)
	<b>TOTAL</b>	<b>814.56</b>	<b>702.76</b>	<b>766.52</b>
<b>Revenue Charged Section</b>				
1.	28- High Court of Bihar	9.76(42)	7.09(32)	5.66(25)
2.	34- Bihar Public Service Commission	2.39(32)	2.53(33)	3.17(43)
	<b>TOTAL</b>	<b>12.15</b>	<b>9.62</b>	<b>8.83</b>
	<b>GRAND TOTAL</b>	<b>3140.08</b>	<b>2896.63</b>	<b>2967.90</b>

## APPENDIX – XV

(Refer : Paragraph – 2.3.5; Page 25)

### Excesses for the years 1977-78 to 2002-03

Year	No. of Grants/ Appropriation	Grants/Appropriation number	Amount of excess	Amount for which explanation not furnished to PAC
(Rupees in crore)				
1977-78	4	4, 5, 9, 24	14.51	14.51
1978-79	4	4, 9, 17, 27	31.11	31.11
1979-80	4	3, 4, 6, 17	34.50	34.50
1980-81	7	4, 6, 8, 10, 12, 16, 17	27.92	27.92
1981-82	14	1, 3, 4, 8, 9, 10, 11, 12, 13, 15, 16, 17, 21, 24	80.30	80.30
1982-83	5	6, 8, 12, 16, 22	5.25	5.25
1983-84	4	6, 9, 11, 12	227.36	227.36
1984-85	4	3, 4, 8, 14	2.66	2.66
1985-86	4	4, 8, 10, 13	15.17	15.17
1986-87	3	4, 6, 13	87.43	87.43
1987-88	13	1, 4, 5, 9, 12, 14, 18, 19, 25, 31, 38, 42, 48	420.66	420.66
1988-89	6	4, 9, 12, 18, 25, 38	166.92	166.92
1989-90	6	4, 18, 25, 27, 38, 45	228.65	228.65
1990-91	8	12, 18, 36, 37, 38, 42, 43, 47	330.07	330.07
1991-92	8	1, 4, 6, 11, 12, 18, 38, 43	1228.67	1228.67
1992-93	6	1, 4, 12, 18, 25, 38	1462.10	1462.10
1993-94	4	12, 18, 25, 37	702.17	702.17
1994-95	2	12, 37	318.23	318.23
1995-96	5	4, 12, 25, 36, 37	405.08	405.08
1996-97	4	4, 12, 20, 23, 36, 37	256.38	256.38
1997-98	4	4, 7, 12, 15	12.19	12.19
1998-99	1	30	0.33	0.33
1999- 2000	5	10, 13, 14, 40, 50	196.23	196.23
2000- 2001	5	5, 13, 15, 25, 32	712.34	712.34
2001- 2002	1	15	491.24	491.24
2002- 2003	2	15, 47	10.15	10.15
2003-04	7	10, 11, 14, 15, 30, 32, 50	3782.34	3782.34
<b>Grand Total</b>			<b>11249.96</b>	<b>11249.96</b>



## APPENDIX - XVI

(Refer : Paragraph – 2.3.5; Page 26)

Expenditure in excess of provision in Minor Heads (Rs. 5 crore and above and also by more than 50% of the total provision)

(Rupees in lakh)

Sl. No.	No. and Name of Grant/ Appropriation	Head of Account (Major/sub/minor head)	Provision	Expenditure	Excess	Percentage of Excess
1	Grant No. 3	2059-Public works 0008-Maintenance of Rural Health Centre/Sub-Centre 01-053-0008	196.10	1729.60	1533.50	782
2		4059-Capital outlay on public works 0001-Other Administrative Service 80-051-0001	63.22	2079.07	2015.85	3189
3	Grant No. 10	6801-Loans to power projects 0005-Loans to Bihar State Electricity Board for payment of interest under tripartite agreement 00-800-0005	20317.38	166124.46	145807.08	718
4	Grant No. 14	6004-Loans And Advances from Central Government 0002- Loans received from 1984-85 01-102-0002	13079.39	25121.08	12041.69	92
5		0003-Repayment of loans received at higher rate of interest (Debt Swap) 6004-01-102-0003	50000.00	173520.00	123520.00	247
6		000115-Years consolidated Block loan-1990 6004-02-104-0001	2706.53	6089.70	3383.17	125
7	Grant No. 15	2071 pensions and other retirement benefits 0002-Payment of pension to the employees retiring from successor State of Bihar 01-101-0002	9816.00	51167.62	41351.62	421
8		0002-Payment to employees retiring from successor Bihar 2071-01-104-0002	20000.00	30383.84	10383.84	52
9		0002-Payment to the family pension related to employees retired from successor Bihar 2071-01-105-0002	1200.00	4339.65	3139.65	262

Sl. No.	No. and Name of Grant/ Appropriation	Head of Account (Major/sub/minor head)	Provision	Expenditure	Excess	Percentage of Excess
10		0001-Leave encashment equivalent unavailed earned leave payable to officers and employees retired /died prior to 15.11.2000 2071-01-115-0001	500.00	2029.11	1529.11	306
11		0002-Leave encashment to unavailed earned leave payable to officers and employees retired/died after 15.11.2000 2071-01-115-0002	10000.00	16216.41	6216.41	62
12	Grant No. 20	2211- Family Welfare 0101-Rural Family Welfare Centre 2211-00- 101-0101	2670.72	6226.75	3556.03	133
13	Grant No. 22	2055 Police 0001-Mounted Military Police 00-104-0001	262.07	2061.77	1799.70	687
14	Grant No. 36	2215- Water Supply and Sanitation 0001 Maintenance of Water supply in Government Building 2215-01-800-0001	654.08	3895.62	3241.54	496
15		4215- Capital out lay on Water supply and sanitation 0001- Water Supply to Government Building 01-800-0001	96.44	3189.24	3092.80	3207
16	Grant No. 41	3054- Roads and Bridges 0001 Direction 80-001-0001	463.92	1611.10	1147.18	247
17	Grant No. 42	2505- Rural Employment 0105- National Rural Employment Programme – Regional Establishment 01-702-0105	1109.07	3035.12	1926.05	174
18		4515- Capital Outlay on other Rural Development Programme 0101- Minimum needs Programmes 00-103-0101	1065.25	1790.62	725.37	68
19	Grant No. 49	2701- Major and Medium Irrigation 0002- Repair & Maintenance- Kamla & North Bihar Irrigation Project 03-115-0002	50.00	2972.01	2922.01	5844

Sl. No.	No. and Name of Grant/ Appropriation	Head of Account (Major/sub/minor head)	Provision	Expenditure	Excess	Percentage of Excess
20		2711- Flood Control & Drainage 0001- Director, Purchase & Transport 01-001-0001	20.53	1516.51	1495.98	7287
21		4701- Capital Outlay on Major and Medium Irrigation 0110- Sourth Bihar Irrigation Project 04-800-0110	7190.94	14417.13	7226.19	100
22		0113- North Bihar Irrigation Project 4701-04-800-0113	3339.88	6533.45	3193.57	96
23	Grant No. 50	2702- Minor Irrigation 0102 ERP under Minor Irrigation 01-102-0001	10.50	952.48	941.98	8971
24		4702- Capital Outlay on Minor Irrigation 0101- Loans from NABARD for completion of incomplete works on tubewell schemes 00-102-0101	3072.78	17495.86	14423.08	469
		Total:	147884.80	544498.20	396613.40	

## APPENDIX XVII

(Refer : Paragraph – 2.3.5; Page 26)

## Expenditure without Budget provision in Minor Heads

(Rupees in lakh)

Sl No.	Number and Name of Grant / Appropriation	Major / Sub / Minor Head of Account / Scheme	Provision (Original + Supplementary)	Actual Expenditure	Excess
	Revenue Voted Grants				
1.	42 Rural Development Department	2515 Other Rural Employment 00 Programme 101 Panchayati Raj (Non-Plan) 0005 Panchayati Raj Sahayak Anudan	0.00	5.17	5.17
	Capital Voted Grant				
2.	25 Institutional Finance and Programme Implementation Department	5475 Capital Outlay on Other General-Economic Services 00 Programme 800 Other Expenditure (State Plan) 0101 Contribution to the Share Capital of State Government to Kshetriya Gramin Bank Investment	0.00	0.42	0.42
3.	49 Water Resources Department	4701 Capital Outlay on Major and Medium Irrigation 80 General 800 Other Expenditure (State Plan) 0126 National Integrated Development Programme (Additional Central Assistance)	0.00	60.90	60.90
	<b>Total Voted Grant:</b>		<b>0.00</b>	<b>66.49</b>	<b>66.49</b>
	Capital Charged Appropriations				
4.	14 Repayment of Public Debt	6003 Internal Debt of the State Government 00 Programme 101 Market Loans (Non-Plan) 0010- 14% Bihar State Development Loan, 2005 (bearing interest)	0.00	184.53	184.53

Sl No.	Number and Name of Grant / Appropriation	Major / Sub / Minor Head of Account / Scheme	Provision (Original + supplementary)	Actual Expenditure	Excess
5.	14 Repayment of Public Debt	6003 Internal Debt of the State Government 00 Programme 110 Ways and Means Advances from the Reserve Bank of India (Non-Plan) 0002 Ways and Means Advances from the Reserve Bank of India Shortfall / Overdraft (Non-Plan)	0.00	114289.27	114289.27
6.	14 Repayment of Public Debt	6003 Internal Debt of the State Government 00 Programme 111 Special Securities issued to National Small Savings Fund of the Central Government (Non-Plan) 0001 Special Securities issued to National Small Savings Fund of the Central Government	0.00	10382.00	10382.00
	<b>Total</b>		<b>0.00</b>	<b>124855.80</b>	<b>124855.80</b>
	<b>Grand Total:</b>		<b>0.00</b>	<b>124922.29</b>	<b>124922.29</b>

## APPENDIX – XVIII

(Refer : Paragraph – 2.3.8; Page 26)

Statement showing cases where supplementary provision was unnecessary

(Rupees in crore)

Sl No.	Number and name of the Grant / Appropriation	Original Provision	Supplementary Provision	Total	Expenditure	Savings
<b>A.-REVENUE SECTION-Voted</b>						
1	2	3	4	5	6	7
1	1-Agriculture Department	205.47	4.61	210.08	136.17	73.91
2	2-Animal Husbandry and Fisheries Department	86.29	1.88	88.17	65.13	23.04
3	3-Building Construction and Housing Department	88.12	8.04	96.16	87.90	8.26
4	4-Cabinet secretariat and Co-ordination Department	6.60	0.48	7.08	5.05	2.03
5	6- Election	49.85	2.44	52.29	30.03	22.26
6	7-Vigilance	7.47	0.01	7.48	5.99	1.49
7	8-Civil Aviation Department	4.92	0.43	5.35	4.68	0.67
8	9-Co-operative Department	37.27	0.58	37.85	27.28	10.57
9	10- Energy Department	14.11	0.85	14.96	8.53	6.43
10	12-Finance Department	61.21	0.28	61.49	46.16	15.33
11	17-Finance (Commercial Tax) Department	26.83	1.43	28.26	21.51	6.75
12	18-Food Supply and Commerce Department	54.55	0.01	54.56	40.15	14.41
13	19-Forest and Environment Department	39.84	13.94	53.78	32.64	21.14
14	20-Health, Medical Education and Family Welfare Department	697.02	19.52	716.54	530.98	185.56
15	21-Higher Education Department	469.12	1.12	470.24	435.16	35.08
16	22-Home Department	1050.95	34.68	1085.63	949.08	136.55
17	23-Industries Department	43.33	3.68	47.01	26.09	20.92
18	24-Information and Public Relations Department	11.35	1.54	12.89	11.20	1.69
19	25-Institutional Finance and Programme Implementation Department	3.08	0.04	3.12	1.64	1.48
20	27-Law Department	148.16	0.27	148.43	106.59	41.84
21	30-Minority Welfare Department	1.87	0.80	2.67	1.56	1.11
22	32-Legislature	31.19	1.62	32.81	29.84	2.97

Sl No.	Number and name of the Grant / Appropriation	Original Provision	Supplementary Provision	Total	Expenditure	Savings
23	33-Personnel and Administrative Reforms Department	13.26	0.35	13.61	6.57	7.04
24	35-Planning and Development Department	28.66	1.50	30.16	19.73	10.43
25	36-Public Health Engineering Department	123.82	2.94	126.76	115.96	10.80
26	37-Rajbhasha Department	13.54	0.08	13.62	11.65	1.97
27	38-Registration Department	22.56	2.06	24.62	22.52	2.10
28	39-Relief and Rehabilitation Department	95.80	10.57	106.37	55.97	50.40
29	40-Revenue and Land Reforms Department	224.01	15.33	239.34	185.93	53.41
30	41-Road Construction Department	228.12	2.11	230.23	202.66	27.57
31	42-Rural Development Department	776.46	138.37	914.83	627.00	287.83
32	43-Science and Technology Department	43.43	8.35	51.78	25.56	26.22
33	44-Secondary, Primary and Adult Education Department	3006.26	38.00	3044.26	2347.51	696.75
34	45- Sugarcane Department	12.11	0.07	12.18	8.88	3.30
35	46-Tourism Department	6.85	0.36	7.21	4.07	3.14
36	47-Transport Department	6.26	0.03	6.29	4.35	1.94
37	48-Urban Development Department	97.36	32.24	129.60	86.04	43.56
38	50-Minor Irrigation Department	130.30	144.57	274.87	105.50	169.37
39	51-Welfare Department	414.41	27.88	442.29	258.70	183.59
40	52-Art, Culture and Youth Department	17.93	1.17	19.10	13.73	5.37
	<b>Total:</b>	<b>8399.74</b>	<b>524.23</b>	<b>8923.97</b>	<b>6705.69</b>	<b>2218.28</b>
<b>B.-CAPITAL SECTION-Voted</b>						
1	3- Building Construction and Housing Department	98.46	55.33	153.79	40.51	113.28
2	9-Co-operative Department	34.12	2.90	37.02	17.49	19.53
3	12-Finance Department	12.49	0.09	12.58	1.94	10.64
4	19-Forest and Environment Department	0.60	0.01	0.61	0.00	0.61
5	20-Health, Medical Education and Family Welfare Department	28.80	1.31	30.11	4.78	25.33
6	22-Home Department	100.00	2.52	102.52	0.28	102.24
7	36-Public Health and Engineering Department	169.16	17.56	186.72	72.93	113.79



Sl No.	Number and name of the Grant / Appropriation	Original Provision	Supplementary Provision	Total	Expenditure	Savings
8	41-Road Constructions Department	118.66	12.51	131.17	61.53	69.64
9	47-Transport Department	5.60	0.09	5.69	2.39	3.30
10	48-Urban Development Department	18.31	2.50	20.81	12.50	8.31
11	49-Water Resources Department	650.77	10.99	661.76	346.13	315.63
12	52-Art, Culture and Youth Department	3.77	1.04	4.81	0.99	3.82
	<b>Total:</b>	<b>1240.74</b>	<b>108.85</b>	<b>1347.59</b>	<b>561.47</b>	<b>786.12</b>
<b>C.-REVENUE SECTION- Charged</b>						
1	12-Finance Department	0.00	0.03	0.03	0.00	0.03
2	13-Interest Payment	3416.83	1.44	3418.27	3343.05	75.22
3	20-Health, Medical Education and Family Welfare Department	0.00	0.16	0.16	0.00	0.16
4	41-Road Construction Department	0.00	0.09	0.09	0.00	0.09
5	47-Transport Department	0.00	0.21	0.21	0.00	0.21
6	<b>D - Capital Charged</b> 49-Water Resources Department	0.00	0.08	0.08	0.00	0.08
	<b>Total:</b>	<b>3416.83</b>	<b>2.01</b>	<b>3418.84</b>	<b>3343.05</b>	<b>75.79</b>
	<b>Total A+B+C+D:</b>	<b>13057.37</b>	<b>635.19</b>	<b>13692.56</b>	<b>10610.27</b>	<b>3082.29</b>

## APPENDIX – XIX

(Refer : Paragraph – 2.3.8; Pag 26)

Statement showing cases where supplementary provision was made in excess of actual requirement (exceeding Rs. 10 lakh in each case)

(Rupees in crore)

Sl. No.	Number and Name of the Grant / Appropriation	Original Provision	Supplementary Provision	Total	Expenditure	Savings
<b>Revenue Voted</b>						
1	2	3	4	5	6	7
1	16-National Savings	2.53	1.40	3.93	3.34	0.59
<b>Capital Voted</b>						
1	2-Animal Husbandry And Fisheries Department	0.00	2.79	2.79	2.11	0.68
2	23-Industries Department	1.50	29.28	30.78	29.28	1.50
3	42-Rural Development Department	421.60	171.91	593.51	473.30	120.21
4	45- Sugarcane Department	0.06	2.10	2.16	0.06	2.10
	<b>Total:</b>	<b>425.69</b>	<b>207.48</b>	<b>633.17</b>	<b>508.09</b>	<b>125.08</b>

## APPENDIX – XX

(Refer : Paragraph – 2.3.8; Page 26)

Statement showing cases where supplementary provision proved short of actual requirement (exceeding Rs. 10 lakh in each case)

(Rupees in crore)

Sl. No.	Number and Name of the Grant / Appropriation	Original Provision	Supplementary Provision	Total	Expenditure	Excess
<b>Revenue Section-Voted</b>						
1	2	3	4	5	6	7
1	11- Excise and Prohibition Department	15.94	0.11	16.05	16.49	0.44
2	15-Pension	2206	1.20	2207.20	2267.19	59.99
<b>Revenue Section-Charged</b>						
3	50-Minor Irrigation Department	0	0.02	0.02	0.62	0.60
<b>Capital Section-Voted</b>						
1	10- Energy Department	1006.9	375.41	1382.31	2792.23	1409.92
2	30-Minority Welfare Department	2.84	0.06	2.90	3.45	0.55
<b>Total:</b>		<b>3231.68</b>	<b>376.80</b>	<b>3608.48</b>	<b>5079.98</b>	<b>1471.50</b>

## APPENDIX XXI

(Refer : Paragraph – 2.3.9; Page 27)

### Statement of unnecessary reappropriation of funds (excess exceeding Rs one crore)

(Rupees in lakh)

Sl. No.	Grant No.	Major head/ Sub-head Schemes	Provision Original + Supplementary	Surrender (Re-appropriation)	Total	Expenditure	Excess
<b>1</b>	<b>1</b>	<b>2401- Crop Husbandry</b>					
		001-Direction & Administration 0001-Direction	184.28	16.09	168.19	359.79	191.60
		Non-Plan 109-Extension & Farmers' Training 0003-Agriculture Information Service	71.74	12.95	58.79	398.35	339.56
<b>2</b>	<b>2</b>	<b>2403-Animal Husbandry</b>					
		Non-Plan 102-Cattle and Buffalo Development 0001-Cattle breeding Farm	138.96	23.43	115.53	554.21	438.68
<b>3</b>	<b>3</b>	<b>2059-Public Works</b>					
		Non-Plan 01-Office Buildings 053-Maintenance & Repairs 0008-Maintenance of Rural Health Centre/Sub-Centre	200.00	3.90	196.10	1729.60	1533.50
		<b>4059-Capital Outlay on Public Works</b>					
		Non-Plan 80-General 051-Construction 0001-Other Administration Services	153.00	89.79	63.22	2079.07	2015.85
		<b>4216-Capital Outlay on Housing</b>					
		Non-Plan 01-Government Residential Buildings 700-Other Housing 0003-Public Works	200.00	150.38	49.62	226.59	176.97
<b>4</b>	<b>6</b>	<b>2015-Elections</b>					
		Non-Plan 102-Electoral Officers 0001-Headquarters charges and General Establishment	304.52	24.61	279.91	406.60	126.69

Sl. No.	Grant No.	Major head/ Sub-head Schemes	Provision Original + Supplementary	Surrender (Re-appropriation)	Total	Expenditure	Excess
		Non-Plan 103-Preparation and Printing of Electoral rolls 0001-Electoral rolls for Assembly Constituencies	501.00	32.29	468.71	786.74	318.03
5	10	<b>6801- Loans for Power Projects</b>					
		Non-Plan 800-Other Loans to Electricity Boards 0005-Refunds of Deducted amount of Electricity Board against Central Grant received from Govt. of India	22200.00	1882.62	20317.38	166124.46	145807.08
6	11	<b>2039-State Excise</b>					
		Non-Plan 001-Direction & Administration 0002-District Charges	1418.39	224.26	1194.13	1455.02	260.89
7	14	<b>6004-Loans and Advances from the Central Government</b>					
		Non-Plan 01-Loans 102-Share of Small Savings collections 0002-Loans received from 84 -85	13452.56	373.17	13079.39	25121.08	12041.69
8	15	<b>2071 Pensions and Other Retirement benefits</b>					
		Non-Plan 01-Civil 111-Pensions to legislators 0002-Pension to Members of Legislative Council	68.00	8.65	59.35	180.53	121.18
9	20	<b>2210-Medical &amp; Public Health</b>					
		01-Urban Health Services- Allopathy 001-Direction & Administration 0103-District Medical Officer	29.02	3.65	25.37	254.87	229.50
		Non-Plan 0002-Darbhanga Medical College Hospital	940.77	25.65	915.12	1090.67	175.55
		<b>2211-Family Welfare</b>					
		Non-Plan 101-Rural Family Welfare Services 0101-Rural Family Welfare Centre	2692.70	21.98	2670.72	6226.75	3556.03

Sl. No.	Grant No.	Major head/Sub-head Schemes	Provision Original + Supplementary	Surrender (Re-appropriation)	Total	Expenditure	Excess
<b>10</b>	<b>22</b>	<b>2055-Police</b>					
		State Plan 001-Direction & Administration 0001-Superintendence	738.76	89.35	649.41	835.55	186.14
		Non-Plan 0002-Indo-Pak Passport	7.29	0.07	7.22	132.05	124.83
		Non-Plan 104-Special Police 0001Mounted Military Police	286.26	24.19	262.07	2061.77	1799.70
		Non-Plan 111-Railway Police 0001-Drive against ticketless travelers	110.13	17.76	92.37	324.01	231.64
<b>11</b>	<b>26</b>	<b>2210-Medical &amp; Public Health</b>					
		Non-Plan 01-Urban Health Services-Allopathy 102-Employees State Insurance Scheme 0101-Employees State Insurance Scheme	18.80	0.84	17.96	139.40	121.44
<b>12</b>	<b>32</b>	<b>2011-Parliament/State/Union Territory Legislatures</b>					
		State Plan 02-State/Union Territory Legislatures 102-Legislative Council 0005-Leader of Opposition	26.42	9.08	17.34	161.31	143.97
		Non-Plan 0006-Members	382.30	62.54	319.76	494.84	175.08
<b>13</b>	<b>36</b>	<b>2215-Water Supply and Sanitation</b>					
		01-Water Supply 800-Other Expenditure 0001-Maintenance of Water Supply in Govt. Building	660.00	5.92	654.08	3895.62	3241.54
		<b>4215-Capital Outlay on Water Supply and Sanitation</b>					
		Non-Plan 01-Water Supply 800-Other Expenditure 0001-Water Supply to Govt. Buildings	650.00	553.56	96.44	3189.24	3092.80

Sl. No.	Grant No.	Major head/Sub-head Schemes	Provision Original + Supplementary	Surrender (Re-appropriation)	Total	Expenditure	Excess
<b>14</b>	<b>38</b>	<b>2030-Stamps and Registration</b>					
		Non-Plan 01-Stamps Judicial 101-Cost of Stamps 0001-Cost of Stamps Supplied From Central Stamp Store, Nasik Road	75.00	-13.11	61.89	315.18	253.29
<b>15</b>	<b>39</b>	<b>2245-Relief on Account of Natural Calamities</b>					
		Non-Plan 02-Floods, Cyclones etc. 101-Gratuitors Relief 0003-Payment of grants in-aid to affected families	200.00	36.45	163.55	441.53	277.98
<b>16</b>	<b>41</b>	<b>3054-Roads and Bridges</b>					
		Non-Plan 80-General 001-Direction & Administration 0001-Direction	482.72	18.80	463.92	1611.10	1147.18
		Non-Plan 0006-National Highway Project-Direction	47.47	5.01	42.46	231.20	188.74
<b>17</b>	<b>42</b>	<b>2505-Rural Employment</b>					
		01-National Programmes 702-Jawahar Gram Samaridhi Yojana 0102-Headquarter Establishment	89.00	27.79	61.21	175.85	114.64
		State Plan 0105-National Rural Employment Programme- Regional Establishment	1400.00	290.93	1109.07	3035.12	1926.05
		<b>2515-Other Rural Development Programme</b>					
		State Plan 001-Direction & Administration 0001-Panchayat Headquarters Establishment	113.84	10.74	103.10	241.46	138.36
<b>18</b>	<b>45</b>	<b>2401-Crop Husbandry</b>					
		108-Commencial Crops Non-Plan 0108-National Divisional of Sugarcane Waste Cropping system Macromode State Share 10:90	25.98	4.72	21.26	148.30	127.04



Sl. No.	Grant No.	Major head/Sub-head Schemes	Provision Original + Supplementary	Surrender (Re-appropriation)	Total	Expenditure	Excess
<b>19</b>	<b>49</b>	<b>2701-Major and Medium Irrigation</b>					
		State Plan 80-General 001-Direction & Administration 0002-Director, Revenue Administration	8.51	2.98	5.53	299.98	294.45
		<b>4701-Capital Outlay on Major &amp; Medium Irrigation</b>					
		Non-Plan 04-Medium Irrigation-Non-Comm. 800-Other Expenditure 0110-South Bihar Irrigation Project	8605.34	1414.40	7190.94	14417.13	7226.19
		State Plan 0113-North Bihar Irrigation Project	4194.69	854.81	3339.88	6533.45	3193.57
		<b>4711-Capital Outlay on Flood Control Projects</b>					
		01-Flood Control 001-Direction & Administration 0102-North Bihar Flood control Project	5651.69	122.70	5528.99	7178.72	1649.73
<b>20</b>	<b>50</b>	<b>2702 Minor Irrigation</b>					
		State Plan 02 -Ground Water 103- Tube Wells 0004- Central workshop development and training institute, Patna.	65.04	0.88	64.16	244.89	180.73
		<b>4702 -Capital Outlay on Minor Irrigation</b>					
		Non-Plan 102 -Ground Water 0101- Loans from NABARD for completion of incomplete works of tube well schemes.	3908.00	835.22	3072.78	17495.86	14423.08
		<b>Total:</b>	<b>70302.18</b>	<b>7295.27</b>	<b>63006.91</b>	<b>270597.89</b>	<b>207590.98</b>

## APPENDIX – XXII

(Refer : Paragraph – 2.3.9; Page 27)

## Statement of excessive surrenders

(Rupees in lakh)

Sl. No.	Grant No.	Major head/ Sub-head Schemes	Provision Original + Supplementary	Surrender (Re-appropriation)	Total	Expenditure	Excess after Reappropriation
1	17	<b>2040-Taxes on Sales, Trade Etc.</b>					
		Non-Plan 101-Collection charges 0001-District Charges	2298.17	741.46	1556.71	1965.32	408.61
2	20	<b>2210-Medical and Public Health</b>					
		Non-Plan 03-Rural Health Services-Allopathy 101-Health Sub-Centres 0001-Rural Dispensaries	2454.57	540.67	1913.90	2202.93	289.03
3	39	<b>2245-Relief on account of Natural Calamities</b>					
		Non-Plan 02-Floods, Cyclones etc 112-Evacuation of population 0002-Population expulsion	1000.00	542.53	457.47	712.85	255.38
4	42	<b>4515-Capital Outlay on other Rural Dev. Programmes</b>					
		State Plan 103-Rural Development Programme 0101-Minimum Needs Programmes	8641.40	7576.15	1065.25	1790.62	725.37
5	49	<b>4701-Capital Outlay on Major &amp; Medium Irrigation</b>					
		State Plan 04-Medium Irrigation Non-Commercial 800-Other Expenditure 0118-North Bihar Irrigation Project (A.I.B.P.)	6500.00	1963.00	4536.95	4948.44	411.49
		<b>Total:</b>	<b>20894.14</b>	<b>11363.81</b>	<b>9530.28</b>	<b>11620.16</b>	<b>2089.88</b>

## APPENDIX-XXIII

(Refer : Paragraph – 2.3.10; Page 27.)

### Anticipated savings not surrendered

(Rupees in crore)

Sl. No.	Number and name of the Grant / Appropriation	Total Grant	Savings	Unsurrendered Savings	Percentage of Savings
	<b>Revenue Section-Voted</b>				
1	1-Agriculture Department	210.08	73.91	35.58	48
2	2-Animal Husbandry and Fisheries department	88.17	23.05	1.67	7
3	4-Cabinet secretariat and Co-ordination Department	7.08	2.03	1.16	57
4	9-Co-operative Department	37.86	10.57	4.28	40
5	10- Energy Department	14.96	6.43	5.10	79
6	12-Finance Department	61.49	15.33	3.02	20
7	18-Food Supply and Commerce Department	54.57	14.42	1.58	11
8	19-Forest and Environment Department	53.78	21.14	5.96	28
9	20-Health, Medical, Education and Family Welfare Department	716.54	185.56	37.41	20
10	22-Home Department	1085.64	136.55	17.95	13
11	23-Industries Department	47.01	20.92	9.45	45
12	26-Labour Employment and Training Department	176.15	34.87	10.10	29
13	27-Law Department	148.44	41.84	16.27	39
14	33-Personnel and Administrative Reforms Department	13.61	7.04	1.19	17
15	35-Planning and Development Department	30.17	10.43	4.10	39
16	37-Rajbhasha Department	13.62	1.98	1.44	73
17	39-Relief Rehabilitation Department	106.37	50.40	20.27	40
18	40-Revenue and Land Reforms Department	239.34	53.42	45.19	85
19	42-Rural Development Department	914.83	287.84	132.37	46
20	43-Science and Technology Department	51.78	26.22	26.22	100
21	44-Secondary, Primary and Adult Education Department	3044.26	696.75	630.15	90
22	46-Tourism Department	7.22	3.15	2.41	77
23	48-Urban Development Department	129.60	43.55	17.56	40
24	49-Water Resources Department	230.33	28.05	9.90	35
25	50-Minor Irrigation Department	274.87	169.37	154.04	91

Sl. No.	Number and name of the Grant / Appropriation	Total Grant	Savings	Unsurrendered Savings	Percentage of Savings
26	51-Welfare Department	442.29	183.59	183.59	100
	<b>Total</b>	<b>8200.06</b>	<b>2148.41</b>	<b>1377.96</b>	
<b>Capital Section - Voted</b>					
1	3- Building Construction And Housing Department	153.78	113.28	8.13	7
2	8-Civil Aviation Department	1.00	1.00	1.00	100
3	9-Co-operative Department	37.02	19.52	2.12	11
4	12-Finance Department	12.58	10.64	1.46	14
5	20-Health, Medical, Education And Family Welfare Department	30.11	25.33	15.32	60
6	22-Home Department	102.52	102.24	27.20	27
7	36-Public Health And Engineering Department	186.72	113.78	17.79	16
8	42-Rural Development Department	593.51	120.21	29.85	25
9	44-Secondary,Primary And Adult Education Department	56.66	12.11	11.51	95
10	49-Water Resources Department	661.77	315.73	3.25	1
	<b>Total</b>	<b>1835.67</b>	<b>833.84</b>	<b>117.63</b>	
<b>Revenue Section-Charged</b>					
1	13-Interest Payment	3418.27	75.23	65.20	87
	<b>Total</b>	<b>3418.27</b>	<b>75.23</b>	<b>65.20</b>	
	<b>Grand Total</b>	<b>13454.00</b>	<b>3057.48</b>	<b>1560.79</b>	

## APPENDIX XXIV

(Refer : Paragraph – 2.3.10; Pag 27)

### Amount surrendered on the last day of March 2004

Sl. No	Number and name of the Grant/ Appropriation	Amount surrendered on the last day of March 2004 (Rupees in crore)
	<b>Revenue Section – Voted</b>	
1	1- Agriculture Department	38.33
2	2-Animal Husbandry & Fisheries Department	21.38
3	3-Building Construction and Housing Department	9.52
4	4- Cabinet Secretariat and Co-ordination Department	0.87
5	6- Election	23.03
6	7-Vigilance	0.68
7	8-Civil Aviation Department	0.49
8	9- Co-operative Department	6.29
9	10-Energy Department	1.33
10	11-Excise and Prohibition Department	2.70
11	12-Finance Department	12.31
12	15- Pension	0.53
13	16- National savings	0.55
14	17-Finance (Commercial Taxes) Department	10.70
15	18- Food Supply and Commerce Department	12.84
16	19- Forest and Environment Department	15.18
17	20- Health, Medical Education and Family Welfare Department	148.15
18	21- Higher Education Department	34.13
19	22-Home Department	118.60
20	23- Industries Department	11.46
21	24- Information and Public Relation Department	1.48
22	25- Institutional Finance and Programme Implementation Department	1.32
23	26- Labour, Employment and Training Department	24.77
24	27- Law Department	25.57
25	29- Mines and Geology Department	1.17
26	30- Minorities Welfare Department	0.57
27	31- Parliamentary Affairs Department	0.07
28	32-Legislature	2.80
29	33- Personnel and Administrative Reforms Department	5.85
30	35- Planning and Development Department	6.34
31	36- Public Health and Engineering Department	18.89
32	37-Raj Bhasha Department	0.54
33	38- Registration Department	5.86
34	39-Relief and Rehabilitation Department	30.13
35	40- Revenue and Land Reform Department	8.23

Sl. No	Number and name of the Grant/ Appropriation	Amount surrendered on the last day of March 2004 (Rupees in crore)
36	41-Road Construction Department	35.79
37	42- Rural Development Department	155.47
38	44- Secondary, Primary and Adult Education Department	66.60
39	45-Sugarcane Department	2.99
40	46- Tourism Department	0.73
41	47-Transport Department	2.01
42	48-Urban Development Department	26.00
43	49-Water Resources Department	18.15
44	50-Minor Irrigation Department	15.33
45	52- Youth, Art and Culture Department	4.69
	<b>Total</b>	<b>930.42</b>
	<b>Revenue Section -Charged</b>	
1	5- Secretariat of the Governor	0.18
2	13- Interest Payment	10.02
3	28- High Court of Bihar	5.48
4	32-Legislature	0.02
5	34- Bihar Public Service Commission	3.14
	<b>Total</b>	<b>18.84</b>
	<b>Capital Section-Voted</b>	
1	3- Building Construction and Housing Department	105.14
2	9- Co-operative Department	17.40
3	10-Energy Department	183.25
4	12- Finance Department	9.18
5	19- Forest and Environment Department	0.60
6	20- Health, Medical Education and Family Welfare Department	10.02
7	22-Home Department	75.04
8	23-Industries Department	1.50
9	25- Institutional Finance and Programme Implementation Department	1.50
10	36-Public Health Engineering Department	95.99
11	40- Revenue and Land Reforms Department	0.04
12	41- Road Construction Department	69.13
13	42-Rural Development Department	90.37
14	44-Secondary, Primary and Adult Education Department	0.60
15	45- Sugarcane Department	2.10
16	47-Transport Department	3.30
17	48- Urban Development Department	7.62
18	49-Water Resources Department	312.38
19	50- Minor Irrigation Department	62.77
20	52-Youth, Art and Culture Department	3.82
	<b>Total</b>	<b>1051.75</b>
	<b>(D) Capital- Section-Charged</b>	
1	14- Repayment of Debt	296.45
	<b>Total</b>	<b>296.45</b>
	<b>Grand Total</b>	<b>2297.46</b>

## APPENDIX XXV

(Refer : Paragraph – 2.3.11; Page 27)

### Surrender in excess of actual savings in Grants

(Rupees in crore)

Sl. No.	Number and name of the Grant/ Appropriation	Total grant	Savings	Amount surrendered	Amount surrendered in excess
<b>Revenue Section-Voted</b>					
1	3- Building Construction and Housing Department	96.16	8.27	9.52	1.25
2	6- Election	52.29	22.26	23.03	0.77
3	17-Finance (Commercial Tax) Department	28.26	6.75	10.7	3.95
4	36-Public Health and Engineering Department	126.76	10.8	18.89	8.09
5	38-Registration Department	24.62	2.10	5.86	3.76
6	41-Road Constructions Department	230.22	27.56	35.79	8.23
7	47-Transport Department	6.29	1.94	2.01	0.07
	<b>Total</b>	<b>564.60</b>	<b>79.68</b>	<b>105.80</b>	<b>26.12</b>
<b>Capital Section-Voted</b>					
8	25-Institutional Finance and Programme Implementation Department	1.5	1.49	1.5	0.01
<b>Total</b>		<b>566.10</b>	<b>81.17</b>	<b>107.30</b>	<b>26.13</b>



## APPENDIX XXVI

(Refer : Paragraph – 2.3.11; Page 27)

## Injudicious re-appropriation under various Grants / Appropriations

(Rupees in crore).

Sl No.	Number and Name of Grant / Appropriation	Total Provision (Original + Supplementary)	Actual Expenditure	Excess	Surrender (Reappropriation)	Excess after Reappropriation
	Revenue Voted Grants					
1.	11 Excise and Prohibition Department	16.05	16.49	0.44	2.69	3.13
2.	15 Pension	2207.20	2267.20	60.00	0.53	60.53
	Capital Voted Grants					
3.	10 Energy Department	1382.31	2792.23	1409.92	183.25	1593.17
4.	50 Minor Irrigation Department	95.58	175.22	79.64	62.77	142.41
	Capital Charged Grants					
5.	14 Repayment of Public Debt	3423.42	5652.98	2229.56	296.45	2526.01
	Total:	7124.56	10904.12	3779.56	545.69	4325.25

## APPENDIX XXVII

(Refer : Paragraph – 2.3.12; Page 27)

### Rush of expenditure during March 2004

Treasury Month	Revenue Expenditure	Capital Expenditure	Total Expenditure	Percentage of Expenditure in each quarter	Percentage of Expenditure in March
Apr-03	431.83	11.56	443.39		
May-03	863.54	23.98	887.52		
Jun-03	497.04	41.52	538.56		
<b>Total:</b>	<b>1792.41</b>	<b>77.06</b>	<b>1869.47</b>	<b>13</b>	
Jul-03	741.80	50.68	792.48		
Aug-03	1043.39	46.92	1090.31		
Sep-03	1179.28	58.18	1237.46		
<b>Total:</b>	<b>2964.47</b>	<b>155.78</b>	<b>3120.25</b>	<b>22</b>	
Oct-03	986.95	48.27	1035.22		
Nov-03	689.92	56.40	746.32		
Dec-03	716.14	62.08	778.22		
<b>Total:</b>	<b>2393.01</b>	<b>166.75</b>	<b>2559.76</b>	<b>18</b>	
Jan-04	780.36	104.84	885.20		
Feb-04	820.95	156.60	977.55		
Mar-04 (P)	2424.75	441.86	2866.60		
Mar-04 (S)	1534.88	446.29	1981.18		
<b>Total:</b>	<b>5560.94</b>	<b>1149.59</b>	<b>6710.53</b>	<b>47</b>	<b>34</b>
<b>Grand Total:</b>	<b>12710.83</b>	<b>1549.17</b>	<b>14260.00</b>	<b>100</b>	

## APPENDIX XXVIII

(Refer : Paragraph – 2.3.13; Page 28)

## Statement of unreconciled expenditure

Reconciliation in respect of following heads of accounts have not been done during 2003-04

(Rupees. in crore)

Major Head	Amount
2202	2777.63
2203	25.30
2204	9.98
4202	54.16
2205	8.85
2210	388.02
4210	4.78
2055	825.11
2047	3.34
2058	8.16
2220	11.11
4702	175.22
2401	81.86
2405	8.14
2501	24.57
2404	3.63
2070	64.26
2701	150.45
3054	202.04
5054	61.53
2211	146.24
2071	2268.83
2702	106.12
2810	1.15

*Audit Report (civil) for the year ended March 2004*

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Major Head	Amount
2851	17.40
2852	9.01
3456	39.08
2039	16.19
2054	12.18
2245	54.39
3454	11.11
4711	83.45
2014	122.30
2045	0.46
2059	92.82
4216	2.53
4701	262.69
4801	300.39
2029	116.12
2049	3343.05
<b>Total:</b>	<b>11893.65</b>

## APPENDIX - XXIX

(Refer : Paragraph – 2.3.14 ; Page 28)

## Statement of savings under plan schemes

(Rupees in crore)

Schemes	Total Provision (Original + Supplementary)	Actual Expenditure	Savings
State Plan	3000.97	2545.27	455.70
Central Plan	3.78	2.39	1.39
Centrally Sponsored	521.72	221.89	299.83
<b>Total</b>	<b>3526.47</b>	<b>2769.55</b>	<b>756.92</b>

## Entire savings of Rs one crore and above under State Plan

Sl. No.	Name of the scheme	Total Provision	Actual Expenditure	Savings
1.	Grant No. 3			
	4059 Capital Outlay On Public Works 60 Other Buildings 800 Other Expenditure 0103 Facilities for Women Police (Police Bhawan Construction Corporation)	2.47	0.00	2.47
	80 General 051 Construction 0104 Jail Department - Construction and Repairs of Central / Divisional / Sub-Jail Buildings (In the light of Recommendation of XI Finance Commission)	4.05	0.00	4.05
	0105 Building Construction Department - Construction of Judicial buildings (In the light of XI Finance Commission)	1.48	0.00	1.48
	0107 Protection of Archaeological Succession - Renovation and Construction of Museum and Art Buildings and Maintenance and Protection of Archaeological Monuments (In the light of XI Finance Commission)	1.52	0.00	1.52
	0108 Building Construction (Information and Broadcasting Department)	1.00	0.00	1.00
	0110 Judicial Buildings (Building Construction Department)	2.97	0.00	2.97

Sl. No.	Name of the scheme	Total Provision	Actual Expenditure	Savings
	4216 Capital Outlay on Housing 01 Government Residential Buildings 700 Other Housing 0101 Other Housing 0102 Judicial Residential Building	1.74 2.33	0.00 0.00	1.74 2.33
	<b>Total</b>	<b>17.56</b>	<b>0.00</b>	<b>17.56</b>
<b>2.</b>	<b>Grant No. 8</b>			
	5053 Capital Outlay On Civil Aviation 02 Air Ports 102 Aerodromes 0101 Aerodromes	1.00	0.00	1.00
	<b>Total</b>	<b>1.00</b>	<b>0.00</b>	<b>1.00</b>
<b>3.</b>	<b>Grant No. 20</b>			
	4210 Capital Outlay on Medical and Public Health 80 General 800 Other Expenditure 0102 Construction of under construction building of Referral Hospital	9.00	0.00	9.00
	<b>Total</b>	<b>9.00</b>	<b>0.00</b>	<b>9.00</b>
<b>4.</b>	<b>Grant No. 33</b>			
	2053 District Administration 093 District Establishments 0102 Administrative Training Centre, Bihar Patna	1.00	0.00	1.00
	<b>Total</b>	<b>1.00</b>	<b>0.00</b>	<b>1.00</b>
<b>5.</b>	<b>Grant No. 36</b>			
	4215 Capital Outlay On Water Supply and Sanitation 01 Water Supply 102 Rural Water Supply 0107 PMs Rural uplift scheme – Rural piped water supply scheme under construction	6.95	0.00	6.95
	<b>Total</b>	<b>6.95</b>	<b>0.00</b>	<b>6.95</b>
<b>6.</b>	<b>Grant No. 40</b>			
	2029 Land Revenue 800 Other Expenditure 0102 Cost of Acquiring Land for Connecting Road for Landless	2.00	0.00	2.00
	<b>Total</b>	<b>2.00</b>	<b>0.00</b>	<b>2.00</b>

Sl. No.	Name of the scheme	Total Provision	Actual Expenditure	Savings
<b>7.</b>	<b>Grant No. 43</b>			
	2203 Technical Education 112 Engineering / Technical Colleges and Institutes 0101 Degree and Post-Graduate Course	1.46	0.00	1.46
	004 Research 0101 Bihar Council of Science and Technology, Patna, Remote Sensing Centre/Indira Gandhi Science Centre, Planetarium, Patna	1.00	0.00	1.00
	<b>Total</b>	<b>2.46</b>	<b>0.00</b>	<b>2.46</b>
<b>8.</b>	<b>Grant No. 44</b>			
	2202 General Education 01 Elementary Education 107 Teachers Training 0101 Teachers Training	1.50	0.00	
	<b>Total</b>	<b>1.50</b>	<b>0.00</b>	<b>1.50</b>
<b>9.</b>	<b>Grant No. 48</b>			
	2217 Urban Development 80 General 191 Assistance to Local Bodies Corporations Urban Deve Authorities 0101 Grants-in-aid to Improvement Trust and Urban Development Authorities	1.91	0.00	1.91
	192 Municipalities and Nagar Parishad 0701 Grants-in-aid to Municipal Corporation for Private Work	5.19	0.00	5.19
	193 Nagar Panchayat and Notified Area Committee 0701 Grants-in-aid to Municipal Corporation for Private Work	4.49	0.00	4.49
	<b>Total</b>	<b>11.59</b>	<b>0.00</b>	<b>11.59</b>
<b>10.</b>	<b>Grant No. 49</b>			
	4701 Capital Outlay on Major and Medium Irrigation 04 Medium Irrigation - Non-Commercial 800 Other Expenditure 0120 North Bihar Irrigation Project (NABARD Sponsored Project)	2.46	0.00	2.46
	0121 South Bihar Irrigation Project (NABARD Sponsored Project)	13.73	0.00	13.73
	<b>Total</b>	<b>16.19</b>	<b>0.00</b>	<b>16.19</b>



Sl. No.	Name of the scheme	Total Provision	Actual Expenditure	Savings
<b>11.</b>	<b>Grant No. 50</b>			
	2702 Minor Irrigation 02 Ground Water 005 Investigation 0105 National Equidevelopment Programme	144.57	0.00	144.57
	4702 Capital Outlay on Minor Irrigation 102 Ground Water 0103 Loans from NABARD for Completion of New / Incomplete Higher Irrigation Schemes	1.35	0.00	1.35
	<b>Total</b>	<b>145.92</b>	<b>0.00</b>	<b>145.92</b>
<b>12.</b>	<b>Grant No. 51</b>			
	2225 Welfare of SCs, STs and OBCs 02 Welfare of Scheduled Tribes 277 Education 2236 Nutrition 02 Distribution of Nutritious Food and Beverages 101 Special Nutritious Programme 0802 Special Programme for Distribution of Food Grains to Under Nutritious Pregnant / Post Delivery Women and Adolescent Girls	7.70	0.00	7.70
	<b>Total</b>	<b>7.70</b>	<b>0.00</b>	<b>7.70</b>
<b>Total: (State Plan)</b>		<b>222.87</b>	<b>0.00</b>	<b>222.87</b>

Entire savings of Rs. one crore and above under Centrally Sponsored Scheme

Sl. No.	Name of the Scheme	Total Provision	Actual Expenditure	Savings
<b>1.</b>	<b>Grant No. 1</b>			
	2401-Crop Husbandry 119 Horticulture and Vegetable Crops 0606 Scheme for the Development of Medicinal Plants	1.52	0.00	1.52
	2415 Agricultural Research and Education 01 Crop Husbandry 004 Research 0601 Diara Area Development Scheme	1.34	0.00	1.34
	<b>Total</b>	<b>2.86</b>	<b>0.00</b>	<b>2.86</b>
<b>3.</b>	<b>Grant No. 3</b>			
	4216 Capital Outlay on Housing 01 Government Residential Buildings 700 Other Housing 0602 Judicial Residential Buildings	1.86	0.00	1.86
	<b>Total</b>	<b>1.86</b>	<b>0.00</b>	<b>1.86</b>
<b>3.</b>	<b>Grant No. 36</b>			
	4215 Capital Outlay on Water Supply and Sanitation 01 Water Supply 102 Rural Water Supply 0603 Accelerated Urban Water Supply Scheme	1.73	0.00	1.73
	<b>Total</b>	<b>1.73</b>	<b>0.00</b>	<b>1.73</b>
<b>4.</b>	<b>Grant No. 49</b>			
	4711 Capital Outlay on Flood Control Projects 01 Flood Control 800 Other Expenditure 0601 Extension and Strengthening of Embankment of Champaran 0603 Anti Erosion Work on River Other than Ganga (for Kosi River in Nepal Portion) 100 per cent Central Assistance	3.49 2.69	0.00 0.00	3.49 2.69
	<b>Total</b>	<b>6.18</b>	<b>0.00</b>	<b>6.18</b>

<b>6.</b>	<b>Grant No. 51</b>			
	2235 Social Security and Welfare 01 Welfare of Scheduled Castes 277 Education 0602 Hostel for Girl Students - Major Construction Works	1.15	0.00	1.15
	0605 Hostel for Students - Major Construction Works	1.15	0.00	1.15
	0613 Post Entrance Scholarship	1.00	0.00	1.00
	793 Special Central Assistance for SCs Component Plan			
	0602 Special Integrated Scheme for Harijans for Multipurpose Development - Special Control Assistance	5.00	0.00	5.00
	03 Welfare of Backward Classes 277 Education 0601 Post Entrance Scholarships	5.00	0.00	5.00
	0602 Pre Matric Scholarships	1.55	0.00	1.55
	0606 Hostel for Students - Major Construction Works	2.30	0.00	2.30
	0607 Hostel for Girl Students - Major Construction Works	1.15	0.00	1.15
	2235 Social Security and Welfare 02 Social Welfare 103 Women Welfare 0605 Girls Development Scheme Grants-in-aid	10.24	0.00	10.24
	<b>Total</b>	<b>28.54</b>	<b>0.00</b>	<b>28.54</b>
	<b>Total (CSS)</b>	<b>41.17</b>	<b>0.00</b>	<b>41.17</b>
	<b>Grand Total: (SP + CSS)</b>	<b>264.04</b>	<b>0.00</b>	<b>264.04</b>

## Large savings of Rs one crore and above under State Plan

Sl. No.	Name of the Scheme	Total Provision	Actual Expenditure	Savings
1.	<b>Grant No. 1</b>			
	2401-Crop Husbandry 109 Extension and Training 0102 Area Development - Command Level	27.53	13.88	13.65
	001 Ayacut Development 0102-Agriculture extension service	9.62	6.52	3.10
	<b>Total</b>	<b>37.15</b>	<b>20.40</b>	<b>16.75</b>
2.	<b>Grant No. 3</b>			
	4059 Capital Outlay On Public Works 01 Office Buildings 051 Construction - General Pool Accommodation 0101 Buildings	2.58	0.05	2.53
	<b>Total</b>	<b>2.58</b>	<b>0.05</b>	<b>2.53</b>
3.	<b>Grant No. 10</b>			
	2810 Non-Conventional Sources of Energy 60 Others 600 Other Sources of Energy 0101 Non-Conventional Sources of Energy Grants-in-aid	3.94	1.15	2.79
	<b>Total</b>	<b>3.94</b>	<b>1.15</b>	<b>2.79</b>
4.	<b>Grant No. 20</b>			
	2810 Non-Conventional Sources of Energy 02 Rural Health Services - Allopathy 101 Health Sub-Centres 0101 Primary Health Centre	40.66	24.89	15.77
	110 Hospitals and Dispensaries 0801 Allopathy	12.08	9.40	2.68
	4210 Capital Outlay on Medical and Public Health 80 General 800 Other Expenditure 0701 Other Expenditure	8.21	3.65	4.56
	<b>Total</b>	<b>60.95</b>	<b>37.94</b>	<b>23.01</b>

<b>5.</b>	<b>Grant No. 23</b>			
	2851 Village and Small Industries 102 Small Scale Industries 0103 Establishment of District Industry Centres	9.86	5.61	4.25
	<b>Total</b>	<b>9.86</b>	<b>5.61</b>	<b>4.25</b>
<b>6.</b>	<b>Grant No. 26</b>			
	2230 Labour and Employment 02 Employment Service 800 Other Expenditure 0102 National Old Age Pension Scheme	52.47	45.34	7.13
	<b>Total</b>	<b>52.47</b>	<b>45.34</b>	<b>7.13</b>
<b>7.</b>	<b>Grant No. 27</b>			
	2014 Administration of Justice 105 Civil and Session Courts 0701 Civil and Session Courts	6.55	2.25	4.30
	<b>Total</b>	<b>6.55</b>	<b>2.25</b>	<b>4.30</b>
<b>8.</b>	<b>Grant No. 35</b>			
	2053 District Administration 800 Other Expenditure 0102 Strengthening of Planning Machinery	7.31	3.13	4.18
	<b>Total</b>	<b>7.31</b>	<b>3.13</b>	<b>4.18</b>
<b>9.</b>	<b>Grant No. 36</b>			
	4215 Capital Outlay On Water Supply and Sanitation 01 Water Supply 102 Rural Water Supply 0103 Rural Piped Water Supply Scheme	25.00	14.66	10.34
	0105 PMs Rural Uplift Scheme-Construction of New Tube Wells in lieu of Old Tube Wells (A) General	17.09	10.45	6.64
	0106 PMs Rural Uplift Scheme-Water Supply in Primary Middle Schools (A) General	5.70	0.12	5.58
	02 Sewerage and Sanitation 106 Sewerage Services 0101 Rural Sanitation - Add State Share to CSS	2.80	1.73	1.07
	<b>Total</b>	<b>50.59</b>	<b>26.96</b>	<b>23.63</b>

<b>10.</b>	<b>Grant No. 40</b>			
	2029 Land Revenue 102 Survey and Settlement Operation 0101 Revision and Surveys and Settlement Operations	11.87	10.03	1.84
	104 Management of Government Estates 0701 Expenditure on Accounts of the Recommendation of the XI Finance Commission	5.02	3.64	1.38
	<b>Total</b>	<b>16.89</b>	<b>13.67</b>	<b>3.22</b>
<b>11.</b>	<b>Grant No. 42</b>			
	2501 Special Programmes for Rural Development 01 Integrated Rural Development Programme 800 Other Expenditure 0102 Swarn Jayanti Gram Swaraj Yojana - Establishment	28.08	23.20	4.88
	01 National Programmes 0107 Indira Awas Yojana	65.51	51.61	13.90
	0110 Complete Rural Employment Scheme	99.74	85.59	14.15
	2515 Other Rural Development Programmes 001 Direction and Administration 0701 Grants to Panchayati Raj Institutions	108.97	0.07	108.90
	4515 Capital Outlay on Other Rural Development Programmes 103 Rural Development 0109 Implementation of Schemes on the Recommendation of Members of Legislative Assembly and Members of Legislative Council	458.33	419.45	38.88
	<b>Total</b>	<b>760.63</b>	<b>579.92</b>	<b>180.71</b>
<b>12.</b>	<b>Grant No. 43</b>			
	2203 Technical Education 105 Polytechnics 0101 Diploma Course-World Bank Subsidised Polytechnic Education Strengthening Project	2.69	0.83	1.86
	<b>Total</b>	<b>2.69</b>	<b>0.83</b>	<b>1.86</b>

<b>13.</b>	<b>Grant No. 44</b>			
	2202 General Education 01 Elementary Education 102 Assistance to Non-Government Primary Schools 0801 Government Primary and Middle Schools	25.71	24.34	1.37
	800 Other Expenditure 0102 Employment Oriented Scheme Under Minimum Needs Programme	116.33	81.17	35.16
	0109 Bihar Education Project	6.00	3.33	2.67
	0111 Sarva Siksha Abhiyan 04 Adult Education 800 Other Expenditure	80.00	66.18	13.82
	0102 Adult Education	12.77	3.78	8.99
	2205 Art and Culture 105 Public Library 0701 Under Recommendation of XI Finance Commission - Public Library (Grants-in-aid)	6.91	4.52	2.39
	4202 Capital Outlay on Education, Sports, Arts and Culture 01 General Education 201 Elementary Education 0701 Building Construction of Elementary School	25.40	15.88	9.52
	0801 Building Construction and Arrangement of Drinking Water, Lavatory for Primary Schools	27.21	23.78	3.43
	<b>Total</b>	<b>300.33</b>	<b>222.98</b>	<b>77.35</b>
<b>14.</b>	<b>Grant No. 46</b>			
	3452 Tourism 01 Tourist Infrastructure 101 Tourist Centre 0101 Computerisation and Renovation of Tourist Information Centre	3.80	1.28	2.52
	<b>Total</b>	<b>3.80</b>	<b>1.28</b>	<b>2.52</b>
<b>15.</b>	<b>Grant No. 48</b>			
	2217 Urban Development 80 General 191 Assistance to Local Bodies Corporations Urban Development Authorities 0701 Grants-in-aid to Municipal Corporation for Private Work	11.13	7.40	3.73
	800 Other Expenditure 0115 Grants-in-aid for Swarn Jayanti Urban Employment Scheme	3.14	1.42	1.72
	<b>Total</b>	<b>14.27</b>	<b>8.82</b>	<b>5.45</b>



<b>16.</b>	<b>Grant No. 49</b>			
	4701 Capital Outlay on Major and Medium Irrigation 04 Medium Irrigation - Non-Commercial 800 Other Expenditure 0117 South Bihar Irrigation Project (AIBP)	94.66	0.16	94.50
	4711 Capital Outlay on Flood Control Projects 01 Flood Control 001 Direction and Administration 0108 Anti Erosion Works on River Ganga	6.33	0.04	6.29
	<b>Total</b>	<b>100.99</b>	<b>0.20</b>	<b>100.79</b>
<b>17.</b>	<b>Grant No. 50</b>			
	2702 Minor Irrigation 02 Ground Water 005 Investigation 0101 Survey and Investigation	3.85	2.66	1.19
	103 Tubewells 0101 State Tube Wells	19.41	17.01	2.40
	<b>Total</b>	<b>23.26</b>	<b>19.67</b>	<b>3.59</b>
<b>18.</b>	<b>Grant No. 51</b>			
	2225 Welfare of SCs, STs and OBCs 01 Welfare of Scheduled Castes 277 Education 0101 Education	3.74	0.48	3.26
	02 Welfare of Scheduled Tribes 102 Economic Development 0102 Central Assistance for STs	6.27	4.12	2.15
	03 Welfare of Backward Classes 277 Education 0101 Education	2.91	1.23	1.68
	0107 Hostel for Students Major Construction Works	2.30	0.07	2.23
	<b>Total</b>	<b>15.22</b>	<b>5.90</b>	<b>9.32</b>
	<b>TOTAL: (State Plan)</b>	<b>1469.48</b>	<b>996.10</b>	<b>473.38</b>

**Large savings of Rs one crore and above under Centrally Sponsored Scheme**

Sl. No.	Name of the Scheme	Total Provision	Actual Expenditure	Savings
<b>1.</b>	<b>Grant No. 1</b>			
	2401-Crop Husbandry 00 001 Direction and Administration 0602 Agricultural Marketing (Macro mode 10:90)	6.12	2.40	3.72
	2705 Command Area Development 001 Ayacut Development 0602 Area Development - Command Level	10.52	0.92	9.60
	<b>Total</b>	<b>16.64</b>	<b>3.32</b>	<b>13.32</b>
<b>2.</b>	<b>Grant No. 20</b>			
	2210 Medical and Public Health 01 Urban Health Services - Allopathy 102 Unani 0602 National Malaria Eradication Programme - Including Kalajar	5.13	2.18	2.95
	2211 Family Welfare 001 Direction and Administration 0603 Technical Advice and Supervision District Welfare Bureau	7.99	6.41	1.58
	105 Compensation 0601 Compensation	6.51	2.77	3.74
	<b>Total</b>	<b>19.63</b>	<b>11.36</b>	<b>8.27</b>
<b>3.</b>	<b>Grant No. 36</b>			
	4215 Capital Outlay on Water Supply and Sanitation 01 Water Supply 102 Rural Water Supply 0602 Central Rural Water Supply Programme	29.67	12.62	17.05
	<b>Total</b>	<b>29.67</b>	<b>12.62</b>	<b>17.05</b>
<b>4.</b>	<b>Grant No. 45</b>			
	2401 Crop Husbandry 108 Commercial Crops 0607 National Development of Sugarcane Waste Cropping System (Macro Management)	1.91	0.46	1.45
	<b>Total</b>	<b>1.91</b>	<b>0.46</b>	<b>1.45</b>

<b>5.</b>	<b>Grant No. 49</b>			
	4711 Capital Outlay on Flood Control Projects 01 Flood Control 800 Other Expenditure 0610 Anti Erosion Work on River Ganga	3.68	0.02	3.66
	<b>Total</b>	<b>3.68</b>	<b>0.02</b>	<b>3.66</b>
<b>6.</b>	<b>Grant No. 51</b>			
	2235 Social Security and Welfare 02 Social Welfare 102 Child Welfare 0602 Consolidated Child Development Scheme	149.45	57.72	91.73
	0603 Externally Sponsored Scheme (World Bank) Sponsored Consolidated Child Development Scheme	69.33	45.80	23.53
	103 Women Welfare 0602 Indira Women Assistance Grant	5.57	1.07	4.50
	<b>Total</b>	<b>224.35</b>	<b>104.59</b>	<b>119.76</b>
	<b>Total (CSS)</b>	<b>295.88</b>	<b>132.37</b>	<b>163.51</b>
	<b>Grand Total (SP + CSS)</b>	<b>1765.36</b>	<b>1128.47</b>	<b>636.89</b>

APPENDIX - XXX

(Refer : Paragraph – 3.4.7; Page 61)

Sanctioned strength and men-in-position of teaching staff of colleges

Name of College	Post	CCIM/CCH Norm	Sanctioned by Govt.	Men-in-position
Govt. Ayurvedic College, Patna	Professor	12	10	1
Post Graduate Deptt., Govt. Ayurvedic College, Patna		NA	1	NIL
Rajkiya Ayodhya Shivkumari Ayurveda Mahavidyalaya, Begusarai		12	10	NIL
S.Y.N.A. Ayurveda College Bhagalpur		12	1	NIL
Government Tibbi College, Patna		7	6	2
R.B.T.S. Govt. Homoeopathic Medical College Muzaffarpur		13	5	1
Govt. Ayurvedic College, Patna	Reader	12	12	3
P.G. Deptt., Patna		NA	2	1
R.A.S. Ayurvedic College, Begusarai		12	12	1
S.Y.N.A. Ayurvedic College, Bhagalpur		12	2	1
Government Tibbi College, Patna		7	6	NIL
R.B.T.S. Government Homoeopathy College, Muzaffarpur		15	4	3
Govt. Ayurvedic College, Patna	Lecturer	21	28	28
P.G. Deptt., Patna		NA	3	3
RAS Ayurvedic College, Begusarai		21	48	14
S.Y.N.A. Ayurvedic College, Bhagalpur		21	10	6
Government Tibbi College, Patna		20	11	10
R.B.T.S. Government Homoeopathy College, Muzaffarpur		15	24	20

## APPENDIX - XXXI

(Refer : Paragraph – 3.4.7; Page 61)

**Sanctioned strength and men-in-position of Non-teaching staff of Colleges**

Name of College	Post	CCM/CCH Norm	Sanctioned by Govt.	Men-in-position
Govt. Ayurvedic College, Patna	Lab Technician	15	8	1
RBTS Muzaffarpur		2	1	1
Government Tibbi College, Patna		4	3	3
Govt. Ayurvedic College, Patna	Typist	13	3	3
RASA Begusarai		13	NIL	NIL
SYNA Bhagalpur		13	NIL	NIL
Government Tibbi College, Patna		7	1	1
RBTS Muzaffarpur		Not specified	1	1
Govt. Ayurvedic College, Patna	Museum Keeper	9	4	3
RASA Begusarai		9	5	4
SYNA Bhagalpur		9	NIL	NIL
RBTS Muzaffarpur		Not specified	1	1
Govt. Ayurvedic College, Patna	Peon	25	6	6
P.G. Deptt., Patna		NA	1	NIL
RASA Begusarai		25	29	19
SYNA Bhagalpur		25	9	4
Government Tibbi College, Patna		7	12	10
RBTS Muzaffarpur		Not specified	24	23
Govt. Ayurvedic College, Patna	Sweeper	6	7	2
P.G. Deptt., Patna		N.A	1	NIL
RASA Begusarai		6	6	1
SYNA Bhagalpur		6	3	2
Government Tibbi College, Patna		8	7	5
RBTS Muzaffarpur		Not specified	4	3

APPENDIX – XXXII

(Refer: Paragraph - 3.5.10 ; Page 72)

(MEGA GROWTH CENTRES)

Statement of fund received and expenditure incurred on establishment of five mega growth centres as on 31.03.2004

(Rs in lakh)

Sl. no.	Name of districts where mega growth centers were to be established	Name of implementing/nodal agency	Total land proposed for acquisition (in acres)	Total land acquired as on 31.03.2004 (in acres)	Approved estimated cost	Fund received as on 31.03.2004			Expenditure incurred as on 31.03.2004					Balance as on 31.03.2004	Remarks
						Central assistance	State Govt. Contribution	Total	Land & anc. development	Industrial infrastructure	Social infrastructure	Others	Total		
	Bhagalpur	Bihar Industrial Area Development Authority, Regional Office at Patna	1111.44	424.45	3000.00	50.00	392.77	442.77	434.08	Nil	Nil	25.00	459.08	(-) 16.31	Expenditure of Rs 16.31 lakh met from own sources of Authority
	Begusarai	Bihar Industrial Area Development Authority, Regional office at Darbhanga	1078.00	392.535	2475.00	500.00	697.75	1197.75	913.94	5.20	Nil	24.73	943.87	253.88	
	Darbhangha	----do----	500.00	--	4113.00	50.00	142.50	192.50	--	--	--	--	--	192.50	
	Muzaffarpur (Motipur)	Bihar Industrial Area Development Authority, Regional Office at Muzaffa	456.32	--	3311.00	50.00	90.00	140.00	--	--	--	9.64	9.64	130.36	
	Chapra	---do---	500.00	--	3511.00	50.00	90.00	140.00	--	--	--	9.64	9.64	130.36	
	Total		3645.76	816.985	16410.00	700.00	1413.02	2113.02	1348.02	5.20	Nil	9.01	422.2	707.10	

**Appendix-XXXIII**  
(Refer : Paragraph – 3.5.11 ; Page 73)  
(Mini Growth Centres)

(Rs in lakh)

Sl. No.	Centres at	Approximate cost	Amount received from			Expenditure					Unspent Balance	Amount of excess expenditure
			Centre	State	Total	Acquisition of land & development of site	Industrial infrastructure	Social Infrastructure	Others	Total		
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.
1.	Giddha in Bhojpur	600.00	100	165	265	114.88	152.06	10.76	37.70	315.40	-	50.40
2.	Aurangabad	600.00	-	165	165	128.97	133.31	1.55	26.08	289.91	-	124.91
3.	Khagaria	600.00	50	165	215	55.00	-	-	5.82	60.82	154.18	-
4.	Nalanda	600.00	-	165	165	-	-	-	-	-	165.00	-
5.	Purnea	600.00	50	200	250	117.00	64.00	-	-	181.00	69.00	-
6.	Saharsa	600.00	50	142.50	192.50	-	-	-	-	-	192.50	-
	Total	3600.00	250	1002.50	1252.50	415.85	349.37	12.31	69.60	847.13	580.68	175.31



Appendix – XXXIV

(Refer: Paragraph – 5.6.1; Page 100)

Details of funds received under TLC

(Rs in lakh)

Name of Dist/Date of Approval	Received from Central Govt.	Received from State Govt.	Interest	Total	Expenditure	Balance	Achievement		
							Survey	Primer I	Primer II
Siwan PH-II/ 10.08.01	50.00	25.00	4.09	79.09	0.58	78.51	3.45	Nil	Nil
Aurangabad PH-II, 18.02.03	Nil	Nil	Nil	Nil	0.86	Nil	1.56	Nil	Nil
Saran 06.02.96	257.97	128.99	0	386.96	46.74	340.22	2.62	Nil	Nil
Samastipur 06.2.96	78.00	37.50	6.05	121.55	47.79	73.76	2.83	Nil	Nil
Nawada 30.06.98	77.21	12.50	04.18	93.89	31.23	62.66	2.99	Nil	Nil
Muzaffarpur PH-II, 21.11.2002	99.97	13.61	-	113.58	47.96	65.62	2.33	Nil	Nil
Shekhpura 16.10.02	49.25	24.63	1.23	75.11	36.46	38.65	1.40	Nil	Nil
<b>Post literacy programme</b>									
Siwan PH-I 12.10.01	15.00	7.50	1.30	23.80	Nil	23.80	1.60	Nil	Nil
Kaimur 19.10.01	44.95	8.55	0.14	53.64	1.16	52.48	1.50	Nil	Nil
Aurangabad 17.02.03	48.00	Nil	Nil	48.00	0.64	47.36	1.29	Nil	Nil
Supaul 07.07.03	60.63	30.32	0.62	91.57	60.71	30.86	4.00	Nil	Nil
<b>Total</b>				<b>1087.19</b>	<b>274.13</b>	<b>813.92</b>			

## Appendix – XXXV

(Refer: Paragraph – 5.6.2; Page 101)

## Details of materials purchased

Sl. No.	IR No/year/ para no.	Name of auditee units	Particulars of objection	Amount (Rs)
1.	86/02-03 Para 10	DSE, Purnea	Non accountal of Stationary purchased	6114.00
2.	281/02-03 Para 6	DMEO, Patna	-do-	86723.00
3.	264/03-04 Para 17	Zila Saksharta Samiti, Jamui	Uniform music instrument and aports material	38874.00
4.	172/03-04 Para 12	District Literacy Committee Banka	Physical verification not done	-
5.	272/03-04 Para 3	District Literacy Committee Begusarai	Short accountal of materials	16811.00
	Para 11	-do-	Non accountal of materials	
6.	265/03-04 Para 5	District Literacy Committee Bhagalpur	Loss due to improper maintenance theft of stock materials	57665.10
	Para 8 (ii)	District Literacy Committee Bhagalpur	Theft of stock materials	31884.75
7.	226/03-04 Para 3	Zila Saksharta Samiti, Nalanda	Non accountal of purchased materials	1750.00
8.	110/03-04 Para 9	District Literacy Committee Patna	Physical verification not done	
9.	278/03-04 Para 5	District Literacy Committee Araria	Non accountal of purchased materials	2253.00
10.	220/03-04 Para 8	District Literacy Committee Kishanganj	Irregular maintenance of stock register	
11.	193/03-04 Para 5	District Literacy Committee Khagaria	Non accountal of stock materials	40000.00
	Para 6	-do-	-do-	6401.00
12.	188/03-04 Para 4	District Literacy Committee Arra	Short accountal	18060.00
	Para 17	-do-	Non accountal	6547.00
<b>Total</b>				<b>373486.85</b>