



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

For the year ended 31 March 2006

(CIVIL)

GOVERNMENT OF BIHAR

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Preface

1. **T**his Report has been prepared for submission to the Governor under Article 151 of the Constitution.
2. Chapter I and II of this Report contain Audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government respectively for the year ended 31 March 2006.
3. The remaining chapters deal with the findings of performance audit, audit of transactions in the various departments and internal control system in Health Department.
4. The Report containing the observations arising out of audit of Statutory Corporations, Boards and Governments Companies and the Report containing such observations on Revenue Receipts are presented separately.
5. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2005-2006 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 2005-2006 have also been included wherever necessary.

OVERVIEW

OVERVIEW

This Report includes two chapters containing observations on Finances and Appropriation Accounts of the Government of Bihar for the year 2005-06 and three other chapters comprising four performance reviews, three long paras, 22 paragraphs and Internal Control System in Health Department as well as audit of the financial transactions of the Government.

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

A summary of the financial position of the State and the audit comments on the performance of the Government in implementation of certain programmes and schemes as well as Internal Control System in Health Department is given below:

1 Finances of the State Government

During 2005-06, revenue receipts (Rs 17837 crore) showed an increase of 14 *per cent* as against 21 *per cent* growth in revenue expenditure (Rs 17756 crore) over the previous year leading to revenue surplus of Rs 81 crore. Capital expenditure (Rs 2084 crore) was below the estimates projected in the Fiscal Correction Path. Reduced revenue surplus along with increase in capital expenditure (Rs 2084 crore) in the current year resulted in increase of fiscal deficit. The areas of concern in State finances are that State's own resources as a percentage of revenue receipts have declined from 27 *per cent* in 2001-02 to 23 *per cent* in 2005-06. Fiscal liabilities was 77 *per cent* of GSDP which was alarmingly high.

2 Allocative Priorities and Appropriation

During 2005-06, the overall saving of Rs 6407.93 crore was the net result of savings of Rs 6757.49 crore and excess of Rs 349.56 crore against total provision of Rs 28976.40 crore. The excess expenditure would require regularisation under Article 205 of the Constitution of India. Supplementary provision of Rs 1572.02 crore obtained in 40 cases proved wholly unnecessary.

3 Modernisation of State Police Force in Bihar

The scheme of Modernisation of State Police Force was introduced to improve the functional efficiency and striking capacity of the State Police Force. A Performance review disclosed that the scheme had a marginal

impact in bridging the gap in infrastructure relating to mobility, arms, communication and training. BPR&D norms were not considered while assessing the requirement. Only six *per cent* buildings of total requirement were included in the plan. The striking capacity of Police Force was not augmented as vehicles procured for left wing extremist districts were deployed elsewhere. The skill enhancement of police personnel could not be achieved as there was no officer training academy in the state.

(Paragraph 3.1)

4 Sarva Shiksha Abhiyan

Sarva Shiksha Abhiyan, a Centrally Sponsored Scheme aimed at universal elementary education, was launched to provide primary education for all children in the age group of six to 14, by the year 2010. Implementation of the scheme in the State suffered due to under utilisation of funds received from Government of India. Infrastructure facilities in the schools viz. additional class rooms, toilet for girls, drinking water facilities etc. were inadequate as most of the civil works remained incomplete. Only half of the targeted primary schools were upgraded and vacant posts of teachers were not filled. As a result, pupil teacher ratio far exceeded the prescribed norms of 40:1 and drop out rate was as high as 63 *per cent*. Against the targets of universal enrolment to be achieved by 2003, there were 33.15 lakh out of school children in the State in 2004. Thus, achievement of the objectives of the scheme was far from satisfactory.

(Paragraph 3.2)

5 Targeted Public Distribution System

Targeted Public Distribution System was introduced in June 1997 to provide subsidised foodgrains to population living below the poverty line. Review of the scheme disclosed dilution of criteria for identification of BPL / AAY families combined with absence of authenticated records of distribution of ration cards in the blocks shows poor programme management. Unauthenticated records of distribution at the level of fair price shops, inadequate inspections by district officials, non functional vigilance committees along with low per capita availability of foodgrains for BPL category provided low assurance regarding distribution of foodgrains to intended families.

(Paragraph 3.3)

6 Valmiki Tiger Project

Review of Valmiki Tiger Project, a Centrally Sponsored Scheme implemented in Bihar to ensure a reasonable population of tigers, disclosed that the conservation and protection measures initiated by the department in the reserve, however, remained by and large ineffective due to deficiencies in planning, inadequate release of funds and non-observance of scheme guidelines. Biotic pressure on the reserve could not

be reduced due to failure to relocate 149 villages in the vicinity of core and buffer zone. No action was taken to restore the 2152 hectare of land under encroachment by the Nepalese. The declining tiger population together with reversal of male-female ratio within a short time indicated unrealistic estimation. Vehicles were not provided to patrolling camps as a result effective patrolling was not possible.

(Paragraph 3.4)

7 Election Expenses

A review of the election expenses incurred on Lok Sabha election 2004 and Vidhan Sabha election 2005 disclosed that financial management was deficient as reflected in booking of advances as expenditure, advances remained unadjusted, non-preparation of DC bills and payments to suppliers without any BST/CST and Service tax number. Digital cameras were not used for the purpose for which they were purchased. There was no uniformity in rates for preparation of photo identity cards and photocopying of electoral rolls. Monitoring of election expenses by the CEO office was weak and deficient.

(Paragraph 3.5)

8 Working of the Building Construction Department

A test check of the activities of Building Construction Department (BCD) disclosed that financial control was non-existent as reflected in huge savings and unrealistic assessment of expenditure. Against completion target of 1599 works, only 808 works were completed leaving 471 works incomplete and 320 works were not taken up. Works valuing Rs 64.80 crore were executed without technical sanction resulting in cost escalation. Design wing of the department was almost non-existent due to shortage of technical manpower. Certificates of quality issued by quality control sub divisions were doubtful as the equipment and infrastructure required for quality testing were not available in the laboratories.

(Paragraph 3.6)

9 Educational Development of SC/ST

The objective of Educational Development of SCs/STs schemes is to increase enrolment and retention of SCs/STs in educational institutions, increase their representation in higher educational and professional institutions and in jobs. Review of the scheme revealed that the state government had not implemented the welfare schemes effectively in regard to payment of scholarship to students, supply of uniform to SC/ST girls and utilisation of hostels.

(Paragraph 3.7)

10 Internal Control System in Health Department

Evaluation of Internal Control System in Health Department disclosed that budgetary and operational controls were not effective to ensure compliance with established procedures/practices and thus prevent deviations. The public health programmes failed to deliver the intended benefit to the target population due to deficient implementation. Internal audit mechanism was deficient as indicated by poor compliance to audit observations of internal audit wing and statutory audit. Monitoring and evaluation mechanism was non-existent in the department.

(Paragraph 5.1)

11 Transaction audit findings

Audit of financial transactions, subjected to test check, in various departments of the Government and their field functionaries disclosed instances of fraudulent payment, misappropriation/non-accountal, misutilisation, losses and infructuous expenditure of over Rs 95.23 crore as mentioned below:

- The cases of fraudulent payment, defalcation, loss to the government, doubtful payment and non-accountal of Rs 15.08 crore were noticed in Water Resources Department (Rs 4.19 crore), Rural Development Department (Rs 10.01 crore) and Human Resources Department (Rs 0.88 crore).
- The cases of infructuous/wasteful expenditure of Rs 13.56 crore were noticed in Human Resources Department (Rs 6.13 crore), Rural Development Department (Rs 1.08 crore), Water Resources Department (Rs 0.73 crore), Public Health Engineering Department (Rs 4.65 crore) and Road Construction Department (Rs 0.97 crore).
- The cases of avoidable payment, unfruitful/excess expenditure of Rs 43.24 crore were noticed in Minor Irrigation Department (Rs 0.75 crore), Rural Development Department (Rs 2.67 crore) and Water Resources Department (Rs 39.82 crore).
- One case of low realisation of revenue was noticed in Industries Department (Rs 23.35 crore).

Some of the important findings are shown below:

Four cases of fraudulent/unauthorised payment of Rs 4.57 crore on account of carriage of stone chips (Rs 0.18 crore), defalcation (Rs 0.10 crore), doubtful carriage of earth (Rs 2.86 crore) and payment of IAY funds to ineligible persons (Rs 1.43 crore) were noticed in Water Resources Department and Rural Development Department.

(Paragraph 4.1.1, 4.1.2, 4.1.3 & 4.1.6)

In Public Health Engineering Department flawed evaluation of bids led to irregular award of purchase order causing loss of Rs 2.45 crore besides non-imposition of penalty for Rs 58 lakh.

(Paragraph 4.2.1)

Salary payment of Rs 88.21 lakh to the ineligible employees in Bhim Rao Ambedkar Bihar University, Muzaffarpur and Rs 1.92 crore to idle primary school teachers was made in DSE Ara and Madhubani.

(Paragraph 4.1.7 & 4.2.2)

Failure to protect the financial interest of the State in signing of MOU with IRCON for construction of 17 ROBs led commitment of minimum additional liability of Rs 86.28 crore.

(Paragraph 4.2.7)

Doubtful payment of Rs 1.62 crore was made in Public Health Engineering Department on hand receipts without purchase vouchers of materials, muster roll for labour employed and estimates of works.

(Paragraph 4.2.8)

Government failed to realize value for money as it purchased a phased out model of aircraft at a cost of Rs 13.23 crore without inviting competitive bids when a substantially upgraded model of the same company was available at a marginally higher cost

(Paragraph 4.3.1)

Due to non-construction of open channel and tunnel, the intended objective of creating irrigation potential in drought prone districts could not be achieved and expenditure of Rs 37.51 crore was rendered unfruitful and an extra interest liability of Rs 1.86 crore was unavoidably created.

(Paragraph 4.3.6)

CHAPTER-I

Finances of the State Government

CHAPTER-I

FINANCES OF THE STATE GOVERNMENT

Summary

Revenue receipts (Rs 17837 crore) during 2005-06 showed an increase of 14 per cent as against 21 per cent increase in revenue expenditure (Rs 17756 crore) over the previous year, although percentage of own resources of State Government in revenue receipts declined from 27 per cent (2001-02) to 23 per cent in 2005-06. Central tax transfers & grants-in-aid contributed nearly 77 per cent of the revenue receipts. Grants-in-aid from the Central Government increased by 19 per cent in 2005-06 over the previous year.

Among the sources of tax revenue, Sales Tax (49 per cent), Stamps and Registration Fees (14 per cent), State Excise (nine per cent) and Taxes on vehicles (eight per cent) were the principal contributors. Of non-tax revenue sources, non-ferrous/mining and metallurgical industries (19 per cent) and interest receipts (41 per cent) were principal contributors.

Overall expenditure of the State increased from Rs 16971 crore in 2004-05 to Rs 21588 crore in 2005-06 at a growth of 27 per cent. Revenue expenditure (Rs 17756 crore) constituted 82 per cent of total expenditure. The fiscal liabilities (Rs 46495 crore) increased during 2005-06 with a growth of nine per cent over previous year and stood at three times the revenue receipts.

Interest payments increased by five per cent from Rs 3474 crore in 2004-05 to Rs 3649 crore in 2005-06 primarily due to continued reliance on borrowings for financing the deficit.

Reduced revenue surplus along with increase in capital expenditure (Rs 2084 crore) in the current year resulted in increase of fiscal deficit. The fiscal deficit which represents the total borrowings of the Government and its total resource gap increased by 198 per cent. The positive balance from current revenue was mainly due to the increase in State share of Central taxes and non-plan grants-in-aid from Government of India. Reduction in revenue surplus in comparison to previous year was mainly due to increase in expenditure under Social and Economic Sector.

The ratio of fiscal liabilities to GSDP was 77 per cent and showed an increasing trend indicating unsustainability of the debt of the State together with rising debts / GSDP ratio.

1.1 Introduction

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

1.1.1 Summary of Receipts and Disbursements

Table-1 summarises the finances of the Government of Bihar for the year 2005-06 covering revenue receipts and expenditure, capital receipts and expenditure and public accounts receipts/disbursements as emerging from Statement-1 of Finance Accounts and other detailed statements.

Table-1: Summary of receipts and disbursements for the year 2005-06

(Rupees in crore)

2004-05	Receipts	2005-06	2004-05	Disbursements	2005-06		
Section-A: Revenue					Non Plan	Plan	Total
15714.14	Revenue receipts	17836.71	14638.41	Revenue expenditure	15020.05	2735.95	17756.00
3347.39	Tax revenue	3561.10	7803.48	General services	8107.38	415.41	8522.79
417.79	Non-tax revenue	522.30	4794.98	Social services	5450.16	1411.76	6861.92
9117.13	Share of Union Taxes/Duties	10420.59	2035.67	Economic services	1458.31	908.78	2367.09
2831.83	Grants from Government of India	3332.72	4.28	Grants-in-aid and Contributions	4.20		4.20
Section-B: Capital							
	Misc Capital Receipts		1204.52	Capital Expenditure	23.24	2060.66	2083.90
14.83	Recoveries of Loans and Advances	50.86	1127.84	Loans and Advances disbursed	1645.74	102.08	1747.82
7622.58	Public debt receipts*	3770.37	3083.72	Repayment of Public Debt*			980.76
	Contingency Fund			Contingency Fund			
4092.67	Public Account receipts	5694.52	5519.18	Public Account disbursements			4414.87
-352.08	Opening Cash Balance	1518.47	1518.47	Closing Cash Balance			1887.58
27092.14	Total	28870.92	27092.14	Total			28870.92

* Excluding Ways and Means Advances and Overdraft

Growth rate of revenue receipt during 2005-06 over the previous year was 14 *per cent* which was primarily due to 14 *per cent* increase in State share of Union Taxes and Duties and 18 *per cent* growth in the Grants-in-aid from Government of India. Revenue Receipt of the State increased by Rs 2123 crore of which share of Union Taxes (Rs 1303 crore) was the major contributor. Revenue Expenditure also increased by Rs 3118 crore of which increase in expenditure on Social Services (Rs 2067 crore), Economic Services (Rs 332 crore) and General Services (Rs 719 crore) were the major contributors.

1.1.2 The Fiscal Responsibility and Budget Management (FRBM) Ordinance, 2006

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

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

(a) Beginning from financial year 2006-07 and in case there being revenue deficit, reduce revenue deficit/Gross State Domestic Product ratio every year by at least 0.1 *per cent* depending upon the economic situation, eliminate revenue deficit by 2008-09 and generate revenue surplus thereafter.

(b) Beginning from financial year 2006-07 reduce fiscal deficit/Gross State Domestic Product ratio by at least 0.3 *per cent* per year, if it is more than three percent and to not more than 3 percent by 2008-09.

Provided that revenue deficit and fiscal deficit may exceed the limits specified under this section due to unforeseen circumstances arising out of internal disturbance or natural calamity or such other exceptional grounds as the State Government may specify,

Provided further that a statement in respect of the ground or grounds specified in the first proviso shall be placed before the House or Houses of the Legislature, as soon as may be after such deficit amount exceeds the aforesaid targets.

1.1.3 Fiscal Policy Statement(s) 2005-06

As the Ordinance for Fiscal Responsibility and Budget Management (FRBM) was promulgated in February 2006, the Fiscal Policy Statements required to be laid before the legislature along with the Budget by the State government in accordance with the Ordinance were not laid along with Budget for 2005-06.

1.1.4 Road map to achieve the fiscal targets as laid down in FRBM Act/Rules

The State Government has developed its Own Fiscal Correction Path (FCP) indicating the milestones of outcome indicators with target dates of implementation during the period from 2004-05 to 2009-10 (**Appendix 1.2**). The achievement under outcome indicators is also indicated for 2004-05 and 2005-06.

1.2 Overview of Fiscal Situation of the State

1.2.1 Trends in Fiscal Aggregates

The fiscal position of the State Government during the current year as compared to the previous year is given in Table 2.

Table 2

(Rupees in crore)

2004-05	Sr. No.	Major Aggregates	2005-06
15714	1.	Revenue Receipts (2+3+4)	17837
3347	2.	Tax Revenue (Net)	3561
418	3.	Non-Tax Revenue	522
11949	4.	Other Receipts	13754
15	5.	Non-Debt Capital Receipts	51
15	6.	Of which Recovery of Loans	51
15729	7.	Total Receipts (1+5)	17888
13495	8.	Non-Plan Expenditure	16689
12642	9.	On Revenue Account	15020
3474	10.	Of which Interest Payments	3649
35	11.	On Capital Account	23
818	12.	On Loans disbursed	1646
3476	13.	Plan Expenditure	4899
1996	14.	On Revenue Account	2736
1170	15.	On Capital Account	2061
310	16.	On Loans disbursed	102
16971	17.	Total Expenditure (13+8)	21588
(+)1076	18.	Revenue Deficit (9+14-1)	(+)81
(-)1242	19.	Fiscal Deficit (17-1-5)	(-)3700
(+)2232	20.	Primary Deficit (19-10)	(-)51

Revenue surplus decreased from Rs 1076 crore in 2004-05 to Rs 81 crore in 2005-06 due to increase in Non-Plan expenditure (19 per cent) and Plan expenditure (37 per cent) on revenue account. Apart from a substantial decline in revenue surplus, increase in Fiscal Deficit (198 per cent) was mainly due to a little more than 100 per cent increase in loans disbursements under non-plan head and 76 per cent increase in plan capital expenditure over the previous year.

1.3 Audit Methodology

Audit observations on the Statements of Finance Accounts for the year 2005-06 bring out the trends in the major fiscal aggregates of receipts and

expenditure; wherever necessary analyze them in the light of time series data (**Appendix II to V**) and periodic comparisons. Major 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 the Gross State Domestic Product (GSDP) at current market prices. The New GSDP series with 1993-94 as base as published by the Director of Statistics and Evaluation, Planning and Development 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. The key indicators adopted for the purpose are (i) resources by volume and sources, (ii) application of resources, (iii) assets and liabilities and (iv) management of deficits. Audit observations also take into account the cumulative impact of resource mobilization efforts, debt servicing and corrective fiscal measures. The overall financial performance of the State Government as a body corporate has been presented by the application of a set of ratios commonly adopted for the relational interpretation of fiscal aggregates. In addition, selected indicators of financial performance of the Government are also listed in this section; some of the terms used in this context are explained in **Appendix 1.1 Part C**.

1.4 State Finances by key Indicators

1.4.1 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 Government of India (GOI). Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GOI as well as accruals from Public Account. **Table-3** shows that total receipt of the State Government for the year 2005-06 were Rs 27352.46 crore. Of these, the revenue receipts were Rs 17836.71 crore, constituting 65 *per cent* of the total receipts. The balance came from borrowings and receipts from Public Account.

Table-3: Resources of Bihar

		(Rupees in crore)
I	Revenue Receipts	17836.71
II	Capital Receipts	3821.23
	Recovery of Loans and Advances	50.86
	Public Debt Receipts	3770.37
	Miscellaneous Capital Receipts	--
III	Contingency Fund	--
IV	Public Account Receipts	5694.52
a.	Small Savings, Provident Fund <i>etc</i>	1087.66
b.	Reserve Fund	439.62
c.	Deposits and Advances	1886.05
d.	Suspense and Miscellaneous	211.45
e.	Remittances	2069.74
Total Receipts		27352.46

1.4.2 Revenue Receipts

Statement-11 of the Finance Accounts details the revenue receipts of the Government. The revenue receipts consist of its own tax and non-tax revenues, central tax transfers and grants-in-aid from GOI. Overall revenue receipts, its annual rate of growth, ratio of these receipts to the GSDP and its buoyancies are indicated in **Table-4**.

Table-4: Revenue Receipts - Basic Parameters

(Rupees in crore)

	2001-02	2002-03	2003-04	2004-05	2005-06
Revenue Receipts (RR)	9839	10968	12456	15714	17837
Own Taxes (<i>per cent</i>)	2319(24)	2761(25)	2890(23)	3347(21)	3561(20)
Non-Tax Revenue (<i>per cent</i>)	287(3)	261(2)	320(3)	418(3)	522(3)
Central Tax Transfers (<i>per cent</i>)	6177(63)	6549(60)	7628(61)	9117(58)	10421(58)
Grants-in-aid (<i>per cent</i>)	1057(11)	1397(13)	1618(13)	2832(18)	3333(19)
Rate of growth of RR (<i>per cent</i>)	(-)11.97	11.47	13.57	26.16	13.51
RR/GSDP (<i>per cent</i>)	20.90	20.63	23.82	27.50	29.43
Buoyancy of RRs w.r.t. GSDP	*	0.89	*	2.82	2.23
Buoyancy of State's own resources w.r.t. GSDP	0.26	1.48	*	1.71	1.06
Buoyancy of RRs w.r.t. state's own taxes	0.69	0.61	2.91	1.65	2.11
GSDP Growth (<i>per cent</i>)	0.26	12.89	(-)1.62	9.27	6.06

* Denotes negative buoyancy

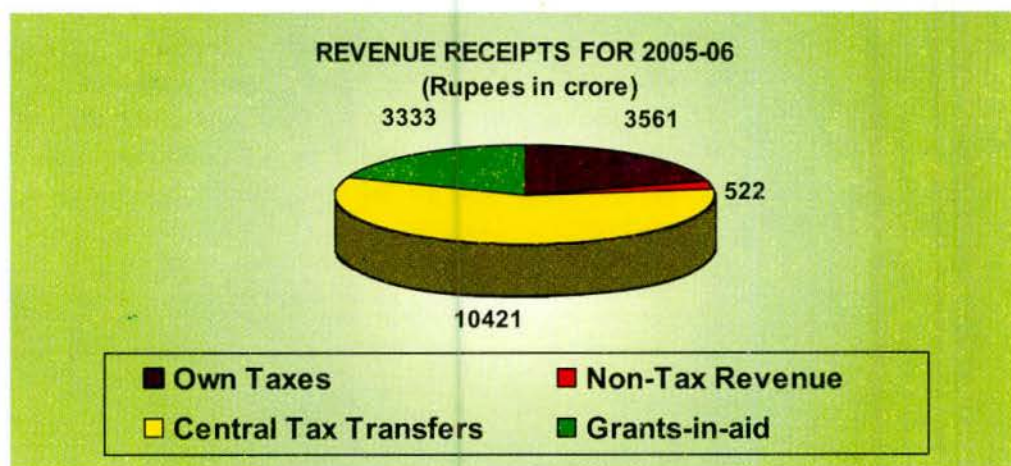
General Trends:

While on average around 23 *per cent* of revenue receipts have come from own resources, Central Tax Transfers and Grants-in-aid together contributed nearly 77 *per cent* of total revenue.

Tax Revenue: Sales tax (49 *per cent*) was the major source of the State tax revenue followed by stamp and registration fees (14 *per cent*) and taxes on vehicles (eight *per cent*). Own tax realization of Rs 3561 crore was Rs 373 crore below the projected realization of Rs 3934 crore for 2005-06 in fiscal correction path, growth of own tax revenue was merely 6.39 *per cent* against 15 *per cent* annual increase in forecast period by TFC.

Non-Tax Revenue: Of non-tax revenue sources mining and metallurgical industries (19 *per cent*) and interest receipts (41 *per cent*) (mainly due to interest realised on investment of cash balance of Rs 168.81 crore) were the principal contributors. There was also increase in Non-Tax-Revenue from Education, Sports, Art and Culture (Rs 25.64 crore) and Social Security and Welfare (Rs 6.46 crore). However, there was decline in realisation of Non-Tax Revenue from Police, Public Service Commission, Irrigation and other Administrative Services during the year.

Central Tax Transfers: Central Tax Transfer increased by 14 *per cent* in comparison to last year.



Grants-in-aid: Increase in Grants-in-aid in comparison to last year was 17.69 *per cent*. Non-Plan Grants and Grants for Central Plan increased by Rs 517.09 and Rs 79.66 crore but, Grants for State Plan and Centrally Sponsored Program reduced by Rs 87.24 and 8.62 crore respectively. The non-plan grants for 2005-06 are inclusive of sector-specific grants of Rs 443.99 crore and Rs 289.30 crore for education and health sectors respectively recommended by TwFC for the state for 2005-06.

1.4.3 Sources of Receipts

The source of receipts under different heads as well as GSDP during 2001-06 is indicated in Table 5 below:

Table-5: Source of Receipts – Trends

(Rupees in crore)

Year	Revenue Receipts	Capital Receipts				Total Receipts	Gross State Domestic Product
		Non-Debt Receipts	Debt Receipts	Contingency Fund Receipts	Accruals in Public Account		
2001-02	9839	13	3758	--	7719	21329	47090
2002-03	10968	16	4190	--	5584	20758	53161
2003-04	12456	10	5069	--	7440	24975	52299P
2004-05	15714	15	7623	--	4092	27444	57145Q
2005-06	17837	51	3770	--	5695	27353	60607A

P-provisional, Q-quick, A-advance

The relative share of revenue receipt ranged between 46 to 65 *per cent* showed an increasing trend (except in 2003-04) and capital receipt decreased from 54 to 35 *per cent* during 2001-06. Debt receipts of the State showed an increasing trend except during 2005-06 where debt decreased to 49 *per cent* in comparison to previous year.

1.5 Application of resources

1.5.1 Growth of Expenditure

Statement 12 of the Finance Accounts depicts the detailed revenue expenditure by minor heads and capital expenditure by major heads. States raise resources to perform their sovereign functions, maintain their existing nature of delivery

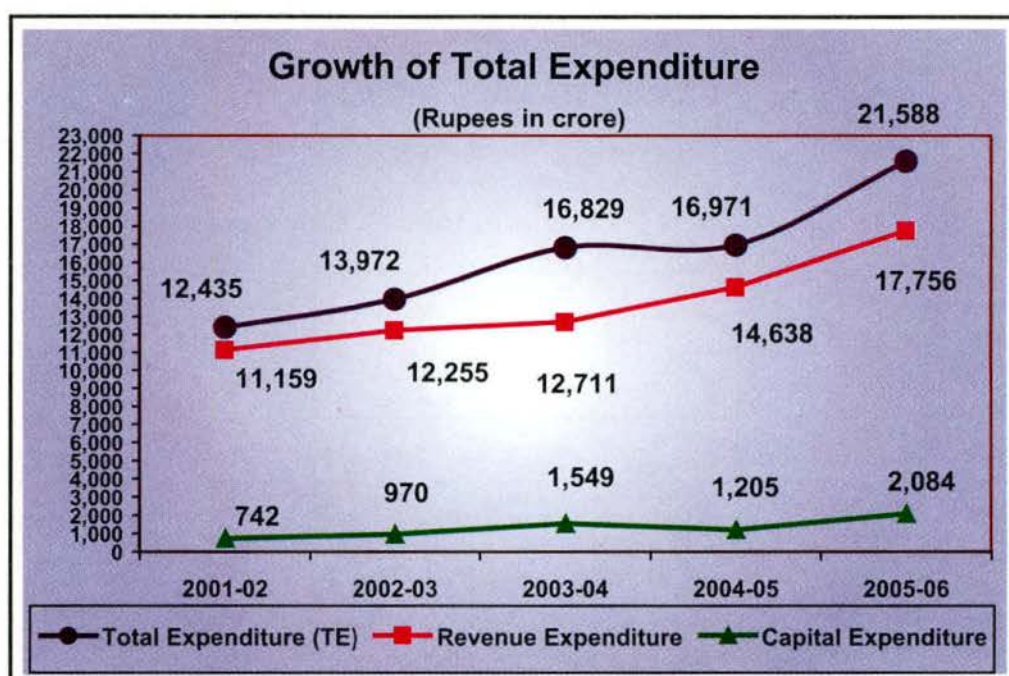
of social and economic services, to extend the network of these services through capital expenditure and investments and to discharge their debt service obligations. The total expenditure of the State increased from Rs 12435 crore in 2001-02 to Rs 21588 crore in 2005-06. Total expenditure, its annual growth rate and ratio of expenditure to the State GSDP and to revenue receipts and its buoyancy with respect to GSDP and revenue receipts are indicated in **Table-6**.

Table-6: Total Expenditure – Basic Parameters

	2001-02	2002-03	2003-04	2004-05	2005-06
Total expenditure (TE)** (Rupees in crore)	12435	13972	16829	16971	21588
Rate of Growth (<i>per cent</i>)	(-)18.53	12.36	20.45	0.84	27.21
TE/GSDP Ratio (<i>per cent</i>)	26.41	26.28	32.18	29.70	35.62
RR /TE Ratio (<i>per cent</i>)	79.12	78.50	74.02	92.59	82.62
Buoyancy of Total Expenditure with reference to:					
GSDP (ratio)	*	0.96	*	0.09	4.49
RR (ratio)	1.55	1.08	1.51	0.03	2.01

** Total expenditure includes revenue expenditure, capital expenditure and loans and advances. * Denotes negative buoyancy.

E08



Total expenditure of the State increased by 27.21 *per cent* during 2005-06 over the previous year. Increase of expenditure by 45.78 *per cent* on social services, 54.96 *per cent* in loans and advances disbursed and 72.95 *per cent* in capital expenditure were the main factors responsible for sharp increase in expenditure. During 2005-06 revenue receipts accounted for 82.62 *per cent* of the total expenditure.

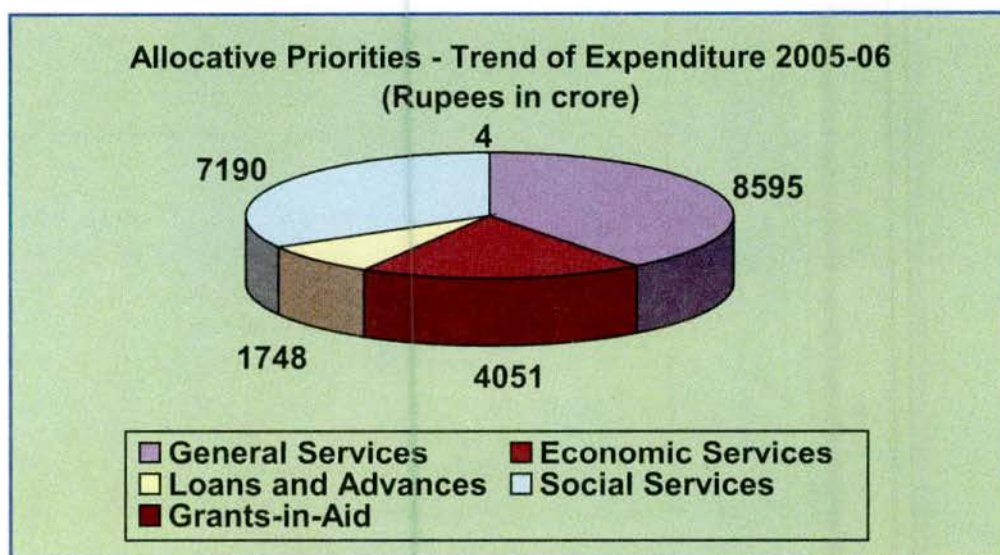
Trends in Total Expenditure by Activities: In terms of the activities, total expenditure could be considered as being composed of expenditure on general services including interest payments, social and economic services, grants-in-

aid and loans and advances. Relative share of these components in total expenditure is indicated in **Table-7**.

Table-7: Components of Expenditure – Relative Share

	(in per cent)				
	2001-02	2002-03	2003-04	2004-05	2005-06
General Services	51.00	47.63	42.77	46.38	39.81
Of which					
Interest payments	41.58	45.97	46.59	44.52	42.81
Social Services	28.75	29.04	24.93	29.06	33.31
Economic Services	15.94	17.96	17.01	17.89	18.76
Grants-in-aid	0.02	0.02	0.02	0.02	0.02
Loans and Advances	4.29	5.35	15.27	6.65	8.10

E09



The movement of the relative shares of these components of expenditure indicated that while the share of social services in total expenditure increased from 28.75 *per cent* in 2001-02 to 33.31 *per cent* in 2005-06, the relative share of general services decreased from 51.00 *per cent* to 39.81 *per cent* during the period of which interest payment oscillated between 41.58 and 46.59 *per cent*. Loans and advances increased from 4.29 *per cent* to 8.10 *per cent* during the same period. The share of economic services increased by 2.82 *per cent* from 15.94 to 18.76 *per cent* during the period.

1.5.2 Incidence of Revenue expenditure

Revenue expenditure had the predominant share in the total expenditure. Revenue expenditure is incurred to maintain the current level of services and payment, for the past obligations and as such does not result in any addition to the States infrastructure and service network. The overall revenue expenditure, its rate of growth, ratio of revenue expenditure to GSDP and to revenue receipts and its buoyancy are indicated in **Table-8**.

Table-8: Revenue Expenditure: Basic Parameters

(Rupees in crore)

	2001-02	2002-03	2003-04	2004-05	2005-06
Revenue Expenditure (RE)	11159	12255	12711	14638	17756
Of which					
Non-Plan Revenue Expenditure (NPRE)	10292 (92)	10901 (89)	11627 (91)	12642 (86)	15020 (85)
Plan Revenue Expenditure (PRE)	867 (8)	1354 (11)	1084 (9)	1996 (14)	2736 (15)
Rate of Growth (<i>per cent</i>)					
NPRE	(-)18.76	5.92	6.66	8.73	18.81
PRE	3.33	56.17	(-)19.94	84.13	37.07
NPRE/GSDP (<i>per cent</i>)	21.86	20.51	22.23	22.12	24.78
NPRE as <i>per cent</i> of TE	82.77	78.02	69.09	74.49	69.58
NPRE as <i>per cent</i> of RR	104.59	99.39	93.34	80.45	84.21
Buoyancy of Revenue Expenditure with					
GSDP (ratio)	*	0.76	*	1.63	3.51
Revenue Receipts (ratio)	1.45	0.86	0.27	0.58	1.58

* Denotes buoyancy in negative. Figures in bracket show percentage with RE

Revenue expenditure of the State increased from Rs 11159 crore in 2001-02 to Rs 17756 crore in 2005-06. Non-Plan Revenue Expenditure (NPRE) as well as Plan Revenue Expenditure (PRE) increased from Rs 10292 crore in 2001-02 to Rs 15020 crore in 2005-06 and Rs 867 crore in 2001-02 to Rs 2736 crore in 2005-06 respectively. Growth Rate of NPRE increased from (-)18.76 *per cent* in 2001-02 to 18.81 *per cent* in 2005-06 whereas PRE increased from 3.33 to 37.07 *per cent* during the period. NPRE as *per cent* of Revenue Receipt decreased from 104.59 *per cent* in 2001-02 to 84.21 *per cent* in 2005-06. Percentage of the NPRE with GSDP ranged between 20.51 to 24.78 *per cent* during the period. Non-plan revenue expenditure (Rs 15020 crore) was Rs 933 crore below the projection of Rs 15953 crore made in fiscal correction path. Non-Plan Revenue Expenditure as percentage of revenue expenditure decreased from 92 to 85 *per cent* whereas Plan expenditure increased from 8 to 15 *per cent* during the period.

1.5.3 Committed Expenditure

Expenditure on Salaries

Table-9: Expenditure on Salaries

(Rupees in crore)

Heads	2001-02	2002-03	2003-04	2004-05	2005-06
Expenditure on Salaries	5275.89	5073.07	5019.88	5005.36	5783.35
Of which					
Non-Plan Head	4958.55	4748.05	4467.59	4564.16	5152.79
Plan Head	317.34	325.02	552.29	441.20	630.56
As <i>per cent</i> of GSDP	11.20	9.54	9.60	8.76	9.54
As <i>per cent</i> of RR	53.62	46.25	40.30	31.85	32.42
As <i>per cent</i> of RE	47.28	41.40	39.49	34.19	32.57

Salary alone accounted for nearly 32 *per cent* of the Revenue Receipt of the State. Salary expenses as *per cent* to GSDP ranged between 8.76 to 11.20 *per cent* during the period 2001-02 to 2005-06. Salary expenditure under Non-Plan head increased from Rs 4959 to Rs 5153 crore during 2001-02 to

2005-06 whereas under Plan head it increased from Rs 317 to Rs 631 crore during the period. An increase of Rs 778 crore (15.5 *per cent*) in salary expenditure during 2005-06 was mainly due to enhancements in various allowances of government employees including dearness, house rent and compensatory allowance on account of merger of dearness allowance equivalent to 50 *per cent* of basic pay. Besides, a substantial step up in the rates of dearness allowance during 2005-06 to clear the previous backlog also enhanced the level of salary expenditure during 2005-06. Total salary bill relative to revenue expenditure net of interest payments and pension was 50 *per cent* and the State Government need to initiate appropriate measures to reduce it to level of 35 *per cent* as recommended by the Twelfth Finance Commission to restructure the finances of the State as per its Plan during the Award period.

Pension Payments

Table 10: Expenditure on Pensions

(Rupees in crore)

Heads	2001-02	2002-03	2003-04	2004-05	2005-06
Expenditure on Pensions	2273	2049	2269	2325	2456
As <i>per cent</i> of GSDP	4.83	3.85	4.34	4.07	4.05
As <i>per cent</i> of RR	23.10	18.68	18.22	14.80	13.77

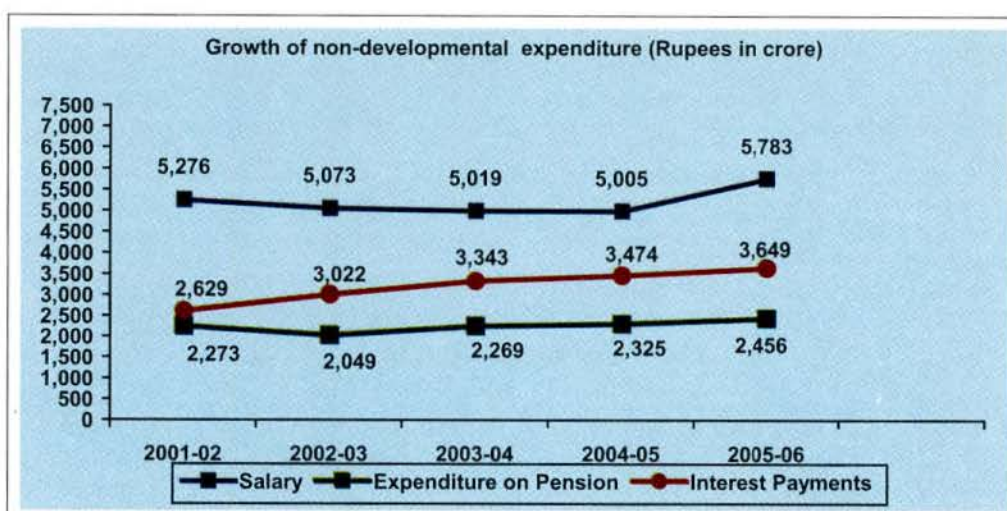
Pension payment increased from Rs 2273 crore in 2001-02 to Rs 2456 crore in 2005-06. Pensions liability of the State is likely to increase further when the two years moratorium on date of retirement will come to an end (March 2007). Growth rate of expenditure on pension was below 10 *per cent* as against 10 *per cent* growth projected by the Twelfth Finance Commission. Government forecasted expenditure of Rs 2748 crore on provisions calculated on the basis of trend growth rate which was Rs 292 crore above the actual expenditure (Rs 2456 crore) of 2005-06. The State Government has also implemented new contributory pension scheme on the Central pattern to reduce the long term liabilities on pension account which was applicable to the employees joining on or after 1st September 2005.

Interest payments

Table-11: Interest payments

Year	Total Revenue Receipts	Interest Payments	Percentage of Interest payments with reference to	
			Total Revenue Receipts	Revenue Expenditure
	(Rupees in crore)			
2001-02	9839	2629	26.72	23.56
2002-03	10968	3022	27.55	24.66
2003-04	12456	3343	26.84	26.30
2004-05	15714	3474	22.11	23.73
2005-06	17837	3649	20.46	20.55

In absolute terms, interest payments increased steadily by 38.80 *per cent* from Rs 2629 crore in 2001-02 to Rs 3649 crore in 2005-06 primarily due to continued reliance on borrowings for financing the deficit. The interest payment consumed 89 *per cent* of the State's own revenue. The increasing interest payments had adversely affected both development expenditure and social welfare schemes.



1.6 Expenditure by Allocative Priorities

1.6.1 Quality of Expenditure

The availability of better social and physical infrastructure in the State reflects its quality of expenditure. Therefore ratio of capital expenditure to total expenditure as well as to GSDP and proportion of revenue expenditure being spent on running efficiently and effectively the existing social and economic services would determine the quality of expenditure. Higher the ratio of these components to total expenditure and GSDP better is quality of expenditure. **Table 12** gives these ratios during 2001-06.

Table 12 – Indicators of Quality of Expenditure

	(Rupees in crore)				
	2001-02	2002-03	2003-04	2004-05	2005-06
Capital Expenditure	742	970	1549	1205	2084
Revenue Expenditure	11159	12255	12711	14638	17756
<i>Of which</i>					
Social and Economic Services with	5557	6568	7058	7968	11241
(i) <i>Salary Component</i>	2398 (43)	2934 (45)	3824 (54)	3699 (46)	4304 (38)
(ii) <i>Non-Salary Component</i>	3159 (57)	3634 (55)	3234 (46)	4269 (54)	6937 (62)
As per cent of Total Expenditure					
Capital Expenditure	6	7	11	8	11
Revenue expenditure	94	93	89	92	89
As per cent of GSDP					
Capital Expenditure	1.58	1.82	2.96	2.11	3.44
Revenue Expenditure	23.70	23.05	24.30	25.62	29.30

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

Revenue expenditure of the State constituted a dominant share of the total expenditure ranging between 89 to 94 *per cent* during the period 2001-02 to 2005-06 restricting the share of expenditure on capital account from 6 to 11 *per cent*. Capital expenditure (Rs 2084 crore) was Rs 1223 crore below the estimate (Rs 3307 crore) projected in the Fiscal Correction Path indicating the

need for corrective measures to achieve the projected target indicated in FCP. The revenue expenditure incurred on social and economic services increased from Rs 5557 crore in 2001-02 to Rs 11241 crore in 2005-06. Although the expenditure incurred both on salary and non-salary components have increased during the period but the share of non-salary component remained consistently higher except in the year 2003-04. A significant increase in expenditure incurred on non-salary component was observed during 2005-06 as its share in revenue expenditure on social and economic services increased from 54 per cent in 2004-05 to 62 per cent in 2005-06.

1.6.2 Expenditure on Social Services

Given the fact that the human development indicators such as access to basic education, health services and drinking water and sanitation facilities etc. have a strong linkage with eradication of poverty and economic progress, it would be prudent to make an assessment with regard to the expansion and efficient provision of these services in the State. **Table 13** summarises the expenditure incurred by the State Government in expanding and strengthening of social services in the State during 2001-06.

Table 13: Expenditure on Social Services

(Rupees in crore)

	2001-02	2002-03	2003-04	2004.-05	2005-06
Education, Sports, Art and Culture					
Revenue Expenditure (RE)	2478.13	2703.51	2821.76	3142.23	4393.96
<i>Of which</i>					
(a) Salary Component	1305.33 (94.18)	1729.02 (99.42)	2126.25 (98.21)	2128.60 (99.34)	2326.50 (99.91)
(b) Non-Salary Component	1172.80	974.49	695.51	1013.63	2067.46
Capital Expenditure (CE)	23.57	46.69	54.16	17.59	29.14
Sub Total (R E + C E)	2501.70	2750.20	2875.92	3159.82	4423.10
Health and Family Welfare					
Revenue Expenditure	518.62	553.30	534.25	607.47	876.94
<i>Of which</i>					
(a) Salary Component	292.97 (59.73)	297.74 (72.48)	476.23 (63.23)	459.29 (69.28)	618.75 (66.56)
(b) Non-Salary Component	225.65	255.56	58.02	148.18	258.19
Capital Expenditure	2.72	18.34	4.78	21.94	137.91
Sub Total (R E + C E)	521.34	571.64	539.03	629.41	1014.85
Water Supply, Sanitation, Housing and Urban Development					
Revenue Expenditure	136.33	219.11	200.49	251.09	407.49
<i>Of which</i>					
(a) Salary Component	63.46 (100)	55.03 (100)	72.51 (100)	73.40 (99.46)	80.16 (92.06)
(b) Non-Salary Component	72.87	164.08	127.98	177.69	327.33
Capital Expenditure	17.00	75.02	75.74	69.64	124.20
Sub Total (R E + C E)	153.33	294.13	276.23	320.73	531.69
Other Social Services					
Revenue Expenditure	399.14	439.79	476.93	794.19	1183.53
<i>Of which</i>					
(a) Salary Component	199.10 (48.74)	111.56 (58.04)	190.89 (54.97)	210.52 (60.19)	330.19 (36.36)

	2001-02	2002-03	2003-04	2004-05	2005-06
(b) Non-Salary Component	200.04	328.23	286.04	583.67	853.34
Capital Expenditure	0.20	2.07	28.76	28.11	37.18
Sub Total (R E + C E)	399.34	441.86	505.69	822.30	1220.71
Total (Social Services)					
Revenue Expenditure	3532.22	3915.71	4033.43	4794.98	6861.92
Of which					
(a) Salary Component	1860.86 (84.04)	2193.35 (93.66)	2865.88 (89.57)	2871.81 (91.68)	3355.60 (87.49)
(b) Non-Salary Component	1671.36	1722.36	1167.55	1923.17	3506.32
Capital Expenditure	43.49	142.12	163.44	137.28	328.43
Grand Total (R E + C E)	3575.71	4057.83	4196.87	4932.26	7190.35

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

Expenditure of the State on social services ranged between 29 to 36 *per cent* of the total expenditure during 2001-02 to 2005-06. Out of the expenditure on Social Services, 62 to 70 *per cent* was incurred on Education, Sports, Art and Culture. Expenditure on Health and Family Welfare ranged between 13 to 14 *per cent* and on Water Supply, Sanitation, Housing and Urban Development between four to seven *per cent*. Expenditure on salary ranged between 47 to 68 *per cent* of the expenditure on these components during 2001-02 to 2004-05.

1.6.3 Expenditure on Economic Services

The expenditure on economic services includes all such expenditures as to promote directly or indirectly, productive capacity within the States' economy. The expenditure on Economic Services (Rs 4051 crore) accounted for 20.42 *per cent* of the total expenditure (**Table 14**). Of this, Agriculture and Allied activities, Irrigation and Flood Control, Energy and Transport accounted for nearly 60.26 *per cent* of the expenditure.

Table-14: Expenditure on Economic Sector

(Rupees in crore)

	2001-02	2002-03	2003-04	2004-05	2005-06
Agriculture, Allied Activities					
Revenue Expenditure (RE)	260.58	249.29	248.66	396.84	410.45
Of which					
(a) Salary Component	118.09 (97.38)	126.86 (89.07)	173.20 (94.69)	173.33 (92.89)	191.49 (92.43)
(b) Non-Salary Component	142.49	122.43	75.46	223.51	218.96
Capital Expenditure (CE)	NIL	5.67	5.67	10.32	93.19
Sub Total (RE + CE)	260.58	254.96	254.33	407.16	503.64
Irrigation and Flood Control					
Revenue Expenditure (RE)	324.30	356.74	319.09	473.02	482.77
Of which					
(a) Salary Component	140.42 (98.99)	189.59 (100)	247.61 (92.08)	242.28 (91.22)	265.93 (91.00)
(b) Non-Salary Component	183.88	167.15	71.48	230.74	216.84

	2001-02	2002-03	2003-04	2004-05	2005-06
Capital Expenditure(CE)	299.95	309.88	521.36	442.52	591.46
Sub Total (RE + CE)	624.25	666.62	840.45	915.54	1074.23
Power & Energy					
Revenue Expenditure (RE)	13.72	36.66	1.15	1.74	1.42
<i>Of which</i>					
(a) Salary Component	--	--	--	--	--
(b) Non-Salary Component					
Capital Expenditure(CE)	13.72	36.66	1.15	1.74	1.42
	10.73	--	300.39	26.50	302.01
Sub Total (RE + CE)	24.45	36.66	301.54	28.24	303.43
Transport					
Revenue Expenditure	127.75	194.08	204.61	224.61	285.01
<i>Of which</i>					
(a) Salary Component	0.62	190.98	85.01	83.63	107.45
(b) Non-Salary Component	(100)	(99.49)	(98.81)	(99.22)	(100)
	127.13	3.10	119.60	140.98	177.56
Capital Expenditure	34.40	90.97	61.53	144.06	274.99
Sub Total (RE + CE)	162.15	285.05	266.14	368.67	560.00
Other Economic Services					
Revenue Expenditure	576.07	926.70	724.67	939.47	1187.44
<i>Of which</i>					
(a) Salary Component	278.24	69.47	284.31	198.92	251.60
(b) Non-Salary Component	(54.63)	(92.13)	(85.47)	(94.51)	(91.41)
Capital Expenditure	297.83	857.23	440.36	740.55	938.84
	338.63	340.18	474.55	376.18	421.90
Sub Total (RE + CE)	914.70	1266.88	1199.22	1315.65	1609.34
Total (Economic Services)					
Revenue Expenditure	1302.42	1763.47	1498.18	2035.68	2367.09
<i>Of which</i>					
(a) Salary Component	537.37	576.90	790.13	698.16	816.47
(b) Non-Salary Component	(75.74)	(96.55)	(91.00)	(93.53)	(92.59)
Capital Expenditure	765.05	1186.57	708.05	1337.52	1550.62
	679.80	746.70	1363.50	999.58	1683.55
Grand Total (RE + CE)	1982.22	2510.17	2861.68	3035.26	4050.64

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

Total expenditure of the State on Economic Services in Revenue account ranged between Rs 1302 to Rs 2367 crore and in Capital account from Rs 680 to Rs 1684 crore during 2001-02 to 2005-06 of which salary payment ranged between 20 to 28 *per cent* during 2001-02 to 2005-06.

1.6.4 Financial Assistance to local bodies and other institutions

The quantum of assistance provided by way of grants and loans to local bodies and others during the five years period 2001-06 is presented in Table 15:

Table-15: Financial Assistance

(Rupees in crore)

	2001-02	2002-03	2003-04	2004-05	2005-06
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	369.13	461.13	545.94	564.99	803.65
Municipal Corporations and Municipalities	28.99	99.98	83.71	117.91	277.56
Zilla Parishads and Other Panchayati Raj Institutions	106.60	292.34	133.92	2.63	3.75
Development Agencies	12.87	34.81	3.87	110.15	18.56
Hospital and Other Charitable Institutions	--	--	--	5.00	3.00
Other Institutions	47.05	133.45	20.99	12.68	3.92
Total	564.64	1021.71	788.43	813.36	1110.44
Assistance as per percentage of RE	5.06	16.10	6.20	5.56	6.25

Assistance given by the State ranged between five to six *per cent* of RE between the period 2000-01 to 2005-06 except 16 *per cent* in the year 2002-03.

1.6.5 Delay in furnishing utilisation certificates

Of the 770 utilisation certificates (UC) due in respect of grants and loans aggregating Rs 2928.94 crore paid up to 2005-06, 722 UCs for an aggregate amount of Rs 2764.16 crore were in arrears. Details of department-wise break-up of outstanding UCs are given in **Appendix VI**.

1.6.6 Abstract of performance of the autonomous bodies

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

1.7 Assets and Liabilities

In the Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. **Appendix II** gives an abstract of such liabilities and the assets as on 31 March 2006, compared with the corresponding position on 31 March 2005. While the liabilities in this Appendix consist mainly of internal borrowings, loans and advances from the GOI, receipts from the Public Account and Reserve Funds, the assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances. **Appendix V** depicts the time series data on State Government finances for the period 2001-2006.

1.7.1 Financial Results of Irrigation Works

The financial results of Irrigation works are reflected in Statement 3 of the Finance Accounts of the Government which show no productive work during

2005-06. On four completed canals Government incurred an amount of Rs 3.76 crore as Capital Outlay up to 2005-06, revenue realization from these canals was Rs 3.82 crore whereas Government incurred an expense of Rs 8.29 crore on maintenance charges (including interest on capital outlay) during 2005-06. Working expense of Rs 8.29 crore resulted in excess of Rs 4.47 crore of expenditure over revenue receipt.

1.7.2 Incomplete projects

The project-wise information pertaining to incomplete projects as on 31st March 2006 is given in the **Table 16**.

Table 16: Project wise Profile of Incomplete Projects

Sl. No.	Name of the project/scheme	Expenditure up to 2005-06 (Rupees in crore)
1	Kosi Project	389.15
2	Gandak Project Phase II	47.50
3	North Koel Project	836.11*
4	Durgawati Reservoir	361.09*
5	Sone Canal Modernisation Project	745.54*
6	Nakti Reservoir Scheme	14.01
Total :		2393.40

* Figure provided by the department

1.7.3 Departmental Commercial Undertakings

Activities of *quasi*-commercial nature are performed by departmental undertakings of certain Government departments. These undertakings are required to prepare annually Proforma accounts in prescribed format showing the results of financial operations so that Government can assess the results of their working. The department-wise position of arrears in preparation of *pro forma* accounts and the investment made by the Government are given in **Appendix VIII and IX** respectively.

1.7.4 Investments and returns

As of 31 March 2006, Government had invested Rs 805.64 crore in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives (**Table 17**). The return on this investment was zero *per cent* in the last five years while the Government paid interest at the average rate of 8.20 to 9.59 *per cent* on its borrowings during 2001 to 2005-06.

Table-17: Return on Investment

Year	Investment at the end of the year	Return	Percentage of return	Average rate of interest on government borrowing
	(Rupees in crore)			<i>per cent</i>
2001-02	686.67	0.01	NIL	8.71
2002-03	694.34	0.02	NIL	9.00
2003-04	700.01	0.04	0.01	9.00
2004-05	708.66	0.04	NIL	9.59
2005-06	805.64	0.04	NIL	8.20

At the end of the year 2005-06 Government invested Rs 105.63 crore in Statutory Corporations, Rs 338.80 crore in Government Companies, Rs 3.88

crore in Joint Stock Companies, Rs 357.33 crore and in Co-operative Banks & Societies (44 *per cent* of total investment). Return from these investments was merely Rs 0.04 crore as against Rs 66.06 crore worked out on average interest rate of 8.20 *per cent* on Government borrowings. During the year out of total investment (Rs 96.99 crore) Government invested Rs 85 crore in the cooperative sector which was in contravention of the guidelines of revival package of the Government of India. The investment proved to be unfruitful as the intended purpose of serving 14 DCCBs outside the purview of Section 11(2) of Banking Regulation Act could not be achieved.

1.7.5 Loans and advances by State Government

In addition to investments in Co-operative societies, Corporation and Companies, Government has also been providing loans and advances to many of these institutions/organizations. Total outstanding loans and advances as on 31 March 2006, was Rs 13574 crore (**Table 18**). Interest received against these loans advanced was 1.59 *per cent* during 2005-06 as against 0.63 *per cent* in previous year.

Table-18: Average Interest Received on Loans Advanced by the State Government

	(Rupees in crore)				
	2001-02	2002-03	2003-04	2004-05	2005-06
Opening Balance	6952.84	7473.60	8205.21	10763.68	11876.69
Amount advanced during the year	533.71	747.19	2568.92	1127.84	1747.82
Amount repaid during the year	12.95	15.58	1045.00	14.83	50.86
Closing Balance	7473.60	8205.21	10763.68	11876.69	13573.65
Net addition	520.76	731.61	2558.47	1113.01	1696.96
Interest Received	11.75	53.01	23.08	75.06	216.07
Interest received as <i>per cent</i> to outstanding Loans and advances	0.16	0.65	0.21	0.63	1.59

Loans and advances made by the Government ranged between Rs 533.71 and Rs 2568.92 crore during 2001-02 to 2005-06. Loans for Power Projects consumed 99 *per cent* of total loans and advances (Rs 1735.27 crore) paid by the Government during 2005-06.

1.7.6 Management of cash balances

It is generally desirable that the State's flow of resources should match its expenditure obligations. However, to take care of any temporary mismatches in the flow of resources and the expenditure obligations, a mechanism of Ways and Means Advances (WMA) from the Reserve Bank of India has been put in place. Bihar had the WMA limit of Rs 380 crore from April 1, 2005. Special WMA not exceeding Rs 20.37 crore with effect from 1 April 2005, Rs 20.15 crore with effect from 1 July 2005, Rs 19.92 crore with effect from 1 October 2005, Rs 13.18 crore with effect from 11 October 2005, Rs 20.35 crore with effect from 13 October 2005 and Rs 20.17 crore with effect from 1 January 2006 were made available against security of Government of India held by the State Government with effect from March 2005.

Ways and Means Advances and Overdrafts availed, the number of occasions it was availed and interest paid by the State is detailed in **Table 19**.

Table-19: Ways and Means and Overdrafts of the State*(Rupees in crore)*

	2001-02	2002-03	2003-04	2004-05	2005-06
Ways and Means Advances					
Availed in the Year	2593.23	7.12	1708.45	3.50	NIL
Number of Occasions	79	NIL	40	1	
Outstanding WMAs, if any	NIL	NIL	NIL	NIL	NIL
Interest Paid	7.86	0.13	3.71	negligible	NIL
Number of Days	106	1	49	3	NIL
Overdrafts					
Availed in the year	3229.53	NIL	1142.89	NIL	NIL
Number of Occasions	99	NIL	5	NIL	NIL
Number of Days	123	NIL	44	NIL	NIL
Interest Paid	3.94	NIL	1.42	NIL	NIL

1.8 Undischarged Liabilities

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

1.8.1 Fiscal Liabilities – Public Debt and Guarantees

There are two sets of liabilities namely, public debt and other liabilities. Public debt consists of internal debt of the State and is reported in the Annual Financial Statements under the Consolidated Fund – Capital Accounts. It includes market loans, special securities issued by RBI and loans and advances from the Central Government. The Constitution of India provides that a State may borrow, within the territory of India, upon the security of its Consolidated Fund, within such limits, as may from time to time, be fixed by the Act of its Legislature and give guarantees within such limits as may be fixed. Other liabilities, which are a part of public account, include deposits under small savings scheme, provident funds and other deposits.

Table-20 gives the fiscal liabilities of the State, its rate of growth, ratio of these liabilities to GSDP, to revenue receipts and to own resources as also the buoyancy of fiscal liabilities with respect to these parameters.

Table-20: Fiscal Liabilities – Basic Parameters

	2001-02	2002-03	2003-04	2004-05	2005-06
Fiscal Liabilities # (Rupees in crore)	31883	35249	37453	42483	46495
Rate of Growth (<i>per cent</i>)	12.09	10.56	6.25	13.43	9.44
Ratio of Fiscal Liabilities to					
GSDP (<i>per cent</i>)	67.71	66.31	71.61	74.34	76.72
Revenue Receipts (<i>per cent</i>)	324.01	321.38	300.68	270.35	260.67
Own Resources (<i>per cent</i>)	1223.45	1166.41	1166.76	1128.37	1138.75
Buoyancy of Fiscal Liabilities to					
GSDP (ratio)	46.93	0.82	*	1.45	1.56
Revenue Receipts (ratio)	*	0.92	0.46	0.51	0.70
Own Resources (ratio)	*	0.66	1.01	0.78	1.12

* Denotes buoyancy in negative. # Includes Internal Debt, Loans and Advances from GOI, Debt from Small Savings and Other Obligations (excludes Ways and Means Advance and Contingency Fund).

Overall fiscal liabilities of the State increased from Rs 31883 crore in 2001-02 to Rs 46495 crore in 2005-06. The growth rate decreased by 3.99 *per cent* during 2005-06 over previous year. The ratio of fiscal liabilities to GSDP increased from 67.71 *per cent* in 2001-02 to nearly 76.72 *per cent* in 2005-06. These liabilities stood at 2.61 times the revenue receipts and 11.39 times of the States own resources as at the end of 2005-06. The buoyancy of these liabilities with respect to GSDP during the year was 1.56 *per cent*. Rising debt – GSDP ratio during 2001-06 indicated that debt was unsustainable.

1.8.2 Status of Guarantees – Contingent liabilities

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

As per the Statement 6 of the Finance Accounts, the maximum amount for which guarantees were given by the State and outstanding guarantees at the end of year since 2001-02 is given in **Table 21**.

Table-21: Guarantees given by the Government of Bihar

(Rupees in crore)

Year	Max amount guaranteed	Outstanding amount of guarantees	Percentage of maximum amount guaranteed to revenue receipt
2001-02	(a)	209.21	--
2002-03	(a)	393.44	--
2003-04	1531.08	470.72	12.29
2004-05	1531.08	473.44	9.74
2005-06	1531.08	604.87	8.58

(a) Indicates information not available

Amount of guarantees outstanding increased from Rs 209.21 crore during 2001-02 to Rs 604.87 crore in the year 2005-06. Major recipients of such guarantees were Co-operative Bank & Societies (Rs 170 crore), Bihar State Financial Corporation (Rs 179 crore) and Bihar State Electricity Board (Rs 139 crore).

No Act was passed by the Government fixing any limit for guarantees. No mechanism was put in place by the Government for monitoring to avoid any incidence of losses on account of such guarantees.

1.8.4 Net Availability of Funds

Another important indicator of debt sustainability is the net availability of funds after the payment of the principal on account of earlier contracted liabilities and interest.

The net funds available on account of the internal debt, loans and advances from Government of India and other obligations after providing for the interest

and repayments oscillated from (-)9 *per cent* to 19 *per cent* during the period 2001-02 to 2005-06.

The net fund available was Rs 626 crore (10 *per cent*) in 2005-06. Total debt receipt ranged between Rs 5863 crore to Rs 10907 crore during 2001-02 to 2005-06.

Table-22 below gives the position of the receipt and repayment of internal debt and other fiscal liabilities of the State over the last five years.

Table-22: Net Availability of Borrowed Funds

(Rupees in crore)

	2001-02	2002-03	2003-04	2004-05	2005-06
Internal Debt					
Receipt	2681	2935	4249	5969	3769
Repayment (Principal + Interest)	987	923	1766	2047	2485
Net Fund Available	1694	2012	2483	3922	1284
Net Fund Available (<i>per cent</i>)	63	69	58	66	34
Loans and Advances from GOI					
Receipt	1077	1255	820	1654	2
Repayment (Principal + Interest)	1926	3195	3894	3881	1512
Net Fund Available	(-)849	(-)1940	(-)3074	(-)2227	(-)1510
Net Fund Available (<i>per cent</i>)	(-)79	(-)155	(-)375	(-)135	(-)755
Other obligations					
Receipt	2105	3137	3119	3284	2283
Repayment (Principal + Interest)	1859	2629	3303	3199	1431
Net Fund Available	246	508	(-)184	85	852
Net Fund Available (<i>per cent</i>)	12	16	(-)6	3	37
Total Liabilities					
Receipt	5863	7327	8188	10907	6054
Repayment (Principal + Interest)	4772	6747	8963	9127	5428
Net Fund Available	1091	580	(-)775	1780	626
Net Fund Available (<i>per cent</i>)	19	8	(-)9	16	10.34

1.8.5 Debt Sustainability

The debt sustainability is defined as the ability to maintain a constant debt-GDP ratio over a period of time. In simple terms, public debt is considered sustainable as long as the rate of growth of income exceeds the interest rate or cost of public borrowings subject to the condition that the primary balance is either positive or zero. Given the rate spread (GSDP growth rate – interest rate) and quantum spread (Debt x rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would be constant or sustainable. On the other hand, if $PD > QS$, debt-GSDP ratio would be rising and if $PD < QS$, it would be falling. The trends in Table 23 reveal that in three out of five year period during 2001-06, the sum of primary deficit and quantum spread is negative indicating rising debt-GSDP ratio and deteriorating situation of debt sustainability in the State.

Table-23: Debt Sustainability–Interest Rate and GSDP Growth
(in percent)

	2001-02	2002-03	2003-04	2004-05	2005-06
Weighted Interest Rate	8.71	9.00	9.20	8.69	8.20
GSDP Growth	0.26	12.89	(-)1.62	9.27	6.06
Interest spread	(-)8.46	3.89	(-)10.82	0.57	(-)2.14
Quantum Spread (Rs in crore)	(-)1816	939	(-)2856	178	(-)723
Primary Deficit (Rs in crore)	46	34	(-)1020	2232	(-)51

1.9 Management of deficits

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

The revenue deficit of the State which indicates the excess of its revenue expenditure over revenue receipts increased from Rs (-)1320 crore in 2001-02 to Rs (+)81 crore in 2005-06. The fiscal deficit, which represents the total borrowing of the Government and its total resource gap, increased from Rs (-) 2583 crore in 2001-02 to Rs (-)3700 crore in 2005-06. The State had a primary surplus of Rs (+)46 crore in 2001-02 which turned to deficit of Rs 51 crore in 2005-06 as indicated in **Table-24**.

The ratio of revenue deficit to fiscal deficit was (-)2.19 *per cent* during 2005-06 indicating that entire borrowed funds were used for current consumption. As proportion to GSDP, the revenue deficit had reached 0.13 *per cent* and fiscal deficit had reached (-)6.10 *per cent* in 2005-06. High ratio of revenue deficit to fiscal deficit also indicated that the asset base of the State was continuously shrinking and increasingly a part of borrowings (fiscal liabilities) were not having any asset backup.

Table-24: Fiscal Imbalances: Basic Parameters

Parameters	2001-02	2002-03	2003-04	2004-05	2005-06
Revenue deficit (Rupees in crore)	(-)1320	(-)1287	(-)255	(+)1076	(+)81
Fiscal deficit (Rupees in crore)	(-)2583	(-)2988	(-)4363	(-)1242	(-)3700
Primary deficit (Rupees in crore)	(+)46	(+)34	(-)1020	(+)2232	(-)51
RD/GSDP (<i>per cent</i>)	(-)2.80	(-)2.42	(-)0.49	(+)1.88	(+)0.13
FD/GSDP (<i>per cent</i>)	(-)5.48	(-)5.62	(-)8.34	(-)2.17	(-)6.10
PD/GSDP (<i>per cent</i>)	(+)0.10	(+)0.06	(-)1.95	(+)3.91	(-)0.08
RD/FD (<i>per cent</i>)	(+)51.08	(+)43.07	(+)5.84	*	*

* During 2004-06 State had revenue surplus

The year 2004-05 was an exceptional year as the State had a revenue surplus of Rs 1076 crore and fiscal deficit of Rs 1242 crore. This was primarily due to enhanced central transfers and grants-in-aid from GOI combined with decline in capital expenditure from Rs 1549 crore (2003-04) to Rs 1205 crore

(2004-05). The State Government in its background note on the fiscal situation of the State (March 2006) had stated that low spending was due to Assembly elections in the last quarter of the financial year.

Due to increase in expenditure in 2005-06 fiscal deficit with GSDP increased from Rs 1242 crore (2.17 per cent) to Rs 3700 crore (6.10 per cent) in 2005-06.

1.10 Fiscal Ratios

The finances of a State should be sustainable, flexible and non-vulnerable. **Table-25** below presents a summarized position of Government finances over 2001-2006, with reference to certain key indicators that help to assess the adequacy and effectiveness of available resources and their applications, highlights areas of concern and captures its important facets.

Table-25: Indicators of Fiscal Health (in per cent)

Fiscal Indicators	2001-02	2002-03	2003-04	2004-05	2005-06
1	2	3	4	5	6
I Resource Mobilization					
Revenue Receipt/GSDP	20.90	20.63	23.82	27.50	29.43
Revenue Buoyancy	(-)46.43	0.89	(-)8.37	2.82	2.23
Own Tax / GSDP	4.92	5.19	5.53	5.86	5.88
II Expenditure Management					
Total Expenditure/GSDP	26.41	26.28	32.18	29.70	35.62
Total Expenditure/Revenue Receipts	79.12	78.50	74.02	92.59	82.62
Revenue Expenditure/Total Expenditure	89.74	87.71	75.53	86.25	82.25
Salary expenditure on Social and Economic Services / Revenue Expenditure	21.49	22.61	28.76	24.39	24.62
Non-Salary expenditure on Social and Economic Services / Revenue Expenditure	21.83	23.74	14.75	22.28	28.48
Capital Expenditure/Total Expenditure	6	7	11	8	11
Capital Expenditure on Social and Economic Services/Total Expenditure.	6.08	6.72	10.71	7.18	10.14
Buoyancy of TE with RR	1.55	1.08	1.51	0.03	2.01
Buoyancy of RE with RR	1.45	0.86	0.27	0.58	1.58
III Management of Fiscal Imbalances					
Revenue deficit (Rs in crore)	(-)1320	(-)1287	(-)255	(+)1076	(+)81
Fiscal deficit (Rs in crore)	(-)2583	(-)2988	(-)4363	(-)1242	(-)3700
Primary Deficit (Rs in crore)	(+)46	(+)34	(-)1020	(+)2232	(-)51
Revenue Deficit/Fiscal Deficit	51	43	6	(-)87	(-)2
IV Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	67.71	66.31	71.61	74.34	76.72
Fiscal Liabilities/RR	324.01	321.38	300.68	270.35	260.67
Buoyancy of FL with RR	(-) 1.01	0.92	0.46	0.51	0.70
Buoyancy of FL with Own Receipt	(-) 0.47	0.66	1.01	0.78	1.12

Fiscal Indicators	2001-02	2002-03	2003-04	2004-05	2005-06
1	2	3	4	5	6
Primary deficit vis-à-vis quantum spread	2420.25	1279.16	4741.48	2457.83	962.05
Net Funds Available	1091	580	(-) 775	1780	626
V Other Fiscal Health Indicators					
Return on Investment	0.01	0.02	0.04	0.04	0.04
Balance from Current Revenue (Rs in crore)	(-)1246	(-)1039	(-)638	924	685.02
Financial Assets/Liabilities	72	72	72	78	80

1.11 Conclusion

The overall fiscal position of the State as reflected in terms of key parameters – revenue, fiscal and primary deficits – indicates a mixed trend during the period 2001-06. The state experienced deterioration in fiscal position during 2005-06 in terms of these key fiscal parameters from a situation of significant improvement in 2004-05 when revenue and primary accounts showed surplus and fiscal deficit indicated a steep decline over the previous year. A turnaround in fiscal position in 2004-05 was primarily due to the enhanced central transfers and grants-in-aid from GOI combined with decline in capital expenditure and accumulation of huge cash balances towards the end of year. The deterioration in revenue account in 2005-06 was mainly due to increase in Non-Plan revenue expenditure (19 *per cent*) and Plan revenue expenditure (37 *per cent*). Apart from a substantial decline in revenue surplus, increase in Fiscal Deficit (198 *per cent*) was mainly due to a little more than 100 *per cent* increase in disbursements of loans under non-plan head and 76 *per cent* increase in plan capital expenditure over the previous year. The revenue receipts continued to be significantly contributed by central transfers during 2005-06 and states own sources improved only marginally. The state therefore needs to take steps to improve the buoyancies in its own resources in combination with maintaining the growth in non-plan revenue expenditure as per the norms in order to have sustained improvement in its fiscal imbalances. The allocations of outlays need to be reprioritized keeping in view the fiscal management objectives laid down in FRBM Act 2006. The increasing debt liabilities of the State reflected mainly in terms of ratio of fiscal liabilities to GSDP also need to be contained for ensuring sustained fiscal stability in the State.

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 2005-06 against 52 Grants and Appropriations was as follows:

Table - I

(Rupees in crore)

	Nature of expenditure	Original grant/ appropriation	Supplementar grants/ appropriation	Total	Actual Expenditu re	Saving
Voted	I. Revenue	15117.27	1434.50	16551.77	14075.10	2476.67
	II. Capital	2970.56	457.41	3427.97	2083.90	1344.07
	III. Loans and Advances	1048.28	700.41	1748.69	1747.82	0.87
Total voted		19136.11	2592.32	21728.43	17906.82	3821.61
Charged	IV. Revenue	4017.55	5.91	4023.46	3680.89	342.57
	V. Capital	0.00	0.09	0.09	0.00	0.09
	VI. Loans and Advances	0.00	0.00	0.00	0.00	0.00
	VII. Public Debt.	3175.01	49.41	3224.42	980.76	2243.66
Total charged		7192.56	55.41	7247.97	4661.65	2586.32
Appropriation to Contingency Fund (if any)					--	--
Grand Total		26328.67	2647.73	28976.40	22568.47	6407.93

The total expenditure was understated at least to the extent of Rs 28.16 crore for which vouchers were not received from the treasuries during the year 2005-06 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 1791.86 crore since these were drawn on abstract contingent Bills but detailed contingent Bills for which were not submitted. An amount of Rs 417.26 crore was transferred to different Deposit Heads through nil payment vouchers during the year 2005-06. This also inflated the expenditure figures as the money was actually retained by the Government.

2.3 Fulfillment of Allocative Priorities

2.3.1 Appropriation by Allocative Priorities

The overall saving of Rs.6407.93 crore (22 per cent of the total provision) was the net result of saving of Rs 6757.49 crore and excess of Rs 349.56 crore against total provision of Rs 28976.40 crore. In violation of the provisions of the Article 204(3) of the Constitution, the State Government incurred excess expenditure of Rs 349.56 crore in four voted Grants during the year 2005-06 which required regularisation under Article 205 of the Constitution as indicated in Table II below. The details of savings/excesses were sent to the Controlling Officers requiring them to explain the significant variations which were not received (October 2006).

Table II

Statement of excesses over Grants requiring regularisation

(Rupees in crore)

Sl No.	Number and Name of Grant	Total Grant (Original + Supplementary)	Actual Expenditure	Amount of Excess (percentage of excess against total provision)	Reasons
A. Revenue Voted Grant					
1.	39-Disaster Management Department	156.33	450.81	294.48 (188.37)	Not intimated (October 2006)
2.	46-Tourism Department	4.39	4.81	0.42 (9.57)	Not intimated (October 2006)
	Total (A)	160.72	455.62	294.90 (183.49)	
B. Capital Voted Grants					
3.	10-Energy Department	1985.80	2038.50	52.70 (2.65)	Not intimated (October 2006)
4.	40-Revenue and Land Reforms Department	3.18	3.20	0.02 (0.63)	Not intimated (October 2006)
5.	46-Tourism Department	6.25	8.19	1.94 (31.04)	Not intimated (October 2006)
	Total (B)	1995.23	2049.89	54.66 (2.74)	
	Grand Total (A+B)	2155.95	2505.51	349.56 (16.21)	

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 eight cases, involving eight Grants and Appropriation, substantial savings of Rs 100 crore or more and also by more than 20 per cent in each case totaling Rs 4176.32 crore (62 per cent of total savings of Rs 6757.49 crore) were noticed as shown in the Table-III below.

Table-III: Cases of Major Savings (more than Rs 100 crore and also by more than 20 per cent in each case)

Sl. No.	No. & Name of Grants	Grant			Actual Expenditure	Saving (-)	Percentage of savings to provision
		Original	Supplementary	Total			
Revenue-Voted							
1.	20. Health, Medical Education and Family Welfare Department	1104.27	226.60	1330.87	873.74	457.13	34.35
2.	50 Minor Irrigation Department	292.40	55.43	347.83	218.86	128.97	37.01
3.	51. Welfare Department	702.12	21.98	724.10	511.24	212.86	29.40
Capital-Voted							
4.	36 Public Health Engineering Department	323.04	7.92	330.96	121.00	209.96	63.44
5.	41. Road Construction Department	645.55	-	645.55	260.42	385.13	59.66
6.	42. Rural Development Department	627.71	5.33	633.04	407.73	225.31	35.59
7.	49. Water Resources Department	696.98	180.03	877.01	563.71	313.30	35.72
Capital-Charged							
8.	14. Repayment of Public Debt	3175.01	49.41	3224.42	980.76	2243.66	69.58
	Total	7567.08	546.70	8113.78	3937.46	4176.32	

In 41 schemes involving eight Grants and Appropriation major savings of Rs 3893.09 crore (Rs 10 crore or more in each case) occurred as per details given in *Appendix-X*.

Reasons for Saving were not intimated by the department except in a few cases where the reasons given were non-release of funds by Government of India for Centrally Sponsored Schemes, reduction of Plan outlay, post kept vacant and non-drawal of fund due to restriction imposed by the State Government.

2.3.3 Other cases of savings

In 25 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 645.68 crore as indicated in *Appendix XI*.

2.3.4 Persistent savings

In 21 cases involving 18 Grants and Appropriation, 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-XII*.

2.3.5 Excess requiring regularisation

Excess over provision requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for the State Government to get the excess over a Grant or Appropriation regularised by the State Legislature. However, the excess expenditure amounting to 6675.15 crore for the year 1977-78 to 2004-05 had not been regularised so far (October 2006) This was a breach of legislative control over appropriations. Further, the excess of Rs. 349.56 crore under four grants during 2005-06 totalling Rs. 7024.71 crore requires regularisation under Article 205 of the Constitution Details are indicated in *Appendix-XIII*

Expenditure in excess of provision in Minor Heads

In 10 cases, involving six Grants and Appropriations, expenditure in each case exceeded the approved provision by Rupees one crore or more totalling Rs 368.20 crore as per details given in *Appendix XIV*

Expenditure without provision

As per the Budget Manual expenditure should not be incurred on a scheme/service without provision of funds thereof. It was however noticed that expenditure of Rs 19.42 crore was incurred in four cases (Rs. one crore and above in each case) as shown in Table IV without any provision in the original estimate or supplementary demand or any re-appropriation order.

Table IV: Expenditure without Budget provision in Minor Heads

(Rupees in crore)

Sl No.	Number and Name of Grant / Appropriation	Head of Account (Major/Minor/Sub Head/Scheme)	Provision (Original + Supplementary)	Actual Expenditure	Excess
	Capital Voted Grants				
I	46-Tourism Department	5452-Capital outlay on Tourism			
1		0101-Construction/Purchase of Building 01-101-0101	0.00	2.71	2.71
2		0101-Construction of road in Tourist Place 80-800-011	0.00	5.08	5.08
II	49-Water Resources Department	4701- Capital outlay on Medium Irrigation			
3		0110-South Bihar Irrigation Project 04-800-0110	0.00	8.19	8.19
4		0113-North Bihar Irrigation Project 04-800-0113	0.00	3.44	3.44
		Total	0.00	19.42	19.42

New Service/New Instrument of Service

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

Above expenditure in excess of provision or without provision by more than two lakh are the examples of New Service. The expenditure was met by re-appropriation without obtaining the requisite approval of the Legislature.

2.3.6 Original budget and supplementary provisions

Supplementary provisions of Rs 2647.73 crore made during the year constituted 10.06 *per cent* of the original budget provision (Rs 26328.67 crore) as against 10.95 *per cent* in the preceding year.

Total supplementary Grants (other than Public Debt) obtained during the year were Rs 2598.32 crore while the ultimate total savings (other than Public Debt) amounted to Rs 4164.27 crore.

2.3.7 Unnecessary/excessive/inadequate supplementary provisions

- Supplementary provisions of Rs 1572.02 crore obtained in 40 cases during August 2005 to March 2006 were wholly unnecessary as the expenditure did not come up in these cases even to the level of original provision as shown in **Appendix XV**.

- In eight cases against actual requirement of only Rs. 334.83 crore, Supplementary Grants/Appropriations of Rs. 348.84 crore were obtained resulting in saving of Rs. 14.01 crore (exceeding Rs. 20 lakh in each case) as detailed in **Appendix-XVI**.
- In three cases supplementary provisions of Rs. 702.56 crore proved insufficient leaving uncovered excess expenditure of Rs 347.61 crore. Details of these cases are given in **Appendix -XVII**.

2.3.8 Excessive/Unnecessary re-appropriation of fund

Re-appropriation is transfer of funds within a Grant from one unit of appropriation where savings are anticipated to another unit where additional funds are needed. In 18 cases involving 12 Grants/Appropriations, re-appropriation of funds of more than rupees one crore in each case proved injudicious due to withdrawal of Rs. 195.39 crore through re-appropriation while there was already excess expenditure of Rs. 152.22 crore as detailed in **Appendix-XVIII**.

2.3.9 Anticipated savings not surrendered

The spending departments are required to surrender the Grants/Appropriations or portions thereof to the Finance Department as and when savings are anticipated. However, at the close of the year 2005-06 there were 20 cases of Grants/Appropriations in Revenue section and nine cases of Grants/Appropriation in Capital section in which savings of Rs 1038.16 crore, exceeding Rupees one crore in each case, had not been surrendered by the departments vide **Appendix-XIX**.

In 70 cases, Rs 6070.81 crore out of the total savings of Rs 6407.93 crore were surrendered on the last day of March 2006 indicating inadequate financial control over expenditure. Details are given in the **Appendix-XX**.

2.3.10 Surrender of entire provision

In 41 schemes, involving 14 Grants and Appropriations, the State Government failed to utilize the entire provision of Rs 2517.91 crore (exceeding Rs 2.00 crore in each case). The entire provision was re-appropriated/surrendered as shown in **Appendix-XXI**.

2.3.11 Surrender in excess of actual savings

In three cases, the amount surrendered was in excess of actual savings. Against the savings of Rs 84.03 crore, the amount surrendered was Rs 187.78 crore resulting in excess surrender of Rs 103.75 crore (**Appendix XXII**). Further, in two cases surrenders of Rs 269.21 crore were made even though expenditure of Rs 2489.31 crore was in excess of the total provision of Rs 2142.13 crore resulting in excess of Rs 616.39 crore after surrender/re-appropriation indicating inadequate budgetary control vide Table V below.

Table V: Injudicious surrender/re-appropriation under various Grants/Appropriations

(Rupees in crore)

Sl No	Number and Name of Grant, Appropriation	Total Provision (Original + Supplementary)	Actual Expenditure	Excess before surrender/re-appropriation	Surrender (Reappropriation)	Excess after surrender/re-appropriation
Revenue Voted						
1.	39-Disaster-Management Department	156.33	450.81	294.48	145.42	439.90
	Capital Voted					
2.	10-Energy Department	1985.80	2038.50	52.70	123.79	176.49
	Total:	2142.13	2489.31	347.18	269.21	616.39

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 2006 is depicted in **Appendix-XXIII** which shows that the expenditure incurred in the quarter ending March 2006 was 42 *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 in the books of the Accountant General. In respect of 79 major heads, expenditure of Rs 14669.90 crore pertaining to 2005-06 remained unreconciled by various controlling officers. Details are given in **Appendix-XXIV**. The unreconciled expenditure accounted for 65 *per cent* of the total expenditure (22568.47 crore).

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 etc.

It was seen from the Appropriation Account of the State Government for the year 2005-06 that out of the budget provisions, the State Government failed to spend Rs 2018.03 crore (29 *per cent*), under various State Plan Schemes (Rs 1530.21 crore), Centrally Sponsored Schemes (Rs 477.75 crore) and Central Plan Schemes (Rs 10.07 crore) vide **Appendix XXV(i)**.

In 47 cases involving 12 Grants and Appropriations, significant savings of rupees five crore and above in each case aggregating to Rs 1630.55 crore

(55 per cent) against the provision of Rs 2943.51 crore were due to non-implementation or slow implementation of the Plan Schemes by the Bihar Government as shown in **Appendix XXV(ii)**. In 10 cases the State Government failed to utilise the entire provision of Rs 133.53 crore (**Appendix XXV(ii)**)

Central Government provided Rs 1370.43 crore as additional central assistance to State Government for building new infrastructure through Rashtriya Sam Vikas Yojana. But the State Government utilised Rs 881.36 crore resulting in large savings of Rs 489.07 crore under various heads during 2005-06.

2.4 Budgetary procedure and expenditure control.

2.4.1 Non-observance of accounting procedure for budgeting

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

2.4.2 Trend of recoveries and credits

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.

2.4.3 Non-adjustment of abstract contingent bills

Bihar Financial Rules provides for drawal of funds on Abstract Contingent (AC) Bills by Drawing and Disbursing Officers (DDOs) either under standing orders or specific sanction of Administrative departments of Government with the concurrence of the Finance Department. Detailed contingent (DC) Bills in respect of drawals made in advance on AC Bills from treasuries during a financial year were required to be prepared and submitted to the Accountant General (A&E) before the presentation of the next AC Bills at the treasury or within a period not exceeding sixty days from the dates of their drawal from the treasury. The DDOs, who are not self counter signing Officers are also required to submit the DC Bills monthly to the controlling authority for counter signature and transmission to the Accountant General (A&E).

Analysis of the existing information showed that these rules were disregarded by large number of DDOs and Controlling Officers failed to enforce accountability for such lapse. No DC Bill was submitted by DDOs to the Accountant General (A&E) Bihar, Patna through controlling officer along with details of charges and supporting vouchers within the period of sixty days in course of submission of AC Bills to treasury the DDO was required to furnish a certificate to the effect that DC Bills for previous AC Bills had been submitted within the period of sixty days and expenditure had been incurred

for the purpose for which the advance was drawn. Neither any DDO furnished such certificate on AC Bills nor did the treasury officers insist on furnishing of such certificates by the DDOs and the DDOs continued to draw such advances on AC Bills without submission of DC Bills in respect of previous AC Bills drawn by them from the treasury.

Scrutiny of records revealed that out of total drawal of Rs 3657.15 crore on AC Bills, DC Bills for Rs 63.20 crore only were submitted to A. G. (A&E), Bihar, Patna. No DC Bill was submitted for the balance of Rs 3593.95 crore during the course of four years from 2002-03 to 2005-06 despite repeated requests and audit objections as shown in table VI.

The DDOs concerned did not monitor the submission of DC Bills and maintained any separate register to record the particulars of drawal of AC Bills or details of remittance of unutilised balance, if any, as required under the rules. Due to nonobservance of statutory rules and orders relating to drawal of AC Bills by the DDOs there was accumulation of unadjusted AC Bills for Rs 3593.95 crore. The departments obviously had not taken any action to arrest such practice as is evident from the succeeding paragraphs. Prolonged retention of huge public fund by DDOs without any adjustment by submitting DC Bills is fraught with the risk of serious financial indiscipline / misappropriation.

The matter requires immediate attention of the Government for necessary investigation to ascertain the position of actual utilisation of those funds lying unadjusted for a long time.

Table - VI

<i>(Rupees in crore)</i>				
Srl No.	Year	Amount of AC Bill	Amount of DC Bill	Balance amount of AC Bill
1.	2002-03	332.22	4.32	327.90
2.	2003-04	548.41	9.82	538.59
3.	2004-05	957.72	22.12	935.60
4.	2005-06	1818.80	26.94	1791.86
	Total:	3657.15	63.20	3593.95

2.4.4 Transfer of fund to deposit accounts through "Nil" payment vouchers

Bihar Treasury Code Volume I stipulates that (I) no money should be drawn from the Consolidated Fund unless it is required for immediate disbursement and (II) the money should be spent for the purpose for which it was provided for in the Appropriation Act by the Legislature.

Audit however, observed that Rs 417.26 crore were drawn under various heads for different purposes at the fag end of the financial year 2005-06 to avoid lapse of Budget Grant and credited to Major Heads* (I) 8443 Civil Deposits Rs 231.30 crore and (II) 8448 Deposits of Local Fund: 185.96 crore








* (I) 8443 Civil Deposit: Rs 231.30 crore (Receipts Rs 664.98 crore Disbursements, Rs 433.68 crore)
(II) 8448 Deposits of Local fund (Rs 185.96 crore (Receipts Rs 1178.68 crore Disbursement, Rs 992.72 crore)

after exhibiting them as expenditure in accounts in violation of the above statutory provisions.

Thus expenditure was inflated by Rs 417.26 crore as the money was actually retained by the Government. Nevertheless, departments did not take any action to arrest such practices as is evident from the succeeding paragraph. The action of the executives/departments/the drawing and disbursing officers transferring the funds to different deposit heads without keeping any watch over their proper utilisation along with idling of funds for the years together was not only irregular but also jeopardised the system of legislative control over the public money despite repeated requests and audit objections.

CHAPTER-III

Performance Reviews

-  **Modernisation of State Police Force**
-  **Sarva Shiksha Abhiyan**
-  **Targeted Public Distribution System**
-  **Valmiki Tiger Project**
-  **Election Expenses**
-  **Working of the Building Construction Department**
-  **Educational Development of SC/ST**

CHAPTER-III PERFORMANCE REVIEW

HOME (POLICE) DEPARTMENT

3.1 Modernisation of State Police Force

Highlights

The scheme for Modernisation of police force was revamped with enhanced allocation from 2000-01 for increasing the efficiency and striking capability of the State police forces. The scheme envisaged increase in operational efficiency of the State police forces to enable them to meet the challenges of internal security environment, extremists activities and law and order situation in the State. Due to inadequate planning and delayed issue of sanctions, the scheme was unable to bridge the gap in infrastructure relating to mobility, arms, communication and training. Salient points are mentioned below:

The State Government was deprived of Rs 121.02 crore of GOI share during 2001-06 due to low spending of funds caused by delay in issue of sanctions by Home Department.

(Paragraph 3.1.6)

Rupees 77.23 crore for the year 2003-04 was not approved by MHA due to delayed submission of annual plans.

(Paragraph 3.1.7)

Only 1045 housing units were completed against the total requirement of 59614 units for the State police force.

(Paragraph 3.1.8)

Wireless sets costing Rs 4.61 crore were purchased without required accessories hence they remained unutilized.

(Paragraph 3.1.9.1)

The infructuous expenditure of Rs 4.96 crore on POLNET was mainly attributable to the failure of State Government to abide by its contractual obligation.

(Paragraph 3.1.9.2)

Extra expenditure of Rs 3.10 crore was incurred during 2002-06 on purchase of vehicles and arms at higher rates due to delay in finalization of purchase procedure.

(Paragraph 3.1.11.1)

The State Level Empowered Committee met only for approval of purchase proposals and did not monitor the implementation of scheme.

(Paragraph 3.1.15)

3.1.1 Introduction

The Ministry of Home Affairs (MHA), Government of India (GOI) introduced the scheme of "Modernisation of State Police Force (MPF)" (1969) with the objective to improve the functional efficiency of the State Police Force in controlling the crime, terrorism and naxal activities. After periodical reviews,

the GOI extended it for a further period of ten years w.e.f. 2000-01. The central assistance was enhanced from fifty to seventy five per cent in 2003-04 to strengthen the existing infrastructure viz. buildings, mobility, weapons, communication systems, training, Forensic Science Laboratory (FSL), office automation and equipment.

3.1.2 *Organisational set up*

At the Government level, Secretary, Home (Police) Department was responsible for implementation of the scheme. Director General of Police (DGP) with the assistance of the ADG (Training and Modernisation), the IG (Provision), the DIG (Administration), the DIG (Technical Services and Communication), the Director, Forensic Science Laboratory (FSL) were responsible for execution and implementation of the scheme. Construction of Police buildings was executed by Bihar Police Building Construction Corporation (BPBCC). At the district level Senior Superintendents of Police/ Superintendents of Police (Sr.S.Ps/S.Ps) were responsible for implementation of the scheme in 840 police stations in the state.

At the apex level the State Level Empowered Committee (SLEC) was constituted with the Chief Secretary as Chairman and the Home Secretary, Development Commissioner, Finance Commissioner and DGP as members among others to approve the annual action plan and to evaluate the monitoring of implementation of the scheme.

3.1.3 *Audit objectives*

Audit objectives were to examine whether:

- the annual plans formulated reflected the needs of the State Police Force;
- the funds provided for the scheme were optimally utilised;
- the deficiencies in existing infrastructure assessed during 2000-01 were removed and upgraded infrastructure was created and provided to the police force to improve its operational efficiency;
- the modernisation scheme was effective in promoting quick response and reducing investigation time;
- the implementation of scheme was monitored closely and effectively.

3.1.4 *Audit criteria*

The audit criteria used to evaluate the scheme were:

- GOI norms for incurring expenditure on different components of the scheme;
- Purchase procedure of Bihar Financial Rules;
- Norms prescribed by the Bureau of Police Research and Development (BPR&D), New Delhi and GOI instructions;
- Monitoring system provided in the scheme.

3.1.5 Audit coverage and methodology

Performance review of Modernisation of State Police Force was conducted during February to May 2006 covering the period 2001-06. Entry conference was held (April 2006) with IG (Provision) and DIG (Provision). The records of Secretary, Home Department, DGP, ADG (Modernisation), IG (Provision), IG (Homeguard), IG (Technical Services and Communication), Director (FSL), Central Store (Weaponry), Central Store (Vehicles & Equipment) and Chairman-cum-Managing Director (BPBCC) along with its four Divisions¹, Constable Training School (CTS) Nathnagar, Bhagalpur and nine² out of 40 police districts which includes five³ naxal affected were test checked in course of review. Records relating to preparation and implementation of Annual plans, purchase of arms, equipment, vehicles, construction of police buildings and their utilisation were reviewed. Audit findings were discussed in an exit conference (October 2006) with IG (Provision) and Additional Secretary of Home Department. Their views have been taken into account in this review.

3.1.6 Financial management

During 2000-03 the scheme was financed by GOI and the State Government in the ratio of 50:50. The funding pattern was modified from 2003-04 and the ratio was changed to 75:25 between the Centre and State. A condition was imposed to release the funds for subsequent years only after receipt of utilisation certificate of previous years failing which the sum equivalent to unutilised amount would be deducted from the central share of next year. In order to expedite the modernisation process, GOI decided (November 2003) to provide funds directly to suppliers agencies except buildings from 2003-04.

The details of plan approved, funds released by the GOI, State share and expenditure incurred under the scheme during 2001-06 were as under:

(Rupees in crore)

Year	Approved plan	Budget Provision	Central share	Funds released by		Total available funds	Expenditure during the year
				Centre	State		
1	2	3	4	5	6	7	8
2001-02	118.99	108.00	59.49	54.00	54.00	108.00	23.24
2002-03	101.17	108.00	50.59	10.93	76.83 [#]	87.76	23.59
2003-04	Nil	108.00	Nil	Nil	Nil	Nil	35.19
2004-05	108.31	108.00	81.23	46.49	43.61	90.10	101.32 [*]
2005-06	106.55	108.00	81.00	39.87	36.00	75.87	67.96 [^]
Total	435.02	540.00	272.31	151.29	210.44	361.73	251.30

[#] It includes Rs 65.90 crore kept in P/L Account for buildings construction work of plan year 2000-01.

^{*} It includes Rs 45.01 crore, value of materials supplied by GOI during 2004-05;

[^] It includes Rs 30.87 crore, value of materials supplied by GOI during 2005-06.

¹ Patna, Bhagalpur, Darbhanga and Muzaffarpur.

² Aurangabad, Bhagalpur, Darbhanga, East Champaran, Gaya, Jamui, Muzaffarpur, Patna and Saharsa.

³ Aurangabad, East Champaran, Gaya, Jamui and Patna.

The following was observed:

State Government
deprived of GOI
share of
Rs 121.02 crore

- GOI provided only Rs 151.29 crore out of its share of Rs 272.31 crore depriving State Government of Rs 121.02 crore. Delay ranging from five to 13 months in issue of sanction orders by the Home Department was responsible for slow utilization of funds.
- Considering the inability of State Government in utilising funds of central grant, GOI itself purchased materials* costing Rs 75.88 crore and supplied to State Government during 2004-06.
- Rupees 88.11 crore was spent during 2001-05 on purchase of items proposed in the previous year plan (2000-03) out of the allocation of current year budget though renewed budget provision in the current year for incurring expenditure out of approved plan of previous year was not made.

The component-wise breakup of the Annual Plan funds which includes central and state share both and expenditure thereagainst were as under:

(Rupees in crore)

Sl. No.	Components	Approved plan 2000-06	Expenditure during 2001-06	Shortfall
1.	Buildings	227.57	59.62	167.95
2.	Communication	38.96	15.17	23.79
3.	Office automation and equipment	59.71	27.23	32.48
4.	Mobility	165.49	94.95	70.54
5.	Weapons	52.21	51.44	0.77
6.	Forensic Science Laboratory	1.13	0.22	0.91
7.	Training	5.12	2.67	2.45
	Total	550.19[#]	251.30	298.89

It includes Rs 115.17 crore of Annual plan approved by GOI in 2000-01 from which expenditure was incurred during 2001-06.

The above table shows substantial shortfall in expenditure vis-à-vis approved plan which has been commented in subsequent paras.

3.1.7 Planning

Requirement not
assessed on the basis
of BPR&D norm

The annual plans were to be prepared on the basis of BPR&D norms in order to provide adequate sophisticated arms, buildings, training and communication network to enhance the striking capacity of Police force. The norms of the BPR&D were not considered and inputs from field offices were not obtained while preparing the plans.

The following shortcomings were noticed in plans:

- requirement of High Frequency (HF) wireless sets as per BPR&D norms alongwith battery; cable, antenna, etc were neither assessed nor included in plan.

* Vehicles, Arms and POLNET

- only 3421 (six *per cent*) housing units were included in the plan (2000-06) against requirement of 59614 units;
- only 4892 vehicles (58 *per cent*) were included in the plan (2000-06) against requirement of 8383;
- requirement of arms was not assessed;

Perspective plan (2000-05) was not submitted to GOI. In respect of annual plan the GOI (MHA) directed (April 2001) the State Government to submit annual plan in the month of April every year. It was noticed that the annual plans were not being submitted timely to MHA. GOI. The details of annual plans from preparation to sanctioning stage were given in **Appendix-XXVI**.

Delayed issue of sanctions by the Home Department

The analysis of **Appendix-XXVI** shows that there was persistent delay ranging from two to nine months in preparation of annual plans at Police headquarters level. The Home Department delayed issue of sanction by five to thirteen months even after receiving approval from MHA. The annual plan of Rs 77.23 crore pertaining to the year 2003-04 was not approved by the MHA as it was submitted after delay of 17 months out of which eight months were taken by the Home Department to process the proposal. Similarly, proposals (Rs 8.97 crore) for purchase of explosive detector, VHF hand sets, bullet proof jacket, passive night vision devices and providing water supply and electric supply at CTS Nathnagar were pending with the Home Department in 2005-06 leading to surrender of Rs 8.31 crore despite submission of the proposals by IG (Provision) well in time.

3.1.8. Shortage of buildings

Only six per cent buildings included in plan against requirement

The National Police Commission had recommended (1977) hundred *per cent* accommodation for police personnel. Against the requirement of 59614 housing units⁴ for the entire police force at the beginning of 2001-02, the units included in the plan of 2000-06 was 3421⁵ (six *per cent*). The actual requirement based on BPR&D norms was not calculated by the BPBCC.

Out of 3421 units included in the plan, only 1608 units were taken up for construction. The physical and financial target, achievement, expenditure both on completed and incomplete work of buildings construction during 2001-06 were detailed in **Appendix-XXVII**. It was observed that out of 1608 works of construction of housing units taken up during 2001-06 at a cost of Rs 78.52 crore, only 1045 units (65 *per cent*) could be completed at a cost of Rs 34.38 crore. The construction work of four police stations was not started as of June 2006 as the land was not made available by the Government.

⁴ Requirement: PS 523, P/Line-17, DCR-40, SP Office-23, RDG-9, Zonal IG-4, SDPO Office-56, Rest room/ Women barrack 893, LSQrs 50142, USQrs 7907.
(Source: BPR&D book and DGP's Report submitted to MHA).

⁵ Approved Plan: PS-146, P/Line-8, DCR-40, SDPO Office-2, Rest room/Women barrack-24, LSQrs-2137, USQrs-1064.

BPBCC failed to enforce the clause of agreement with contractor

- The construction of 559 housing units were awarded to contractors during 2001-03 with stipulated completion period of ten months to one year. The constructions were incomplete even after lapse of three years, reportedly due to dispute on construction site, delay in retendering for the incomplete left over works, and non supply of materials (iron & cement) by BPBCC to the contractors. Moreover, as per clause of agreement, the Corporation did not impose any penalty on the defaulting contractors. However, Rs 18.97 crore was paid to the contractors as of August 2006. The Chairman-cum-Managing Director, BPBCC, Patna, stated that delay in release of sanction orders for schemes of 2001-02 and notification for liquidation (July 2003) of the Corporation by the Government affected the execution of the scheme. The reply was not tenable as the works awarded to the contractors in the year 2001 and 2002 (Scheme of 2000-01) were lying incomplete (June 2006).

Buildings of PS remained unused due to lack of US and LS quarters

- 67 housing units were stated to be completed in three test-checked divisions⁶ at a cost of Rs 3.36 crore between August 2004 and December 2005 but remained unallotted as they were not handed over by BPBCC as of June 2006;
- Four police stations without any quarter, one with ten lower subordinate quarters and one police line were constructed at a cost of Rs 1.61 crore during January 2001 to March 2005 were transferred to the concerned SPs⁷, but the buildings remained unused due to lack of lower subordinate and upper sub-ordinate quarters and boundary wall for proper security. Out of five police stations (PS), four PS buildings at Simra (Aurangabad)-1, Tilouthu (Rohtas)-1, Chhabilapur (Nalanda)-1 and Aanti (Gaya)-1 constructed at a cost of Rs 27.01 lakh were destroyed (2004-05) by extremists. The lower sub-ordinate quarters constructed for Delha Thana (Gaya) and police line of Rohtas district remained unused till date as the SPs of both districts did not take action to shift in the new buildings despite handing over the buildings in November 2002 and April 2005 respectively by BPBCC. The reasons for non-shifting of police line into the new building was mainly attributable to the non-provision of boundary wall, water supply, drainage system and naxal problem.

3.1.9 Communication

To improve the response time, a plan for modernisation of communication system for linking headquarters with police station level was approved for Rs 38.96 crore against which only Rs 15.17 crore (39 per cent) was spent during 2001-06.

⁶ Patna, Muzaffarpur and Bhagalpur.

⁷ Rohtas (PS-2, LS-10, P/Line-1), Aurangabad (PS-1), Nalanda (PS-1), Gaya (PS-1)

3.1.9.1 Wireless sets remained non-functional

The requirement of VHF, HF, HH sets along with battery as per BPR&D norms and availability thereagainst as of June 2006 were as shown in the table:

	Requirement as per BPR&D norms (in number)						Available					Shortage (in number)				
	Total VHF Sets	Static VHF Sets	HH Sets	HF Sets	Battery		VHF Sets	HH Sets	HF Sets	Battery		VHF Sets	HH Sets	HF Sets	Battery	
					13 Plate	25 Plate				13 Plate	25 Plate				13 Plate	25 Plate
Test checked districts	1418	526	949	NA	1052	NA	964	636	50	397	9	454	313	NA	655	91
Bihar	4561	1558	4699	191	3116	382	3542	3330	102	1127	40	1019	1369	NA	1989	164

(As per BPR&D norms two batteries are required for each static VHF sets and all HF sets)

Against the availability of VHF sets (68 per cent) and HF sets (53 per cent) with respect to requirement the availability of batteries was only 38 per cent and nine per cent respectively. 3542 Very High Frequency (VHF) sets (Rs 4.59 crore), 3330 Hand Held (HH) sets (Rs 3.77 crore), 102 High Frequency (HF) sets (Rs 48.34 lakh) and 677 (12 volt 13 plate) batteries (Rs 14.58 lakh) for VHF sets were procured during 2003-06 for police stations of 40 police districts.

VHF sets worth Rs 3.60 crore remained non-functional

Out of 3542 VHF sets, 2896 VHF sets (Rs 3.60 crore) were procured and supplied without required accessories⁸ as they were not included in the plan. Further, 280 VHF sets (Rs 52.87 lakh) supplied (2004-05) with eliminator by Motorola were returned (February 2005) to the company with the request to replace the eliminator with batteries but they were not supplied as of June 2006. 102 HF sets (Rs 48.35 lakh) supplied without batteries or eliminator and distributed to field offices were lying idle. The DGP replied that all the VHF and HF sets were functional in the State, but the fact remains that the department did not make provision of accessories and adequate number of batteries.

1127 batteries were available against requirement of 3116 batteries. The operational life of 667 batteries were expired (April 2006). Shortage of batteries affected adversely the operation of VHF-HF sets.

Thus, wireless sets purchased at a cost of Rs 4.61 crore remained unutilized and failed to augment the communication network of Police Force. Further, against the sanctioned strength of 997 Literate Constables (Operators), 225 personnel were available in Bihar (March 2006) which adversely affected the functioning of communication system. The proposal for procurement of batteries (April 2006) was sent by wireless wing of IG (Modernisation) as stated by the DGP. The DGP replied that procurement of batteries and the proposal for recruitment of literate constables has been sent.

⁸ Two adapters, Cockcell cable, Grout plain antenna, Bracket, Battery charger and Tower Mast.

3.1.9.2 POLNET

Satellite based integrated police communication network (POLNET) sanctioned under 10th plan (2002-07) was included in the Annual Plan of the year 2002-03 under police modernisation scheme to provide voice, data and message communication from the Headquarters office to Police Station level with the help of 36 Very Small Aperture Terminal (V-SAT) and 840 Multi Access Radio Telephone (MART).

The work for execution of POLNET project was awarded (2002) to Bharat Electronics Ltd. (BEL) Gaziabad by GOI for completion upto March 2005.

As per terms and condition the installation of V-SAT, Computer, Fax Machine, Antenna, Base Subscriber Unit (BSU) of MART, at district level and Remote Subscriber Unit (RSU) of MART, Antenna and Telephone set at PS level were to be provided by BEL. 120 feet tower for V-SAT (36), generators, voltage stabilisers, air conditioning machines, 60 feet triangular lattice MAST for each MART units (840), furniture and batteries with charger were to be provided by the State Government.

It was observed that:

- Though BEL completed installation and commissioning of V-SATs during 2005-06, State Government did not provide air conditioners despite being informed by BEL (November 2005) that probability of break down increases due to high temperature. As on March 2006 out of 36 V-SATs, 11 V-SATs were completely non-functional and 14 were partially functional.
- Multi Access Radio Telephony equipment supplied by BEL (December 2004) was lying unutilized in district stores as State Government failed to construct towers in 840 PS though Rs 1.60 crore and Rs 11.43 crore was provided in the budget for the years 2004-05 and 2005-06 respectively as funds were not released by the department.

Non-construction of tower led to infructuous expenditure of Rs 4.96 crore on POLNET

Thus, POLNET remained non-functional and amount of Rs 4.96 crore paid to BEL proved infructuous. The DGP accepted (October 2006) the audit findings.

3.1.10 Office automation and equipment

Twelve Fire Arms Training Simulators (FATS) were purchased at a cost of Rs 1.73 crore during 2001-02 for imparting training to police personnel out of which five were supplied to test checked districts. Two FATS at CTS, Nathnagar, one at Bihar Military Police (BMP)-18, Gaya were defective and remaining two at BMP-6, Muzaffarpur and BMP-1, Patna could not be utilised due to absence of trained personnel to handle the equipment. The DGP stated (October 2006) that the commandants were instructed to get it repaired.

Generator sets purchased at a cost of Rs 72.56 lakh were lying unutilized

In view of erratic electric supply position in Bihar 145 Gen Sets (2005-06) were purchased at a cost of Rs 72.56 lakh and distributed to the PS of test checked districts but they remained unutilised due to non-provision of kerosene oil for its operation. The DGP stated that Secretary, Food and Civil Supply had been requested (July 06) to allot the district wise kerosene oil quota.

3.1.11 Mobility

The expenditure incurred under Mobility during 2001-06 was Rs 94.95 crore. The requirement of different categories of vehicles as per norms of BPR&D and availability there against as on March 2006 were as under:

Types of Vehicles	Requirement as per BPR&D norms	Included in the plan 2000-06	Purchased during 2001-06	Total available as on March 2006	Shortfall in	
					Number	Percent
1	2	3	4	5	6	7
Heavy	805	296	137	223	582	72
Medium	817	337	192	577	240	29
Light	3404	1433	703	2809	595	17
Motor Cycle	3357	2826	829	1197	2160	64
Total	8383	4892	1861	4806	3577	43

The analysis of aforesaid table indicated that against the requirement of 8383 vehicles, only 4806 (57 per cent) vehicles were available as of March 2006. The shortage of 43 per cent with respect to requirement was mainly due to short utilisation of funds as well as delay in finalisation of purchase. Shortage of different kind of vehicles was accepted (October 2006) by the DGP and stated that proposal for procurement of vehicles is under process.

It was observed that :

Availability of drivers was very low compared to vehicles.

- The sanctioned strength of drivers in Bihar was 2342 against which only 1037 drivers were available for operation of 4806 vehicles in the State as of March 2006.
- In nine test-checked districts 329 (53 per cent) drivers were available (June 2006).
- 60 Commander Jeeps and 16 Tata Spacio vehicles procured during 2004-05 and 2005-06 for Left Wing Extremists (LWE) districts⁹ were provided to non-LWE districts¹⁰. The DGP's reply that vehicles were provided to non-LWE districts in the interest of law and order is not tenable as these vehicles were meant for LWE districts.

⁹ Arwal, Aurangabad, Bhojpur, East Champaran, Gaya, Jamui, Jahanabad, Kaimur, Nawada, Nalanda, Patna, Rohtas, Sitamarhi and West Champaran.

¹⁰ Hqr:12+0, Naugachhia:6+0, Buxar:6+2, Bhagalpur:8+1, Banka:7+0, Muzaffarpur:3+3, Begusarai:2+0, Vaishali:2+0, Sheohar:1+0, Siwan:3+0, Darbhanga:3+4, Madhepura:1+0, Shekhpura:1+2, Khagaria:1+0, Purnea:1+1, Gopalganj:1+0, Samastipur:1+0, Saharsa:1+1, Saran:0+1 and Munger:0+1.

- Out of 386 motorcycles purchased for outposts and town outposts 273 were deployed at other places like SP residence (13), Police Line (260) etc in test checked districts.

3.1.11.1 Extra expenditure on purchases

Extra expenditure of Rs 3.10 crore due to delay in purchase

The proposal for purchase of six types of vehicles and three types of arms (*Appendix-XXVIII*) were approved in annual plans of 2000-03. The total cost of purchase was Rs 19.35 crore. These items could not be purchased during the respective plan years due to delay in issue of sanction by the Home Department and consequent delay in placement of supply orders by IG (Provision). These items were purchased during 2002-06 at a cost of Rs 22.45 crore leading to extra expenditure of Rs 3.10 crore. The DGP accepted (October 2006) the audit findings.

3.1.11.2 Wasteful expenditure due to non-execution of after sale service contract

Motorboats remained defective

Twenty-one boats valued Rs 1.05 crore were purchased during 2001-02 for 19 districts from an Okhla based company. The option of signing after sales service contract was not exercised by the provisioning branch. It was observed that SPs of 13 districts informed the IG (Provision) between November 2002 and July 2005 that 15 boats were non-functional due to mechanical defects with simultaneous request to the company also. One boat in Bagha districts became defective during guarantee period but was not repaired by the company. Neither penal action was initiated against the company nor was its bank guarantee of Rs 5.34 lakh withheld. Though 15 Motor Boats costing Rs 74.91 lakh were lying defective, no action was taken by the department for repair. In absence of after sale service contract the motor boats could not be repaired which became defective between November 2002 and May 2005. The DGP informed that SP's have been directed to get the motorboats repaired.

3.1.11.3 Avoidable payment

Avoidable payment due to delay in release of purchase order

Empowered Committee approved the proposal for purchase of 12 Vehicle Mounted Water Cannons (VMWC) and 41 Riot Control Vehicles (RCV) during the year 2001-03. Proforma invoice was obtained from Defence Research Development Organisation (DRDO) (July 2003) in which the quoted rates for VMWC (Rs 25.90 lakh) and RCV (Rs 8.40 lakh) were valid till December 2003, later extended upto March 2004. However, Home Department delayed the release of sanction order and placement of purchase order was issued in April 2004 by the IG (Provision) for 11 VMWC and 41 RCV but by that time DRDO increased the rate of VMWC to Rs 28 lakh and RCV to Rs 8.90 lakh leading to avoidable extra payment of Rs 43.60 lakh.

3.1.12 Weaponry

AK-47 deployed for personal security

Rupees 51.44 crore was spent on procurement of weapons (AK-47: 1500; INSAS: 9660; LMG: 100; Carbine: 50 and 9 mm Pistol: 972) during 2001-06 against approved plan size of Rs 52.21 crore. The deployment of AK-47 rifles in test-checked districts disclosed that, 39 rifles (out of 363) were provided to

bodyguards by the concerned SPs in violation of instructions of Ministry of Home Affairs which strictly prohibited use of AK-47 rifles for personal security. Intensive training required for handling of AK-47 and INSAS was also not imparted.

The DGP informed that direction have been issued to SPs for imparting training. Further, SPs have been asked to explain the circumstances under which AK-47 were deployed with bodyguards.

3.1.13 Forensic Science Laboratory

Forensic Science Laboratory was providing technical and scientific assistance to the Police Department by analyzing samples received/collected from the crime site. MHA approved (2000-01) plan of Rs 1.13 crore for purchase of equipment but only Rs 22 lakh could be spent till date (June 2006). 32 persons were posted against sanctioned strength of 65 technical staff¹¹.

Pending cases increased from 824 to 3007

The number of pending cases of samples received during modernization period (2001-06) increased from 824 (2001) to 3007 (2005). The samples received in 2001 were not analysed till June 2006. The Director, FSL, stated that shortage of manpower was adversely affecting the routine work resulting in low disposal of cases.

3.1.13.1 Non-utilisation of forensic equipment

Equipment non-functional due to voltage fluctuation

Three machines¹² valuing Rs 21.99 lakh provided to FSL Patna during 2002-03 were commissioned between February 2003 and January 2006 in order to provide speedy scientific aid to investigation. All the three machines were remained non-functional during 2003-06 due to software problem and voltage fluctuation. Director, FSL, stated that the software problem could not be solved due to non allotment of funds. Further, scrutiny revealed that DNA isolation machine (Rs 53 lakh) remained packed since June 2002 due to lack of building to be provided by State Government as of June 2006.

3.1.13.2 Non-functional Regional Forensic Science Laboratory (RFSL)

The RFSL at Muzaffarpur, located in a rented building was without equipment required for sample testing. It was working only as a collection centre of samples. The samples collected were being sent to FSL Patna for analysis. Non-working of RFSL was adversely affecting the police investigation process.

3.1.14 Training

Police Academy not yet constructed

Training is necessary to address the changing needs of Police Force in order to introduce the modern technological applications and to develop skills. Six

11

Position of staff	Sr. Scientific Officer	Sr. Scientific Assistant	Technician/Lab Assistant
Sanctioned strength	24	13	28
Men-in-position	3	4	25

12

Distillation Analyser, Viscosity Analyser, Polygraph

training institutions¹³ of undivided Bihar except Constable Training School (CTS) Nathnagar, Bhagalpur institutions are now in Jharkhand. State Government was yet to acquire land for construction of Police Academy despite approval of proposal in 2002-03.

Test check of records of ADG (Training) and CTS, Nathnagar disclosed that neither training requirement was assessed nor annual targets fixed during 2001-06. The Department simply issued order (May 2005) for relieving of police personnel for training on the basis of date of appointment.

Even basic training not imparted

Only 4076 (10 per cent) were trained against total strength of 36995 Police personnel in the CTS Nathnagar. Basic training was imparted to 936 personnel in 2000-01 which was further declined to 233 in 2005-06. Reasons for decline was stated to be reluctance of SPs to relieve the personnel for training. Improper training was imparted to six fresher DSPs as no Police Academy was available. BPR&D norms for refresher training on every five year were not followed. The existing infrastructure in the training school was inadequate and requirement was not fulfilled despite provision in Modernisation plan of 2002-03. Only 37 arms were available against the required 558 arms for training as detailed in *Appendix XXIX*.

3.1.15 Monitoring

Monitoring was not done by State Level Empowered Committee

State Level Empowered Committee was responsible for approval of annual plans for onward submission to MHA. The progress of implementation of approved annual plans was to be monitored by the SLEC by holding one meeting every month and by deputing teams of officers who will visit fields and make periodic assessment regarding implementation of the scheme. It was, however, noticed that SLEC met 17 times only during 2001-06 though 60 meetings should have been held. This affected adversely in submission of annual plans to MHA for approval and implementation of the plan. Scrutiny of minutes of these 17 meetings disclosed that the implementation of the scheme was never reviewed and met only for approval of purchase proposals of vehicles, arms and communications equipment etc.

3.1.16 Conclusion

State Government was deprived of central assistance due to low spending caused by delay in issue of sanctions by the Home Department. Planning was inadequate as input from field offices was not available and BPR&D norms were not considered while assessing the requirement. Consequently targets fixed in the plan were low when compared to the actual requirement. Incomplete housing units due to deficient contract management by BPBCC led to denial of housing facilities to police personnel. Striking capability of the force was not augmented as motorcycles meant for outposts and vehicles procured for LWE districts were deployed elsewhere. Scientific investigation of crime did not improve as the forensic science laboratory suffered from shortage of manpower

¹³ Police Training College, Hazaribagh; Military Police Training College, Hazaribagh; Traffic Training School, Jamshedpur; Automatic Indoor Firing Range, Bokaro; Granade Firing Range, Deoghar and Wireless Repeater Station at Parasnath Hills.

and non-utilisation of equipment. Skill enhancement of personnel could not be achieved as there was no officer training academy and infrastructure at constable training school was inadequate. Schemes were never reviewed by SLEC indicating a weak monitoring mechanism.

Thus, scheme of Police modernisation had a marginal impact in bridging the gap in infrastructure and upgradation of skills of Police personnel.

Recommendations

- Proposals should be processed by the Home Department within a fixed time limit.
- Plans should correctly assess the requirement as per BPR&D norms as well as inputs from the field offices ;
- Efforts should be made to bridge gaps in infrastructure especially buildings and mobility;
- FSL should be strengthened in terms of equipment and technical manpower to aid scientific investigation of crime;
- The Government should upgrade the training infrastructure including setting up new training academy for officers and also ensure it's optimum utilisation;
- Monitoring of implementation of scheme should be made effective both at the level of Departmental and State Level Empowered Committee.

The above points were reported to Government (July 2006); their reply has not been received (October 2006).

PRIMARY SECONDARY AND ADULT EDUCATION DEPARTMENT

3.2 Sarva Shiksha Abhiyan

Highlights

Sarva Shiksha Abhiyan (SSA), a programme aimed at universal elementary education, was launched to provide primary education for all children in the six to 14 age groups by 2010. The major interventions were directed towards creation of basic physical infrastructure like construction of new school buildings, additional class rooms, toilets, provision of drinking water etc. Despite provision of Rs 130.41 crore on civil works in nine test-checked districts, most of the works remained incomplete. Rupees 61.60 crore spent on teaching and learning materials (TLM), teaching and learning equipments (TLE), school development grant (SDG), training to teachers, purchase of computer and others failed to provide quality education as teacher pupil ratio was far in excess of the prescribed norms. Drop out rate was as high as up to 63 per cent in test-checked districts. There were 33.15 lakh out-of-school children in the entire State in 2004 against the target of universal enrolment to be achieved by 2003.

State failed to get Rs 865.29 crore as grant from GOI during 2001-05 due to low spending. Bihar Shiksha Pariyojana Parishad sent utilisation certificate of Rs 421.43 crore (69 per cent of GOI funds) to GOI without receipt of utilisation certificates from the districts.

(Paragraph 3.2.6.2 & 3.2.6.4)

Rupees 14.37 crore was provided to District Programme Co-ordinators during 2004-05 in violation of the guidelines of SSA for payment to Panchayat Shiksha Mitras and Rs 1.41 crore were unauthorisedly spent on Mid-day Meal Scheme.

(Paragraph 3.2.6.5)

Annual as well as perspective plans were prepared without household survey. As such plans did not reflect the true picture of the State.

(Paragraph 3.2.7.1)

As of September 2004, 33.15 lakh children continued to remain out of school in the State. Drop out rate from Class-I to Class-IV in the test-checked districts ranged between 20 and 63 per cent while over all drop-out rate in the state was 52 per cent.

(Paragraph 3.2.7.2 & 3.2.7.4)

Pupil teacher ratio (PTR) in the test-checked districts was far in excess of the norms. Vacant posts of teachers were not filled and appointment of additional teachers required to achieve the PTR 40:1 as envisaged in SSA was not made. Even in upgraded schools sanctioned post of teachers were not filled in.

(Paragraph 3.2.10.2 & 3.2.7.3)

No monitoring and evaluation system at any level was in place. Management Information System (MIS) and Programme Management Information System (PMIS) was not available in any block and buildings,

computers, software, trained manpower and other infrastructural facilities were not provided to block and cluster resource centres.

(Paragraph 3.2.11)

3.2.1 Introduction

Sarva Shiksha Abhiyan (SSA) was launched in 2001-02 by the Government of India (GOI) with a view to provide useful and relevant elementary education to all children in the age group of six to 14 years by 2010. Community participation at planning as well as implementation level was to be ensured. The main objectives of SSA are as follows:

- To enroll all children in the age group of six to 14 in schools, education guarantee centres, alternative and innovative schools by 2003;
- To ensure primary education to all children by 2007;
- To focus on quality elementary education with emphasis on education for life;
- To bridge all gender and social category gaps at primary stage by 2007 and elementary education level by 2010;
- To ensure that all children complete eight years of elementary schooling by 2010.

3.2.2 Organisational set-up

Bihar Shiksha Pariyojana Parishad (Parishad) a registered society under Society Registration Act in 1991-92, was made the implementing agency of SSA. The General Council (GC) of Parishad under the Chairmanship of Chief Minister was responsible for overall policy guidance and review of implementation of SSA. Executive Committee (EC) under the Chairmanship of Commissioner and Secretary, Primary, Secondary and Adult education was responsible for administration of implementation of programme. The State Project Director, Parishad was member Secretary of GC and EC. The Zila Karyakarini (ZK) headed by the District Magistrate with District Superintendent of Education (DSE) as Programme Coordinator supervised the implementation of the programme at the district level. Programme implementation at block, cluster and school level was supervised by the Block Education Extension Officer (BEEO), Headmaster of Middle school as cluster in charge and Vidyalaya Shiksha Samitee (VSS) respectively.

3.2.3 Audit Objectives

The audit objectives were to examine and assess:

- the efficacy of planning for implementation of various components of the programme;
- whether the funds were utilised efficiently and effectively;
- how far the objective of all children in school, education guarantee centres, alternative schooling facility and 'back to school' camp by 2003 has been achieved;

- Whether major interventions were carried out as per the norms fixed and whether the efforts of the Government to improve the quality of educational standards have been effective and economical.

3.2.4 *Audit criteria*

The audit criteria used for the performance audit covered following aspects of the scheme:

- the norms as per the SSA guidelines for preparation of annual work plans (AWP);
- the comparison of infrastructure facilities provided to schools, availability of teachers, provision of teaching and learning equipment, training of teachers vis-a-vis the norms laid down in the guidelines;
- the number of 'out of school' children enrolled, the increase in number of schools to improve accessibility in habitations;
- the pupil teacher ratio as per norms was also taken into account while assessing the impact of the programme.

3.2.5 *Audit coverage and Methodology*

Audit test-checked the records for the period 2001-05 of Bihar Shiksha Pariyojana Parishad, nine out of 37 District Programme Co-Ordinators (DPCs) in the state and 27 out of 159 block resource centres (BRCs) in nine test-checked districts. Besides, in 27 test-checked blocks, records of 54 primary schools (PS) out of 2215, 54 upper primary schools (UPS) out of 1030 and 27 education guarantee centres out of 764 centres were seen in audit. An entry conference was held in April 2005 with State Project Director, Bihar Shiksha Pariyojna Parishad. Exit conference was also held with State Project Director in December 2005. The replies of State Project Director on the audit observations have been received in December 2005, which has been incorporated in the succeeding paragraph.

The Social and Rural Research Institute (SRI), a specialist unit of IMRB International was engaged by the Comptroller and Auditor General of India to conduct the survey of the impact of SSA from the perspective of beneficiaries and their parents. SRI carried out (December 2005 to February 2006) survey in 740 primary sampling units (Rural: 592; Urban: 148)*. A total of 66,072 households were listed out of which 41,418 were found eligible and a total of 14,631 households were covered for the study. The Executive summary of the survey is annexed to the review (*Appendix-XXIX*). Review with SRI issued to Government in September 2006, no reply has been received (October 2006). SRI findings have been included in this review at appropriate places.

* *About two schools were covered under each primary sampling unit.*

Audit findings

3.2.6 Financial management

3.2.6.1 Funding pattern

SSA was funded by the GOI and the State in the ratio of 85:15 and 75:25 during the IX and X¹ Plans respectively and would be 50:50 sharing thereafter. The State Government was to transfer its share to the Parishad within 30 days of the receipt of Central share. Subsequent instalments to the Parishad were to be released by GOI only after the State Government had transferred its matching share and Parishad had spent at least 50 per cent of available funds.

3.2.6.2 Budget and expenditure

Funds received and expenditure incurred during the period 2001-05 were as under:

(Rupees in crore)

Year	Approved Annual Work Plan by GOI	Opening balance	Funds made available by GOI	Funds made available by State Govt.	Total funds available during the year	Expenditure	Saving	Savings (in per cent)
2001-02	56.99	2.38	28.50	--	30.88	2.43	28.45	92
2002-03	212.00	28.45	79.15	62.00	169.60	80.99	88.61	52
2003-04	573.57	88.61	194.49	64.83	347.93	279.19	68.74	20
2004-05	626.87	68.74	302.00	80.00	450.74	421.24	29.50	07
Total	1469.43		604.14	206.83		783.85		

In addition to Rs 604.14 crore, Rs 2.38 crore received (September 2000) from GOI for pre-project activities for 17 districts² not covered under DPEP remained unspent.

As per the balance sheet prepared by Chartered Accountant receipt of State share was shown less by Rs 18.64 crore during 2001-04.

Against the total sanctioned amount of Rs 1469.43 crore, only Rs 604.14 crore was made available by the GOI during 2001-05, as the State was unable to spend 50 per cent of available funds. State share was provided after a delay of six months against prescribed period of 30 days during 2002-05 whereas State share was not provided during 2001-02.

The Director, Parishad, attributed the slow spending to lack of infrastructural facilities, teachers training facilities, shortage of skilled accountants, in-house engineers and non posting of teachers etc. and stated that release of State share has since been regularized.

3.2.6.3 Transfer of funds

Of total available funds of Rs 813.35 crore during 2001-05, Rs 783.71 crore were transferred to various agencies for execution of schemes (*Appendix-XXX*) and Rs 13.96 lakh was spent (2001-03) to meet the establishment expenditure of the Parishad.

¹ IX Plan (1997 to 2002) and X plan (2002-07)

² Aurangabad, Begusarai, East Champaran, Gopalganj, Jehanabad, Katihar, Khagaria, Madhepura, Madhubani, Nawada, Nalanda, Patna, Saharsa, Saran, Samastipur, Siwan and Supaul

3.2.6.4 Irregular booking of expenditure

Rs 783.85 crore was booked as expenditure without receipt of UCs

Out of Rs 813.35 crore, Rs 783.85 crore was booked as expenditure by Parishad during 2001-05 though the amount was actually advanced to District Programme Co-ordinators and other agencies. Utilisation certificates of Rs 421.43 crore against the GOI funds of Rs 606.52 crore³ were sent by the Parishad to the GOI between September 2004 and July 2005 though utilisation certificates were not received from the concerned Districts Programme Co-ordinators.

The Director, Parishad, stated that transfer of funds to DPCs is not booked as expenditure. However, audit noticed that transfer of funds was booked as expenditure.

In nine districts test checked the position of funds is given in **Appendix-XXXI**. Out of total available funds of Rs 242.63 crore, Rs 192.01 crore⁴ was spent by nine districts. Rupees 157.70 crore was transferred to Vidyalaya Shiksha Samitees under different interventions⁵ but utilisation certificates of only Rs 4.50 crore (three per cent) was received (August 2005). In addition six⁶ District Programme Co-ordinators disbursed Rs 2.10 crore directly to teachers for purchase of teaching learning materials through cheques instead of routing the funds through Vidyalaya Shiksha Samitee. Balance Rs 50.62 crore remained unspent with District Programme Co-ordinators.

The Director, Parishad, stated that school development, TLM, and R&M grant are treated as expenditure on receipt of UCs from VSS before release of grants for subsequent years. The reply is not tenable as out of Rs 28.61 crore provided on these grounds to VSS in nine test-checked districts UCs of only Rs 1.90 crore were received from the districts. This shows that grants for subsequent years had been released without receipt of utilisation certificates.

3.2.6.5 Diversion of SSA funds

Inadmissible provision of Rs 14.37 crore for payment of salary

A sum of Rs 14.37 crore was provided to 37 District Programme Co-ordinator during 2004-05 for making payment of salary to Panchayat Shiksha Mitra appointed in 2003-04. Against this, payment of Rs 1.80 crore only was made in Aurangabad to 1440 PSMs (September 2005).

³ Rs 604.14 crore for programme implementation and Rs 2.38 crore for pre-project activities provided by GOI.

⁴ VSS:Rs 157.70 crore; Training: Rs 24.34 crore; Computer and others: Rs 9.97 crore (TLM directly to teachers: Rs 2.10 crore; Desk & benches purchased by DPC, Motihari: Rs 2.18 crore; PSM salary: Rs 1.80 crore; Mid-day meal: Rs 1.41 crore; Computer and project management: Rs 2.48 crore) Total: Rs 192.01 crore.

⁵ Construction of school buildings, additional class rooms (ACR), toilets, provision of hand pumps, repair and maintenance of school buildings (R&M), teaching and learning equipment (TLE), teaching and learning material (TLM), school development grant (SDG), construction of BRCs; Cluster Resource Centres (CRCs)

⁶ Aurangabad: Rs 37.76 lakh; Begusarai: Rs 37.07 lakh; Muzaffarpur: Rs 34.83 lakh; Patina's 13.27 lakh; Saharsa: Rs 29.62 lakh and Samastipur: Rs 57.12 lakh

Irregular diversion of Rs 1.41 crore to mid-day meal scheme

The Director, Parishad, in his reply stated that as per instructions of the Government, salary to PSM was paid from SSA funds which was to be adjusted/ reimbursed from Government.

Out of SSA funds District Programme Co-ordinator Patna irregularly diverted (January 2005) Rs 1.41 crore to District Superintendent of Education, Patna for mid-day meal scheme. The Parishad had not submitted the claim of reimbursement of this amount from the State Government (October 2005).

The Director, Parishad, stated that as per instruction of Government funds was provided for arranging mid-day meal which is to be adjusted. The adjustment of the expenditure has not been carried out as yet.

3.2.6.6 Non-maintenance of records

Scrutiny of records of Parishad revealed that basic accounting records like cashbook, ledger, cheque issue register, asset register etc. were not maintained by the Parishad though prescribed in Manual on Financial Management and Procurement. Financial Management Information System (FMIS) was non existent as software had not been developed (September 2005).

The Director, Parishad, stated that steps were being taken by appointing professionally skilled accounts personnel by the end of February/March 2006 for making the books of accounts upto mark.

3.2.7 Programme management

3.2.7.1 Programme planning under the SSA

The planning under SSA involved review of the existing educational scenario in the State. The perspective plan and annual plan at the State, district and habitation levels were to be prepared based on household surveys, the district information system for education (DISE) data and research studies. In addition, community participation from planning to implementation level was to be ensured. There was no evidence of undertaking village wise household survey in the test-checked districts. Rupees 2.38 crore made available by GOI in 2001-02 for pre-project activities remained unspent. However, the plans were prepared for 2002-03 without any survey or need-based assessment.

Community participation in district level plans was not ensured

Sarva Shiksha Abhiyan works on a community based approach to planning with habitation as a unit of planning and habitation plans form the basis for formulating the district plans. Although the habitation level educational plans for macro planning and school mapping⁷ were stated to have been prepared before launching the programme to assess the actual number of 'out-of-school' children in the age group of six to 14 years, none of the DPCs in the test-checked districts could produce these plans to Audit. Household baseline surveys to identify the out-of-school children were not conducted till September 2005.

⁷ Denotes the location of schools and habitations in the district

Beneficiary survey by SRI revealed that as of February 2006, out of 226.02 lakh children in the age group of 6-14 years, 40.08 lakh children were out of school. Thus, about 177 children per thousand in the age group of 6-14 years were out of schools.

Data validation checks were not being exercised at any level as there was discrepancy noticed in number of blocks, villages, school, teachers available as shown in Annual Work Plan of the test checked districts with those collected in audit from Census and District Superintendent of Education (*Appendix-XXXII*).

Thus, the planning process was not in accordance with the guidelines of SSA and the plans formulated for implementation of SSA also did not reflect the real needs of the State.

The Director stated that the household survey was carried out and data were collected through well-designed data capture format. However, no household survey register was produced to Audit in any of the districts test-checked and the data on which AWP were prepared were neither correct nor authenticated.

3.2.7.2 State profile of enrolment of children and infrastructure

The State had 1.77 crore children in the age-group of 6-14 years as of September 2000 of which 47.12 lakh children (27 per cent) were out of school. The primary objective of the programme was to enrol all children of the above age group in schools by 2003. However, as of September 2004, 33.15 lakh children remained out of school in the State. In nine districts, test-checked, the number of out of school children was as high as 19.71 lakh.

The Director, Parishad, stated that all possible steps were being taken to bring all children in schools.

According to perspective plan and the annual working plans prepared for the SSA, the infrastructure for primary/elementary education available in the State as of 2001 comprised of 51454 primary (41442) and upper primary (10012) schools. Of these, 2537 schools had no buildings, 25831 schools were without toilets, 12792 schools did not have drinking water provision and 44761 schools were without girls' toilets.

3.2.7.3 Target and achievement

According to the annual working plans the targets set under the various components of SSA and achievements made thereagainst upto March 2005 were as under:

(Figures in number)

Components	Target	Works in progress	Works not yet taken up
Construction of school building	2469	1158	1301
Toilets	18130	13583	4547
Additional class rooms	23783	16710	7073
Drinking water	9074	5640	3434
Resource centres (BRCs/CRCs)	1258	825	433
Up-gradation of primary schools	10709	5360	--

33.15 lakh children remained out of school in the state while 19.71 lakh were out of school in nine test-checked districts

None of the civil works was shown as completed in the AWP. The achievement in respect of upgradation of primary schools was shown as upgradation of 5360 primary schools to upper primary schools against the target of 10709 schools to be upgraded. No teacher was, however, appointed for upgraded schools.

The position obtained in the test checked districts as of March 2005 were, however, as under:

Components	Target	Works completed	Works in progress	Works not yet taken up
Construction of school building	752	Nil	464	288
Toilets	6476	356	6044	76
Additional class rooms	9794	94	7300	2400
Drinking water facilities	2874	191	2385	298
Resource centres (BRCs/CRCs)	458	6	414	38
Up-gradation of primary schools	3449	1573	NA	NA

Creation of basic infrastructure facilities were far behind the targets

Thus the creations of basic infrastructure facilities were far behind the target.

3.2.7.4 Gross Enrolment Ratio, Net Enrolment Ratio and Retention Rate

Gross Enrolment Ratio (GER), Net Enrolment Ratio (NER) and Retention Rate (RR) of the children in the school system are performance indicators to the programme objective of (i) bringing all children into the fold of education by 2003, (ii) completion of five years of primary education by 2007 and eight years of elementary education by 2010 and (iii) universal retention by 2010.

GER is the percentage of total enrolment in primary level of education to the population, which is supposed to be in primary schools. NER indicates the percentage of enrolment corresponding to the targeted child population. According to the information obtained from the department, the GER, NER and RR at the State level were as under:

GER: 90

NER: 77

RR: 48

Drop out rate from Class-I to Class-IV in the test-checked districts ranged between 20 and 63 per cent

Thus, there was a significant shortfall of 52 *per cent* in retention of children in primary schools after their enrolment and about 68⁸ *per cent* of eligible children were either not enrolled or could not complete education at the primary level.

In the 108 schools, test-checked it was also observed that against enrolment of 37990 students in Class-I, only 23013 students (61 *per cent*) continued up to the last day of the session. The Drop out rate from Class-I to Class-IV in the test-checked districts ranged between 20 and 63 *per cent* during 2001-05.

⁸ Drop-out rate: $100 - 48 = 52\%$, Percentage of drop out to total child population = $52/90 \times 100 = 58 \text{ per cent} + 10 \text{ per cent were not enrolled} = 68 \text{ per cent}$.

Thus, the existing level of efforts of the Government for achieving the objective of ensuring primary education to all children by 2007 was inadequate.

Major interventions

With a view to achieving the objective of providing quality education to each and every child between the age group of six to 14 years, different interventions like civil works relating to construction of new school buildings, additional class rooms, toilets, block resource centres, cluster resource centres, drinking water facilities, provision of teaching and learning equipment and supply of teaching and learning materials were proposed.

3.2.8 Civil works

3.2.8.1 Target and achievement

The position of physical target, achievement and funds provided to Vidyalaya Shiksha Samitees under civil works in seven interventions in nine test-checked districts during 2001-05 and status of utilization certificates furnished were as follows:

Statement of Physical Financial Target vis-a-vis achievement under civil works during 2001-05

Name of intervention	Number of works undertaken	Works completed	Funds provided (Rupees in crore)	UC furnished (Rupees in crore)
Civil Works				
1. Block Resource Centres	83	4	3.91	0.56
2. Cluster Resource Centres	337	2	4.95	0.06
3. Additional Class Room	7394	94	82.44	1.70
4. New School Buildings	464	Nil	10.89	Nil
5. Drinking water facilities	2576	191	2.50	0.34
6. Toilet	6400	356	9.45	0.53
7. Repair and Maintenance	32692	839	16.27	0.42
Total	49946	1486	130.41	3.61 (3 per cent)

Note: In addition Rs 31.57 crore* were provided for teaching and learning material (TLM), teaching and learning equipment (TLE) and school development grant (SDG).

It would thus be seen that out of 49946 works undertaken only 1486 works (3 per cent) were completed as of August 2005 although substantial amount of funds were available with the VSSs.

SRI in its report revealed that 12.5 per cent of PS, 13.3 per cent of UPS and 0.5 per cent of HS in the State had utilised SSA funds to construct water supply installations in schools.

The Director, Parishad attributed the slow progress in civil works to lack of infrastructure facilities, in-house Engineers, convergence with other departments at initial stage, knowledge and training/capacity building of VSS

* TLE: Rs 17.05 crore through VSS and Rs 2.18 crore by DPC; TLM: Rs 2.08 crore through VSS and Rs 2.10 crore by DPCs; SDG: Rs 8.16 crore.

members etc. and added that steps were being taken to accelerate the creation of basic infrastructure facilities.

3.2.8.2 *Repair and maintenance grant (R&M)*

Rs 20 lakh was provided for repair and maintenance to 397 buildingless schools

Yearly grant of Rs 5,000 per school was to be provided to those schools having their own buildings on the specific proposal of Vidyalaya Shiksha Samitee towards repair and maintenance of school buildings. A sum of Rs 16.27 crore was provided to 32692 schools during 2002-05 without any specific proposal from Vidyalaya Shiksha Samitee, irrespective of number of rooms and their requirements. Out of Rs.16.27 crore, an amount of Rs 20 lakh was given to 397 buildingless⁹ schools. Utilisation certificates of only Rs 42 lakh were received from 839 schools as of August 2005.

The Director, Parishad, stated that instructions were being issued to district offices for refund of R&M grant from buildingless schools.

3.2.9 *Teaching and learning material (TLM)*

3.2.9.1 *Non-assessment of requirements and untimely distribution of text books*

The printing and distribution of free textbooks for the children of class I to VIII belonging to scheduled caste, scheduled tribes and girls was one of the major interventions proposed under Sarva Shiksha Abhiyan. The assessment of class wise, books wise and language wise requirement was to be sent to Parishad by District Programme Co-ordinators six months in advance of the commencement of academic year. The books were to be distributed in January-February through District Programme Co-ordinators, block resource centre, cluster resource centre and Headmasters of schools for which stock and distribution registers were to be maintained.

The books were distributed after delay ranging from six to nine months each year and 19.33 lakh books were not distributed in five districts

Scrutiny of records of test checked districts revealed that neither requirement was sent to Parishad nor stock and distribution registers were maintained at block resource centre, cluster resource centre and school level. The books were distributed after delay ranging from six to nine months each year. Complete set of books was never made available in any school. Further, in five test-checked districts¹⁰ it was noticed that 19.33 lakh books out of total 1.16 crore books were lying undistributed as of December 2004.

In three test checked districts¹¹ it was noticed that against the receipt of 50.08 lakh books during 2003-05 payments for 56.80 lakh books were made by Parishad resulting in excess payment for 6.72 lakh books. The amount of excess payment could not, however, be worked out in audit.

⁹ Aurangabad: 58 schools: Rs 2.90 lakh; Begusarai: 4 schools: Rs 0.20 lakh; East Champaran: 46 schools : Rs 2.30 lakh; Patna: 100 schools: Rs 5 lakh; Purnea: 84 schools: Rs 4.20 lakh; Muzaffarpur: 37 schools: Rs 1.85 lakh and Saran: 68 schools: Rs 3.60 lakh.

¹⁰ Aurangabad, East Champaran, Purnea, Samastipur and Saran

¹¹ Aurangabad, Purnea and Samastipur

The Director, Parishad, stated that action was being taken to improve the situation and ensure timely distribution of text books. He also stated that excess payment made to BSTPC was being examined.

3.2.9.2 Utilisation of TLM grant

UC for Rs 28 lakh received against TLM grant of Rs 4.18 crore

For teaching and learning material such as books, work books, teachers' guide, teaching aid, educational kits, supplementary reading material, black boards etc. grant at the rate of Rs 500 each year were to be provided to all trained teachers for the purchase of the educational kits. In nine test-checked districts, Rs 4.18 crore (including Rs 2.10 crore directly disbursed to teachers) was disbursed during 2002-05 whereas utilisation certificates of only Rs 28 lakh were received.

In 108 schools test-checked it was noticed that the teaching and learning material grant was neither taken in the cash book of the school nor in the account of Vidyalaya Shiksha Samitee. Vouchers for the expenditure and stock register of material were not made available to audit.

It was further noticed that in three districts (Saharsa, Samastipur and Saran) a sum of Rs 5.30 lakh was disbursed to 1059 teachers¹² in excess of teachers available in the districts during 2003-05.

3.2.9.3 Provision of teaching and learning equipment (TLE)

UCs for Rs 11.50 lakh received from 23 schools against TLE grant of Rs 17.05 crore disbursed to 3410 schools

One time teaching and learning equipment grant of Rs 50,000¹³ per upper primary school was to be provided. The mode of procurement was to be determined by Vidyalaya Shiksha Samitee. In nine test-checked districts, Rs 17.05 crore were given to 3410 upper primary schools during 2003-05 of which utilisation certificates of only Rs 11.50 lakh were received from 23 schools as of August 2005.

The Director stated that necessary steps are being taken for collection of UCs.

Teaching and learning equipment grant was provided to 52 buildingless upper primary schools¹⁴ (Rs 26 lakh) and 262 upper primary schools¹⁵ having only one or two rooms (Rs 1.31 crore) without ensuring space for accommodation of desk and benches in such school.

¹² Saharsa: 716 teachers: Rs 3.58 lakh; Samastipur: 127 teacher: Rs 0.64 lakh and Saran: 216 teachers: Rs 1.08 lakh

¹³ Equipment: Rs 1000, teaching material, Rs 1000, library books, Rs 5000 playing equipment and materials, Rs 3000 and desk & bench Rs 40000

¹⁴ Purnea: 2 UPS: Rs 1 lakh; Aurangabad: 5 UPS: Rs 2.50 lakh; Muzaffarpur: 4 UPS: Rs 2.00 lakh; Patna: 23 UPS: Rs 11.50 lakh; Saharsa: 6 UPS: Rs 3.00 lakh; Samastipur: 12 UPS: Rs 6 lakh.

¹⁵ Aurangabad: 43 UPS: Rs 21.50 lakh; Begusarai: 9 UPS: Rs 4.50 lakh; Muzaffarpur: 20 UPS 10 lakh; Patna: 122 UPS 61 lakh; Samastipur: 28 UPS: Rs 14 lakh; Saran: 40 UPS: Rs 20 lakh.

In Motihari district
Rs 37.30 lakh were
paid in excess on
substandard
purchase of desk and
benches

3.2.9.4 *Purchase of desks and benches without ensuring quality*

Although the purchase of desks and benches were to be made by the Vidyalaya Shiksha Samitee, the District Working Committee headed by District Magistrate, Motihari placed orders with 11 firms for supply of 24124 sets of desks and bench at the rate Rs 1080 per set for 652 upper primary schools in February 2004 although rate approved by the State level office was Rs 900 per set. Scrutiny also revealed that minutes of the meeting held on 24 February 2004, in which the purchase was decided, recorded the samples given by these firms at the time of tender as substandard. Despite that, the payments were made without receipt of quality certificates from Headmasters and Vidyalaya Shiksha Samitee concerned. A sum of Rs 2.24 crore was paid between June 2004 and June 2005 for 20720 sets, which involved excess expenditure of Rs 37.30 lakh¹⁶ compared to Government approved rate.

In Aurangabad, the District Working Committee approved (February 2005) the tender for supply of desk and benches from a Printing press subject to proper physical verification of the firm. District Programme Co-ordinator, however, issued (March 2005) the supply order for 18128 sets at the rate of Rs 900 per sets valuing Rs 1.65 crores for 412 upper primary schools before receipt of physical verification report (June 2005) from the police, which was found to be against the firm. No action was taken for cancellation of order. In four schools, test-checked, desks and benches were received, payment for which were, however, not made as of September 2005.

3.2.9.5 *School development grant (SDG)*

SDG grant of
Rs 44 lakh was
provided to 1275
buildingless schools

School development grant at the rate of Rs 2000 per school was to be provided every year, which was to be utilised for improving the quality of education, medical aid to children and other developmental activities to attract the children towards school. In nine test-checked districts school development grant of Rs 8.16 crore was made available to 40789 schools during 2001-05 against which utilisation certificates of only Rs 49 lakh from 2438 schools were submitted to respective District Programme Co-ordinators. It was also noticed that grant of Rs 44 lakh was provided to 1275 buildingless schools.

The Director, Parishad justified the grant given to buildingless schools as the amount were utilised for sports and games material.

3.2.9.6 *Upgradation of primary school to upper primary school*

For keeping pace with growing requirement of upper primary level education, the primary schools were required to be upgraded to upper primary school in the ratio of 2:1. The parameters fixed for upgradation were enrolled number of students in Class V, availability of adequate land and distance of at least three kilometers between two upper primary schools.

¹⁶ 560 schools X 37 = 20720 desk & bench; Excess payment = 20720 X Rs 180 = Rs 37,29,600 i.e. Rs 37.30 lakh.

Primary schools were upgraded without provision of infrastructure facilities and teachers were not appointed

In nine test-checked districts against the target of upgradation of 3449 primary schools, to upper primary schools, 1573 primary schools¹⁷ were upgraded in eight districts during 2003-05 to achieve the ratio 2:1. These schools were upgraded without ensuring the adequate number of class room and availability of teachers and thus the upgradation did not serve the intended purpose. Against the prescribed norms of primary schools and upper primary schools ratio (2:1) the actual ratio ranged between 2.2:1 to 3:1 in nine test checked districts. Further it was also observed that the ratio in rural area (2:1 to 7:1) was much lower than the urban area (0.76:1 to 3:1).

The Director, Parishad stated that district authorities had been asked to ensure availability of six rooms in upgraded UPSs on priority basis.

Besides, no appointment of Headmaster and Graduate trained teacher was made during 2002-05 though 3761 and 7522 posts of Headmaster and Graduate trained teacher for 3761 upper primary schools were sanctioned in the state (February 2004) by the Government. In Aurangabad district out of SSA funds salary amounting to Rs.9.08 lakh was paid by the District Programme Co-ordinator to Matric trained teachers who were on the payroll of the State Government.

The Director, Parishad stated that post of HMs and Graduate teachers were to be filled up by promotion. As the matter of promotion of teacher was sub judice, the matric trained or under graduate teachers were taken in such upper primary schools on provisional basis.

3.2.10 Quality of educational standards, research and development

3.2.10.1 Training

As per intervention proposed under Sarva Shiksha Abhiyan (SSA) 20 days in-service course for all teachers each year, 60 days refresher course for newly recruited teachers and 30 days orientation course for freshly trained recruits were to be imparted. The training was to be imparted by State Institute of Management and Training (SIEMAT) and District Institute of Education and Training (DIET) at State and district levels respectively. Though one time assistance of Rs three crore for effective functioning of SIEMAT was required to be released under SSA but only a meager amount of Rupees two lakh was provided to SIEMAT during 2001-02 for training purpose and no training was organised in the State as of September 2005.

District Institute of Education and Training was non functional in all the nine test-checked districts, the training (Ujjala-1 and Ujjala-2, Samajh, PSM) to teachers was given by block resource personnel. No qualified professionals were engaged for imparting training. Sixty days refresher course was not incorporated in annual plan of any year. Barring a few appointments on compassionate ground no appointment of teachers except Panchayat Shiksha Mitra was made during 2001-05.

¹⁷ Aurangabad: 209; Begusarai: 63; East Champaran:312; Muzaffarpur: 293; Patna:221; Purnea:67; Samastipur:183; Saran:225.

3.2.10.2 Pupil teacher ratio

Pupil teacher ratio in primary and upper primary schools during 2001-05, ranged between 63:1 and 130: 1 while in 108 test checked schools it was between 56:1 and 94:1 respectively

In test-checked districts, the pupil teacher ratio in primary and upper primary schools during 2001-05, ranged between 63:1 and 130: 1 while in 108 test checked schools it was between 56:1 and 94:1 respectively against the norms of 40:1.

Out of 11559 primary schools and 4690 upper primary schools in test-checked districts 344 primary schools and 37 upper primary schools were without teachers while 345 upper primary schools were having one teacher for each class. Of 54 upper primary schools in 27 test checked blocks only 14 were having one teacher for each class. 4367 schools (113 upper primary schools; 4254 primary schools) in nine test checked districts were having only one teacher/ panchayat shiksha mitra.

The Director, Parishad stated that PTR had improved after appointment of 57938 PSMs and the situation will further improve after appointment of 80512 PSMs against total sanctioned strength.

3.2.10.3 Development of curricula under the SSA

In nine test-checked districts it was noticed that no curriculum was developed. Teachers' training package was not prepared and classroom teaching was same as pre SSA situation. Due to frequent deputation of teachers on duties other than teaching like census, preparation of electoral roll, polio drop campaigns etc., schools were closed frequently. The syllabus was not framed as per curricula. There was no evaluation and grading system like monthly and quarterly evaluation except half yearly and annual examination in test-checked districts.

No research and development activities were undertaken and no periodicals and research papers were published in the nine test-checked districts. In Aurangabad district Rs 9.79 lakh was spent during 2004-05 on research and development activities, but no report was on record.

3.2.10.4 Coverage of special focus groups

Disabled children were not identified

Model schools for girls were neither proposed nor opened in the districts test-checked. Retention drive was not undertaken in any of the districts to retain the girls student. No retention register was maintained in any school to watch the attendance of weaker section and it was never monitored. The process of identification of disabled children was not carried out as of July 2005. Under the scheme of integrated education for disabled (IED) disabled children were identified for distribution of aids but no arrangements for educating the disabled children was made under SSA in the test-checked districts.

The Director, Parishad, in his reply stated that establishment of model schools specially for girls were being done under National Programme for Education of Girls at Elementary Level (NPEGEL) as well as under Kasturba Gandhi Balika Vidyalaya.

3.2.10.5 Habitations without schools

As per report of test-checked districts, 4655 alternative schools were opened against 5488 identified schoolless habitations as of August 2005. However, no records were available to show that the survey was done for identification of schoolless habitations.

While 1557 primary school and 175 upper primary schools had only one room without verandah against the minimum requirement of two rooms with verandah and 1275 schools (PS: 1184; UPS:91) were buildingless. Out of 4690 upper primary schools 4398 schools had no Headmaster room. No education guarantee centres were upgraded to regular primary school in any of the nine test-checked districts as of August 2005.

SRI, in its report has further revealed that 1.6 *per cent* PS and 2.1 *per cent* UPS were operating in "Kuccha Structures" while 11.2 *per cent* PS, 21.2 *per cent* UPS and 24.3 *per cent* HS were being operated in semi-pucca structures.

3.2.10.6 Procurement of computers

In four test-checked districts (Saharsa, Saran, Aurangabad, Purnea) 247 computers were purchased at a cost of Rs 1.68 crore during March 2004 and March 2005 at varying rates without assessing requirement. The deficiencies noticed in purchases were as follows:

247 computers were purchased at a cost of Rs 1.68 crore in four districts without assessing their requirements

District Magistrate, Saharsa purchased 60 computers with accessories valuing Rs 36.06 lakh (unit price: Rs. 35,900) without inviting tenders, in March 2005. Rule 30 of Bihar Financial Rules stipulates that purchase on nomination basis can be made only by the State Cabinet after consulting Finance Department. Though the computers were being purchased for block and cluster resource centres, their buildings did not exist on the date of procurement. In fact, the funds for construction of these buildings was released only in May 2005. The purchase order was issued on 30 March 2005 and payment was made to the supplier on 31 March 2005 without actually receiving the computers in violation of Rule 394 of Bihar Treasury Code (BTC). Computers had not been received till the date of audit (May 2005). Thus the District Magistrate showed unwarranted haste in executing the transaction.

District Magistrate, Saran purchased (March 2005) 97 computers and other allied accessories valuing Rs. 75.87 lakh (unit price: Rs. 39,159/-) on single tender basis. Rule 30 of Bihar Financial Rules prescribes that the authority who is one level higher than the authority issuing NIT should dispose off cases of single tender. Computers were purchased without the approval of purchase committee and without reference to higher authority. The computers were not sent to block and cluster resource centres as of August 2005.

District Magistrate, Aurangabad purchased 72 computers and its accessories (March 2005) at a cost of Rs. 42.45 lakh (unit price: Rs. 35,900/-) for twelve middle schools and twelve block resource centres. No block resource centres building has been constructed as yet.

District Magistrate Purnea purchased 18 computers and allied accessories (March 2004) valued Rs. 13.71 lakh (unit price: Rs. 57,016) for imparting computer education to students in six middle schools without availability of computer trained teachers. As a result all the 18 computers remained unutilized as of August 2005.

Thus 247 computers in four districts purchased at a cost of Rs 1.68 crore at varying rates without properly assessing their requirement for schools, BRCs and CRCs were lying unutilized.

The Director, Parishad, in his reply stated that comments from DPC Saharsa, Saran and Aurangabad were called for and that in Purnea 18 computers were installed in six different schools and at the time of installations, basic computer training was imparted to selected teachers. However, Headmasters of the schools stated that computers were out of order and no computer training had been imparted to teachers.

SRI, in its report further revealed that only 1.0 *per cent* PS, 1.7 *per cent* UPS and 0.1 *per cent* HS in the state had utilised SSA funds in purchase of computers to create facilities for better learning environment for children.

3.2.11 Monitoring and evaluation

Test check of nine districts and BSPP revealed that monitoring of schemes was not carried out by any officers of the department from Block Education Officers' level to Director, Primary Education's level as envisaged in the guidelines. Quarterly internal audit of accounts was also not done.

Management Information System (MIS) and Programme Management Information System (PMIS) was not available in any Block/Cluster Resource Centres as buildings, computers, software, trained manpower and other infrastructural facilities were not provided in these centres. The MIS/ PMIS started functioning at the district and the State level from 2002-03.

3.2.12 Conclusion

Annual as well as perspective plans were prepared without household survey and survey of street, disabled and deprived children. As such plans did not reflect the true picture of the State

Despite availability of funds to upgrade infrastructure facilities viz additional classrooms, toilet for girls, drinking water facilities and construction of school buildings the infrastructural facilities remained woefully inadequate and only a small fraction of civil works targeted was completed.

Pupil teacher ratio (PTR) was far in excess of the norms. Vacant posts of teachers were not filled and an additional teacher required under SSA was not appointed. Overall drop-out rate was as high as 52 *per cent* and against the target of enrolling all children in the age group of six to 14 in primary schools by 2003, 33.15 lakh children remained out of school in the State.

Monitoring of the implementation of the programme was non-existent. BRCs and CRCs were not maintaining any data as required under the programme as they lacked basic infrastructure like buildings, computers, software and skilled manpower.

The Director, Parishad in his reply stated that the audit observations had been noted and all points had been shared with component in charge at State level, DPCs and DSEs. Necessary steps were being taken for improvement and making the system transparent.

Recommendations

- Government should pay attention to the primary objective of enrolling all out of school children with special focus on girls and SC/ST children.
- Timely utilisation of funds by the agencies should be ensured particularly in provisioning of infrastructure facilities.
- Micro level monitoring needs to be strengthened and DIETs should be made functional.

The above points were reported to Government (September 2006); their reply has not been received (October 2006).

FOOD, SUPPLY AND COMMERCE DEPARTMENT

3.3 Targeted Public Distribution System

Highlights

Targeted Public Distribution System was introduced in June 1997 to provide subsidised foodgrains to population living below poverty line. Dilution of criteria for identification of BPL / AAY families combined with absence of authenticated records of distribution of ration cards in the blocks shows poor programme management. Unauthenticated records of distribution at the level of fair price shops, inadequate inspections by district officials, non functional vigilance committees along with low per capita availability of foodgrains for BPL category provided low assurance regarding distribution of foodgrains to intended families.

The identification of BPL families as required under Government of India guidelines was not carried out. Ninety two BPL lists in test-checked districts containing 14614 families were finalized in the absence of designated government officials.

(Paragraph 3.3.5.1)

In case of 7825 AAY families important details like income, age and father's name were missing.

(Paragraph 3.3.5.2)

Ration cards were sent to districts in excess of the identified families. In Rohtas district eleven thousand ration cards were distributed to ineligible families.

(Paragraph 3.3.6.1)

Department weeded out 21 lakh BPL families and also included equal number in the list but the correctness of these figures were not ascertainable in the absence of any records.

(Paragraph 3.3.6.2)

Average lifting of foodgrains of BPL families was much below the norms.

(Paragraph 3.3.7.1)

Quality check of foodgrains was not being carried out.

(Paragraph 3.3.9)

Inspection of fair price shops was far below the norms. Vigilance committees were non-functional in the State

(Paragraph 3.3.10)

3.3.1 Introduction

The Government of India (GOI) launched (June 1997), the Targeted Public Distribution System (TPDS) by issuing guidelines for distribution of special ration cards to identified families living below poverty line (BPL) to provide them foodgrains at subsidized prices. Antyodaya Anna Yojana (AAY) was launched by the GOI (December 2000) to ensure food security to the poorest of the poor of the society by providing wheat and rice at specially subsidised price under TPDS. States were required to formulate and implement fool proof arrangements for identification of the poor for distribution of foodgrains in a

transparent manner at public distribution system (PDS) dealers' level. GOI allocates foodgrains to states based on estimates of BPL households. Under TPDS, each BPL household was entitled to 20 kg up to June 2001, 25 kg from July 2001 to March 2002 and 35 kg from April 2002 of foodgrains per month at subsidised rates i.e. Rs 4.85 per kg wheat and Rs 6.35 per kg rice. AAY families were entitled to 25 kg foodgrains upto March 02 and 35 kg from April 2002 per month at the subsidised rate of Rs 2 per kg wheat and Rs 3 per kg rice.

3.3.2 Organisational set up

The department headed by Secretary at apex level; the District Magistrate (DM) and District Supply Officer (DSO) at district level; the Sub Divisional Officer (SDO) / Additional District Supply Officer (ADSO) at subdivision level and Marketing Officer and Supply Inspector at block level are responsible for monitoring the process of allotment, lifting and distribution of foodgrains.

3.3.3 Audit Objectives

The objectives of the performance audit were to assess whether:

- the procedure adopted for identification of BPL/AAY households conformed to the GOI guidelines;
- the distribution arrangement was effective and transparent to ensure that all targeted people have access to foodgrains;
- the delivery mechanism was effective at the level of PDS shops;
- the monitoring arrangement was adequate.

3.3.4 Audit coverage and methodology

The records of the Food, Supply and Commerce Department, District Supply Officers in eight districts¹, Block Supply Officers in 24 blocks and 96 PDS shops for the period 2001-2006 were test checked during December 2005 to February 2006 and information was updated in July 2006. The audit commenced with entry conference (December 2005) with Secretary, Food Civil Supplies and Commerce Department in which the audit objectives, criteria and methodology were explained. The exit conference was also held (October 2006) and reply of the Department has been incorporated at appropriate places.

3.3.5 Identification

3.3.5.1 BPL families

Identification of BPL families was not made as per GOI guidelines

GOI had issued guidelines (June 1997) for identification of BPL families by involving the Gram Panchayats and Nagar Panchayats. The thrust was to include really poor and vulnerable sections of the society such as landless,

¹ Patna, Muzaffarpur, Bhagalpur, Bettiah, Gaya, Rohtas, Kishanganj and Lakhi Sarai

agricultural labourers, marginal farmers, rural artisans, craftsmen etc. in rural areas and slum dwellers and persons carrying their livelihood on daily basis in the informal sectors in urban areas. The identification of the families was based on estimates of the Planning Commission.

As against the estimation for identification of 65.23 lakh BPL families made by the expert group of planning commission (1997), 61.63 lakh BPL families were identified in 1997 which was subsequently reduced to 51.53 lakh after identification of about 10 lakh AAY families in October 2001. In the test checked districts it was, however, noticed that no household survey was conducted for identification and list of BPL prepared for Integrated Rural Development Scheme was adopted.

The Food Supply and Commerce department issued order (April 2002) for re-survey to identify 73.94 lakh BPL including AAY families (based on census of 2001) in the State and decided that the identification should be done through Gram Shabha in which any designated block officials was supposed to be present. The identification process started in April 2002 was still underway (July 2006) though it was to be completed by December 2002. As a result the State was receiving foodgrains for only 61.63 lakh BPL/AAY households. The actual lifting of wheat was 25.62 lakh MT and rice was 4.50 lakh MT against allotment of wheat 64.73 lakh MT and rice 45.5 lakh MT during 2001-06. The families were identified on the basis of single criteria of annual income below Rs 20,000 though GOI had observed that income approach of identification of BPL families was inferior to the revised normative approach.

92 BPL lists containing 14614 families of seven test-checked districts (except Patna district) showed that the lists of families were finalized without the presence of any designated official².

3.3.5.2 AAY families

GOI launched the Antyodaya Anna Yojana (AAY) for the poorest of the poor on 25 December 2000. The families of this scheme were to be identified out of list of the BPL families. The verification was to be done within two months by carrying out household survey. About 10 lakh AAY families were identified in the State. The Government extended the scheme (June 2003) to cover an additional five lakhs families from the following priority groups.

- Households headed by widows or terminally ill persons or disabled persons or persons aged 60 years or more with no assured means of subsistence or social support.
- All primitive tribal households proportionately to their population in the State.

The scheme was further extended in September 2004 and June 2005 to cover additional ten lakh families in each extension.

² Gram Panchayat Supervisor, Block Agricultural officer, Animal Husbandry officer, Co-operative Extension officer, Block Welfare Officer, Block Supply Officer, Supply Inspector and Circle Inspector.

**Incorrect
identification of
Antyodaya families**

Records of test checked districts disclosed that list was prepared and finalised in the meeting of Gram Shabha without conducting household survey for identification of families.

100 AAY lists containing 7825 families in eight districts showed that details of 266 families, age and income of 4363 families and father's name of 1100 families were not recorded and 2096 person in age group of 19 to 40 years were identified without specifying reasons.

Thus, in the absence of household survey inclusion of ineligible persons in the list could not be ruled out.

3.3.5.3 Excess burden on AAY families

**Delay in
identification led to
excess burden on
AAY families**

The identification of 10 lakh AAY families was completed up to September 2001 after delay of six months. Another identification of five lakh families was completed in February 2006 after delay of 29 months. Identification in respect of second extension (4.8 lakh households) and third extension (5.20 lakh households) was under process though it was required to be completed in November 2004 and August 2005 respectively. Thus, delay in identification forced the AAY families to purchase the foodgrains at prescribed rate for BPL leading to extra burden on AAY families.

3.3.6 Ration cards

3.3.6.1 Issue of ration cards

Under the PDS (Control) Order 2001, the ration cards were required to be issued within one month of the date of receipt of applications. Also, separate ration cards were required to be issued for different categories of consumers. The following was noticed in issue of ration cards:

**Cost of ration cards
could not be realised
in six districts**

- Distinct ration cards were to be issued to the identified families on realisation of Rs two per card within a month of their identification. In the test-checked districts, 31.41 lakh ration cards were distributed for which Rs 62.82 lakh at the rate of Rs two each was to be collected from the families but only Rs 4.65 lakh³ was realised in Patna and Bhagalpur districts against actual distribution of 6.40 lakh ration cards. The department stated (October 2006) that DMs had been directed to recover the cost of ration cards.
- The details of families were to be printed on ration cards by the department after obtaining full information of identified families in the districts and after printing the details the ration cards were to be sent to districts for distribution. It was noticed that department sent blank ration cards to the districts without recording name and other details of BPL households. Reasons for not printing the details of families in the ration cards were not stated.

³ Patna: Rs 1.87 lakh and Bhagalpur: Rs 2.78 lakh.

Cards distributed in excess of identified BPL families

- Against 61.63 lakh identified BPL/ AAY families, 66.45 lakh ration cards were sent to districts for distribution to families without collecting back the old ration cards. Department, thus issued about 10 *per cent* cards in excess of the target. Excess issue of blank ration cards was fraught with the risk of misuse of cards.
- In Rohtas district, the department sent 1.92 lakh BPL ration cards against 1.63 lakh identified house holds of which 1.74 lakh ration cards were distributed. Thus, 0.11 lakh ration cards were distributed to unidentified families. The department stated (October 2006) that extra ration cards were sent on the basis of estimated families which could be different from the actual number. The reply is not acceptable, as the actual number of families should have been ascertained before sending the ration cards to the districts.

Records of distribution of ration cards not maintained

- BPL ration cards were sent to the sub-divisions and blocks for further distribution to the families but neither any certificate regarding their distribution was obtained nor records of distribution of ration cards were maintained in the blocks.

3.3.6.2 Weeding out of ration cards

The Government directed all the Divisional Commissioners and DMs to start a campaign (September 2000) for survey of BPL/AAY list in their districts for deletion of ineligible families and addition of eligible families who were not identified earlier.

There were no records to show the basis for inclusion and deletion of names in all test checked districts as well as in the department

Scrutiny of the list furnished by the department of Food, Supply and Commerce disclosed that names of 2106526 families were deleted and equal number of families were included in the list. The correctness of these figures could not be ascertained in audit in the absence of any initial record on the basis of which the department had prepared the final list.

In the test checked districts (Muzaffarpur, Bhagalpur and Lakhisarai) 31363 BPL families were excluded and 12163 BPL families were included in the list whereas the number of inclusion and exclusion as furnished by the department was shown as 191993 in these districts.

The department stated (October 2006) that the departmental figures were based on rough estimation of 30 *per cent* of BPL families. The reply of the department is not tenable because rough estimation cannot lead to deletion of ineligible and inclusion of eligible families in absence of specific information relating to individual beneficiary.

3.3.6.3 Annual revision of ration cards

Annual revision of BPL and AAY list not conducted in seven out of eight districts

As per norms defined in the PDS (Control) Order 2001, State government was to specify a time frame for making addition and alteration of identified households. For this purpose, yearly revision of BPL and AAY households lists was to be carried out by the district authorities. However this was not done in seven out of eight test checked districts. In Masaurhi block of Patna

district, out of 42304 BPL families 6491 AAY families were selected (October 2001) but the number of selected AAY families were not deleted from the list of BPL families.

The department stated (July 2006) that review of addition and deletion are made at district level but no specific reply was given either by the department or by the district authorities.

3.3.7 Lifting of foodgrains

3.3.7.1 BPL Families

Despite instructions of the government to ensure cent per cent lifting of foodgrains, there was short lifting of 39.11 lakh MT wheat and 41.03 lakh MT rice in the State during the period 2001-06 as per details in following table :

(Figures in lakh MT)

Year	Allotment		Lifting		Short lifting (per cent)		Average per month per family lifting	
	Wheat	Rice	Wheat	Rice	Wheat	Rice	Wheat	Rice
2001-02	13.31	8.88	3.11	0.66	10.20 (77)	8.22 (93)	5.01	1.06
2002-03	13.31	8.88	4.02	0.45	9.29 (70)	8.43 (95)	6.48	0.73
2003-04	13.31	8.88	6.03	0.60	7.28 (55)	8.28(93)	9.74	0.96
2004-05	13.31	8.88	6.72	1.32	6.59 (49)	7.56 (85)	10.85	2.14
2005-06	11.49	10.01	5.74	1.47	5.75 (50)	8.54 (85)	9.26	0.96
Total	64.73	45.53	25.62	4.50	39.11 (60)	41.03 (90)		

(Figures shown in bracket indicate percentage)

Denial of foodgrains due to non-lifting of allotted quota

As a result of short lifting of foodgrains, 23 lakh to 40 lakh BPL families were deprived from subsidised wheat and 45 to 50 lakh families from subsidised rice in the state during 2001-06.

The department stated (October 2006) that most of the BPL families were either marginal farmers or agricultural labourers and they do not require foodgrains for larger part of the year. The reply was not acceptable because department requested for enhancement of allocation of foodgrains.

3.3.7.2 AAY Families

The details of lifting of foodgrains under AAY during 2001-06 was as under:-

(lakh MT)

Year	Allotment		Lifting		Short lifting	
	Wheat	Rice	Wheat	Rice	Wheat	Rice
2001-02	0.90	0.60	0.69	0.46	0.21	0.14
2002-03	2.52	1.68	1.53	0.98	0.99	0.70
2003-04	2.52	1.68	2.43	1.57	0.09	0.11
2004-05	2.52	1.68	2.37	1.55	0.15	0.13
2005-06	2.73	1.82	2.58	1.67	0.15	0.15
Total	11.19	7.46	9.60	6.23	1.59	1.23

It may be seen from the table that lifting during initial year was not good but picked up later except during 2004-05. The lifting of foodgrains under AAY was better than BPL which can be attributed to low price paid by PDS dealers for AAY foodgrains.

3.3.7.3 Discrepancy between figures of SFC and PDS dealers

Scrutiny of the foodgrains statement furnished by the SFC and PDS of test check districts, (Muzaffarpur, Bettiah and Rohtas) showed difference in off-take and distribution figures during 2001-06 as detailed in table given below:

(Figure in lakh MT)

Year	Lifting by SFC		Distributed to PDS dealers		Difference	
	Wheat	Rice	Wheat	Rice	Wheat	Rice
2002-03	0.52	0.07	0.48	0.07	0.04	0.00
2003-04	0.80	0.17	0.79	0.16	0.01	0.01
2004-05	0.86	0.31	0.76	0.29	0.10	0.02
2005-06	0.56	0.27	0.55	0.27	0.01	0.00
Total	2.74	0.82	2.58	0.79	0.16	0.03

The reasons of discrepancy between lifting and distribution by SFC could not be ascertained as monthly statements of off-take and distribution was not available. District Manager, SFC Muzaffarpur stated that the difference in quantities of BPL foodgrains were diverted by transfer of stock to other schemes such as mid day meal and flood relief but no supporting documents were shown to audit. Department has sought clarification from SFC on this point.

3.3.8 PDS shops

3.3.8.1 Functioning of PDS shops

A network of PDS dealers was envisaged in TPDS for effective distribution of foodgrains. The responsibility for distribution of opening of PDS shops rested with the State Government. Norm of one PDS shops for 1900 persons (307 households) for rural area and 1350 persons (219 households) for urban area was fixed by the State government to ensure economic viability of fair price shops. It was also to be ensured that no household should travel more than three kilometers to reach the PDS shops. Altogether 44317 PDS shops were functioning in the State.

As required in PDS (Control) order 2001 none of the 96 PDS dealers test checked, submitted the stock statement in form -A. Ration cards register, unit register, complaint register, stock register, distribution register and inspection-cum-advise register were not maintained. PDS dealers did not display the details of available stock of foodgrains and number of ration card holders. The stock and distribution registers had not been authenticated by supply inspectors. Cash memos were either not issued or issued without machine number.

A test check of 23 blocks revealed that 352 PDS shops (Urban: 250 and Rural: 102) were found in excess in 10 blocks and 339 PDS shops in eight blocks (Urban: 45 and Rural: 294) were in lesser number than the norms. Further, in five blocks, 62 PDS shops (Urban: 26 and Rural: 36) were in excess and 52 shops (Urban: 13 and Rural: 39) were found in lesser number than the norm.

In Muzaffarpur, Bhagalpur, Gaya and Rohtas districts, 6992 MT (Wheat 3458.37 and rice 1565.44 MT) foodgrains valuing Rs 26.72 lakh under BPL category was seized by the officials. FIR (during 2004-05 and 2005-06) had been lodged against 74 dealers for misappropriation/black marketing of foodgrains. The Department directed (January 2006) that the records should be properly maintained by PDS shops dealers failing which their licenses would be cancelled.

3.3.8.2 Viability of PDS dealers

Test check of eight districts disclosed that the monthly income of 96 PDS dealers ranged from Rs 200 to Rs 1000 per month through their commission on the sale of BPL/AAY foodgrains. Low financial viability of PDS shops would encourage malpractices by fair price owners. The team of Programme Evaluation Organisation's (PEO) study of the Planning Commission also showed (2005) that Public Distribution System shops are inherently non-viable in villages with population less than 500 and are poorly connected. There are many such villages in the State. The system in such villages was virtually non-functional as dealers do not open their shops regularly. Department stated (October 2006) that the commission on kerosene has been enhanced to improve their viability.

3.3.9 Quality test of foodgrains

Quality test of foodgrains was not carried out

State Government was to ensure distribution of good quality of foodgrains through fair price shops by carrying out quality test of samples drawn by the Supply Inspector from SFC godowns and PDS dealers. The facility of quality test of foodgrains was not in existence at any level during 2001-06.

The department stated (July 2006) that DMs have been directed to carry out sample check of foodgrains and this will be monitored at the State level. The reply was not acceptable as there was no such facility in the state.

3.3.10 Monitoring and Evaluation

State Government was responsible for efficient network of PDS for distribution and its monitoring. Vigilance Committees were to be constituted at each level. The DMs were to hold weekly review meetings.

The records of eight districts showed that inspection at each level was far below the norms. The percentage fall of inspection during 2001-06 was between 93 and 100 *per cent* in eight test checked districts. Vigilance committees were non-functional in the state. The department stated (October 2006) that it was considering training of Panchayati Raj representatives for monitoring of public distribution system.

Minutes of monthly review meeting of department showed that the department had frequently expressed concern over low lifting, inadequate inspection and monitoring. Directions were not complied by the districts because authorities at districts were not under the administrative control of the department.

Reporting of functioning of PDS in prescribed format was not furnished by the districts for consolidation at department level as prescribed under PDS Control Order 2001. Monitoring the functioning of PDS dealers through computer network by installing NIC centre at districts were not implemented by the department.

Study by Programme Evaluation Organisation of Planning Commission of PDS revealed (2005) that a larger part of the subsidized food grains (75 per cent) did not reach the target group in the State. Thus, objectives of the TPDS to provide benefit to poor households could not be achieved.

3.3.11 Conclusion

The department deviated from the norms prescribed by Government of India regarding household survey for identification of BPL families. The re-survey based on 2002 guidelines is still underway indicating government's failure in devising an effective mechanism for identification of families. The records supporting the distribution of ration cards to the BPL/AAY families were not available in the blocks. BPL families were deprived of foodgrains due to short lifting. Fair price shops were not inspected to verify the genuineness of entries made. No laboratory was available in the State for quality test of foodgrains. The vigilance committees were non functional in the state. Monitoring by the department was ineffective.

Recommendations

- The identification of BPL/AAY should be done in accordance with the guidelines issued by Government of India.
- The stock and distribution records at the level of PDS dealers and SFC godowns should be periodically inspected and authenticated by Government officials to prevent any unauthorised diversion of subsidised foodgrains.
- Facility of laboratory needs to be provided for quality test of foodgrains.
- To strengthen vigilance mechanism, training should be imparted to panchayat representatives.
- Functioning of PDS should be monitored through NIC computer network as required under the PDS (Control) Order 2001.

The above points were reported to Government (July 2006); the reply (October 2006) has been incorporated in the review at appropriate places.

ENVIRONMENT AND FOREST DEPARTMENT

3.4 Valmiki Tiger Project

Highlights

Valmiki Project Tiger a Centrally Sponsored Scheme is implemented in Bihar to ensure a reasonable population of tigers in Bihar. The conservation and protection measures initiated by the department in the reserve, however, remained by and large ineffective due to deficiencies in planning, inadequate release of funds and non observance of scheme guidelines

There was no management plan for four years from 2000-01 to 2003-04. The management plan for the year 2004-14 is under revision to incorporate the suggestion of Project Directorate as of June 2006.

(Paragraph 3.4.5.2)

No action has been taken to get the encroached land (2152 hectares) vacated from the Nepalese, since 1988.

(Paragraph 3.4.7.4)

Tiger estimation was not done annually. Tiger population in VTP in 2002 was 56 which declined to 33 in 2005. Male/ Female ratio in 2002 was 2:1 which reversed in 2005 to 1:2 indicating the unreliability of data of tiger population in the reserve. Reporting mechanism of tiger sighting (fortnightly report) was non-existent.

(Paragraph 3.4.8.6)

Micro planning for eco-development was not initiated.

(Paragraph 3.4.12)

State Board of Wildlife (SBWL) was also non-functional. Tiger Conservation Cell was not constituted as of June 2006.

(Paragraph 3.4.13)

3.4.1 Introduction

Tiger is one of the major predators in India which keeps the population of herbivores under control which in turn allows growth of vegetation thereby saving land from denudation. Its existence also helps in checking the impairment of ecological conditions of a given area and maintaining the balance in nature. The animal has been on the brink of extinction since the middle of twentieth century due to shrinkage of its habitats, destruction of its prey animals and its poaching for skin and body parts.

Government of India (GOI) launched (April 1973) the scheme "Project Tiger" to ensure the maintenance of a sustainable population of tiger in India and to preserve for all times such areas as part of our national heritage for the benefit, education and enjoyment of future generation. The GOI approved (January 1990) the establishment of Valmiki Tiger Project over 840 sq Km with 336 sq Km as core area and the remaining 504 sq Km as buffer area. In Bihar, the Project Tiger was managed by Bihar State Forest Development Corporation till 1994 and there after by the Environment and Forests Department. The Project Tiger Directorate (PTD) in Ministry of Environment and Forest

(MoEF) at New Delhi is responsible for providing technical guidance, budgetary support, coordination, monitoring and evaluation of Project Tiger while the management and implementation of Project lies with the State Government.

3.4.2 *Organisational set-up*

The Environment and Forest Department is headed by the Secretary-cum-Commissioner at apex level and Principal Chief Conservator of Forest (PCCF) at departmental level. The PCCF is assisted by Chief Conservator of Forest (CCF)/ Chief Wildlife Warden (CWLW). The Field Director holds the overall charge of VTP located at Bettiah. Two Deputy Directors, six range officers, foresters and forest guards assist the Field Director.

3.4.3 *Audit objectives*

The performance audit of conservation and protection of tigers in Tiger Reserve seeks to assess:-

- allocation of resources as per the identified needs and approved prioritization of various activities of the Tiger Reserve;
- adequacy of planning, conservation and protection measures;
- the efforts made to reduce the biotic disturbance for the tiger habitats caused by human settlements and other land uses were effective;
- adequacy of promotional activities in accordance with the guidelines of Project Tiger and
- effectiveness of the monitoring and evaluation system.

3.4.4 *Audit coverage and Methodology*

An entry conference was held with Secretary, Environment and Forest Department, PCCF, CCF-cum-CWLW in January, 2006 in which audit objectives and methodology was explained. The records of Principal Chief Conservator of Forest, Chief Wildlife Warden, Field Director (Project Tiger), VTP Bettiah and Deputy Directors at Bettiah and six range offices for the year 2000-05 (figures were updated by including for 2005-06) were scrutinized between December 2005 and June 2006. The exit conference was held in July 2006 to discuss findings and recommendations of the audit. The views of the department were incorporated in the review.

3.4.5 *Planning*

3.4.5.1 *Preliminary studies*

VTP was declared as Tiger Reserve by Government of India, Ministry of Environment and Forest (MoEF) in 1990. No separate survey/ studies were under taken by the Field Directorate to ascertain the need for continuation of the Project Tiger during the Ninth and Tenth plan periods. However, the Tenth Five Year Plan of project tiger justified the continuation of the scheme for preservation of endangered species, establishment of network of protected areas, their maintenance and development.

Separate survey/ studies were not undertaken to ascertain the need for continuation of PT during Ninth & Tenth Plan period

No Management Plan for four years was prepared and MP for 2004-14 was still under process of revision

3.4.5.2 Management Plan and Annual Plan of Operations

It was noticed that Management Plan for the period 1990-2000 was prepared at the time of inception of VTP in 1990. There was no evidence that MP for the year 2000-04 had been prepared. However, MPs for the period 2004-14 was prepared but the approval of GOI has not been obtained (March 2006). The reasons for non preparation of management plan were not on record of the Field Directorate.

The Management Plan is prepared by the Tiger Reserve and is to be approved by the State Government and MoEF. As per Wildlife Institute of India (WII), Dehradun, the MP is an instrument which ensures policy based actions for managing resources within the Tiger Reserve. In the absence of an MP there could be a possibility of undertaking several activities which do not fall in the ambit of priority. During 2000-06 annual plan of operations were sent to GOI for approval with delay ranging from three to nine months by the State Government. The delay in submission for approval of the APOs had adverse effect on timely completion of the works and release of funds.

3.4.6 Financial management

3.4.6.1 Funding pattern

Project Tiger was launched in 1973 with 100 per cent Central Assistance. From 1980-81 onwards recurring expenditure was shared by Central and States in equal proportion. However, the Centre continued to meet 100 per cent of the non-recurring expenses. The Central Government also meets the entire cost of Project Allowance introduced during the IX Plan of the staff working in the Tiger Reserve as well as the entire cost of relocation of families from the Tiger Reserve. The funds sanctioned by GOI to the State Government were released to the project through State Budget.

3.4.6.2 Release of funds

Allotment of funds and expenditure during the year 2000-06 of the project was as under:

Year	Funds approved in APO		Funds released		Total	Expenditure	Savings (-) Excess (+)
	Central	State	Central	State			
2000-01	1.13	0.44	1.07	0.22	1.29	0.35	(-)0.94
2001-02	0.84	0.40	0.50	0.35	0.85	0.62	(-)0.23
2002-03	0.57	0.06	0.25	0.06	0.31	0.96	(+)0.65
2003-04	0.81	0.10	0.50	0.05	0.55	0.67	(+) 0.12
2004-05	1.19	0.13	0.85	0.13	0.98	0.49	(-)0.49
2005-06	0.96	0.30	0.45	0.28	0.73	0.92	(-)0.19
Total	5.50	1.43	3.62	1.09	4.71	4.01	(-)0.70

During 2000-06 the project failed to utilize funds

It may be seen from the table that against eligible Central assistance of Rs 5.50 crore, only Rs 3.62 crore was released during the period 2000-06 and the expenditure was Rs 4.01 crore.

3.4.6.3 Short release of matching contribution

As per the funding pattern of Project Tiger, the recurring expenditure was to be shared by the States and Central Government in equal proportion.

However, against the State share of Rs 1.43 crore, Rs 1.09 crore was made available by State Government during 2000-06. The short release of matching contribution worked out to 24 per cent.

3.4.7 . Biotic Pressure

3.4.7.1 Norms for tiger reserves

Tiger population breeds well and grows rapidly in habitats without incompatible human uses. They cannot co-exist with people particularly in a situation where both human impacts and live stock grazing is continuously on the increase. The long-term survival of the tiger therefore depends on how secure and inviolate are the Protected Areas they live in. Thus, for management purposes, each Tiger Reserve is broadly divided into two parts namely core and buffer. In the core area, forestry operations, collection of forest produce, grazing, human settlement and other human disturbances are not allowed. In the buffer zone, strictly controlled wildlife oriented forestry operations and grazing are allowed.

VTP had an area of 840 sq. km and the boundaries were legally notified but, international boundaries (70 km) and the boundaries shared with private land were not separated by laying boundary pillars.

3.4.7.2 Biotic pressure owing to activities of other departments

Madanpur range was fragmented by three canals and agricultural fields from rest of forest of VTP and natural corridor does not exist. As per Wildlife Institute of India (WII) non-existence of corridor will insulate a habitat. If this habitat is small, it will have small population of large mammals or top carnivores like tigers. Smaller populations have a chance of inbreeding within their own numbers and therefore vulnerable in the long run due to inadequate genetic diversity.

Fifty nine hectares of VTP land was transferred to Indian Railways in 1992 for construction of Bagaha-Chhitauni rail lines through buffer zone. The construction of railway line has led to inundation of large area of land causing obstruction in movement of wildlife. PCCF stated (July 2006) that a case was filed in Hon'ble Supreme Court by the State Government for construction of cross drainage to clear water logging. The decision of the court is pending (March 2006).

National highway was also passing through sanctuary area. However, no traffic census has been carried out to assess the impact so far (June 2006).

No measures were taken to minimize the adverse impact on habitat on account of fires, poaching, diseases, timber felling, grazing and to protect TR from biotic interference by arranging periodical patrolling, timely immunization of cattle and awareness camp for the local people.

There was no plan for rehabilitation of villages near the core and buffer zone

3.4.7.3 Relocation of families residing in Tiger Reserve

149 villages were situated within one km of the periphery of protected area (which included both core zone and buffer zone) of VTP. Inhabitants of these villages have to traverse the protected area as no alternative routes are available. These villagers have been grazing their cattle in the forests as the grazing lands along the forest separating the same from village lands are non-existent. The population of these villages is also engaged in illicit felling of trees and other illegal forest activities like poaching. No time bound programme was framed for relocation and rehabilitation of these villages and the habitat.

3.4.7.4 Encroachment of Protected Area

As per Section 27 of the Wildlife Protection Act 1972, no person other than that specified in the Section shall enter or reside in a Sanctuary or a National Park except and in accordance with the conditions of a permit granted under Section 28 of the Act. Section 34A *ibid* vested powers in an officer not below the rank of Assistant Conservator of Forests to evict any person who occupies Government land in contravention of the provisions of the Act from the National Park. Such Officer was also delegated powers to remove unauthorized structures, buildings or constructions erected on any Government land.

Out of 186 hectare encroached land, 67 hectares land was restored and encroachment cases for 50 hectares were pending with the court but no action seems to have been taken to restore the remaining 69 hectare encroached land. Apart from that, 5380 acres (2152 hectare) of forest land has been encroached (since 1988) by the Nepalese but no action has been taken to get it vacated.

3.4.7.5 Restoration of degraded habitats

VTP has not been declared as an eco fragile zone

CCF-cum-CWLW Bihar identified area of 149 villages covering 500 sq. km on the fringes of protected area as ecologically fragile but the proposal has not been approved by the State Government (March 2006). However, during 2003, planting of local species was done over a small area of 150 hectares (1.5 sq. km) of degraded forests.

3.4.8 Protection of tigers

3.4.8.1 Assessing and monitoring illegal activity

In order to assess the magnitude of illegal activities in VTP, department had not taken any concrete steps to strengthen the protection measures. Even recommendation of Subramaniam Committee (set up in May 1994 by GOI, MoEF) relating to monitoring and disposal of wildlife related cases, setting up of wildlife crime cell as envisaged in National Wildlife Action Plan (NWAP) were not implemented.

3.4.8.2 *Inadequate patrolling*

For protecting ecosystem from threats of fire, illicit felling, poaching, trading of parts of wild animal and to control biotic disturbances, patrolling camps were to be constituted. As per guidelines of WII patrolling area coverage for each patrolling camp was 25-30 sq. km per day. Keeping in view of reserve area of 840 sq. km (approx) 34-35 camps were required to be constituted in TR. It was observed that only seven patrolling camps were in operation in the reserve and no vehicle was provided to them for patrolling during 2000-06. As a result, effective patrolling was not possible.

3.4.8.3 *Arms and ammunitions*

The forest staff is required to be armed with sophisticated weapons and other equipment to combat poaching and illicit trade effectively. Arms and ammunitions were not provided to the forest guards.

3.4.8.4 *Absence of communication network*

Wireless station were inadequate for communication

Communication is the key to protection from fires, poaching, timber felling, grazing, encroachments and other illegal activities. In absence of specific norms, the adequacy of communication equipment could not be assessed. Thirty one wireless stations were required to be established for six ranges, 20 beats and five check posts against which only 11 wireless stations were established, of which only nine (eight at field level and one at headquarter) were functioning. Out of 77 wireless handsets amounting to Rs 7.79 lakh procured during 1998-99 to strengthen the communication network only 27 sets were distributed among ranges and the remaining 50 handsets were lying unutilised in the divisional office as of March 2006. The VTP also did not utilise Rs 3.20 lakh provided during 2004-05 for procurement of 40 mobile sets (March 2006).

Mobile sets were not purchased

3.4.8.5 *Fireline protection*

Fire lines were insufficient to protect the project area and there was no fire fighting equipment

Against required length of 848 km, only in 460 km (54 per cent) fire lines were in existence. The creation of remaining fire lines (388 km) was not proposed in the APO during 2000-06. Moreover, during 2004-05 a meager amount of Rs 0.66 lakh was spent for maintenance of 100 km of fire line. There were instances of fire resulting in soil stratum damage, humus loss, regeneration loss, spreading of weeds and xerophytes species and soil erosion. However, no expenditure was incurred on damage control. No fire fighting equipment was available with VTP. The VTP management accepted the aforesaid facts (March 2006).

3.4.8.6 *Tiger estimation*

As per guidelines of MoEF, tiger census was to be carried out annually. The guidelines were to be scrupulously followed for estimation of tigers and other prey species in all Tiger Reserves. The estimation was done only thrice during 2000-05.

Wide variation in male/ female ratio was noticed

As per the estimates there were 56 tigers in VTP during 2002 which reduced to 33 in 2005. In 2005 out of 33 pugmark sightings, 80 *per cent* were located in buffer zone and the habitat areas outside the tiger reserve. As per estimation of 2002, number of male, female and cubs were 35, 17 and 4 respectively where as in 2005 the respective estimation figures were 10, 22 and 01. The ratio of male and female in 2002 was 2:1 which reversed in 2005 to 1:2. The wide variation in the ratio within a short period of three years is indicative of unreliability of the data on tiger population in this reserve. Further, this was noticed that regular tiger sighting (fortnightly reports) was non-existent, offence books, seizure reports, observation of key wild species (predator and prey) were not maintained at the level of sub-beat guards, beat guards and range officers. Consequently, monthly reports regarding field observation of tigers and other species as well as tiger mortality were not submitted by Range Officers to DFOs. Field Director, VTP admitted (February-2006) that these records were not maintained due to lack of regular operations.

3.4.8.7 *Herbivores estimation*

Herbivores in Tiger Reserves contribute more than 70 per cent of tiger diet and are an important determinant of presence of tiger. The guidelines of MoEF (June 2001) also provides for estimation of herbivores annually. However, estimation of herbivores was done only once in 2002. Based on the formula developed by Dr. Ullhas Karanth¹, only 12 tigers could have been sustained by the herbivores population in VTP.

3.4.8.8 *Conservation of tigers*

Conservation efforts include efforts at habitat restoration and improvement works. This involves water management, grasslands development, weeding out lantana, soil conservation works, habitat manipulation, management of wetlands and unique habitats, etc. The action plans envisaged in National Wildlife Action Plan were directed towards corrective measures to improve the consolidation, protection and habitat restoration in the Tiger Reserve lagged behind the identified milestone.

3.4.8.9 *Tiger mortality*

Project Directorate instructed (September 2001) to conduct half yearly mortality survey of tiger habitats to determine the age/ sex, specific mortality of tiger and other wild animals and to furnish a report in this regard. Though there exists a mechanism to report on tiger mortality at all levels but no mortality survey was conducted during 2000-06.

¹ Ullhas Karanths method i.e. $T_j = AU_j^b \delta_j$ method habitat could have sustained 12 tigers $(0.247 \times 39952) / 840$ where T_j =tiger population estimate, A =co-efficient ; value=0.247, U_j =prey density (animals/sq km.), $b=\rho^*(\sigma_T/\sigma_U)$; value=1 and δ_j =mean on random variable; value = 1

3.4.9 *Promotional activities and manpower issues*

3.4.9.1 *Promotion of tourism*

Tourism management plan was not prepared till 2003-04. In the MP 2004-2014, tourism management plan was prepared which is awaiting approval. However, tourist carrying capacity was not computed though required as per guidelines of Project Tiger Directorate. Neither Eco-tourism Advisory Board was constituted nor regulations were framed.

Regulated, low impact tourism has the potential to act as vital tool for gaining support for wild life conservation. The objective of wildlife tourism is to inculcate the importance of wildlife amongst the visitors, develop empathy for nature, both animate and inanimate and provide a communion with nature, rather than to merely ensure sighting of animal species. Eco-tourism was to primarily benefit local communities in the form of generation of employment.

Tourist Guides for briefing the tourists about the forest and wild life as per GOI guidelines were not provided

The GOI evolved (1998) Revised Guidelines for Wildlife Tourism in protected areas including TR. Records revealed that the guidelines for waste disposal and water and energy consumption were not issued. Tourist guides for briefing the tourists about the forest and wildlife were also not provided. The tourist carrying capacity and vehicle carrying capacity had not been prescribed. The Dos and Don'ts to regulate the activities of visitors were also not prescribed.

Thus the promotion of wildlife tourism was not carried out as envisaged in the guidelines.

3.4.10 *Manpower management*

National Wildlife Action Plan (NWAP) envisaged that each state should have adequate trained personnel to man all position right from Director to Forest guards.

Norms for deployment of personnel were not fixed and 93 foresters and forest guards were over 45 years of age

No norms were fixed for deployment of personnel. The men in position (120) were in excess of sanctioned strength (109). However, the CF submitted a proposal for enhancing the strength to 159. Against 109 ground level forester and forest guards, 93 were over 45 year of age. The required age was 18-35 years for effective patrolling as per guidelines of Wildlife Institute of India.

3.4.11 *Training*

No training was imparted to frontline staff

No training centre was in place for providing training to staff on wildlife activities like unarmed combat, tracking, handling special training on intelligence gathering techniques, analysis and forecasts, report writing, preparing FIRs, seizures etc., and lessons in court procedure and evidence gathering. No pre-service training was provided for field staff before deployment.

3.4.12 Eco-development

Funds under Eco-Development Project remained unutilised and physical progress ranged from nil to 76 per cent

The Eco-Development project conceived by GOI (1983) aimed to improve the socio-economic status of the people dependent on protected area for sustenance. Scrutiny of records relating to eco-development in tiger reserve revealed that no expenditure was incurred out of the funds of the Rs 29.98 lakh during 2000-01 and no proposal was sent to GOI for the year 2001-02. However, against the total funds of Rs 91.54 lakh available, an expenditure of only Rs 56.20 lakh was incurred and the utilisation of fund ranged between 20 and 76 per cent during 2000-06. Audit scrutiny revealed that the various activities under eco-development were either non-starter or implementation was very poor due to lack of adequate initiative and improper planning.

The Field Director stated (February 2006) that micro planning for eco-development had not been initiated.

3.4.13 Monitoring and evaluation

The SBWL set up after a delay of one year since the commencement of the Wildlife Protection Act 2002, was non-functioning

According to section 6 of wild life protection Act, the State Government shall constitute a State Board of Wildlife (SBWL) within period of six months from the date of commencement of the Wildlife Protection Amendment Act (WPAA), 2002 to advise the State Government in formulating policy for protection and conservation of Wildlife and specified plan etc. The Board was constituted only in November 2003 after a delay of one year. The Act specifies that the Board should meet at least twice in a year but only one meeting was held in November 2004 as of June 2006 and nothing was discussed regarding Project Tiger.

According to the affidavit submitted by MoEF to the Hon'ble Supreme Court of India in August 2000, a Tiger conservation cell was to be constituted in the States for monitoring and evaluation of the implementation of the project. It was noticed that government had not constituted Tiger conservation cell as of June 2006.

3.4.14 Conclusion

VTP had not prepared a management plan for the period 2000-04 and the MP for subsequent period was not approved. Biotic pressure on the reserve could not be reduced due to failure to relocate 149 villages in the vicinity of core and buffer zone. No action was taken to restore the 2152 hectare of land under encroachment by the Nepalese. The declining tiger population together with reversal of Male-Female ratio within a short time indicated unrealistic estimation. Vehicles were not provided to patrolling camps. No specific norms were fixed to assess the adequacy of communication equipment and no training was imparted to frontline staff. State Board of Wild Life was non-functional.

Recommendations

- Comprehensive Management Plan need to be drawn up for each reserve covering all areas of conservation and protection which should be followed by time bound Annual Plans of operation.

- Steps should be taken to minimize biotic pressure in core and buffer zone through relocation/rehabilitation and eco-development activities.
- GOI should take concrete steps to vacate the land encroached by the Nepalese.
- Estimation of tiger population should be carried out on a regular and scientific basis to be able to put in place realistic protection and conservation measures.
- Deficiencies in communication network need to be removed for effective protection of the protected areas. Action should be initiated for training wildlife protection staff and train them in the use of sophisticated fire arms.

The matter was reported to Government (July 2006); their reply had not been received (October 2006).

CABINET SECRETARIAT AND CO-ORDINATION DEPARTMENT (ELECTION BRANCH)

3.5 Election Expenses

3.5.1 Introduction

The Election expenses for conducting the election of Lok Sabha and Vidhan Sabha are borne by the Central Government and the State Government respectively. The expenditure on establishment, preparation and printing of electoral rolls, issue of photo identity cards to the voters are shared equally between the Centre and the State.

The Chief Electoral Officer (CEO) is overall incharge for conducting elections of Lok Sabha and Vidhan Sabha in the State and is assisted by District Magistrate-cum-District Election Officer in the district.

A test check of records maintained in 11 districts¹ offices and in the office of CEO was conducted between March 2006 and July 2006 to examine the expenditure incurred during Lok Sabha election 2004 and two Vidhan Sabha elections held in February 2005 and October / November 2005. The important points noticed are given in the following paragraphs.

3.5.2 Financial management

Allotment of funds and expenditure during the years 2004-06 of the State *vis-a-vis* under different components were as under:

(Rupees in crore)

Head/ Year	Establishment		Preparation and printing of electoral roll		Lok Sabha Elections		Vidhan Sabha Election		Photo Identity Cards		Total	
	Allot ment	Expen diture	Allot ment	Expen diture	Allot ment	Expen diture	Allot ment	Expen diture	Allot ment	Expen diture	Allot ment	Expen diture
2015												
2004-05	2.96	2.96	4.35	4.35	63.05	63.03	72.52	72.62	4.30	4.27	147.18	147.23
2005-06	5.18	3.40	6.09	1.20	0.51	0.12	100.50	83.00	25.43	12.96	137.71	100.68
Total	8.14	6.36	10.44	5.55	63.56	63.15	173.02	155.62	29.73	17.23	284.89	247.91

It may be seen from above that expenditure incurred for election of Lok Sabha and Vidhan Sabha was Rs 63.15 crore and 155.62 crore respectively (excluding expenses of Establishment, Photo Identity Cards etc.).

As per Bihar Treasury Code Vol.-I, DC bills against drawal made in advance on Abstract Contingent (AC) bills from treasuries during a month were required to be prepared and submitted duly countersigned by controlling Officer to the Accountant General (A&E) before 25th of the following month in which AC bills were drawn.

**Non-submission of
DC bills for
Rs 57.29 crore**

Out of total expenditure of Rs 247.91 crore, Rs 70.75 crore was drawn on AC bills in the State during 2004-06 but DC bills for Rs 13.46 crore only were submitted (October 2006) to the Accountant General (A&E). The utilisation of balance amount of Rs 57.29 crore could not be verified in audit for want of detailed contingent bills.

¹ Banka, Bhagalpur, Gaya, Katihar, Madhubani, Munger, Muzaffarpur, Nawada, Patna, Saran and Vaishali

Unauthorised
retention of Rs 8.69
crore in banks

Advance of Rs 4.90
crore irregularly
booked as
expenditure

In the districts test checked against available amount of Rs 107.45 crore expenditure of Rs 99.57 crore was incurred on different components and Rs 41.97 crore drawn on AC bills, DC bills for Rs 39.00 crore were not submitted to the Accountant General (July 2006) due to non-receipt of vouchers from field offices, private parties. There was unspent amount of Rs 8.69 crore as of March 2006 which should have been surrendered, was kept in banks (SBI: Rs 7.22 crore, Allahabad Bank: Rs 0.29 crore, Punjab National Bank: Rs 1.18 crore) in violation of Bihar Treasury Code. Amount of Rs 4.90 crore advanced during 2004-06 was booked as expenditure in violation of Government directions (April 1996). Advance of Rupees 13.95 crore were lying unadjusted with government official as well as private parties as of August 2006. No effective steps were taken to recover/adjust the advances.

3.5.3 *Irregular expenses*

3.5.3.1 *Wasteful expenditure on purchase of digital camera*

Four thousand digital cameras were purchased at a cost of Rs 2.56 crore drawn from contingency fund of state for the purpose of preparing the Electoral Photo Identity Card (EPICs) but the scrutiny disclosed that these cameras were not used for the preparation of EPICs rather private agencies were engaged for this purpose on which an avoidable payment of Rs 3.42 crore was made. The drawal of fund from contingency fund of state could only be made in case of emergent nature of work but the same was not followed by the CEO.

Further, the purchase was made through National Informatics Centre Services (NICS) for which an avoidable payment of Rs 16.89 lakh as administrative charge was also made due to non-purchase of cameras directly from the manufacturing company.

The reply of CEO (April) 2006 that these cameras were used at sensitive booths to prevent bogus voting was not acceptable as the specific purpose of preparation of photo identity card was not fulfilled.

3.5.3.2 *Purchase of articles of permanent nature*

Chief Secretary directed (1989) that election fund should be utilized for election purpose only. Purchase of articles of permanent nature from the election fund was strictly prohibited.

In test checked districts and CEO's office amount of Rs 9.08 lakh was incurred on purchase of permanent assets such as digital communicator, charger, cell phones, stabilizer, fax machine, TV, sofa sets, steel almirah etc. 17 mobile phones valuing Rs 0.78 lakh were not available in stock.

3.5.3.3 Irregular Payment

Rupees 9.52 crore² was paid for hiring of tent, shamiyana, and preparation of electoral photo identity cards (EPIC) between December 2004 and March 2006 to agencies which did not have any Bihar Sales Tax number and Service Tax number. In the absence of disclosure of registration number on the bills/ challans / invoices loss of sales tax and service tax revenue could not be ruled out.

The CEO stated (July 2006) that disclosure of service tax registration number on the bills was effective from 10 September 2004 and payer is not responsible to deduct/retain the service tax under the Finance Act, 1994, hence deduction and transfer of tax amount was not made. However the fact remains that purchases were made from such agencies during December to March 2006 when disclosure of service tax registration in bills was required under the Act.

3.5.3.4 Large variation in rates

During 2004-05, EPIC were prepared after inviting tender centrally by the CEO office at the rate of Rs 12.90 per card for on line³ and Rs 10.90 per card for off line⁴. However, in the assembly election (2005-06), the task for preparation of EPICs was decentralised to DEOs. It was noticed that there was large variation (Rs 6.10 to Rs 10.90 for off-line and Rs 8.25 to Rs 11.00 for on-line) in rates approved centrally or by different DEOs.

Similarly, in nine test checked districts⁵ it was noticed that the rate of photocopying of electoral rolls ranged between 45 paise and Rs one per copy. The rates were approved by the Divisional Commissioners for Lok Sabha election 2004 based on rates submitted by District Magistrates. These rates were also made applicable for two Vidhan Sabha elections. As there was huge number of pages for photocopying, suitable instruction should have been issued from CEO to bring down the rates.

3.5.3.5 Hiring of vehicles

In pursuance of High Court order, Transport Department fixed (October 2005) the rate of various types of vehicles. The excess payment of Rs 8.40 lakh was made in four test checked districts⁶ as vehicles were hired at higher rates between April 2004 and October/November 2005. Rupees 6.41 crore was paid

Excess payment of Rs 5.19 crore on hiring of vehicles at higher rates

² Banka : Rs 61.95 lakh; Bhagalpur : Rs 90.49 lakh; CEO, Patna : Rs 362.77 lakh; Chapra : Rs 53.08 lakh; Gaya : Rs 17.18 lakh; Katihar : Rs 32.71 lakh; Madhubani : Rs 25.26 lakh; Munger : Rs 33.67 lakh; Muzaffarpur : Rs 59.06 lakh; Nawada : Rs 11.57 lakh; Patna : Rs 103.15 lakh; Vaishali : Rs 101.35 lakh

³ Online : EPIC issued to the voters on the day of photography.

⁴ Offline : EPIC issued to the voters after the day of photography.

⁵ Bhagalpur, Vaishali, Patna, Banka, Chhapra, Nawada, Katihar, Munger and Muzaffarpur.

⁶ Bhagalpur: Rs 1.96 lakh, Gaya: Rs 2.93 lakh, Madhubani: Rs 2.57 lakh and Nawada: Rs 0.94 lakh

as hiring charges by 10 districts for hiring of vehicles against the norm of Rs 13.03 lakh per district resulting in excess payment of Rs 5.11 crore⁷.

Excess payment of Rs 5.59 crore due to excess retention of vehicles

The CEO decided (March 2004) that vehicles needed during election would be requisitioned only for five days. It was noticed that though fuel was supplied for five days but 957 vehicles were retained for 20 days resulting in excess payment of Rs 1.05 crore in Patna District (as per expenditure report March 2006). The CEO also decided (March 2004) that expenditure on fuel should be restricted to Rs 1.25 lakh per assembly constituency. In 272 assembly constituencies (last three elections) of 11 districts, expenditure of Rs 7.94 crore was incurred on fuel against admissible limit of Rs 3.40 crore resulting in excess expenditure of Rs 4.54 crore⁸. The reason for excess retention was not on record.

3.5.3.6 *Excess purchase of power pack batteries*

14500 power pack batteries costing Rs 15.02 lakh lying idle in stock

One lakh power pack batteries were purchased by CEO, Patna for Vidhan Sabha (February 2005) election of which, 62370 batteries were issued to 49684 booths. Again 53,000 batteries were purchased for Vidhan Sabha, (October/November 2005) election raising the stock position of batteries to 90630 against which, 76130 batteries were issued to 57177 booths. Thus, the remaining 14500 batteries valued at Rs 15.02 lakh were still lying idle in the stock (March 2006).

3.5.4 *Other points of interest*

3.5.4.1 *Holograms*

10.08 lakh⁹ holograms valuing Rs 1.61 lakh were not returned by the vendors in eleven districts in violation of the terms of agreement. Misuse of holograms for preparation of bogus EPIC cards may not be ruled out. Out of 11 test-checked districts, the proof of distribution of EPIC was shown in three blocks (Taraiya, Masarakh, Lahladpur of Saran district) only. It was noticed that against 95461 EPIC prepared, distribution records was available in respect of 14155 (15 per cent) cards only. The concerned DEO's issued reminder to vendors for return of holograms but none of the vendors returned holograms as of August 2006.

⁷ Patna: Rs 152.38 lakh, Katihar: Rs 25.14 lakh, Bhagalpur: Rs 27.02 lakh, Vaishali: Rs 22.20 lakh, Banka Rs 14.04 lakh, Gaya: Rs 109.91 lakh, Muzaffarpur: Rs 51.25 lakh, Chapra: Rs 68.55 lakh, Nawada: Rs 32.92 lakh and Munger: Rs 7.53 lakh.

⁸ Patna: Rs 77.25 lakh, Katihar: Rs 35.02 lakh, Bhagalpur: Rs 55.23 lakh, Vaishali: Rs 34 lakh, Banka: Rs 80.18 lakh, Gaya: Rs 31.96 lakh, Muzaffarpur: Rs 33.55 lakh, Madhubani: Rs 1.38 lakh, Chapra: Rs 51.34 lakh, Nawada: Rs 21.98 lakh and Munger: Rs 32.17 lakh.

⁹ Banka (0.52 lakh), Bhagalpur (0.64 lakh), Gaya (0.13 lakh), Katihar (0.06 lakh), Madhubani (0.58 lakh), Munger (0.07 lakh), Muzaffarpur (0.06 lakh), Nawada (2.12 lakh), Patna (2.21 lakh), Saran (2.11 lakh) & Vaishali (1.58 lakh)

Rupees 57 lakh
outstanding as
security deposit with
BSNL

3.5.4.2 Security deposit with BSNL not received back

For installation of temporary telephone connections, Rs 57 lakh was paid as security deposit to BSNL between April 2004 and October 2005 by CEO's office and 10 districts. Rs 57 lakh¹⁰ was outstanding as of August 2006 with BSNL though, temporary telephones connections were withdrawn.

The Dy. C.E.O. stated (July 2006) that BSNL had been requested to refund the security deposits but BSNL did not refund the amount as of October 2006.

3.5.4.3 Forfeited security deposits not credited to Government account

Under Section 34 of the People Representative Act, 1951 security deposits by the contestant to Parliament and State Legislature, is to be forfeited who fails to secure one sixth votes of the total votes polled and was to be credited to the revenue of the Government (August 2006).

Forfeited security
deposit amounting to
Rs 29.37 lakh not
credited to
Government account

In eight districts, Rs 29.37 lakh¹¹ was not credited to Government Account. Retention of forfeited security by District Election Officer in their Cash Books was in contravention of rules.

3.5.5 Conclusion

Financial management was deficient as reflected in booking of advances as expenditure, advances remained unadjusted, non-preparation of DC bills and payments to suppliers without any BST/CST and Service tax number. There was no uniformity in rates for preparation of photo identity cards and photocopying in test-checked districts. Thus, monitoring of election expenses by the CEO office was weak and deficient.

Recommendations

- Advances should not be booked as expenditure and unadjusted advances should be adjusted either through submission of voucher or recovery of outstanding amount.
- Payments should be made only to suppliers having BST/CST/Service Tax number.
- Documentation especially in case of hiring of vehicles and expenditure on fuel should be improved to authenticate payments.

The matter was reported to the Government (July 2006); their reply has not been received (October 2006).

¹⁰ Banka: Rs 3.00 lakh, Bhagalpur: Rs 2 lakh, CEO Patna: 24 lakh, Chapra: Rs 1 lakh, Gaya: Rs 4 lakh, Katihar: Rs 2 lakh, Munger: Rs 3 lakh, Muzaffarpur: Rs 2 lakh, Nawada: Rs 2 lakh, Patna: Rs 11 lakh and Vaishali: Rs 3 lakh.

¹¹ Muzaffarpur Rs 8.88 lakh, Madhubani Rs.6.71 lakh, Munger Rs 5.05 lakh, Nawada Rs 3.02 lakh, Banka Rs 0.90 lakh, Gaya Rs 1.98 lakh, Bhagalpur Rs 0.70 lakh, Saran Rs 2.13 lakh

BUILDING CONSTRUCTION DEPARTMENT

3.6 Working of the Building Construction Department

3.6.1 Introduction

The activities of Building Construction Department (BCD) are mandated for construction and maintenance of residential and non-residential buildings for all Government departments excluding Irrigation, Forest and Police Department. The department also executed construction works of buildings under Centrally Sponsored Schemes (CSS), Finance Commission grants and funds received from other administrative department under deposit works at headquarter and division level.

Department is headed by a Secretary and he is assisted by an Engineer-in-Chief (EIC) cum Special Secretary who is responsible for execution of the schemes with the support of three Chief Engineers (CE), 14 Superintending Engineers (SE) and 77 Executive Engineers (EE).

The accounts and relevant records of the offices of the Engineer-in-Chief, two out of three Chief Engineers, 14 buildings works divisions¹ out of 42 works divisions for the period 2001-06 were test-checked during April 2006 to June 2006. Besides, information was obtained from Finance and Building Construction Department at Secretariat level. Important points noticed are given in the following paragraphs:

3.6.2 Funding Pattern

Ad-hoc budgeting led to financial mismanagement

The State Government allocated funds to BCD under State Plan Head (4059-Public Works and 4216-Housing). For construction of judicial buildings, Government of India (GOI) also provided 50 *per cent* of plan provision. The funds for Eleventh Finance Commission (EFC) grants were given by GOI to administrative departments which in turn allocated to BCD. Besides, funds for construction of buildings under deposit works were also made available to the Secretary, BCD as well as directly to the divisions at district level by various administrative departments. The BCD prepared budget estimates for plan on the basis of outlay fixed by the State Planning and Development Department. These were not prepared on the basis of quantum of work planned for execution by the Department in a particular year which entailed risks of unnecessary provision and savings. The Department did not maintain budget control register due to which realistic assessment of expenditure and savings could not be made.

¹ Ara, Bhagalpur, Chapra, Darbhanga, Gaya, Hajipur, Katihar, Khagaria, Munger, Muzaffarpur, Construction Division No.I & II, Patna, Sasaram and Samastipur

3.6.3 Financial Management

3.6.3.1 Allotment of funds and expenditure

Against budget provision of Rs 490.62 crore (State Plan-Rs 96.79 crore, EFC-Rs 83.26 crore, CSS Rs 45.42 crore and deposit works-Rs 265.15 crore), expenditure of only Rs 169.12 crore (State plan-Rs 25.96 crore, EFC-Rs 40.49 crore, CSS-Rs 42.48 crore and Deposit works-Rs 60.19 crore) occurred resulting in savings of Rs 321.50 crore (State Plan Rs 70.83 crore, EFC-Rs 42.77 crore, CSS Rs 2.94 crore and deposit works Rs 204.96 crore) ranging from 34 to 79 per cent during 2001-06. Reasons for huge savings were not on record.

Under Deposit Works, funds allocated to divisions (Rs 60.19 crore) have been treated as expenditure of BCD. The Secretary stated (October 2006) that necessary instructions are being issued to budget section to ascertain correct expenditure figure.

3.6.3.2 Reconciliation of expenditure

The expenditure figures of the department did not tally with that booked in the accounts of the AG (A&E). Only five divisions had reconciled their works accounts with the figures of Accountant General up to March, 2006. The discrepancies occurred mainly due to non-maintenance of budget control register and non-reconciliation of figures by the department. This indicated that the accounting management of the department was poor. The Secretary stated (October 2006) that necessary steps would be taken to ensure reconciliation of accounts.

3.6.4 Execution of works

3.6.4.1 Physical progress

The physical progress of works of various departments during 2001-06 was as under:

(Rupees in crore)

Sl. No.	Name of the Department	Target		Completed works		Incomplete works		works not taken up
		Number	Value	Number	Value	Number	Value	Number
1	Law	92	53.43	53	20.33	20	13.23	19
2	Personnel	63	33.53	17	6.66	31	11.45	15
3	Jail	456	98.66	210	24.46	198	18.54	48
4	Youth, Art & Culture	8	6.69	5	2.55	3	4.14	--
5	Police	423	7.68	347	4.69	26	1.21	50
6(A)	Health	25	8.33	15	5.45	6	1.44	4
6(B)	PMGY, :Referral , PHC	70 395	29.08	21 101	12.50	43 125	9.20	6 169
7	Education	40	5.92	36	4.53	4	1.39	--
8	Welfare (OBC hostel)	25	62.98	3	2.95	13	7.59	9
9	Welfare (SC hostel)	2	2.30	--	--	2	1.85	--
	Total	1599	308.60	808	84.12	471	70.04	320

Note : The above table excludes deposit works and Rashtriya Sam Vikas Yojana (RSVY), as department was not aware of the funds made available directly to divisions by administrative departments for these works.

Huge savings of
Rs 321.50 crore

Out of 1599 works amounting to Rs 308.60 crore, 471 works (29 per cent) remained incomplete with an expenditure of Rs 70.04 crore as on March 2006. Besides, 320 works (20 per cent) valued Rs 154.44 crore were not taken up due to non-finalisation of tenders (80) and non-availability of site (240). In test checked districts, out of 1188 works² valued Rs 153.59 crore, 429 works (36 per cent) remained incomplete due to non according of technical sanction and delay in allocation of fund by department. 97 works were not undertaken due to non-finalization of tender and non-availability of site.

3.6.4.2 Works without technical sanction

As per provisions contained under para 126 of BPWA code, execution of work without Technical Sanction (TS) was not permissible.

Irregular payment on execution of works without technical sanction

However it was noticed in test checked division that out of 1188 works 305 works (26 per cent) valued Rs 64.80 crore were undertaken without T.S during 2001-06 on which payment of Rs 39.13 crore was made as of March 2006 as detailed below :

Name of Deptt	Total works	(Rupees in crore)		
		Works executed without T.S.		
		Number of works	Value	Payment
Jail	189	72	11.93	8.83
Law	33	10	2.94	2.00
Police	138	14	0.56	0.47
Health	416	141	14.16	9.55
Welfare	189	16	8.32	7.29
Personnel	112	8	1.96	1.78
Education	96	39	8.04	5.49
Youth Art & Culture	8	5	16.89	3.71
Animal Husbandry	7	-	-	-
Total	1188	305	64.80	39.13

The Chief Engineer (Design) issued (June 2005) instructions to obtain Technical Sanction before inviting tenders for which a complete check list for submission of proposals was issued. The execution of work without TS resulted in cost overrun and mid course change in the works design leading to delay in completion of work.

3.6.4.3 Unauthorised payment

Unauthorised payment of Rs five crore beyond contracted quantity

As per Government's instruction (August 1982), the work executed beyond contracted quantity by 10,15 and 25 per cent in particular item required sanction of Superintending Engineer, Chief Engineer and Government respectively.

In test checked divisions, Rs five crore³ was paid by Executive Engineers unauthorisedly to the contractors during 2001-06 for execution of 41 works beyond contracted quantity ranging from 10 to 2351 per cent without approval

² It includes works for which funds were made available directly to divisions under deposit works and RSVY from administrative departments.

³ Katiyar: Rs 27.06 lakh, Khagaria: Rs 107.98 lakh, Muzaffarpur: Rs 80.35 lakh, Samastipur: Rs 26.27 lakh, Const Div I Patna: Rs 95.42 lakh, Const Div II Patna: Rs 49.02 lakh, Sasaram: Rs 7.27 lakh, Chapra: Rs 11.09 lakh, Ara: Rs 4.56 lakh, Gaya: Rs 26.41 lakh, Munger: Rs 22.07 lakh, Bhagalpur: Rs 4.23 lakh, Hajipur: Rs 30.94 lakh and Darbhanga: Rs 6.94 lakh.

of competent authority. The Secretary stated (October 2006) that the payments were made for works within 10 *per cent* above the contracted amount. The reply is not tenable as Codal Provisions envisaged that particular items executed beyond 10 *per cent* required sanction of the Competent Authority.

3.6.4.4 Cost escalation

Cost escalation of Rs 21.66 crore due to change in design and time overrun

Cost escalation of Rs 21.66 crore was noticed in works due to commencement of work without approval of technical sanction, necessitating revision of administrative approval and mid-course change in design and drawings as detailed below:

(Rupees in crore and nos. in bracket)							
Name of Division	Name of the work	Period	Estimated Cost	Revised cost	Cost escalation	Payment (as on 10/2006)	Remarks
BCD Khagaria	14 Court Buildings.	02/2001 to 08/2005	1.41	2.36	0.95	2.11	Due to change in design and change in site.
BCD Muzaffarpur	16 Court buildings	05/2002 to 05/2005	1.77	2.76	0.99	2.23	Due to change in design from load bearing to framed structure.
Construction Div. I, Patna.	Haj Bhawan	03/2002 to 08/2006	3.30	5.56	2.26	2.46	Change in design
Construction Division-II, Patna	Sports complex	11/2002 to 06/2006	15.99	32.57	16.58	0.45	Non-submission of design and drawings by architect and non-approval of rates of unscheduled items.
BCD, Ara	Babu Kunwar Singh Sangrahalya, Jagdishpur	07/2003 to 05/2004	0.99	1.64	0.65	0.74	Change in design and drawings
BCD Katihar (60), Ara (26), Sasaram (20), Gaya (45), Patna (60), Samastipur (44)	Toilets in Jail	03/2002 to 03/2006	0.26	0.49	0.23	0.40	Time overrun
Total			23.72	45.38	21.66	8.39	

The Secretary accepted (October 2006) that revised estimates of Rs 32.57 crore for Sports Complex, Patna and Rs 5.56 crore for Haj Bhawan, Patna has been

submitted for revision of administrative approval by the administrative departments.

3.6.4.5 Undue financial benefit

Undue financial benefit of Rs 15.82 lakh to a consultant

An architect was engaged in January 1999 by Commissioner, Patna Division to prepare architectural, structural and other allied designs and drawings at a cost of 2.69 *per cent* of project cost which was to be paid in phases according to submission of various designs and drawings for construction of sports complex at Patna decided by Cabinet in April 1998. The consultant carried out design and drawing of boundary wall only for which Rs 12.31 lakh was payable as per contract provision. However, the EE paid Rs 28.13 lakh in February 2005. This resulted in undue financial benefit amounting to Rs 15.82 lakh to the consultant as of March 2006.

3.6.4.6 Unfruitful expenditure

Test-check disclosed that there was unfruitful expenditure of Rs 1.95 crore on the following works due to abandoning works in mid-course by the contractors.

(Rupees in crore)

Unfruitful expenditure of Rs 1.95 crore on incomplete projects

Name of Division	Name of the work	Agreement value	Payment (as on 10/2006)	Reason
BCD Sasaram and Ara	DIET buildings	1.51	0.79	Contractor abandoned the work (2003) due to non-availability of fund
BCD Sasaram	---do---	0.87	0.73	Contractor abandoned the work (June 2003, September 2005) No action was taken against the contractor.
BCD Muzaffarpur	Minority hostel	0.97	0.19	Contractor abandoned the work (July 2004) due to site problem.
BCD Katihar	Circuit House	0.31	0.24	Contractor abandoned the work (October 2002) due to increase in schedule of rates.
Total		3.66	1.95	

The Secretary stated (October 2006) that the concerned administrative departments have been asked to provide funds for completion of these projects.

3.6.4.7 Incomplete works despite availability of funds

A test-check disclosed that despite availability of funds, the following works remained incomplete due to delay in release/allocation of fund for the work.

(Rupees in crore)

Works valued Rs 38.11 crore remained incomplete despite availability of funds.

Name of Division	Name of works	Agreement value	Payment (as on 10/2006)	Remarks
BCD, Ara	Conversion of TB Sanatorium Koilwar into Mental hospital	2.50	1.78	Rs 1.22 crore lapsed (March 2005) due to failure of the department to draw it in time.
BCD Katihar (2), Munger (4), Purnea (2), Bhabhua (1),	10 Ayurvedic centres and three deaf and dumb schools under EFC	5.81	0.80	Rs 5.81 crore was provided (2001-02) by GOI for Special Problem Grant under EFC for 10 Ayurvedic Centres and three Deaf and Dumb schools,

Name of Division	Name of works	Agreement value	Payment (as on 10/2006)	Remarks
Sasaram (1)	grants.			Department kept Rs 2 crore in Civil Deposits out of which only Rs 80 lakh was released in March 2006.
14 test checked Division	Renovation of 25 RH 104 PHCs under PMGY	29.80	9.76	13 RHs (52 per cent) and 40 PHCs (38 per cent) remained incomplete due to delay in allocation of fund by the Department.
	Total	38.11	12.34	

The Secretary accepted (October 2006) that fund of Rs 1.22 crore lapsed due to communication gap and assured that such lapses shall not take place in future.

3.6.4.8 Doubtful payment on carriage of material

Doubtful payment of Rs 1.95 crore for carriage of materials without challans

As per provision contained under para 84 of BPWA code, every payment must be supported by a voucher setting forth full and clear particulars of the claim.

In test check, it was observed that six divisions⁴ made payment of Rs 1.95 crore for carriage of materials without obtaining supporting Challans. Besides, Form M & N were not submitted for procurement of stone chips from authorised lease holder, as required. Thus there was doubtful payment of Rs 1.95 crore for carriage of materials during 2001-06 besides possibility of illegal mining cannot be ruled out. The Secretary stated (October 2006) that necessary instructions would be issued to Divisions to obtain from M and N and challans for carriage in future.

3.6.4.9 Sub-standard execution of work

Sub-standard execution of work of fast track court at Hajipur : Rs 20.43 lakh

Payment of Rs 20.43 lakh was made (March 2004) to the contractor for construction of fast track court at Hajipur. At the instance of District and Sessions Judge, Hajipur the materials used in construction were tested in the Central Test and Investigation Laboratory, Patna (March 2003) and the test report indicated that sub-standard materials were used. The quality of work was approved by Sub-Divisional Officer, Quality Control Sub-division, Hajipur. Action taken for furnishing quality certificate against the Sub-Divisional Officer was not on record.

Sub-standard execution of work of Minority hostel, Gaya : Rs 71.39 lakh

Construction of 100 bed minority hostel at Gaya was allotted (December 2001) to a contractor at a cost of Rs 72.53 lakh. The work commenced in February 2001 to be completed in one year. Quality test report (August 2002) disclosed that materials used in construction were of sub-standard quality. However, Executive Engineer made payment of Rs 71.39 lakh to the contractor in March 2003 and the work remained incomplete. The Secretary stated (October 2006) that necessary rectification of substandard work would be carried out and if necessary deduction from contractor's bill would be ensured.

⁴ Construction Division I, Patna (Rs 54.48 lakh); Khagaria (Rs 32.54 lakh); Muzaffarpur (Rs 15.99 lakh); Samastipur (Rs 49.60 lakh); Ara (Rs 19.33 lakh) and Construction Division II, Patna (Rs 23.23 lakh).

3.6.5 Manpower management

Scrutiny of records of the sanctioned strength and men in position of officers at headquarter and test checked divisions disclosed that there was inadequate manpower in the Department.

Name of post	Sanctioned Strength		Men-in-position		Remarks
	Hqr.	test checked Division	Hqr.	test checked Division	
Engineer-in-Chief	1		Nil		Due to inadequate strength the work was adversely affected as commented in para 3.6.5 and 3.6.6
Chief Engineer	3		Nil		
Superintending Engineer	19		2		
Executive Engineer	77	14	71	13	
Assistant Engineer	302	50	183	33	
Junior Engineer	422	128	492	87	
Estimating Officer		11		4	
Architect Wing					
Chief Architect	1		Nil		
Sr. Architect	1		Nil		
Asstt. Govt. Architect	5		2		
Architect Assistant	5		4		
Quality Control Wing					
Assistant Director	2	14	2	2	

In the absence of adequate manpower, technical work such as according technical sanction, quality control and monitoring suffered. The Secretary admitted (October 2006) that there is shortage of manpower in the department and design works would be done through outsourcing manpower.

3.6.6 Quality control

Quality Control Wing headed by Superintending Engineer at headquarters level with the assistance of Assistant Director at division level was responsible to conduct quality testing of materials. Assistant Directors were not posted in 12 divisions out of 14 test checked divisions. Sub Divisional Officers were entrusted the responsibility of quality control as regular Assistant Directors were not posted. The quality testing laboratory existed in three divisions⁵ out of 14 test-checked lacked infrastructure facilities for testing. Funds were not provided to quality control sub-divisions of test checked divisions for purchase of testing equipments and chemicals. Thus, the quality testing certificates issued by the Quality Control Sub-divisions were doubtful. There was nugatory expenditure of Rs 77.26 lakh on pay and allowance of staff and officials of four non functional quality control sub-divisions⁶ during 2001-06.

The Secretary stated (October 2006) that necessary steps for setting up Quality Control Wing at circle level would be taken to improve the system.

3.6.7 Monitoring

The monitoring cell headed by Director under EIC was responsible for coordination and monitoring of schemes with the assistance of two Deputy Directors. The works were executed without approval of technical sanction on

⁵ Muzaffarpur, Construction-I Patna and Sasaram

⁶ Samastipur: Rs 4.29 lakh, Muzaffarpur :Rs 25.33 lakh, Construction Division I Patna: Rs.38.15 lakh and Hajipur:Rs 9.49 lakh .

the basis of approved BOQ, unauthorized payment was made to the agency for beyond the agreement quantity of works and works remained incomplete which indicated lack of monitoring by the department. At audit instance, the Secretary directed the Chief Engineer to monitor construction works of the department at every six month.

3.6.8 Conclusion

Financial control was non-existent as reflected in huge savings and unrealistic assessment of expenditure figure in deposit works. Planning and Development Department fixed targets for construction of buildings under different schemes to be implemented by BCD. Against completion target of 1599 works, only 808 works were completed leaving 471 works incomplete and 320 works were not taken up. Three hundred five works in test-checked division valuing Rs 64.81 crore were executed without technical sanction resulting in cost escalation of about Rs 21.66 crore. Unfruitful expenditure of Rs 1.95 crore was noticed in test checked divisions on abandoned buildings. Design wing of the department was almost non-existent due to shortage of technical manpower at headquarter and division levels. The equipment and infrastructure required for quality testing were not available in the laboratories as such the certificates of quality issued by quality control sub divisions were doubtful.

Recommendations

- Assessment of actual expenditure under various deposit works should be ensured to make budget provision realistic.
- Technical sanction of detailed estimates should be obtained before commencement of work.
- Incomplete works should be completed on a priority basis and works should be undertaken only after site selection and availability of funds.
- Quality control mechanism and monitoring mechanism should be strengthened.

The above points were reported to Government (July 2006); their reply (October 2006) has been incorporated in the report at appropriate places.

WELFARE DEPARTMENT

3.7 Educational Development of SC/ST

3.7.1 Introduction

Various educational schemes are being implemented by the Union and State Governments to enable the SCs/STs to upgrade their educational levels. The objective of these schemes is to increase enrolment and retention of SCs/STs in educational institutions and increase their representation in higher educational and professional institutions, and in jobs. The State government had not implemented the welfare schemes effectively in regard to payment of scholarship to post matric students, supply of uniform to SC/ST girls and utilization of hostels. The following schemes were implemented by State Welfare Department.

Centrally Sponsored Schemes: Post Matric Scholarship; Pre Matric Scholarship to the children of those engaged in unclean occupation; Book bank scheme; Pre-examination training centers (PETC) and Hostel for SC/ST Community;

State Schemes: Technical Scholarship; High School Scholarship; Middle and Primary Schools scholarship; Scholarship to students of Musahar community; Maintenance of SC/ST residential schools and hostels; Supply of uniform to girls students and running of Industrial school.

Department is headed by Commissioner and Secretary who is assisted by Director at Headquarter level, Deputy Directors at divisional level and 37 District Welfare Officers (DWO) at district level. The implementation of schemes was reviewed by test check of records of 10 districts¹. The important points noticed are given in the following paragraphs:

3.7.2. Planning

No survey conducted to ascertain the targeted students

Department had not carried out any survey to ascertain the number of SC/ST students under each scheme. As such the actual number of students to be covered under different scheme was not available with the department except for the age groups 6 to 11, 6 to 14 and 11 to 14 for the year 2005-06. In the absence of these figures the projection of funds for implementation of various schemes was without any basis. Secretary accepted (October 2006) the audit contention and assured to create a data base of all the beneficiaries in the state.

3.7.3 Financial management

3.7.3.1 Budget and expenditure

Budget provisions vis-a-vis, expenditure incurred on educational schemes by the department during 2001-06 was as under:

¹ Bhagalpur, Darbhanga, Gaya, Jamui, Muzaffarpur, Nawada, Patna, Purnia, Sasaram and Siwan

(Rupees in crore)

Year	Category	Budget	Central assistance released by the GOI	Funds provided by the State Government	Total funds available	Total expenditure	Savings	percentage of saving
2001-02	SC	50.07	0.43	47.57	48.00	30.25	17.75	37
	ST	5.67	-	5.51	5.51	3.77	1.74	32
2002-03	SC	46.66	0.20	42.80	43.00	36.55	6.45	15
	ST	5.68	-	5.19	5.19	3.91	1.28	25
2003-04	SC	50.22	0.06	44.96	45.02	38.92	6.10	14
	ST	5.68	-	5.26	5.26	4.21	1.05	21
2004-05	SC	60.64	10.21	49.06	59.27	46.00	13.27	23
	ST	5.90	-	5.70	5.70	4.37	1.33	24
2005-06	SC	61.98	0.13	54.63	54.76	36.70	18.06	33
	ST	7.39	-	7.13	7.13	4.49	2.64	37
Total		299.89	11.03	267.81	278.84	209.17	69.67	25

(Figure furnished by the Welfare Department)

Huge saving due to late release of funds

It may be seen from the table that the savings ranged between 14 and 37 per cent in case of SC, and 21 to 37 per cent in case of ST, during 2001-06. Savings were mainly due to release of funds in the month of March by the State Government during 2001-02 and late release of funds during 2002-06. In six test-checked districts against the available funds of Rs 4.59 crore Rs 2.91 crore* (63 per cent) was lapsed due to late receipt of funds during 2001-04.

3.7.3.2 Non submission of Utilization certificates**Utilisation certificate in respect of Rs 33.72 crore not furnished.**

In ten test-checked districts, the DWOs released Rs 33.72 crore to the 10 Block Development Officer² (BDO) during 2001-06, for disbursement of scholarships to Pre-Matric (High school, Primary and middle school) students for SC/ST, scholarship to the children of those engaged in unclean occupation and scholarship to the student of Mushar Community but the utilization certificate were not furnished by the BDOs as of July 2006.

3.7.4 Implementation of schemes**3.7.4.1 Non-payment of scholarship to post matric students****Denial of scholarship due to shortage of funds.**

The total number of students enrolled in post matric classes/courses and total number of applications received for scholarship were not available in test-checked districts, except in Gaya and Muzaffarpur. In the absence of these figures, audit could not ascertain the extent of coverage of the students. Amount of Rs one crore pertaining to above scheme for the period 2004-05 was lying unspent in Patna, Jamui, Purnea and Siwan districts as of August 2006 whereas in Muzaffarpur district 1301 SC students were denied scholarship due to shortage of funds during 2004-06. In Gaya district, 2300 SC and 19 ST students were also deprived of scholarship during 2001-02 and 124 SC students in 2003-04 due to shortage of funds.

* Darbhanga :Rs 7.67 lakh; Gaya: Rs 102.49 lakh; Jamui: Rs 18.47 lakh; Muzaffarpur: Rs 49.71 lakh; Sasaram: Rs 76.02 lakh and Siwan: Rs 36.61 lakh.

² Patna: Rs 5.18 crore; Muzaffarpur: Rs 3.72 crore; Gaya : Rs 6.37 crore; Nawada : Rs 2.55 crore; Siwan Rs 2.20 crore; Darbhanga: Rs 3.24 crore; Purnea : Rs 2.69 crore; Bhagalpur: Rs 3.23 crore; Jamui : Rs 1.80 crore and Sasaram: Rs 2.74 crore.

3.7.4.2 *Non-supply of uniform to SC/ST girls*

The objective of the scheme is to supply two sets of uniforms at the rate of Rs 250 per set to school going SC/ST girls of class I to VIII who were not covered under any other scheme. Only Rs 0.14 crore (70 per cent) was spent against the available funds of Rs 0.20 crore in the test checked districts. Thus the department did not provide uniforms to all the targeted SC/ST girl students despite availability of funds.

3.7.4.3 *Closure of Industrial School*

Defunct industrial school

The Government established (1958) an Industrial School at Patna for providing free training to the SC/ST students for development of skills and self employment. Though 34 students were on roll in 2003-04 for training but the trainers were transferred (January 2004) by the department and consequently industrial school became non functional. Thus the department denied the intended benefit to the SC/ST students.

3.7.4.4 *Utilisation of hostels*

Non functional hostels

Out of available 131 SC/ST hostels, only 71 hostels (54 per cent) were functional in the state. A test check of records disclosed that against the capacity of 15220, 11589 were provided the accommodation. Short utilisation of hostel facilities was attributable to the location of hostels in remote areas, lack of basic infrastructure facilities like water, electricity, toilets, dilapidated buildings as well as non-deployment of staff.

3.7.4.5 *Inadequate deployment of teaching staff in residential schools*

Residential schools without adequate teaching staffs

A test check of records of 22 residential schools out of 66 disclosed that the teaching staff posted was inadequate. It ranged between 28 and 46 per cent of sanctioned strength only. Thus the students were deprived of quality education due to shortage of teaching staff.

3.7.4.6 *Unfruitful expenditure on the scheme for pre examination coaching*

Unfruitful expenditure on pre examination coaching

This scheme has been in operation since the 4th Five Year Plan period. The objective of the scheme aimed to provide pre-examination coaching (PEC) to the students belonging to SCs/STs/OBCs/Minority communities for improving their representation in services for which examinations are conducted by Public Service Commissions, SSC, Recruitment boards, Public sector undertakings and other Central Government agencies.

During the period 2001-06, 709 students were provided coaching in different courses by spending Rs 48.57 lakh on account of running of three institutions in Patna, Bhagalpur and Darbhanga. Following interesting points were noticed:

- During the years 2001-06, 255 students were trained for pre examination training in Patna. However, categorywise data of students who secured jobs were not available on record.
- The centre at Bhagalpur was closed from 2001-04 due to non-allotment of funds. 96 students were enrolled against which 30 students have secured jobs in Technical Departments.

- In Darbhanga, 358 students were trained and only 17 students have secured job in Medical and Engineering during the years 2001-05. Further no enrollment was shown for any courses in 2005-06.
- Out of 454 students who have obtained training, only 47 students could secure job except Patna. However, not even a single student could succeed in Union Public Service Commission examination.

3.7.4.7. Book bank scheme

The objective of the centrally sponsored scheme is to provide access to the latest books to all SC/ST students of professional courses. One set of books are to be purchased for two students for all under graduate courses and one set for each student for post graduate course and chartered accountancy. Expenditure of Rs.19.83 lakh only was incurred against available funds of Rs 52.46 lakh (State Rs 45.08 lakh; Centre Rs 7.38 lakh) during 2001-06. The separate figures of SC/ST students regarding issue of books were not maintained in the book-bank.

3.7.5 Monitoring

The guidelines of Welfare Directorate prescribed monthly monitoring and inspection of subordinate offices and schemes by the individual officers from Director to Block Welfare Officer level. This included monthly inspection of colleges and schools, residential schools and hostels regarding distribution of scholarship and evaluation of hostel facilities including accommodations. Scrutiny of records relating to monitoring and supervision of schemes showed that the inspections were not carried out.

3.7.6 Conclusion

The Planning was deficient as no survey had been conducted for ascertaining the targeted students under each scheme. In absence of these figures the projection of fund for implementation of various schemes was without any basis and the extent of coverage of each scheme could not be ascertained. A large number of students belonging to SC/ST were deprived of scholarships due to non-utilisation of funds. Industrial school closed down due to non deployment of staff.

Recommendations

- Survey of targeted population should be carried out and targets should be fixed for each scheme.
- Effective steps should be undertaken for creation of awareness among the targeted people regarding benefits and other aspects of ongoing schemes.
- Effective monitoring at school, college, blocks, sub-division and district levels at regular intervals should be introduced.

The above points were reported to Government (September 2006); their reply has not been received (October 2006).

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 Suspected Fraudulent drawal/misappropriation/ embezzlement/ losses

WATER RESOURCES DEPARTMENT

4.1.1 *Fraudulent payment*

Fraudulent payment of Rs 17.84 lakh on account of carriage of stone chips besides recovery of royalty of Rs 3.51 lakh on material not made.

Chief Engineer, Water Resources Department, Patna allotted construction of WBM service road on Patna main canal between 53 Km and 57.90 Km and restoration works of structures between zero Km and 17.457 Km of Mali Rajwaha to two contractors at the cost of Rs 80.54 lakh and 56.40 lakh respectively. Executive Engineer (EE), Irrigation Division, Daudnagar (Aurangabad) accordingly executed the agreements in September 2003 and November 2003 respectively.

As per agreement stone metal and chips were to be obtained from Karbandia mines, Rohtas and lead plan of carriage (105 km from work site) was also derived accordingly. As per Bill of Quantity, 6190 cu.m stone metal and chips were to be used in both the works against which, 6076 cu.m stone chips were consumed.

Audit scrutiny revealed (June 2005) that the challans submitted by contractors for carriage of 3511 cu.m stone chips by 496 trucks were not issued by the District Mining officer (DMO), Sasaram as certified (November 2005) by him on being requested by the audit and stated that these appear to be fake. Thus, without ascertaining the actual receipt of stone chips fraudulent payment of Rs 17.84 lakhs¹, on the carriage of 3511 cu.m stone chips was made to the contractor. Besides, royalty of Rs 3.51 lakh was also recoverable from the contractor. The matter needs detailed investigation.

The matter was reported to Government (March 2006); their reply has not been received (October 2006).

¹ Total Fake challan for 3511cu. m stone chips was calculated on proportionate basis with reference to payments made for utilisation and carriage of stone chips for both the works separately.

RURAL DEVELOPMENT DEPARTMENT

4.1.2 Misappropriation/ defalcation of government money

Non-adherence to codal provisions in block offices facilitated defalcation of government money to tune of Rs 10.32 lakh.

Rule 86 of Bihar Treasury Code Vol.1 provides that every Government servant receiving money on behalf of Government is required to maintain a cash book to record all money transaction 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. At the end of each month he should physically verify the cash balance and record a certificate to that effect. During test check it was noticed that the Block Development Officers (BDOs) did not adhere to these codal provisions resulting in non-accounting, misappropriation and defalcation of government money to the tune of Rs 10.32 lakh as detailed below:-

Modus operandi of defalcation	Period during which defalcated	Amount of defalcation (Rupees in lakh)
<i>I. BDO, Tekari (Gaya) (Test-checked in May and December 2005).</i>		
1. Five cheques valued Rs 15.59 lakh received by the cashier of Tekari Block from DRDA, Gaya between June 2001 and March 2002 were deposited (June 01 to April 02) into banks. Rupees 15.59 lakh was drawn by cashier/BDO through self cheques and misappropriated. Test check of records (May 2005) of BDO, Tekari (Gaya) disclosed that the department had detected defalcation of Rs 11.83 lakh out of total Rs 15.59 lakh and lodged FIR (June 2004) against the then Nazir. Meanwhile, Nazir deposited Rs 3.95 lakh (September 2002 to February 2003). However, the defalcation of Rs 3.76 lakh could not be detected by the department and no action was taken to book/recover the amount detected at the instance of audit (May 05).	2001-02	3.76
2. Against total receipt of Rs 31.50 lakh (OB Rs 5.81 lakh + Rs 25.69 lakh), Rs 27.90 lakh only was shown as grand total on the receipt side of the cash book on 18 April 2002. This resulted in cash shortage of Rs 3.60 lakh which was defalcated by the cashier.	2002-03	3.60

3. Out of Rs 56 lakh shown as part of closing balance of cash in shape of unadjusted/ unadmitted vouchers, vouchers for Rs 2.96 lakh was not passed by the BDO for payment but was shown as part of closing balance of cash on 31 March 2005. This resulted in cash shortage/defalcation of Rs 2.96 lakh.	2004-05	2.96
Total		10.32

The above points were reported to the Government (July 2006); their reply has not been received (October 2006).

WATER RESOURCES DEPARTMENT

4.1.3 Payment for doubtful carriage of earth

In the absence of revised lead plan, non-acquisition of temporary land, payment of crop compensation and certification of actual lift of earth by CE, payment of Rs 2.86 crore to the contractor was for doubtful carriage of earth.

For execution of earth work (6.18 lakh cu.m.) in Jamania main pump canal (0 km to 18.20 km), the Chief Engineer, Water Resources Department (WRD), accorded administrative approval during 1992-1998 and technical sanction for Rs 2.43 crore during 1998 to 2002 with due date of completion of work between March 2003 to December 2005. As per original estimate, lead for carriage of earth was given up to 1.5 Km (approx). A test check of four agreements² of the said work disclosed that WRD revised the lead between December 2000 to July 2005 on the ground that earth was not available near worksite and subject to condition that the lead provided for carriage of earth by mechanical means would be verified by the Chief Engineer (CE) and necessary certificate would be recorded in the Measurement Book (MB) before release of payment. Accordingly, supplementary agreements of additional lead up to 5 Km (approx) for lifting of earth by mechanical means were executed by the division with the contractors which resulted in enhancement of estimated cost from Rs 2.39 crore to Rs 5.07 crore. The division paid Rs 2.86 crore in excess for carriage of 6.40 lakh cu.m of earth to the contractors between September 2004 and January 2006.

It was noticed that revised approved lead plan for carriage of earth i.e. details of plot from where earth was to be obtained and carried in original as well as in supplementary agreements was not available on record. The certificate by the CE in MB was also not recorded though it was required before making payments. Further, the quantity of earth lifted for the above work was for 6.40 lakh cu.m but the source from where the earth was brought could not be ascertained as the division had neither acquired

² (a) 5 F2/98-99: Rs 98.18 lakh (b) 29 F2/2000-01: Rs 57.40 lakh (c) 5 F2/2002-03: Rs 57.31 lakh (d) 40 F2/2004-05: Rs 22.71 lakh

temporary land nor paid any crop compensation though, it was provided in the estimates.

Thus, in the absence of revised lead plan duly approved by the CE, non-acquisition of temporary land, non-payment of crop compensation and non-certification of actual quantity of lifted earth in the concerned MB by the Chief Engineer, the payment of Rs 2.86 crore was for doubtful carriage of earth.

The matter was referred to the Government (July 2006), their reply has not been received (October 2006).

4.1.4 Loss due to supply of sub standard cement

Payment against substandard cement, excess payment and non-imposition of penalty besides execution of sub standard work entailed a loss of Rs 1.12 crore.

The Director, Purchase and Transport, Water Resources Department placed orders between December 2002 and January 2003 for supply of 19464 MT cement conforming to I.S. 269/1989, 33 grade. The terms and conditions of the purchase order stipulated that in case the supply was found to be of sub standard quality, it was to be replaced by the supplier at their own cost and in addition penalty at the rate of two per cent of the value of cement supplied was also to be imposed. Payment was to be made to supplier by the consignee divisions through bank draft to be kept ready against proforma bill. On receipt of full quantity at consignee godown and on receipt of OK test report from the Irrigation Research Institute (IRI) Khagaul, Patna the above bank draft was to be handed over to the supplier.

A test check (January 2006) of records disclosed that 4712 MT of 33 grade cement valued at Rs 1.19 crore supplied by the company A to ten³ divisions between May 2003 and March 2004 were found below the specification as per test report of IRI (15-03-2003 to 19-08-2003). The compressive strength (*Appendix-XXXIII*) of supplied cement when mixed with three part of sand was found nine Mega Pascal (Mpa) to 20 Mpa as against required 16 Mpa to 33 Mpa for 33 grade cement. The Director, Purchase and Transport issued instruction (March 2003) to Chief Engineers to stop payment of firm till review of test report and subsequently directed the supplier (June 2003) to replace the sub standard cement. But supplier did not replace the sub standard cement

³ 1. Irrigation division no 3, Jamui, (12/02 to 6/03) 2. Western Koshi Canal division, Khutauna (1/03 to 6/03) 3. Tirhut Canal Division, Motihari, (NA) 4. Irrigation division, Murliganj, (1/03 to 9/03) 5. Western Koshi Canal division, Darbhanga, (01/03 to 6/03) 6. Saran Canal Division, Marhaura, (02/03 to 6/03) 7. Triveni Canal Division, Narkatiyaanj, (05/03 to 03/04) 8. Flood Control Division, Begusarai, 9. Drainage Division, Samastipur 10. Ganga Pump Nahar division, Bateshwarsthan, (03/03 to 04/03).

and contrary to the instructions of the Government, eight divisions⁴ released payment of Rs 1.10 crore between January 2003 and March 2003 even without imposing the penalty of Rs 2.25 lakh as envisaged in the purchase order.

It was also observed that sub standard cement was utilised in works worth Rs 8.11 crore under six divisions⁵ during the years 2003-06 and in one division (T.C Division, Narkatiaganj) 30.75 MT Cement was lying in stock (March 2006) and in another division (FCD, Begusarai) 57.5 MT cement was returned. As such, the quality of work in which cement was used, was not up to the desired standard.

Thus, Government suffered loss of Rs 1.12 crore due to payment against substandard cement and non-imposition of penalty besides use of substandard cement in execution of work worth Rs 8.11 crore.

The Director, Purchase and Transport, in his reply (February 2006) stated that concerned officers would be held responsible for payment without quality test report but no action was taken against the erring officials as of July 2006.

The matter was reported to Government (July 2006); reply received was silent on the issues raised by audit.

RURAL DEVELOPMENT DEPARTMENT

4.1.5 Non-accountal of foodgrains

6186 MT foodgrains valued at Rs 8.48 crore was not accounted.

Sampoorna Grameen Rozagar Yojana (SGRY) a centrally sponsored scheme is aimed at to provide additional wage employment and food security in rural areas. In order to achieve this objective, the Govt. of India (GOI) provides rice to the District Rural Development Agencies (DRDAs) free of cost for payment of wages at the rate of 5 kg / man-days to wage earner. The rice allotted under SGRY by GOI is lifted by district level depot of State Food and Civil Supply Corporation (SFC) from the nearest depot of Food Corporation of India (FCI) on release authorization issued by FCI based on allocation made by DRDA. The SFC further distributes rice to Public Distribution System (PDS) dealers as per allotment made by DRDA to the scheme implementing agencies.

⁴ 1. Irrigation Division no. 3, Jamui, 2. Western Koshi Canal Division, khutauna, 3. Tirhut Canal Division, Motihari, 4. Irrigation Division, Murliganj, 5. Western Koshi Canal Division, Darbhanga, 6. Saran Canal Division, Marhaura, 7. Triveni Canal Division, Narkatiaganj, 8. Ganga Pump Nahar Division, Bateshwarsthan.

⁵ Irrigation Division No.3, Jamui, Western Kosi Canal Division, Khutauna, Western Kosi Canal Division, Darbhanga, Saran Canal Division, Marhaura, Triveni Canal Division, Narkatiaganj, Flood Control Division, Begusarai

Scrutiny of records of DRDA, Darbhanga, FCI, SFC, seven test-checked blocks⁶ and 85 panchayats alongwith 129 PDS dealers of Darbhanga district and two blocks of Nalanda district disclosed non-accountal of 5561 MT rice in Darbhanga and 625 MT rice in two blocks of Nalanda as discussed in the succeeding paragraphs.

- Based on allotment made by DRDA, SFC Darbhanga lifted 21849 MT rice from FCI godown during the years 2001-04. Of this 18429 MT were supplied to PDS dealers. Against balance of 3420 MT in the records of SFC it was shown as 787 MT only. Thus there was non-accountal of 2633 MT in SFC, Darbhanga.
- SFC Darbhanga supplied 3909 MT rice to five⁷ blocks, of which, utilisation was only for 2062 MT. The balance with the PDS dealers should have been 1847 MT whereas it was shown as 637 MT. Thus, there was shortage of 1210 MT. Further test check of PDS dealers of 85 panchyats of seven blocks⁸ disclosed that against the 5133 MT rice supplied by SFC to panchayats, the utilisation certificate of only 3415 MT was furnished by Panchayat Sevaks/PDS dealers but could not furnished the accounts for balance quantities resulting into short accountal of 1718 MT.
- Test check of records of PDS dealers of two blocks⁹ of Nalanda district disclosed that against the 1720 MT rice lifted from SFC, the distribution was of 705 MT but the balance in stock was 390 MT which should have been 1015 MT resulting in short accountal of 625 MT.

Thus, 6186 MT rice valued at Rs 8.48 crore (at the rate of Rs 13705 per MT) was short accounted and needs detailed investigation.

The matter was reported to Government (May 2006); their reply has not been received (October 2006).

RURAL DEVELOPMENT DEPARTMENT

4.1.6 Unauthorised payment

Unauthorised payment amounting to Rs 1.37 crore of IAY funds to non-BPL families besides doubtful payment of Rs 6.29 lakh.

Indira Awas Yojana (IAY), a centrally sponsored scheme is aimed to provide dwelling houses to below poverty line (BPL) rural households. During the year 2004-05, IAY funds amounting to Rs 58.37 crore was made available to Madhubani district in order to provide assistance to all such families whose houses were completely damaged due to flood in 2004

⁶ Darbhanga, Bahadurpur, Manigachhi, Singhwara, Keoti, Hayaghat and Baheri
⁷ Keoti, Manigachhi, Singhwara, Hayaghat and Baheri.

⁸ Bahadurpur, Baheri, Darbhanga, Hayaghat, Keoti, Manigachhi, and Singhwara

⁹ Biharsharif and Hilsa.

subject to fulfillment of all the conditions laid down under IAY guidelines and deviation of funds was not admissible.

Test check of records of Pandaul, Madhepur and Rahika blocks of Madhubani district (June-August 2005) showed following irregularities in distribution of IAY funds.

(i) Cross checking of BPL list of 1998-2003 in vogue, with that of 243¹⁰ IAY beneficiaries under Pandaul block and Madhepur block revealed that 170 such beneficiaries (Pandaul : 110; Madhepur : 60) whose names did not figure in BPL list, were paid Rs 30.78 lakh¹¹ during the year 2001-05. Further, as per report of DM submitted to the Disaster Management Department, Government of Bihar only 11 panchayats out of 26 were declared as flood affected. But Rs 1.01 crore was irregularly distributed to 422 persons of non-flood affected panchayats during the year 2004-05.

(ii) Payment to more than one member of a family was not permissible under IAY guidelines. In Madhepur block payment of Rs 5.70 lakh was made in 2004-05 to 91 members of 40 families and in none of the cases BPL number was mentioned in the records.

(iii) Payments of IAY funds (flood) amounting to Rs 6.29 lakh were made to 61 beneficiaries in Rahika block during 2004-06 without their proper identification by Panchayat Sevak, Jan Sevak or Karamchari as instructed by DM and without obtaining the signatures of the recipients and payment vouchers were not signed by the concerned BDOs. Thus, payment of Rs 6.29 lakh was doubtful.

Thus unauthorised payment of Rs 1.43 crore of IAY funds was made for which no responsibility was fixed and matter needs investigation.

On being enquired the BDO and circle officer of Pandaul and Madhepur block stated that the beneficiaries were selected on the basis of BPL list of the year 2004 available in the District office and the BPL numbers were not recorded due to want of requisite information. The reply was not tenable as BPL list of 1998-03 was enforced in the state during the aforesaid period as well as both the officers failed to discharge their duty with respect to adherence of IAY guidelines.

The matter was referred to the Government (May 2006); their reply has not been received (October 2006).

¹⁰ Number of beneficiaries: (a) Pandaul block (Belahi, Meghaul and Bhagwatipur panchayats): 143 (b) Madhepur Block (Darah panchayat): 100. Total: 143 + 100 = 243 beneficiaries.

¹¹ Rs 2.48 lakh in 2001-02, Rs 2.40 lakh in 2002-03, Rs 2.40 lakh in 2003-04 and Rs 23.50 lakh in 2004-05.

HUMAN RESOURCES DEVELOPMENT DEPARTMENT (HIGHER EDUCATION)

4.1.7 Loss on account of payment of salary to irregularly appointed staff

In violation of Supreme Court orders, the University continued services of employees which led to irregular payment of Rs 88.21 lakh on account of payment of salary.

Hon'ble Supreme Court in its judgment (October 2004 on CA no. 6098/1997) laid down guidelines for absorption of teaching and non teaching staff of affiliated colleges converted as constituent colleges in August 1986. The judgment while accepting the findings of one man enquiry commission set up by the Court, directed to absorb employees who were either appointees against sanctioned posts or were working against additional posts for which recommendations were sent by the universities to the State government before the cut off date (30 April 1986). The judgement prohibited absorption of those employees whose recommendations were sent by the universities after the cut off date or were working on the unsanctioned posts. Copy

The scrutiny of records of four constituent colleges (converted from affiliated colleges) of Bhim Rao Ambedkar Bihar University Muzaffarpur (May 2006) disclosed that 23¹² teachers and 38¹³ non-teaching staff (Class-III : 24 and Class IV : 14) were being continued in service in contravention of Hon'ble Supreme Court's judgement as their services were neither against the already sanctioned post nor figured in the list of employees whose services were recommended for absorption by the enquiry commission and Rs 88.21 lakh approximately (Rs 54.67 lakh to teachers and Rs 33.54 lakh to non-teaching staff) in pre revised pay scale was paid to them on account of salary for the period November 2004 to February 2006 from Grants-in-aid for the year 2005-06. Also, a wrong certificate was issued in November 2005 on the preface of the budget 2006-07 by the University to the State Government stating that the calculation of emoluments of teaching and non-teaching staff had been done in the light of Hon'ble Supreme Court's judgement (on CA no. 6098/1997). Copy

Further, the university instead of terminating their services issued notifications (August 2005, December 2005) regarding absorption/regularisation of 17 teachers of RLSY College Bettiah and one teacher of Samta College, Jandaha. However, no notification was issued for remaining five teachers and 38 non-teaching staff. The scrutiny of notification orders also disclosed that 17 teachers of RLSY College

¹² RLSY College Bettiah (20), Samta College Jandaha(3)

¹³ RLSY College Bettiah (27), Samta College Jandaha (7), Mahila College, Hazipur (2)
K.C.T.C.College Raxaul(2)

Bettiah, notified for absorption/regularisation, were not found working on the date the college became a constituent college and thus they were ineligible as per the enquiry commission's report.

Thus, unauthorised continuance of services of ineligible employees by the university led to irregular payment of Rs 88.21 lakh.

The department replied (November 2006) that the matter raised by audit is under active consideration of the State Government.

4.2 Infertuous/ wasteful expenditure and overpayment

PUBLIC HEALTH ENGINEERING DEPARTMENT

4.2.1 Loss due to flawed evaluation of bids

Flawed evaluation of bids led to irregular award of purchase order causing loss of Rs 2.45 crore besides non-imposition of penalty for Rs 58 lakh.

The Public Health Engineering Department floated (September 2004) an NIT for procurement of 84126 metres ductile iron pipes (DI pipes) of different sizes. Two Kolkata based firms 'A', 'B' participated in the bid. Another firm 'C' a Delhi based firm, claiming better product and more competitive rates requested the department (October 2004) for extension of due date of tender (03.11.2004) by one month in order to enable them to participate in the bid. However, the request of the firm was not entertained and the purchase committee considered offers of only two Kolkata based firms.

Accordingly, ten purchase orders (POs) valued at Rs 8.46 crore for 83212 metres pipes were placed (March & July 2005) with both the firms on item wise lowest rate offered by them. The materials were to be supplied within 60 days from the date of issue of POs failing which a maximum penalty of 10 per cent of the ordered value was to be imposed. However, delivery of materials against seven POs of March 2005 was affected during July-August 2005. The payment of Rs 5.79 crore was made against the delivered quantities without imposing any penalty as delivery period was extended up to 04.08.2005 retrospectively on 02.12.2005 which was not justified.

Examination by Audit of the Annual Report and the Accounts of company 'A' for the year 2003-04, disclosed that the company 'B' was an associate company of 'A'. This was also substantiated from the letter of 'A' (July 2005) in which the firm had made claim for receiving payment on behalf of the company 'B'. It was observed that the department while finalising the first tender, failed to consider the evidence available on record which was a part of the tender documents. By not examining the records the process of competitive bidding got vitiated and entire tendering procedure was reduced to single tender enquiry.

Another NIT was floated (August 2005) by the department for procurement of 171167 metres pipes of different sizes conforming to the specifications as in the earlier tender. This time the company 'A' of Kolkata and 'C' of Delhi took part in the bid, the price part of which was opened on 08.09.2005.

During the course of audit (April 2006), it was noticed that there was drastic reduction in rates offered by the company 'A' in the second tender ranging from 24 to 38 per cent. On comparison of rates quoted by the firms in the second tender with that of rates approved in earlier tender, the differential amount worked out to Rs 2.45 crore (*Appendix-XXXIV*).

The department in its reply stated (October 2006) that 'B' had a separate identity and was also a separate DGS & D rate contract holder. Regarding reduction in rates in second tender the department stated that technology of manufacturing and price variation of raw materials and other related items were responsible for reduction in rates.

As regard status of the company 'B', the argument of the department is not tenable as the company was an associate of company 'A' since March 2004 and it was not a separate DGS & D rate contract holder as document furnished in support of DGS&D rate contract was issued to another company, not to 'B' and that too was valid up to 7.1.2003. This company had not even participated in the bidding process. The higher rates received against the first tender were clearly on account of absence of competitive bidding where as against the second tender the department benefited by its presence.

Thus, due to injudicious decision of purchase committee, the department was put to a loss of Rs 2.45 crore besides non-imposition of penalty for Rs 58 lakh (*Appendix-XXXV*).

The matter was reported to the Government (May 2006); their reply has not been received (October 2006).

HUMAN RESOURCES DEVELOPMENT DEPARTMENT

4.2.2 *Loss due to payment of salary to newly recruited idle teachers*

Loss of Rs 1.92 crore on salary of idle primary school teachers due to incorrect decision taken by the DSE, Ara and DSE Madhubani

Bihar Public Service Commission (BPSC) Patna recommended (August 1999) the names of 366 successful candidates to District Magistrate (DM) Ara for their appointment as primary school teachers. As per order of the department, (December 1999) the DM was to arrange training of untrained candidates (315) before their posting in schools. Meanwhile, DM directed (December 1999) the District Superintendent of Education (DSE) Ara, to accept the joining of 315 candidates.

The training programme was organised in May 2000. During the period from December 1999 to April 2000 the candidates remained idle and arrear of salary amounting to Rs 39.25 lakh was paid to them in March 2004.

DM Ara confirmed the audit finding and stated that DSE was responsible for infructuous expenditure of Rs 39.25 lakh.

Further, in case of compassionate appointees training was to be imparted to the candidates within three years of their appointment and during training period they would be entitled for stipend, equal to basic pay, of matric untrained teacher.

During test check (September 2005) of records it was observed that 109 teachers were appointed on compassionate ground by the District Superintendent of Education (DSE), Madhubani between February 2001 and December 2003. Out of 109, only 44 teachers were deputed for training during November 2002 to September 2003. Meanwhile, Rs 37 lakh was spent on their pay and allowances during February 2001 to September 2003. Further, remaining 65 teachers were waiting at DSE office in anticipation of their training till October 2005. However, they were paid salary amounting to Rs. 1.16 crore irregularly for the idle period (February 2001 to October 2005). The training of these teachers was started in November 2005.

Thus, due to delay in imparting training and keeping them idle resulted in loss of Rs 1.53 crore on payment of their salaries.

The matter was referred to Government (April 2006). In reply (June 2006) Government accepted the audit's contention and stated that the DSE, Madhubani has been ordered to recover excess payments from the salaries of the concerned teachers at the rate of Rs 2000 per month. He has also initiated departmental proceedings against the said DSE.

HUMAN RESOURCES DEVELOPMENT DEPARTMENT (HIGHER EDUCATION)

4.2.3 *Unauthorised grant of incentive increment*

Despite restriction of the State Government, the BRABU granted incentive increment to teachers which resulted in unauthorised payment of Rs 4.21 crore.

The State Government implemented (July 2001) University Grants Commission (UGC) package in revised pay scales with effect from 1 January, 1996. Clause 6 (iv) of the package provides incentive of two advance increments for Ph.D/M Phil degree holder teachers in her/his service career.

The Bhimrao Ambedkar Bihar University (BRABU), Muzaffarpur, sought clarification (October 2003) from the Education Department on the point whether the teachers, appointed and acquired Ph.D degree prior to 1 January 1996, were eligible for two advance increments as the State Government's order (August 1989) for implementing UGC pay scale from 01 January 1986, clearly envisaged that the existing lecturers or those recruited in future without research degree were not eligible for advance increment. The Education Department informed (August and September 2004) the Vice Chancellor (VC) of all the universities of the State that clarification in this regard had been

sought from the UGC and payment of advance increments should not be made until clarification is received from the UGC. In the meantime, the VC granted (February 2004) two advance increments with effect from 27 July 1998 to the teachers who acquired Ph.D degree after 1 January 1986 and prior to 1 January 1996 without getting the clarification sought from the State Government.

Audit scrutiny of records of the BRABU (May 2006) disclosed that 674 teachers, having Ph.D degree before 01 January 1996 were granted two advance increments in violation of provision of Section 35 (ii) of the Bihar State Universities Act, 1976 which prohibits the creation of additional financial liabilities on account of pay and allowances attached to any post without prior approval of State Government. Thus, the irregular payment of Rs 4.21 crore (approx) was made to 569 teachers (Professors: 118, Readers: 351 and Lecturers: 100) for the period July 2001 to January 2006 and March 2006 inclusive of allowances consequent upon the grant of two advance increments. The balance payment for the period 27 July 1998 to June 2001 is still to be made (July 2006).

The department accepted (November 2006) the audit findings that the BRABU had paid the advance increment before any decision of State Government.

RURAL DEVELOPMENT DEPARTMENT

(RURAL ENGINEERING ORGANISATION)

4.2.4 *Infructuous expenditure*

Due to improper execution and incomplete road works by the Executive Engineers Rural Engineering Organisation (REO) Divisions, Supaul and Saharsha) after lapse of two to three years resulted in infructuous expenditure of Rs 1.08 crore.

Bihar Public Works Departmental Code¹⁴ states that to achieve intended objective of the expenditure and to provide smooth traffic, the construction of road works must be completed with all items in limited length rather than earth works and metal works in full length of the road.

Pradhan Mantri Gram Sadak Yojana (PMGSY) was launched (December 2000) by the GOI with a view to provide connectivity to all rural inhabitations with a population of more than 500 through good all-weather road. A test check of records of REO Division, Supaul and Saharsha showed the following:

(a) REO, Division, Supaul entered into an agreement (valuing Rs 1.01 crore) in August 2002 for construction of two roads¹⁵ (length 4.8 Km) by December 2002. But, after completing the work upto Grade I metal level in only 4.4 Km the work was abandoned (March 03) by the contractor without assigning any reasons on record. No bituminous work was carried out and the work was lying incomplete as of December 2005 open to the vagaries of

¹⁴ Annexure A-Chief Secretary circular no. L/Estt-108/81-462 dated March 1982.

¹⁵ package No. Br-35-03 (Bhura to Bharao Pattis, Chunni World Bank to Charney)

nature. However, payment of Rs 27.71 lakh was made in September 2003 to the contractor.

(b) REO, Division, Saharsa executed agreements (valuing Rs 1.45 crore and Rs 2.29 crore respectively and total length 11.83 Km) in June 2002 and June 2003 for construction of nine roads¹⁶ to be completed by December 2002 and December 2003. Against that, four roads (4.98 km) were constructed only upto earth work level and four roads (6.2 km) were constructed only upto soling level by October 2004. No bituminous work was carried out in any of these roads. However, payment of Rs 80.62 lakh was made in October 2004 to the contractor.

Though the non-execution of bituminous work on incomplete roads caused their early damage and intended connectivity through them also could not be achieved, payment of Rs 1.08 crore on incomplete works was rendered unfruitful.

The matter was reported to Government (April 2006); their reply has not been received (October 2006).

WATER RESOURCES DEPARTMENT

4.2.5 Undue aid to supplier leading to loss of Rs 72.57 lakhs

Award of tender in violation of Bihar Financial Rules, failure to lift the material in time, issue of purchase order slowly and awarding the fresh supply order at higher rates resulted in extra expenditure of Rs 72.57 lakh.

Director, Purchase and Transport, Water Resources Department (WRD) invited tender (May 2003) for supply of Mild Steel (tor) rod of different specifications. As per term of the NIT, the validity of the rate offered by the bidder was effective up to 31.03.2004. The purchase order was given to sole bidder company 'A' located in Patna in violation of Rule 30 of Bihar Financial Rules, which stipulated calling for fresh bid in the event of receiving single bid. Five purchase orders were placed between August 2003 and January 2004 for 5278 MT rod valuing Rs 10.58 crore. The quantity of purchase was later revised (October 2003) to 3862 MT. The Secretary, WRD also, in view of the steep hike in price of steel, instructed the Chief Engineers (August 2003) to lift the iron rods immediately to avoid price escalation, failing which, the concerned Chief Engineer would be held responsible for the loss to the Department.

Scrutiny of records (February 2006) disclosed that despite instruction of the Government to procure the materials immediately to avoid price escalation, the department acted slowly and placed purchase orders in piecemeal between August 2003 and January 2004. Even, the ordered quantities (3455 MT)

¹⁶ For package No. BR-29-01 and BR-29-03-04 (Sakkhua to Sonbarsa, Mali to Bhudhma and Murichak to Khursan, Fatehpur to Kash nagar, Amrita to Mangwan, Khajuchak to Kosibandh, Salkhua to Kosibandh, Salkhua to Hereba, Savito to Kosibandh.)

against four POs issued during August 2003 to November 2003 were not lifted by the division in full within stipulated period of the purchase orders. As a result, only 2182 MT rods could be lifted. The agency refused to supply (January 2004) the balance unlifted quantities despite the validity of the rate till March 2004. The agency also did not honour the fifth purchase order issued in January 2004 for 407 MT due to increase in price of steel.

Subsequently, the department cancelled (February 2004) the purchase order issued in January 2004 for supply of 407 MT rod and invited fresh tender (May 2004) for supply of rod. Three purchase orders worth Rs 5.80 crore were placed (June 2004 and February 2005) with two agencies including the defaulter agency (Rs 2.32 crore), for supply of 2039 MT of rods at increased rates ranging from Rs 28100 per MT to Rs 29550 per MT. As a result, Government incurred extra expenditure of Rs 72.57 lakh on purchase of 906.027 MT steel rods (February 2006) valuing Rs. 2.56 crore.

However, neither the concerned Chief Engineers were held responsible for delay in issuing purchase orders and non-lifting the full ordered quantity nor the department black listed the agency. The agency was also not asked to make good the deficiency. Instead, the department cancelled (February 2004) the purchase order issued in January 2004 for supply of 407 MT rod and invited fresh tender (May 2004) for supply of rod.

Thus, the award of tender by the Department (August 2003), in violation of Bihar Financial Rules, failure of the department in lifting the material in time, delayed issue of purchase order and awarding the fresh supply order (June 2004 and February 2005) at higher rates resulted in extra expenditure of Rs 72.57 lakh.

In reply (February 2006), the Director, Purchase, Store and Material Management, WRD while accepting certain consignee divisions' inability to lift their consignments, contended that the agency's denial to supply the requisite quantity was due to increase in cost of iron. The reply of the department is not tenable as SAIL in January 2004 did not accept the purchase order in view of non-payment of advance by the department against the proforma invoice. Further, the firm was under contractual obligation to supply material up to March 2004 without claiming any increase in cost of iron and the department reserved the right to impose penalty and blacklist the defaulting agency.

The matter was reported to the Government (July 2006); their reply has not been received (October 2006)

ROAD CONSTRUCTION DEPARTMENT

4.2.6 Loss to Government

Loss of Rs. 97.10 lakh due to inviting of tenders by the EE without provision of funds and delay in filing appeal before Court.

As per Rule 130 of the Bihar Public Works Department code, no work shall be commenced or liability incurred until administrative approval has been obtained, a properly detailed design and estimate have been approved, sanction of expenditure has been accorded, appropriation of funds made and order for the commencement issued by the competent authority.

Scrutiny of records (January 2006) of Road Construction Division, Hajipur disclosed that for widening and strengthening of Hazipur- Bhairapur-Mahnar road (30 Km), administrative approval for Rs 4.57 crore was accorded (March 1993) and technical sanction of Rs 4.22 crore was given in September 1993. Further, technical sanction of Rs 0.87 crore was also given (September 1993) for widening and strengthening of Mahnar-Mohiuddin Nagar road (5 Km). Both the works were divided into 16 groups and two tenders were invited in November 1993 and December 1993. A private company 'A' participated in bids for work on three groups having total estimated cost of Rs 1.89 crore. Both the works were to be completed within two years. The tender documents of the agency along with comparative statement were submitted to Superintending Engineer (March 1994) to get them approved by Chief Engineer (CE). But, the said documents were neither returned to division nor action taken at CE level was communicated to division and as such, the work could not be started.

The company 'A' filed (July 1997) a suit in the court of sub-judge, Hajipur for compensation of loss incurred on mobilisation of resources in anticipation of conferment/completion of the said works. The then Executive Engineer stated in the Hon'ble Court that work order could not be issued for want of allotment of funds and consequently, the Court ordered (May 2000) the department to pay decretal amount of Rs 52.49 lakh to company 'A' within 60 days failing which the pendentialite and future interest would accrue further.

The department, however, filed an appeal in the High Court (October 2001) after 14 months i.e. beyond permissible period of 90 days which was turned down by the Court in the absence of valid reasons for delay. The delay was caused due to non-submission of requisite papers to Government's pleader by the Divisional Office for drafting the appeal. Consequently, the department made payment of Rs 97.10 lakh¹⁷ to the company 'A' between October 2004 and March 2005. Thus the department suffered loss of Rs 97.10 lakh by inviting tenders without allotment of fund and also delay in filing appeal before the Hon'ble High court.

¹⁷ Compensation:Rs 37.18 lakh;Pendentialite Interest:Rs 14.81 lakh (28-01-95 to 25-07-97);Court's Expenditure;Rs 0.50 lakh ;further interest : Rs 44.61 lakh (26-07-97 to 30-09-04);Total Rs 97.10 lakh

The matter was reported to the Government (March 2006); their reply has not been received (October 2006).

ROAD CONSTRUCTION DEPARTMENT

4.2.7 Memorandum of Understanding for construction of ROB

Failure to protect the financial interest of the State in signing of MOU with IRCON led commitment of minimum additional liability of Rs 86.28 crore.

Government of Bihar decided to construct 32 Road Over Bridges (ROBs) on State owned roads on cost sharing basis with Railways and its agency (June 2004). Resolution to this effect was issued in October 2004 and administrative approval was accorded in March 2005. Accordingly, Memorandum of Understanding (MOU) was signed for construction of 17 ROB¹⁸ at the estimated cost of Rs 669.48 crore by Road Construction Department (RCD), Ministry of Railways and M/s IRCON Ltd. (May 2005). As per MOU, encroachment free land was to be provided by the State Government and its share for 11 ROB (Rs 258.85 crore) was to be deposited with Railways. State Government provided (October 2005) interest free loan of Rs 50 crore to M/s IRCON through M/s Bihar Rajya Pul Nirman Nigam (BRPNN).

Audit compared the MOU signed by State Government with IRCON in May 2005 for construction of ROB with that of MOU signed by NHAI with IRCON for construction of ROB. Audit scrutiny disclosed that:

- Cost estimate in NHAI's agreement was based on current data book of MORT&H taking into account basic rates based on updated Public Works Department Schedule of Rates (SOR) of relevant State where ROB was proposed to be constructed but in MOU of the State Government it was simply stated that cost offer estimate would be based on General Arrangement Drawings (GADs) agreed by the State Government and Zonal Railways. Estimate of ROB of 52/1 was examined in the Office of the Chief Engineer, Central Design Organisation, Bihar, Patna where it was found that cost submitted by IRCON was 31 percent higher than the norms based on Departmental SOR. Further the cost of 11 ROB communicated (July 2004 and September 2004) was later enhanced from Rs 192.14 crore to Rs 431.42 crore at the time of according administrative approval (March 2005) without any reasons on record. In reply the Department stated (October 2006) that it was on the basis of approved GAD which was not acceptable as GADs were approved during May to September 2005 with certain modifications as per the details given in **Appendix-XXXVI**.
- In MOU of NHAI, total charges (management fee) payable to M/s IRCON was only seven per cent of the estimated cost where as in MOU of State Government, it was 13.5 percent. The charges include seven per cent and 6.5 per cent of estimated cost towards management

¹⁸

11 ROB on cost sharing basis and six ROB under Rashtriya Sam Vikas Yojana.

fee and establishment and general charges respectively though department had taken a view in the meeting (November 2004) that management fee should have been included in the cost of preparing Detailed Project Report (DPR) including designing and planning, implementation, supervision and monitoring, quality assurance, etc. This was ignored without giving reasons on record. In addition, as per MOU, State Government would have to pay actual cost for the personnel, equipment, training of officers and staff, offices and residences in Bihar State, mandatory taxes, all taxes paid directly by the IRCON against the project, lessees, arbitration costs, any plant or machinery required for the project and all office equipment including furniture and soft furnishing of field units whereas in MOU of NHAI there was no such provision.

- In MOU of NHAI, cost towards survey investigation and design at the rate of 0.75 per cent of the estimated cost where DPR was provided by NHAI and 1.5 per cent of estimated cost where DPR was not provided by NHAI whereas in MOU of State Government payment for preparation of detailed estimate was five percent of the estimated cost.
- Some essential provisions though included in MOU of NHAI were not incorporated in MOU of the State Government such as price variation, submission of work programme, monthly progress report/ projected monthly plan to Government of Bihar, right of access/inspection, monitor/review of progress by Government of Bihar, penalty/liquidated damages for delay, validity of MOU, submission of vouchers/ proof of payment for shifting/ relocation of utilities, time schedule for completion. Department's reply (October 2006) stated that it was examining the same and will incorporate in future.

Other infirmities noticed were:

- As per para 1816 of Railway Engineering Code apportionment of the cost of replacement of existing level crossing (LC), originally provided at Railway's costs, was to be 50:50 but Government of Bihar agreed to pay 60 per cent.
- Six ROBs of Rastriya Sam Vikas Yojana (RSVY) were included without administrative approval.
- Tenders were invited by IRCON (December 2004 and April 2005) before the approval of GADs by State Government (May 2005 and onward). Department's reply (October 2006) stated that tenders were invited before administrative approval in the interest of work was untenable because it was in violation of codal provision.
- State Government provided interest free advance of Rs 50 crore (October 2005) to IRCON without acquiring land which was clear from IRCON letter (May 2006). District Land Acquisition Officer, Patna (May 2006) also confirmed that land had not been acquired for construction of ROBs.

To sum up, State Government committed itself to additional minimum liability of Rs 86.28 crore¹⁹ on account of cost sharing, establishment charges and the cost estimates which were inflated as the departmental SOR were not considered in preparation of estimates. The liability is likely to go up as the cost estimates are open ended and the cost of six ROBs are yet to be worked out. Thus, RCD signed a MOU which did not protect the financial interests of the State Government.

The department's reply (October 2006) was silent on the issue of overcharging by M/s IRCON. The Department also mentioned that it is examining the MOU of NHA and would incorporate accordingly in future.

PUBLIC HEALTH ENGINEERING DEPARTMENT

4.2.8 *Doubtful payment*

Payment of Rs 1.62 crore made on hand receipts for repair and maintenance works without supporting vouchers and muster roll.

Bihar Public Works Department Code provides that detailed estimate of work must be prepared and got sanctioned by competent authority in case where expenditure exceeds Rs one thousand and no departmental work is to be executed or supply order (valuing above Rs 2000) be made without inviting tender or as per market rate. Superintending Engineer reiterated the instructions in October 2005 that the measurement for repair and maintenance (R&M) works must be recorded in standard measurement book (MB) kept in the office of the Executive Engineer (EE). Muster rolls must be written up daily as initial record of the labour employed, advances should be paid only through cheques or drafts and all payments must be supported by vouchers with labour and material components duly bifurcated.

Scrutiny of records relating to annual maintenance and repair works (departmentally executed) of PHED Divisions²⁰ disclosed that Rs 1.62 crore was paid (2003-05) through 5770 hand receipts to labourmates²¹ for works without bifurcating the payment on labour and material components. Neither purchase vouchers for materials used nor muster rolls for labour payments were available on record. Estimates of work of value ranging from Rs 2000 to Rs 10000 were also not available in the divisions. The measurements were found recorded on hand receipts (HRs) instead of MBs. Moreover, the completion certificates of the said works were also not on record. Though the divisions had 420²² work-charged and 171²³ muster roll staff, their services were not utilised despite the fact that the division incurred expenditure of

¹⁹ Rs 86.28 crore [Enhanced share : Rs 43.14 (258.85 -215.71) crore + 6.5 per cent of extra agency charges of Rs 431.42 crore (Rs 28.04 crore)+3.50 per cent excess towards preparation of detailed estimate of Rs 431.42 crore (Rs 15.10 crore)

²⁰ Patna East and Patna West Division.

²¹ The identity of these labourmates is unknown as they were not registered contractors/labours and their addresses were not on record.

²² Patna East - 167 and Patna West - 253

²³ Patna East - 72 and Patna West - 99

Rs 86 lakh²⁴ during 2004-05 on their salaries. Thus the division made payment of Rs 1.62 crore on repair and maintenance works, but it could not be vouched in audit as purchase vouchers of materials, muster roll for labour employed and estimates of works were not available on record.

On being pointed out, the EE stated (March 2006) that the works executed by the Divisions were mostly of emergent nature, needing immediate redressal, hence could not be kept pending for tendering of work and related paraphernalia. Both the Divisions accepted that there was no muster roll, voucher and occupancy report in support of the amount spent. The reply is not tenable as it contravened the prescribed codal provisions itself. Moreover, lack of supporting documents and completion certificate makes these works doubtful.

The matter was reported to Government (April 2006); their reply has not been received (October 2006).

4.3 Avoidable/excess/unfruitful expenditure

CIVIL AVIATION DEPARTMENT

4.3.1 Purchase of aircraft

Government failed to realize value for money as it purchased a phased out model of aircraft at a cost of Rs 13.23 crore without inviting competitive bids when a substantially upgraded model of the same company was available at a marginally higher cost.

The State Government decided (1998) to purchase a new aircraft as against the existing King Air C-90B aircraft. The Special Purchase Committee (October 2003) desired the details on 12 points including the technical and financial evaluation of competing brands, prices at which other State Government and Government agencies had procured the aircraft and the winning curve of aircrafts in global bids. The Committee however decided to purchase the existing model of King Air C-90B aircraft on the grounds of its landing ability and high cost of training of pilots and spares for another models of aircraft without going into the points raised earlier.-

An examination of records showed the following:

- No tenders were called, though Rule 30 of the Bihar Financial Rules clearly stipulates that Cabinet approval is required for waiver of tender procedure, which in this case was not obtained.
- There was nothing on record to show that technical and financial evaluation of competing brands were carried out and the price at which other State Government and other government agencies had procured the aircraft.

²⁴

Patna East - Rs 45 lakh & Patna West - Rs 41 lakh

- The Department decided to purchase the aircraft as a proprietary item. However, a separate note giving justification for such purchase after consultation with the Finance Department as required under Rule 30 of Bihar Financial Rules was not available on record. Government of Uttaranchal and Indira Gandhi Rashtriya Udan Academy (IGRUA), Rai Bareilly did not declare it as proprietary item and had invited tenders for King Air C90B aircraft.
- Records of DGCA show that between 2001 and 2006, King Air C90B was purchased by only five agencies. Only Government of Bihar purchased a new aircraft, while other private parties had purchased second hand aircraft.
- The proforma invoice sent by the manufacturer was addressed to the Indian agent and not to the State Government.
- Aircraft was purchased on the basis of a quotation submitted by Indian agent of M/s Raytheon and records do not show that Civil Aviation Department ever tried to assure itself about the reasonability of rates through direct price negotiations with the company.
- The justification of payment of Rs 33 lakh (in US dollars) as commission of the Indian agent of the manufacturer, which was included in the price of the aircraft, was not available on record. The registration of the Indian agent with Directorate General of Supplies and Disposal though required under Rule 143 of General Financial Rule of GOI was not available on record. The agent's Income tax Permanent Account Number and the undertaking that commission would be received in Indian Rupees were also not available on record.
- Last registered owner of the aircraft, purchased by Bihar Government, was Range Fliers Inc of USA and the aircraft had flown 44 hours at the time of registration. However it was registered with DGCA as a new aircraft.
- M/s Raytheon had replaced King Air C90B with King Air C90GT in July 2005 which was available at a marginally higher price since August 2005. The comparison (*Appendix-XXXVII*) based on the information available on the website of Raytheon makes it clear that King Air C90 GT was superior in all aspects of performance with respect to King Air C90B.

In the absence of competitive bids Government failed to derive price advantage that would have been available. Government also did not get value for money (Rs 13.23 crore) from the purchase as it had acquired a phased out model at a cost which was only marginally lower (6.27 per cent) than the cost of a substantially upgraded model and paid Rs 33 lakh as commission to the company's agent.

The matter was referred to the Chief Secretary in March 2006 who justified the purchase on grounds of technical suitability of the King Air C90B aircraft in view of its landing ability on shorter runways, high cost of training the pilots on the new model aircraft and availability of spares.

The reply of the Chief Secretary was untenable in view of the following:

- Based on the information available on the Website King Air C90GT is technically superior to the existing King Air C90B that it replaces at all field elevations. The rugged, performance-orientated C90GT also provides operators with the versatility to land on short runways or unimproved strips, where most jets are unable to land.
- Neither inventory of spares was available on record nor agreement was signed with the company for supply of spares.
- Raytheon Aircraft Company provides free training for two pilots for a five day course and one maintenance technician for a ten day course. While according to information provided to audit by IGRUA, the cost of training of pilots equipped to fly King Air C90B for flying similar type of aircraft would have ranged from Rs 1.75 lakh to Rs 3.5 lakh per pilot depending upon their previous experiences.

Thus, the contention of State Government to purchase the aforementioned aircraft in view of its landing ability, availability of spares and high training cost for another model of aircraft is not tenable.

The matter was reported to Government (July 2006); the reply of the Department has not addressed the issues raised by audit (October 2006).

MINOR IRRIGATION DEPARTMENT

4.3.2 Unfruitful expenditure on construction of weir

Due to improper execution, the schemes failed to create the required irrigation potential and resulted in unfruitful expenditure of Rs 75 lakh.

Under Surface Water Scheme of NABARD-Phase IX, construction of weir on Gerua river was administratively approved (December 2004) for Rs 79.85 lakh and technically sanctioned (March 2005) for Rs 79.09 lakh with the objective to create irrigation potential of 800 hectares of land. Loan of Rs 75 lakh was sanctioned in phases by NABARD between 2003-06 at the interest rate of seven per cent per annum.

Scrutiny of records (August 2005) of Executive Engineer, Minor Irrigation (MI) Division, Bhagalpur disclosed that the construction work was allotted (March 2005) to a contractor for Rs 81.67 lakh (4.5 per cent higher than the estimated cost) on finished rate for completion by June 2005. Though more than 90 per cent of the work was completed and payment of Rs 75.48 lakh (through second running account bill) was made (August 2005) to the contractor, the irrigation potential for 200 hectares of land could only be created as per the physical report of the scheme (August 2005). Moreover, the actual status of irrigated land could not be verified in audit since relevant records (like plot number, name of the beneficiaries committee etc.) were not being maintained at division level.

As per the tender clauses, qualities of all construction material to be used in the work were to be tested, as per ISI specification as well as the specifications mentioned in the tender. But no such quality test of materials worth Rs 51.50 lakhs²⁵ was carried out by the Division. As no test report was made available to audit, the use of sub-standard materials could not be ruled out.

Thus, despite the completion of more than 90 per cent of work and expenditure of Rs 75.48 lakh only 200 hectares (25 per cent) of irrigation potential could only be created.

The matter was reported to the Government (March 2006); their reply has not been received (October 2006).

RURAL DEVELOPMENT DEPARTMENT

4.3.3 Misutilisation of State share of SGRY funds for payment of sales tax and marketing fee

Misutilisation of Rs 2.67 crore of SGRY funds by DRDA Darbhanga on payment of sales tax and marketing fees resulted in less employment generation by 9.72 lakh mandays.

Sampoorna Gramin Rojgar Yojana (SGRY) is a centrally sponsored scheme on cost sharing basis between the Centre and the States in the ratio of 75:25. As per clause 2.7 of the SGRY guidelines, expenditure on sales tax and octroi payable to Food Corporation of India (FCI) against supply of foodgrains was to be borne by the State Government. Cash component of the scheme was not to be utilised for payment of sales taxes, fees etc.

A test check of records of District Rural Development Agency (DRDA), Darbhanga (December 2005), disclosed that during year 2001-05 a sum of Rs 2.67 crore was paid as sales tax and marketing fees from the funds provided by the State Government against its share of SGRY on the instruction of the State Government (March 2002 and July 2005).

Thus, the State Government utilised its SGRY shares for payment of sales tax and marketing fees and failed to fulfill its commitment to contribute its share under SGRY which resulted in less employment generation by 9.72 lakh man days²⁶.

²⁵	Description	Rate(per M ³)	Quantity	Amount(Rs in lakh)
	PCC work (1:3:6)	1799.75	2035.85 M ³	36.63
	PCC/RCC(1:2:4)	1807.70	556.96 M ³	10.06
	B/W of 100 A brick	1414.45	236.06 M ³	3.34
	Superstructure	1415.00	76.41 M ³	1.11
	Gravel filter	377.45	3.37 M ³	0.01
	Stone metal	390.60	8775 M ³	0.34
	Total			51.50

²⁶ Rs 26677230/Rs 27.45 (@ Daily wage of Rs 58.65 minus 5 Kg. Food grains valued Rs 31.20 = Rs 27.45).

On being pointed out the DRDA sought reimbursement of the said amount from the State Government (March 2006) which could not be recouped as of July 2006.

The matter was reported to Government (April 2006); their reply has not been received (October 2006).

WATER RESOURCES DEPARTMENT

4.3.4 Unfruitful expenditure

Improper planning and execution of the construction of Anti Flood Sluice Gate (AFSG) by the Executive Engineer, Flood Control Division(FCD) Samastipur resulted in unfruitful expenditure of Rs 75 lakh.

Water Resources Department (WRD), Government of Bihar accorded (January 2002) administrative approval of Rs 80.04 lakh for construction of Anti Flood Sluice Gate (AFSG) between Km 134 and Km 135 of Left Burhi Gandak Embankment under Flood Control Division (FCD), Samastipur. Technical Sanction (TS) was given (January 2002) by the Chief Engineer, WRD, Samastipur for Rs 85.89 lakh with the objective to provide drainage (1000 cusec per second) to a large water logged country side area near the embankment.

The construction work of the AFSG was allotted (February 2002) to a contractor on agreed value of Rs 70.85 lakh for completion by June 2002, later extended by the department upto April 2003. The construction materials (bricks and cement) were to be utilised in work only after proper quality testing.

Scrutiny of records disclosed that despite making payment of Rs 75 lakh (April 2003) to the contractor through 10th running account bill (11th final account bill of Rs 2.72 lakh pending with the department as of October 2006), the AFSG remained non-functional. The work was completed without complying with the original TS and the SE, WRD, Samastipur closed the MB in June 2003. Further it was noticed that irrational deviation from the TS and agreement, 46536 cu.m (46 per cent) of earth excavation from trenches was done against earth excavation quantity of 102126 cu.m required to achieve the drainage flow of 1000 cusecs per second. The Division neither submitted any reasons for the deviation from approved TS and agreement nor any fresh TS was obtained from the competent authority, though required.

Thus, the payment of Rs 75 lakh made to the contractor (96 per cent of the estimated cost) was rendered unfruitful as the intended objective of achieving the draining capacity of 1000 cusec per second due to AFSG remaining non-operational was not attained.

On being pointed out by the audit, the Executive Engineer stated (February 2006) that AFSG could not be made functional as there was danger of submergence of countryside PWD road in the absence of bridge in it to allow

flow of water. The reply was not acceptable as this aspect should have been considered at the planning stage and prospective hindrance, if any, should have been visualised earlier and a solution for that could have been found.

The matter was reported to the Government (March 2006); their reply has not been received (October 2006).

4.3.5 Excess expenditure on extra item of work

Inclusion of an extra item in the work of raising and strengthening of 29 Zamindari Bandh resulted in excess expenditure of Rs 1.56 crore.

With a view to providing better agricultural facilities (two crops production annually) in Mokama Tal area (18000 hectare) Central Water Commission (CWC) sanctioned (July 2003) "Mokama Tal Drainage Scheme Phase I" at a cost of Rs 28.16 crore for the Water Resources Department (WRD). Under the scheme, work of raising and strengthening of 74 Zamindari Bandhs²⁷ (ZBs) were to be executed by the Flood Control Division (FCD), Bakhtiyarpur. The Division started work on 29 ZBs after executing (January 2005) 29 agreements valued at Rs 12.63 crore. These works were to be completed by June 2005.

Audit scrutiny (February 2006) of records of the Flood control Division, Bakhtiyarpur disclosed that an extra item of watering and consolidation (at the rate of Rs 8 per cu. m), was added in the technical sanction by the Chief Engineer, WRD, Patna (October 2004) which was not included in the Detailed Project Report (DPR) as well as in the proposal sent by the Executive Engineer. The DPR had already included the work of "Watering all complete" and therefore there was no need for this extra item. Accordingly all 29 agreements were executed (January 2005) by the division for the extra item which resulted in excess expenditure of Rs 1.56 crore (2397380 cu.m)²⁸ on account of watering and consolidation.

Further, the WRD had issued instructions to the Chief Engineer (August 2005) that no extra item apart from the items mentioned in the DPR can be included at any stage for execution. In case of violation, the person concerned would be held responsible. Executive Engineer replied (February 2006) that the ZBs were not as major flood embankments hence the department decided not to include the item. The reply was untenable because even in flood affected zone like Samastipur, the similar type of work executed without including the above mentioned item.

The matter was reported to Government (March 2006); their reply has not been received (October 2006).

²⁷ *Zamindari Bandh: There are a number of high patches in the Mokama Tal area, in these parts, the Zamindars had constructed 'Bandh' to enable double cropping in these areas.*

²⁸ *the works were executed through 29 agreements, below the scheduled rate (i.e. Rs eight per cu.m) ranging from 14 to 15 per cent and in one agreement 4.75 per cent above the scheduled rate. Hence, total payments were made Rs 1.56 crore for 23,97, 380 cu.m upto December 2005.*

4.3.6 Unfruitful expenditure

Due to non-construction of open channel and tunnel, the intended objective of creating irrigation potential in drought prone districts could not be achieved and expenditure of Rs 37.51 crore was rendered unfruitful and an extra interest liability of Rs 1.86 crore was unavoidably created.

The Tilaiya Dhadhar Diversion Project envisaged to create irrigation potential of 31700 hectare of land in drought prone Gaya and Nawada district by diverting 247 metric cubic meter (MCM) water from existing Tilaiya Reservoir of Damoder Valley Corporation (DVC) now in Jharkhand to river Dhadhar. The project consisted of construction of Water Conductor System (Comprising 5.16 Km long open channel to accommodate discharge of 56.6 cusecs), a tunnel (horse shoe shaped, length: 9.4 Km, diameter: 4.88 m), a link canal (one Km long to divert water from Tilaiya reservoir to Dhadhar river), head works and barrage (2.43 m high and 138 m long) and distribution system to facilitate irrigation in the intended area. The project was located near Sohjana village, 30 Km from Gaya.

The Project was administratively approved for Rs 301.79 crore (October 1998) and technically sanctioned for Rs 223.11 crore (June 2000). Work of construction of barrage and Head Regulator (HR) gates was entrusted to different contractors (December 1998 and May 2003) for completion (March 2001 and August 2004) at an estimated cost of Rs 17.06 crore and Rs 4.12 crore respectively. The project was also being financed by National Bank for Agriculture and Rural Development (NABARD) at an interest rate of seven *per cent* under Rural Infrastructure Fund.

A test check of records (December 2005) disclosed that the construction of barrage and HR gates were completed and payments of Rs 14.97 crore and Rs 4.22 crore respectively were made to the agency (February 2003 and February 2005). The works for construction of water conductor system comprising open channel and tunnel could not be taken up as of date (March 2006). Also Rs 6.81 crore and Rs 11.51 crore were spent on construction of Guide Bandh and distribution system respectively, the ninety *per cent* work was complete as of March 2006. Moreover, a liability of Rs 1.86 crore (March 2006) was also incurred in the form of interest against the loan of Rs 11.08 crore sanctioned by NABARD during March 2003 to December 2005.

On being pointed out, the Executive Engineer replied (December 2005) that project coverage had been reduced to 6916 hectare of land based on the water available in Dhadhar River consequent upon the bifurcation of Bihar state. The reply was not tenable as Department had spent Rs 18.26 crore after bifurcation of the State without initiating discussion with Jharkhand Government and intimated that feasibility report is being prepared by the Jharkhand Government for utilisation of two lakh acre feet water from Tilaya dam in Jharkhand itself. Further, due to non-construction of open channel and tunnel, the water from Tilaiya Reservoir could not be diverted to Sohjana barrage and the intended objective of creating irrigation potential in drought prone districts

could not be achieved. Also expenditure of Rs 37.51 crore²⁹ on construction of Sohjana barrage, HR gates, Guide Bandh and distribution system was rendered unfruitful and avoidable liability of Rs 1.86 crore as interest to NABARD was created.

The matter was reported to the Government (April 2006); their reply has not been received (October 2006).

4.4 Idle investment/ idle establishment/ blockage of funds

DEPARTMENT OF INDUSTRIES

4.4.1 Low realisation of revenue

Due to poor revenue realisation from enterprenures BIADA failed to recover even the expenditure on its establishment cost.

The Industrial Area Development Authorities (IADA) at Darbhanga, Muzaffarpur and Patna were constituted (1974-76) under Bihar Industrial Area Development Authority Act, 1974 to provide infrastructure facilities to entrepreneurs for establishing, promoting and assisting the rapid development of industries in selected areas of the State. Above IADAs, however, merged (June 2003) and became regional offices of Bihar Industrial Area Development Authority (BIADA), Patna. The Bihar Government provided 2870 acres (1974-76) of land to respective IADAs for 38 industrial areas/ estates (Darbhanga 13, Muzaffarpur 8 and Patna 17). Against 2870 acres of available land, 682 acres were used on infrastructure development, 1352 acres were allotted to 1475 entrepreneurs and remaining 836 acres valued at Rs 28.27 crore remained un-allotted (May 2006).

It was noticed that out of 1475 entrepreneurs as on 31.03.2005, 663 entrepreneurs had closed their units and 277 entrepreneurs were yet to start their units (May 2006). Audit scrutiny disclosed that 20 applicants for allotment of land at Patna Industrial Estate/Area were pending, though there were 54 closed/sick/inactive units in that industrial estates/area. Thus BIADA neither took effective steps to cancel the leases of closed units and re-allot them to needy entrepreneurs nor were units under construction provided with adequate help to expedite their completion and start production.

Scrutiny of ledgers relating to collection of revenue from the entrepreneurs disclosed that demand notices for realisation of outstanding dues on account of instalments of leased land, rent of buildings, maintenance charges as required under rules were not served regularly since 1999-2000. Action as required under Bihar and Orissa Public Demand and Recovery Act, 1914 vide section 4.1 of Chapter IV of BIADA Act, 1974 was also not taken. However, at the

²⁹ Rs 37.51 crore (Construction of Sohjana barrage: Rs 14.97 crore; HR Gates: Rs 4.22 crore; Guide Bandh: Rs 6.81 Crore; Distribution System : Rs 11.51 crore).

instance of audit, a cumulative demand of Rs 23.35 crore along with interest against 1617 entrepreneurs³⁰ was worked out as of 31 March 2005.

Further, it was observed that during the years 2000-05 BIADA had incurred expenditure of Rs 12.04 crore on its establishment while it collected revenue of Rs 6.91 crore (57.39 per cent) only on account of instalments of land and rent of building. This indicates that BIADA due to low revenue realisation is not financially viable.

The matter was reported to Government (June 2006); their reply has not been received (October 2006).

³⁰ Working units: 382, Closed/Sick/Inactive units: 1043 including 307 such closed units whose lease were cancelled but did not clear their dues, under construction units: 192.

CHAPTER-V

Internal Control System in Health Department

CHAPTER-V INTERNAL CONTROL SYSTEM IN GOVERNMENT DEPARTMENT

HEALTH DEPARTMENT

5.1 Internal Control System in Health Department

Highlights

Internal control system is an integrated process by which an organisation governs its activities so as to give reasonable assurance for achieving the objectives of organisation. It consists of methods and policies designed to protect resources against loss due to waste, abuse and mismanagement. The Health Department was established with the primary objective of providing health care facilities. Evaluation of the internal control system in the department disclosed that controls in budgetary and operational areas were not effective to ensure compliance with established procedures/practices and thus prevent deviations. This was compounded by the deficiency of internal audit. Salient points of the audit observation are given below:

Budget estimates were not prepared on the basis of actual requirement which resulted into saving of Rs 1072.82 crore and lapse of Rs 497.16 crore during 2001-06.

(Paragraph 5.1.5)

690 Drawing and Disbursing officers did not submit DC bills of Rs 136.43 crore during the year 2003-06 to AG (A&E). Only Rs 1.24 crore were utilised on purchase of medicines and equipments against available funds of Rs 10.06 crore provided under PMGY.

(Paragraph 5.1.5.6 & 5.1.5.7)

The expenditure of Rs 2.21 crore incurred on National Malaria Eradication Programme (NMEP) and control of Kalazar proved unfruitful due to non-spraying of DDT within prescribed time.

(Paragraph 5.1.7.4)

Internal audit observations containing monetary value of Rs 48.97 crore were noticed during 2001-06. Of this Rs 4.41 crore relates to defalcation, misappropriation and recovery. Paras involving Rs 0.04 crore only were settled during 2001-06.

(Paragraph 5.1.10)

The Department failed to properly monitor the execution of various schemes.

(Paragraph 5.1.12)

5.1.1 Introduction

Internal control system envisages achieving economical, efficient and effective working consistent with the organisation's mandate by adherence to laws regulations and management directives so as to prevent loss, wasteful expenditure and other irregularities. The primary objective of the Health Department is to provide health care facilities and manage these on sound

lines for the welfare of the people and to render guidance and assistance for the development of health facilities in the State.

5.1.2 *Organisational set up*

The Department is headed by Commissioner-cum-Secretary at the apex level and is assisted by one Director-in-Chief, two Directors, one State Drug Controller alongwith four Additional Directors, three Joint Directors, three Deputy Directors and a Financial Advisor at the Directorate level. The Directorate is further assisted by one Additional Director-cum-Senior Officer for Tuberculosis, Malaria and Leprosy, one Additional Director for Filaria, Kalazar and Nutrition and seven Regional Deputy Directors. At district level, they are assisted by Civil Surgeon-cum-Chief Medical Officers (CS-cum-CMO)¹ and Medical Officers (MO) at Primary Health Centres² (PHCs), Additional Primary Health Centres (APHC) and Referral Hospitals (RH)³.

5.1.3 *Audit objectives*

The audit objectives were to examine whether:

- the adequate budgetary, financial and operational controls for efficient and effective operations and accurate financial reporting were in place and functioning.
- the compliance with codal provisions and departmental instructions was achieved; and
- the internal audit was in place and effective.

5.1.4 *Audit coverage and methodology*

The review on adequacy and effectiveness of internal control mechanism in the department for the period 2003-2006 was conducted through test-check of records of Secretariat, Directorate and CS-cum-CMO in eight districts⁴. Important points noticed in regular audit have also been included at appropriate places. Various aspects/findings of the review were discussed with the Secretary, Health Department in the meeting held in May/September 2006.

5.1.5 *Budgetary and expenditure controls*

Budget provision vis-à-vis expenditure of department for the period 2001-06 was not provided by the department though called for. However, the budget provision and expenditure there against for the period 2001-06 on the basis of Appropriation Account is shown in table

¹ CS-cum-CMOs : 37

² MOs- IC at PHCs and APHCs : 397

³ MOs at RH : 101

⁴ East Champaran, Gaya, Nawada, Sasaram, Samastipur, Katihar, Muzaffarpur, Saran

(Rupees in crore)

Year	Orginal grant	Supplemen- tary grant	Total grant	Expenditure	Saving	Surrender	Lapsed
2001-02	533.81	42.47	576.28	367.64	208.64 (36)	118.03	90.61
2002-03	558.88	39.94	598.82	412.83	185.99 (31)	61.25	124.74
2003-04	563.82	13.12	576.94	389.51	187.43 (32)	124.04	63.39
2004-05	550.44	117.25	667.69	523.06	144.63 (22)	95.38	49.25
2005-06 Provisional	912.08	328.95	1241.03	894.90	346.13 (28)	176.96	169.17
Total	3119.03	541.73	3660.76	2587.94	1072.82 (29)	575.66	497.16

(Note: Figures in brackets indicate per cent.)

It may be seen from the table that:

- There was saving of Rs 1072.82 crore (29 per cent) against total budget provision of Rs 3660.76 crore mainly due to unrealistic budget estimates;
- Despite provision of Bihar Budget Manual to surrender the unspent balance latest by 25th March every year, Rs 497.16 crore could not be surrendered, thereby depriving re-allocation/re-appropriation of these funds. This indicated poor funds management and faulty preparation of budget estimates which resulted in huge savings;
- The GOI provided (September 2001) grant-in-aid of Rs two crore to State Government for development of Oncology wing in IGIMS, Patna. As the funds were not drawn during 2001-04, the GOI revalidated the sanction order subject to condition that funds should be utilized up to March 2005 otherwise it should be refunded. Department drew (March 2005) the above amount and sent it to IGIMS in April 2005 resultantly, the funds could not be utilised nor it was refunded. Further, non utilization of the funds defeated the purpose for which it was provided.

The department accepted the points and stated that instructions had been issued to IGIMS to utilise the amount immediately.

5.1.5.1 Submission of Budget Estimates

Bihar Budget Manual and standing instructions for the Drawing and Disbursing Officers (DDOs) provide that revised estimates for the current year and budget estimates for the next year should be sent to the Department by 1 July which in turn sends it to the Finance Department by 1 October every year.

There was delay in submission of estimates on part of DDOs upto 90 days and by Health Department to Finance Department upto 60 days during 2001-06. This shows that the controls prescribed for submission of BEs was not followed by the department.

The department intimated (October 2006) that instruction had been issued (September 2006) to all Drawing and Disbursing officers (DDOs) to overcome the deficiencies in budgetary and expenditure control.

Delay in submission
of budget estimates
by DDOs.

5.1.5.2 Expenditure controls

Budget and expenditure control register not maintained.

The budget control register helps the Department in preparation and formulation of budget on actuals and the expenditure control register serves as an important tool for prudent expenditure management apart from anticipating savings at the close of financial year. The budget control registers and expenditure control registers were not maintained by the department. Non-compilation of expenditure statements of 690 DDOs by the Department indicates poor expenditure control.

5.1.5.3 Rush of expenditure

Percentage of expenditure during March was extremely high

The Budget Manual and Treasury Code requires the controlling officer to avoid rush of expenditure in March by keeping a close watch on month wise progressive expenditure of department and DDOs. 23.91 to 61.56 per cent funds were spent in March alone during 2003-06 as can be seen from the table below:

(Rupees in crore)

Financial year	Total Expenditure	Expenditure during the month of March	Percentage of expenditure in March
2003-04	389.51	93.15	23.91
2004-05	523.06	295.51	56.50
2005-06	894.90	551.01	61.56

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

5.1.5.4 Non-reconciliation of expenditure figure

As per Rule 475 of Bihar Financial Rules, the Head of Department was responsible to reconcile the departmental figures of expenditure with those appeared in the books of AG (A&E) on quarterly basis. But the department did not reconcile the departmental figures for the period 2003-06.

5.1.5.5 Excess drawal from treasury

From the funds provided under PMGY, the DMs of Patna and Munger drew (March 2003) Rs 0.77 crore on sanction letter as well as Rs 0.39 crore (March 2003) on allotment letter and deposited into Civil Deposit. This resulted in excess drawal of Rs 0.77 crore over the allotment. The excess drawal of funds under PMGY should have been refunded to consolidated funds instead of depositing it in to Civil Deposit. Thus, ineffectiveness of the controls led to excess drawal of money. The department had sought information from concerned DMs.

5.1.5.6 Non-submission of DC bills

Bihar Treasury rules provide that the officer, who drew funds on abstract contingent (AC) bills, should submit detailed contingent (DC) bills so as to reach the Accountant General not later than 25th of the month following that to which they relate.

DC bills not
submitted against AC
bills

An examination of records of the department disclosed that 690 DDOs of the department drew Rs 136.43 crore on AC bills during the financial years 2003-06 but DC bills were not submitted to the Accountant General (A&E), Bihar, Patna (June 2006). Thus ineffectiveness of the control defeated the purpose of the ensuring proper accountal of the expenditure incurred from the amount drawn from AC bills.

A test check of records of Katihar Treasury disclosed that Rs 3.75 crore⁵ were drawn by Nazarat Deputy Collector/CS-cum-CMO Katihar through 25 AC bills during 2003-06 and transferred to various district level officers of health department for spray of DDT and building construction activities. Rs 0.68 crore made available for spray of DDT had been utilised and no expenditure was incurred on building construction activities as of October 2006. In reply the department stated that instructions were issued (September 2006) to the DDOs to submit the DC bills.

5.1.5.7 Short utilisation of funds

Utilisation of funds
was only 12.33
per cent

Under Pradhan Mantri Gramodaya Yojana (PMGY), a centrally sponsored scheme an amount of Rs 10.06 crore was provided to improve medical facilities. In test checked districts Rs 1.24 crore only (12.33 per cent) was utilised on purchase of medicines and equipments, Rs 5.85 crore was kept in CD, Rs 1.04 crore in bank and balance Rs 1.93 crore lapsed during 2001-05.

Thus, failure of internal control mechanism in the department to watch the expenditure and monitor the progress of scheme resulted in blockage of Rs 6.89 crore and lapse of Rs 1.93 crore. The department replied that information are being collected from concerned DM and after that appropriate action would be taken for optimum utilization of PMGY funds.

5.1.6 Cash control

Bihar Treasury Code provides that all monetary transactions should be entered in 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 field offices disclosed that the entries in cash book were not attested, daily total of the cash book was not verified and physical verification of cash at the end of each month and reconciliation of bank accounts were not carried out by the head of offices. It was noticed that details of closing balance were not in the cash book of CS-cum-CMO, Gaya, resulting in difference of cash balance of Rs 3.38 lakh and failure of non-reconciliation led to embezzlement of Rs 8.64 lakh in Reproductive and Child Health programme as reported by the department.

Heavy retention of
cash balance due to
poor cash
management

In six test checked districts, heavy cash balance amounting to Rs 3.26 crore⁶ as of March 2006 which indicated that prescribed controls for maintenance of cash book were not followed. The department issued (September 2006) orders to take appropriate action to overcome the deficiencies in Cash Management.

⁵ 2003-04: Rs 48.62 lakh, 2004-05: Rs 26.92 lakh; 2005-06: Rs 299.60 lakh

⁶ Samastipur: Rs 0.43 cr; Chhapra: Rs 0.34 cr; Nawada: Rs 0.73 cr; Gaya: Rs 0.66 cr; Motihari: Rs 1.03 cr; and Katihar: Rs 0.07 cr

5.1.7 Operational controls

5.1.7.1 Renovation of health centres

Under PMGY, Rs 41.60 crore was provided to Building Construction Department (BCD) for renovation of 395 PHCs and 70 RHs during the years 2002-05. Of these, Rs 4.16 crore was provided to Building Construction Division of Katihar, Gaya and Nawada district for renovation purposes but only Rs 0.51 crore was utilised by BCD which indicates very poor control of the department over the executing agency.

As per PMGY guideline, the funds made available under this yojana were to be spent on renovation work of PHC and referral hospitals. During test check of records of 12 BCD divisions⁷, it was observed that Rs 4.41 crore was diverted and spent on renovation of staff quarters, construction of approach road and boundary wall in contravention of the guideline.

5.1.7.2 National programme for control of blindness

National programme for control of blindness was launched by Government of India in 1976 with aim to reduce blindness from 1.4 per cent to 0.3 per cent by the year 2000. However, the scrutiny of records disclosed that the prevalence rate of blindness was still at 0.78 per cent. The targets and achievements of cataract operation in the State during 2001-06 were as under:

(Figure in lakh)

Year	Population increased by 2 per cent each year	Target to be fixed 400 on 1 lakh population	Target fixed by Government of Bihar	Achievement
2001-02	828	3.31	1.4	0.81 (58)
2002-03	845	3.38	1.4	0.64 (46)
2003-04	862	3.45	1.4	0.90 (64)
2004-05	880	3.52	1.4	1.02 (73)
2005-06	898	3.59	1.4	1.32 (94)

(Note: Figures in brackets indicate percent)

It is evident from the table that despite fixation of lower targets by the State Government against the target of GOI, average achievement was 67 per cent only. In reply department stated (October 2006) that prevalence of blindness was to be reduced to the level of 0.3 percent by the year 2020 which is not correct in view of programme objective of GOI.

5.1.7.3 Filaria Control Programme (FCP)

The Annual Action Plan for implementation of Filaria Control Programme was to be prepared for conducting comprehensive survey of mosquitogenic condition in different localities for taking efficient and effective larvacidal measures, collection of blood samples for sending it to Regional Director (RD) for test and then sent to Vector Disease Control Programme (VDCP), Ministry of Health and Family Welfare, New Delhi for confirmation.

⁷ Ara, Bhagalpur, Chapra, Darbhanga, Gaya, Hazipur, Katihar, Khagaria, Munger, Muzaffarpur, Samastipur and Sasaram.

Collection of blood samples was only 61 per cent of target despite expenditure of Rs 32.58 crore

Scrutiny of Progress Report of FCP showed that against the uniform target of 675000 yearly blood sample collection for testing, 49 to 61 percent samples were collected involving expenditure of Rs 32.58 crore (94 percent) against allocated amount of Rs 34.64 crore during the years 2001-06. During the year 2005-06, against the same target of sample collection, the figures of sample collection as per Filarial wing was 89943 (13 percent) while annual report of department depicted it as 329680 (49 percent). The department stated that the samples collected during 2005 was 213669 in which 4585 samples were found positive. The reasons for discrepancy in both the figures were not on records. Further, the State government was not able to achieve the target of sample collection in any of the year.

Records of State Programme Officer, Patna showed nil Micro-filarial (MF) rate in 21 districts⁸ during 2005 whereas the Morbidity Survey Report of 2005 disclosed 77857 and 74028 number of Lymphoedema and Hydrocele cases respectively in those districts. This indicated that neither blood samples were collected in 21 districts nor tests were performed. Thus, the supervision mechanism provided under annual action plan to ensure adequate collection of blood samples was not followed.

5.1.7.4 National Malaria Eradication Programme (NMEP) including Kalazar

This programme was launched by GOI (1977) on 50:50 sharing basis between centre and state. Under this scheme GOI was to provide DDT, medicine and equipment whereas State Government had to bear the cost on establishment, transportation, storage and spraying of DDT.

Achievement was only one to five per cent against target of blood sample collection

Scrutiny of data provided by department and State Health Society (SHS) regarding target and achievement of blood sample collection revealed only one to five per cent achievement against prescribed target during 2002 -06 as evident from the table below:

Year	Population in lakh	Target for collection of Blood sample in lakh	Blood sample collected in lakh	Testing in lakh	Positive case in number	Plasmodium Falsiferum case (PF) in numbers	Death in number	Radical treatment in number
2002	828.78	82.88	4.13 (5)	4.06	3683 (0.91)	1705	2	3680
2003	852.39	85.24	3.72 (4)	3.64	2652 (0.73)	1080	1	2650
2004	872.24	87.23	2.98 (3)	2.84	2466 (0.87)	381	22	2466
2005	889.68	88.97	2.40 (3)	2.30	2733 (1.19)	427	6	2730
2006	897.27	89.73	0.55 (1)	0.38	1353 (3.56)	143	Nil	1353
Total		434.05	13.78 (3)	13.22	12887	3736	31	12879

(Note: Figures in bracket indicates per cent)

It may be seen from the table that percentage of positive cases ranged between 0.73 and 1.19 per cent during 2002 to 2005 while it rose to 3.56 per cent during the year 2006. This indicates that department failed to prevent and

⁸ Araria, Aurangabad, Bhagalpur, Buxar, Darbhanga, Gaya, Gopalganj, Jamui, Khagaria, Madhepura, Madhubani, Nalanda, Nawadah, Bettiah, Patna, Purnea, Saharsa, Saran, Sheohar, Siwan, Supaul.

control malaria in the State due to slackness in implementation of the programme.

GOI, in consultation with State Government declared (1991) 19 districts as Kalazar affected and decided to spray DDT in two cycle between February and March and May to June during which sand fly remain in larva stage and can be effectively eliminated through DDT spray.

Expenditure of
Rs 2.21 crore
rendered infructuous

In Chief Malaria Office 828.10 MT of DDT costing Rs 7.03 crore was received from GOI during 2000-01. Of this 342.57 MT of DDT (shelf life: two years from the date of manufacturing) was sprayed upto 2002-2003 while 485.53 MT DDT (60 per cent) valued Rs 4.12 crore had expired. However, on the direction of Joint Director, 98.78 MT DDT was sprayed in 23 districts with increased potency (1090 gm/10 lt instead of one kg/10 lt in normal case) during November- December, 2003 at an expenditure of Rs 73.23 lakh (spraying and labour cost) while balance of 386.75 MT of DDT was sprayed during 2004-05 at an expenditure of Rs 1.48 crore. Thus, the total expenditure of Rs 2.21 crore incurred on spraying of expired DDT was rendered infructuous as spraying of DDT was done in November-December during which the sandfly goes into dia pause and become immune to DDT.

Thus the expenditure of Rs 2.21 crore incurred by the State Government on storage, transportation and spraying of DDT proved unfruitful as spraying of DDT having less potency/expired at inappropriate time did not serve the purpose of controlling Kalazar.

5.1.7.5 Border Area Development Programme (BADP)

Intended objective of
BADP remained
unachieved

The programme aimed to cater to the needs of people dwelling in remote, inaccessible border areas through infrastructure development of health centres. Government provided Rupees three crore during 2002-05 for construction of buildings of 42 health centers in seven border area districts⁹. But only six buildings of sub-centers (two at Madhubani and four at Kishanganj districts) could be completed at a cost of Rs 0.43 crore by the BCD while the remaining 36 buildings were lying incomplete despite expenditure of Rs 0.33 crore as of March 2006 and balance of Rs 2.24 crore remained unutilised. The reasons for slow progress of work were not furnished by the department.

5.1.8 Inventory control

Purchase not made to
ensure economy

The system for purchase of medicine and chemicals was decentralised and purchase committee was formed under the chairmanship of DM to finalize the purchase of medicines at district level. Out of Rs 1.47 crore spent on medicines during 2003-06 in test checked districts, medicines amounting to Rs 0.13 crore were purchased which were due to expire within one and half years in violation of departmental orders (August 2002) which prohibits the purchase of medicine having expiry date of less than two years.

⁹ Kishanganj, Araria, Madhubani, E. Champaran, W. Champaran, Sitamarhi & Supaul

Rule 143 of Bihar Financial Rules provides physical verification of store at least once in a year by Head of office. However it was observed that no physical verification of stores was done in Directorate as well as in test checked districts. The department had asked for (September 2006) the names of those officials who have purchased the medicines having expiry date of within six months for taking action against them. However, the reply was silent about the action to be taken for purchase of medicine with expiry date between six month to two years. Thus, the controls prescribed for purchase of medicines were not followed.

5.1.9 Manpower management

The department did not furnish the sanctioned strength and men in position regarding doctors, para medical and subordinate staff posted in different hospitals/PHCs/APHCs though called for.

The sanctioned strength and men in position given by five¹⁰ C.S Cum C.M.O disclosed that shortage of doctors and paramedical and subordinate staff were 46 percent and 34 percent respectively in rural hospitals where as it was 18 percent and 31 percent respectively in urban hospitals. In reply the department intimated that process for appointment of doctors is underway to fill up the vacancies.

5.1.10 Internal audit

The State Government established (1953) internal audit wing under the control of Finance Department. The internal audit wing is headed by Chief Controller of Accounts functioning under the administrative control of Secretary-cum-Commissioner of Finance Department.

The internal audit of Health Department was undertaken by audit wing of Finance Department. The department received 338 Internal Audit Reports (ARs) during 2001-06 but it failed to ensure speedy compliance of the points raised in ARs. Against internal audit observations having monetary value of Rs 48.97 crore, paras involving monetary value of Rs 0.04 crore could only be settled by department as of June 2006 as per details given in table below:

(Rupees in lakh)

Year	Total No. of AR issued	Defalcation/misappropriation	Recoverable amount	Amount under objection	Loss	Unad-justed advance	Total	Amount settled
2001-02	143	29.75	113.43	319.21	1.95	81.55	545.89	1.05
2002-03	72	22.94	6.76	1830.53	30.99	20.22	1911.44	1.85
2003-04	38	92.08	35.90	331.05	2.02	29.42	490.47	-
2004-05	53	15.63	22.92	1470.83	4.13	96.23	1609.74	1.23
2005-06	32	1.93	100.35	149.17	3.09	85.67	340.21	-
Total	338	162.33	279.36	4100.79	42.18	313.09	4897.75	4.13

Eleven cases of defalcation of Rs 18.42 lakh was examined and it was observed that the cases of defalcation was mainly due to non handing over of cash, errors in OB and CB of cash Book, remmittances shown through fake challan etc. No action was initiated by the department to realise the amount by

¹⁰ Gaya, Nawada, Katihar, Chhapra, Samastipur

fixing the accountability for such cases. The department stated in reply that maximum number of pending paras is concerned with the field offices but the reply is not tenable as the final responsibility of disposal of para lies with the department.

5.1.11 Inspection Reports of Statutory Audit

Observations as a result of the statutory audit (PAG) are communicated through Inspection Reports (IRs). First replies to the IRs were to be sent to the PAG within three weeks. Details of outstanding paragraphs as of March 2006 were as below.

(Rupees in crore)

Year	No. of IRs	Total		Settled		Outstanding	
		Paras	Amount	Paras	Amount	Paras	Amount
2001-02	32	184	26.93	8	0.32	176	26.61
2002-03	29	169	11.64	13	0.06	156	11.58
2003-04	52	316	116.20	-	-	316	116.20
2004-05	49	348	58.65	2	0.38	346	58.27
2005-06	99	434	53.40	7	0.77	427	52.63
Total	261	1451	266.82	30	1.53	1421	265.29

261 Inspection Reports were issued by statutory audit containing 1451 paras amounting to Rs 266.83 crore of which only 30 paras amounting to Rs1.54 crore were settled by the department during 2001-06. Failure to ensure expeditious settlement of irregularities brought out in the IRs may lead to continuance of the financial irregularities and lack of control on the financial management of the department.

5.1.12 Monitoring

Monitoring was negligible

There was no monitoring and evaluation cell functioning in the department. The department failed to monitor and evaluate the execution of various schemes and activities. The State Health Society (SHS) started functioning since October 2005 and data collection work was entrusted to it. The Filariasis Control Unit of SHS could not provide data up to March 2006 as of July 2006. Bihar Treasury code provides the controlling officer should make a thorough inspection at least once in a year of the offices under his control but no inspection was carried out by Director-in-Chief. The C.S cum C.M.O of test checked districts inspected the subordinate offices but no follow-up action was taken up on the irregularities noticed during inspection. This indicated the failure of monitoring mechanism in the department.

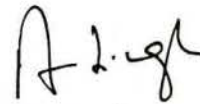
5.1.13 Conclusion

Internal Control viz. financial control, expenditure control and operational control were found not working and ineffective in the department. Budgetary control was poor as reflected in huge surrenders and savings. The Public Health programmes failed to deliver the intended benefit to the target population due to deficient implementation of the programmes. Internal audit mechanism was deficient as indicated by poor compliance to audit observations of internal audit wing and statutory audit. Monitoring and evaluation mechanism was non-existent in the department.

Recommendations

- Budget control systems should be made effective so as to ensure realistic assessment of requirement and timely utilisation of funds.
- DC bills should be submitted timely as per provisions of Bihar Treasury Code to curb malpractices.
- Compliance with audit observations of internal audit wing/statutory audit particularly relating to defalcation and recovery must be ensured within a fixed time frame and it should be monitored by Head of the Department.
- Monitoring and evaluation cell should be constituted to ensure effective surveillance.

The above points were reported to Government (September 2006); their reply has been received (October 2006) and incorporated in the review at appropriate places.



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APPENDICES

APPENDIX 1.1

(Refer: Paragraph 1.1 Page 2)

Part A: Structure and Form of Government Accounts

Structure of Government Accounts: The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account.

Part I: Consolidated Fund

All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund entitled 'The Consolidated Fund of State' established under Article 266(1) of the Constitution of India.

Part II: Contingency Fund

Contingency Fund of State established under Article 267(2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by the Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.

Part III: Public Account

Receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances etc which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State legislature.

PART B

(Refer: Paragraph 1.1 Page 2)

Layout of Finance Accounts

Statement	Lay Out
Statement No.1	Presents the summary of transactions of the State Government –receipts and expenditure, revenue and capital, public debt receipts and disbursements etc in the Consolidated Fund, Contingency Fund and Public Account of the State.
Statement No.2	Contains the summarized statement of capital outlay showing progressive expenditure to the end of 2005-06
Statement No.3	Gives financial results of irrigation works, their revenue receipts, working expenses and maintenance charges, capital outlay, net profit or loss, etc.
Statement No.4	Indicates the summary of debt position of the State which includes borrowing from 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 corporations, local bodies and other institutions.
Statement No.7	Gives the summary of cash balances and investments made out of such balances.
Statement No.8	Depicts the summary of balances under Consolidated Fund, Contingency Fund and Public Account as on 31 March 2006
Statement No.9	Shows the revenue and expenditure under different heads for the year 2005-06 as a percentage of total revenue/expenditure
Statement No.10	Indicates the distribution between the charged and voted expenditure incurred during the year
Statement No.11	Indicates the detailed account of revenue receipts by minor heads
Statement No.12	Provides accounts of revenue expenditure by minor heads under non-plan and plan separately and capital expenditure by major head wise
Statement No.13	depicts the detailed capital expenditure incurred during and to the end of 2005-06
Statement No.14	Shows the details of investment of the State Government in statutory corporations, Government companies, other joint stock companies, co-operative banks and societies etc up to the end of 2005-06
Statement No.15	Depicts the capital and other expenditure to the end of 2005-06 and the principal sources from which the funds were provided for that expenditure

Statement	Lay Out
Statement No.16	Gives the detailed account of receipts disbursements and balances under heads of account relating to Debt, Contingency Fund and Public Account
Statement No.17	Presents detailed account of debt and other interest bearing obligations of the Government of Bihar
Statement No.18	Provides the detailed account of loans and advances given by the Government of Maharashtra, the amount of loan repaid during the year, the balance as on 31 March 2006
Statement No.19	Gives the details of earmarked balances of reserve funds

Part C

(Refer: Paragraph 1.3 Page 5)

List of terms used in the Chapter I and basis of their calculation

Terms	Basis of calculation
Buoyancy of a parameter	Rate of Growth of the parameter/ GSDP Growth
Buoyancy of a parameter (X) With respect to another parameter (Y)	Rate of Growth of parameter (X)/ Rate of Growth of parameter (Y)
Rate of Growth (ROG)	$[(\text{Current year Amount} / \text{Previous year Amount}) - 1] \times 100$
Development Expenditure	Social Services + Economic Services
Average interest paid by the State	Interest payment / $[(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities}) / 2] \times 100$
Weighted Interest Rate (I_w)	$I_w = \sum_i^n I_i W_i$, where I_i is the rate of interest on the i^{th} stock of debt and W_i is the share of i^{th} stock in the total debt stock of the State.
Interest spread	GSDP growth – Weighted Interest Rate
Quantum spread	Debt stock \times Interest spread
Interest received as per cent to Loans Outstanding	Interest Received $[(\text{Opening balance} + \text{Closing balance of Loans and Advances}) / 2] \times 100$
Revenue Deficit	Revenue Receipt – Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit – Interest payments
Balance from Current Revenue (BCR)	Revenue Receipts <u>minus</u> all Plan grants and Non-plan Revenue Expenditure excluding expenditure recorded under the major head 2048 – Appropriation for reduction of Avoidance of debt

Appendix 1.2

(Refer: Paragraph 1.1.4 Page 4)

Outcome Indicators of the States' Own Fiscal Correction Path

(Rs. in crore)

	Base Year Estimate	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
1	2	3	4	5	6	7	8
A. STATE REVENUE ACCOUNT:							
1. Own Tax Revenue	2890	3348	3934	4523	5020	5597	6241
2. Own Non-tax Revenue	320	418	298	342	353	363	374
3. Own Tax + Non-tax Revenue(1+2)	3210	3765	4232	4865	5373	5961	6615
4. Share in Central Taxes & Duties	7628	9117	10480	12156	13237	15222	17543
5. Plan Grants	1466	2148	3047	3721	4094	4503	4953
6. Non-Plan Grants	152	684	1357	1648	1735	1830	1935
7. Total Central Transfer (4 to 5)	9245	11949	14883	17526	19065	21555	24431
8. Total Revenue Receipts (3+7)	12455	15714	19116	22391	24438	27515	31047
9. Plan Expenditure	1084	1996	3315	4171	4463	4776	5158
10. Non-Plan Expenditure	11627	12642	15953	17608	18665	17785	22357
11. Salary Expenditure	5020	5005	7372	7831	8066	8308	8557
12. Pension	2269	2325	2748	3020	3259	3527	3794
13. Interest Payments	3343	3474	3633	4210	4400	4840	5324
14. Subsidies - General	0	0	0	0	0	0	0
15. Subsidies - Power	2209	730	1409	730	917	800	700
16. Total Revenue Expenditure (9+10)	12711	14638	19269	21780	23128	24560	27514
17. Salary + Pensions + Interest (11+12+13)	10632	10804	13752	15061	15725	16675	17676
18. as % of Revenue Receipts (17/8)	85	69	72	67	64	61	57
19. Revenue Surplus/Deficit (8-16)	-255	1076	-153	611	1310	2955	3532
B. CONSOLIDATED REVENUE ACCOUNT:							
1. Power Sector loss/profit net of actual subsidy transfer	758	775	943	979	760	590	340
2. Increase in debtors during the year in power utility accounts (Increase(-))	-667	-637	-646	-670	-500	-400	-300
3. Interest payment on off budget borrowings and SPV borrowings made by PSU/SPUs outside budget.	36	32	35	83	58	64	70
4. Total (1 to 3)	127	170	332	392	318	254	110
5. Consolidated Revenue Deficit (A.19 + B4)	-383	906	-484	219	992	2701	3422
C. CONSOLIDATED DEBT:							
1. Outstanding debt and liability	37453	42483	43641	47962	52122	54928	58006
2. Total Outstanding guarantee of which (a) guarantee on account off budgeted borrowing and SPV borrowing	711	831	1311	2283	2542	2833	3161
D. CAPITAL ACCOUNT:							
1. Capital Outlay	1549	1205	3307	4912	5158	5416	6228
2. Disbursement of Loans and Advances	2569	1128	1647	332	365	402	442
3. Recovery of Loans and Advances	10	15	68	51	54	56	59
4. Other Capital Receipts							
E. GROSS FISCAL DEFICIT (GFD)							
GSDP at current prices GoB	56412	62792	68465	76115	84724	94422	105361
Actual/ Assumed Nominal Growth Rate (%)	7.73	1.98	7.36	6.02	4.91	2.97	2.92

APPENDIX - II

(Refer: Paragraph - 1.3; Page 5.)

Summarised financial position of the Government of Bihar

As on 31 March 2005	Liabilities		As on 31 March 2006
(Rupees in crore)			(Rupees in crore)
21905.87		Internal Debt	25181.52
	10461.99	Market loan bearing interest	10810.02
	0.34	Market loan not bearing interest	-4.56
	13.57	Loans from LIC	13.46
	11429.97	Loans from other institutions etc.	14362.60
1424.48		Ways and means advances Shortfall in deposit with Reserve Bank	1125.59
9037.06		Loans and Advances from Central Government	8551.01
	409.92	Pre 1984-85 Loans	360.91
	300.13	Non-Plan Loans	254.41
	8257.41	Loans for State Plan Schemes	7866.46
	9.76	Loans for Central Plan Schemes	9.13
	16.88	Loans for Centrally Sponsored Plan Schemes	17.14
	42.96	Ways and Means Advances	42.96
350.00		Contingency Fund	350.00
8400.72		Small Savings, Provident Fund etc.	8765.73
2603.10		Deposits	3020.37
536.63		Reserve Funds	976.25
		Remittance Balances	
		Suspense and Miscellaneous Balances	
44257.86		Total	47970.47
As on 31 March 2005	Assets		As on 31 March 2006
(Rupees in crore)			(Rupees in crore)
17084.67		Gross Capital Outlay	19168.57
	708.66	Investment in shares of companies, corporations, etc.	805.64
	16376.01	Other Capital Outlay	18362.93
11876.69		Loans and Advances	13573.66
	9701.30	Loans for Power Projects	11436.57
	2111.89	Other Development Loans	2074.21
	63.50	Loans to Government Servants etc.	62.88
196.04		Advances	198.73
1642.89		Remittance Balances	1612.74
985.49		Suspense and Miscellaneous Balances	955.18
2942.95		Cash	3013.17
		Cash in Treasuries and Local Remittances	
	92.83	Departmental Balances	159.90
	0.18	Permanent Cash Imperest	0.19

As on 31 March 2005	Assets			As on 31 March 2006
(Rupees in crore)			(Rupees in crore)	
	2849.94	Cash Balance Investment and Other Reserve Fund Investment	2853.08	
		Deposit with Reserve Bank		
9529.13		Deficit on Government Account		9448.42
	-1075.73	Add Revenue Deficit / Less Revenue surplus of the current year	-80.71	
	10604.86	Accumulated Deficit up to preceding year Miscellaneous Government Account	9529.13	
44257.86		Total		47970.47

APPENDIX - III (Refer: Paragraph - 1.3; Page 5)

Abstract of receipts and disbursements for the year 2005-06

(Rupees in crore)

Receipts			Disbursements				
2004-05			2005-06	2004-05			2005-06
	Section A: Revenue			Total		Non-Plan	Plan
15714.14	I Revenue Receipts		17836.71	14638.41	I Revenue Expenditure	15020.05	2735.95
3347.39	Tax Revenue	3561.10		7803.48	General Services	8107.38	415.41
417.79	Non Tax Revenue	522.30		4794.98	Social Services	5450.16	1411.76
9117.13	State's Share of Union Taxes and Duties	10420.59		3142.23	Education, Sport, Art and Culture	3809.81	584.14
683.99	Non Plan Grants	1201.08		607.47	Health and Family Welfare	758.34	118.60
1642.90	Grants for State Plan Schemes	1555.66		251.09	Water Supply, Sanitation, Housing and Urban Development	186.31	221.18
10.33	Grants for Central Plan Schemes	89.99		11.94	Information and Broadcasting	12.26	1.33
494.61	Grants for Centrally Plan Schemes	485.99		95.11	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	69.45	31.00
				115.09	Labour and Labour Welfare	30.24	105.28
				561.65	Social Welfare and Nutrition	571.87	350.23
				10.40	Others	11.88	0.00
				2035.67	Economic Services	1458.31	908.78
				396.84	Agriculture and Allied Activities	238.37	172.08
				802.68	Rural Development	544.61	517.97
				473.02	Irrigation and Flood Control	313.49	169.27
				1.74	Energy	0.61	0.81
				33.41	Industry and Minerals	21.24	14.69
				224.61	Transport	283.40	1.61
				103.37	General Economic Services	56.59	32.35
				4.28	Grants-in-aid and Contributions	4.20	4.20
	II Revenue Deficit Carried Over to Section B			1075.73	II Revenue Surplus Carried Over to Section B		80.71
15714.14	Total Section A		17836.71	15714.14			17836.71

Receipts				Disbursements				
2004-05			2005-06	2004-05				2005-06
	Section B: Others							
-352.08	III Opening Cash Balance Including Permanent Advances and Cash Balance Investment		1518.47	1204.52	II Capital Outlay	23.24	2060.66	2083.90
				67.65	General Services	17.65	54.26	71.91
				137.29	Social Services	4.79	323.64	328.43
				17.59	Education, Sport, Art and Culture		29.14	29.14
				21.94	Health and Family Welfare		137.91	137.91
				69.64	Water Supply, Sanitation, Housing and Urban Development	4.79	119.41	124.20
				8.49	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes		37.18	37.18
				19.63	Social Welfare and Nutrition			
					Others			
				999.58	Economic Services	0.80	1682.76	1683.56
				10.32	Agriculture and Allied Activities	0.80	92.39	93.19
				367.47	Rural Development		404.23	404.23
				442.52	Irrigation and Flood Control		591.46	591.46
				26.50	Energy		302.01	302.01
				1.12	Industry and Minerals		5.29	5.29
				144.06	Transport		274.99	274.99
				7.59	General Economic Services		12.39	12.39
14.83	IV Recoveries of Loans and Advances		50.86	1127.84	III Loans and Advances Disbursed			1747.82
	From Power Projects			1071.04	For Power Projects	1637.75	97.52	1735.27
5.99	From Government Servants	4.29		2.66	To Government Servants	3.68		3.68
8.84	From Others	46.57		54.14	To Others	4.31	4.56	8.87
1075.73	V Revenue surplus brought down		80.71					
7622.58	VI Public Debt Receipts		3770.37	3083.72	IV Repayment of Public Debt			980.76

Receipts				Disbursements			
2004-05			2005-06	2004-05			2005-06
5968.40	Internal Debt Other than Ways and Means Advance and Overdraft	3768.55		361.01	Internal Debt Other than Ways and Means Advance and Overdraft	492.90	
	Net Transaction under Ways and Means Advance and Overdraft				Net Transaction under Ways and Means Advance and Overdraft		
1654.18	Loans and Advances from Central Government	1.82		2722.71	Repayment of Loans and Advances to Central Government	487.86	
4092.67	VI Public Account Receipts		5694.52	5519.18	VI Public Account Disbursements		4414.87
1198.00	Small Savings, Provident Fund etc.	1087.66		794.50	Small Savings, Provident Fund etc.	722.65	
188.59	Reserve Funds	439.62		111.84	Reserve Funds		
3129.42	Deposits and Advances	1886.05		3168.59	Deposits and Advances	1471.49	
-1661.61	Suspense and Miscellaneous	211.45		212.24	Suspense and Miscellaneous	181.14	
1238.27	Remittances	2069.74		1232.01	Remittances	2039.59	
				1518.47	VII Cash Balance at the end		1887.58
				-1424.48	Deposits with Reserve Bank	-1125.59	
				93.01	Departmental Cash Balance including Permanent Advances etc.	160.09	
				2849.94	Cash Balance Investment	2853.08	
12453.73	Total Section A		11114.93	12453.73			11114.93

APPENDIX - IV*(Refer: Paragraph - 1.3; Page 5)***Sources and application of funds***(Rupees in crore)*

2004-05	Sources			2005-06
15714.14		Revenue Receipts		17836.71
14.83		Recoveries of Loans and Advances		50.86
4538.86		Increase in Public debt		2789.61
-1426.51		Net Receipts from Public Account -		1279.65
	403.50	Increase in Small Savings, Provident Funds, etc.	365.01	
	-39.17	Increase in Deposits and Advances	414.56	
	76.75	Increase in Reserve funds	439.62	
	-1873.85	Net effect of Suspense and Miscellaneous transactions	30.31	
	6.26	Net effect of Remittance transactions	30.15	
		Decrease in cash balance		
18841.32	Total			21956.83
2004-05	Application			2005-06
14638.41		Revenue expenditure		17756.00
1127.84		Lending for development and other purposes		1747.82
1204.52		Capital expenditure		2083.90
1870.55		Increase in cash balance		369.11
18841.32	Total			21956.83

APPENDIX-V

(Refer: Paragraph - 1.3; Page 5)

Time series data on State Government finances

(Rupees in crore)

	2001-02	2002-03	2003-04	2004-05	2005-06
Part A. Receipts					
1. Revenue Receipts	9839	10968	12456	15714	17837
(i) Tax Revenue	2319(24)	2761(25)	2890(23)	3347(21)	3561(20)
Taxes on Sales, Trade, etc.	1413(61)	1648(60)	1637(57)	1891(57)	1734(49)
State Excise	239(10)	242(9)	240(8)	272(8)	319(9)
Taxes on Vehicles	142(6)	178(6)	209(7)	213(6)	302(8)
Stamps and Registration Fees	304(13)	348(13)	418(14)	429(13)	505(14)
Land Revenue	34(2)	36(1)	34(1)	33(1)	55(2)
Other Taxes	187(8)	309(11)	352(13)	509(15)	646(18)
(ii) Non-Tax Revenue	287(3)	261(2)	320(3)	418(3)	522(3)
(iii) State's share in Union taxes and duties	6177(63)	6549(60)	7628(61)	9117(58)	10421(58)
(iv) Grants-in-aid from Government of India	1057(11)	1397(13)	1618(13)	2832(18)	3333(19)
2. Misc. Capital Receipts		1			
3. Total Revenue and Non debt capital receipt (1+2)	9839	10968	12456	15714	17837
4. Recoveries of Loans and Advances	13	16	10	15	51
5. Public Debt Receipts	3758	4190	5069	7623	3770
Internal Debt (excluding Ways & Means Advances and Overdrafts)	2681	2935	4249	5969	3768
Net transactions under Ways and Means Advances and Overdraft	-	-	-	-	-
Loans and Advances from Government of India[1]	1077	1255	820	1654	2
6. Total Receipts in the Consolidated Fund (3+4+5)	13619	15174	17535	23352	21658
7. Contingency Fund Receipts	-	-	-	-	-
8. Public Accounts receipts	7719	5584	7440	4092	5695
9. Total receipts of the State (6+7+8)	21329	20758	24975	27444	27353
Part B. Expenditure					
10. Revenue Expenditure	11159(90)	12255(88)	12711	14638	17756
Plan	867(8)	1354 (11)	1084(9)	1996(14)	2736(15)
Non-plan	10292(92)	10901(89)	11627(91)	12642(86)	15020(85)
General Services (including Interests payments)	6323(57)	6574 (54)	7176(56)	7803(53)	8523(48)
Economic Services	1302(12)	1763 (14)	1498(12)	2036(33)	2367(13)
Social Services	3532(31)	3916 (32)	4033(32)	4795(14)	6862(38)
Grants-in-aid and contributions	1.82	1.82	4	4	4
11. Capital Expenditure	742	970	1549	1205	2084
Plan	742 (100)	970 (100)	1493 (96)	1170 (97)	2061(99)
Non-plan	Negligible	Negligible	56(4)	35(3)	23(1)
General Services	19(2)	81(8)	22(1)	68(6)	72(3)

	2001-02	2002-03	2003-04	2004-05	2005-06
Economic Services	680(92)	747(77)	1364(88)	1000(83)	1684(81)
Social Services	43(6)	142(15)	163(11)	137(11)	328(16)
12. Disbursement of Loans and Advances	534	747	2569	1128	1748
13. Total (10+11+12)	12435	13972	16829	16971	21588
14. Repayments of Public Debt	624	1526	2802	3084	981
Internal Debt (excluding Ways and Means Advances and Overdrafts)	96	145	422	361	493
Net transactions under Ways and Means Advances and Overdraft	-	-	-	-	-
Loans and Advances from Government of India	528	1381	2380	2723	488
15. Appropriation to Contingency Fund	-	-	-	-	-
16. Total disbursement out of Consolidated Fund (13+14+15)	13059	15498	19631	20055	22569
17. Contingency Fund disbursements	-	-	-	-	-
18. Public Accounts disbursements	8060	4822	5789	5519	4415
19. Total disbursement by the State (16+17+18)	21119	20320	25420	25574	26984

Part C. Deficits

20. Revenue Deficit (1-10)	(-)1320	(-)1287	(-)255	1076	81
21. Fiscal Deficit (3+4-13)	(-)2583	(-)2988	(-)4363	(-)1242	(-)3700
22. Primary Deficit (-)/surplus (+) (21-23))	(-) 46	(-) 34	(-)1020	(+)2232	(-)51

Part D. Other data

23. Interest Payments (included in revenue expenditure)	2629	3022	3343	3474	3649
24. Arrears of Revenue (Percentage of Tax & non-tax Revenue Receipts in brackets)	1141(44)	1485(49)	1357(42)	1101(29)	NA
25. Financial Assistance to local bodies etc.	565	1022	788	813	1110
26. Ways and Means Advances (WMA)/Overdraft availed (days)	229	1	44	3	NIL
27. Interest on WMA/Overdraft	12	negligible	5	negligible	NIL
28. Gross State Domestic Product (GSDP)	50987	56688	59862	*62792	68466
29. Fiscal liability (year end)	31883	35249	37453	42483	46495
30. Outstanding guarantees (year end)	209	393	471	473	605
31. Maximum amount guaranteed (year end)	NA	NA	1531	1531	1531
32. Number of incomplete projects	22	22	22	18	6
33. Capital blocked in incomplete projects	30	NIL	N.A.	1183	2393

Note: Figure in brackets represent percentage (rounded) to total of each subheading.

* Quick estimates figure provided by the Government of Bihar.

APPENDIX-VI
(Refer : Paragraph 1.6.5; Page 16)

Utilisation certificates relating to grants-in-aid paid upto March 2005 but not received upto September 2005

(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	511	1533.53	NIL	NIL	511	1533.53
		2000-2002						
		2002-03	NIL	NIL	NIL	NIL	NIL	NIL
		2003-04						
2	Agriculture	upto	167	4811.84	NIL	NIL	167	4811.84
		2000-2002						
		1	NIL	NIL	NIL	NIL	NIL	NIL
		2003-04						
3	Co-operative	Upto	471	7149.69	NIL	NIL	471	7149.69
		2000-2002						
		2002-03	NIL	NIL	NIL	NIL	NIL	NIL
		2003-04						
4	Education	Upto	56	4214.91	NIL	NIL	56	4214.91
		2000-2002						
		2002-03	NIL	NIL	NIL	NIL	NIL	NIL
		2003-04						
5	Police	Upto	6	559.94	NIL	NIL	6	559.94
		2000-2002						
		2002-03	NIL	NIL	NIL	NIL	NIL	NIL
		2003-04						
6	Public Works	upto	555	512.12	NIL	NIL	555	512.12
		2000-2002						
		2002-03	NIL	NIL	NIL	NIL	NIL	NIL
		2003-04						
7	Welfare	Upto	1615	2909.22	NIL	NIL	1615	2909.22
		2000-2002						
		2002-03	NIL	NIL	NIL	NIL	NIL	NIL
		2003-04						
8	Medical	upto	778	2233.09	NIL	NIL	778	2233.09
		2000-2002						
		2002-03	NIL	NIL	NIL	NIL	NIL	NIL
		2003-04						
9	Urban Development	upto	6852	22915.76	NIL	NIL	6852	22915.76
		2000-2002						
		2002-03	NIL	NIL	NIL	NIL	NIL	NIL
		2003-04						
10	Industry	upto	2495	33639.88	NIL	NIL	2495	33639.88
		2000-2002						
		2002-03	NIL	NIL	NIL	NIL	NIL	NIL
		2003-04						

Sl. No.	Department	Year to which Grants were paid	Utilisation due		Utilisation received		Utilisation awaited	
			Number	Amount	Number	Amount	Number	Amount
11	Other	upto	6684	30702.84	NIL	NIL	6684	33702.84
		2000-2002						
		2002-03	NIL	NIL	NIL	NIL	NIL	NIL
		2003-04						
	Total		80190	111182.82	NIL	NIL	20190	111182.82
<i>Separated State of Bihar from 15.11.2000</i>								
1	Animal Husbandry	2001-02	5	187.75			5	187.75
		2002-03					0	
		2003-04	2	71.47			2	71.47
		2004-05	6	143.20			6	143.20
		2005-06	1	49.28			1	49.28
2	Agriculture	2001-02					0	
		2002-03					0	
		2003-04	2	597.05			2	597.05
		2004-05	1	625.74			1	625.74
		2005-06					0	
3	Education	2001-02	30	7808.03			30	7808.03
		2002-03	21	1164.30	15	461.07	6	703.23
		2003-04					0	
		2004-05	1	338.64			1	338.64
		2005-06					0	
4	Welfare	2001-02	28	1135.34			28	1135.34
		2002-03					0	
		2003-04	7	338.62	2	39.00	5	299.62
		2004-05	3	191.92			3	191.92
		2005-06					0	
5	Co-operative	2001-02	6	152.25			6	152.25
		2002-03					0	
		2003-04	1	75.00			1	75.00
		2004-05	17	11023.87			17	11023.87
		2005-06	1	80.00			1	80.00
6	Public Works	2001-02					0	
		2002-03					0	
		2003-04	37	233.00	7	41.69	30	191.31
		2004-05					0	
		2005-06					0	
7	Industry	2001-02	37	980.74			37	980.74
		2002-03	19	891.83			19	891.83
		2003-04					0	
		2004-05	28	823.07			28	823.07
		2005-06	2	3.50			2	3.50
8	Urban Development	2001-02	207	1909.35	2	100.50	205	1808.85
		2002-03	18	3100.64	6	1577.93	12	1522.71
		2003-04	18	7685.68			18	7685.68
		2004-05	18	3925.41			18	3925.41
		2005-06	54	25702.92			54	25702.92

Sl. No.	Department	Year to which Grants were paid	Utilisation due		Utilisation received		Utilisation awaited	
			Number	Amount	Number	Amount	Number	Amount
9	Others	2001-02	141	14088.70			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
		2004-05	25	17466.76	10	13684.26	15	3782.50
		2005-06	22	73948.23			22	73948.23
	Total	up to 14-11-2000	20190	111182.82			20190	111182.82
		2001-02	454	26262.16	2	100.50	452	26161.66
		2002-03	64	5913.25	24	2485.58	40	3427.67
		2003-04	73	15213.11	12	207.24	61	15005.87
		2004-05	99	34538.61	10	13684.26	89	20854.35
		2005-06	80	99783.93	0	0.00	80	99783.93
	Grand Total			292893.88		16477.58		276416.30

APPENDIX-VII

(Refer: Paragraph 1.6.6; Page 16)

Details with status of accounts submitted by Autonomous bodies to State Legislature

Sl. No.	Name of the body	Period of entrustment of audit of accounts to CAG	Year for which accounts due	Year upto which account submitted	Year upto which Audit Report issued	Year upto which Audit Report submitted to State Legislature	Reasons for non-finalisation of Audit Reports
1	Bihar State Housing Board, Patna	2003-04	2003-04	2002-03	1993-94	1993-94	Comments on draft SARs for 1994-95 to 1998-99 are awaited from BSHB, Patna (as on 28.08.06). Audit of annual accounts for 1999-00 to 2002-03 will be taken up on finalisation of SARs for 1994-95 to 1998-99.
2	Bihar Khadi and Village Industries Board, Patna	2002-03	1999-02 to 2002-03	1998-99	1988-89	1986-87	Draft SARs for 1989-90 to 1998-99 are in process of finalisation (as on 28.08.06).
3	Bihar State Legal Service Authority, Patna	Permanent	2004-05 to 2005-06	2003-04	2001-02 (as on 31.03.06)	--	SARs for 2002-03 and 2003-04 were issued vide this office letter No. IC(C)-246-248 dated 10.04.06.

APPENDIX - VIII

(Refer : Paragraph – 1.7.3; Page 17)

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
	Animal Husbandry & Fisheries Department		
1	Central Poultry Farm, Patna	1	Dec-48
2	Regional Poultry Farm, Bhagalpur	1	Dec-59
3	Regional Poultry Farm, Muzaffarpur	1	Oct-71
	Industries Department		
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
	Excise & Prohibition Department		
8	Purchase & sale of opium stock	1	--
9	Grain Gola	1	1947-48
	Total	26	

APPENDIX - IX*(Refer : Paragraph – 1.7.3; Page17)**Departmentally managed commercial/quasi-commercial undertakings, the proforma accounts of which are in arrears*

Sl. No.	Name of the commercial/quasi-commercial undertakings	No. of unit
	Agriculture Department	
1	State Tractor Organisation, Purnea	1977 onwards (November to October)
	Home (Jail) Department	
2	Manufacturing Department of Central Jail, Bhagalpur	1981 to 2005 (January to December)
3	Manufacturing Department of Central Jail, Buxar	1987 to 2005 (January to December)

APPENDIX-X

(Refer : Paragraph – 2.3.2; Page 27)

Areas in which major savings occurred (Rs 10 crore and above)

(Rupees in crore)

Sr. No.	Grant No. / Department	Head of Account Major / Minor / Sub Head	Major Savings
A Revenue Voted			
I	20 Health, Medical Education and Family Welfare Department	2210 Medical and Public Health	
1.		0013 Sadar Hospital 01 - 110 - 0013	59.80
2.		0002 Additional Primary Health Centre 03 - 101 - 0002	15.34
3.		0001 Primary Health Centre (Non Plan) 03 - 103 - 0001	82.15
4.		0101 Primary Health Centre 03 - 103 - 0101	37.97
5.		0001 Rural Family Welfare Centre 06 - 101 - 0001	11.47
6.		0602 Health Sub Centre 06 - 101 - 0602	66.02
7.		0101 Rural Family Welfare Centre 06 - 101 - 0101	17.60
8.		0601 Compensation 06 - 105 - 0601	10.36
II	50 Minor Irrigation Department	2702 Minor Irrigation	
9.		0002 Government Tube Wells 03 - 103 - 0002	12.35
10.		0105 Rashtriya Sam Vikas Yojana 03 - 103 - 0105	100.00
III	51 Welfare Department	2235 Social Security and Welfare	
11.		0002 Special Nutrition Scheme 02 - 102 - 0002	47.80
12.		0602 Consolidated Child Development Scheme 02 - 102 - 0602	27.04
13.		0603 Externally Sponsored Scheme (World Bank) State Sponsored Integrated Child Development Scheme 02 - 102 - 0603	15.44
14.		0605 Balika Samridhi Yojana Grants-in-aid 02 - 103 - 0605	10.24
15.		2236 Nutrition 0102 Scheme for distribution of nutritious food to pregnant women, children and nursing mother 02 - 101 - 0102	46.52

Sr. No.	Grant No. / Department	Head of Account Major / Minor / Sub Head	Major Savings
		Total A :	560.10
B Capital Voted			
IV	36 Public Health Engineering Department	4215 Capital Outlay on Water Supply and Sanitation	
16		0602 Central Rural Water Supply Program	
		01 - 102 - 0602	130.13
17		0603 Accelerated Urban Water Supply Scheme	
		02 - 102 - 0603	19.81
18		0116 Loans from NABARD for infrastructure for supply of drinking water in Rural Areas	
		01 - 102 - 0116	35.00
V	41 Road Construction Department	5054 Capital Outlay on Roads and Bridges	
19		0103 Bridge (NABARD Loan)	
		01 - 101 - 0103	46.64
20		0102 Major Roads	
		03 - 337 - 0102	51.94
21		0106 Central Road Fund	
		03 - 337 - 0106	36.34
22		0107 Rashtriya Sam Vikas Yojana	
		03 - 337 - 0107	244.86
VI	42 Rural Development Department	2501 Special Program for Rural Development	
23		0102 Swarn jayanti Gram Swarojagar Yojana	
		01- 800- 0102	15.73
		2515 Other Rural Development Programs	
24		0003 District Panchayat Establishment	
		00 - 001 - 0003	20.36
25		0003 Post Stage - 2 Blocks	
		00 - 102 - 0001	18.69
		4515 Capital Outlay on Other Rural Development Programmes	
26		0101-Minimum Needs Programmes	
		00-103-0101	173.19
27		0109-Implementation of Scheme on recommendation of MLAs/MLCs	
		00-103-0109	43.70
VII	49 Water Resources Department	4700 Capital Outlay on Major Irrigation	
28		0101 Rashtriya Sam Vikas Yojana (Additional Central Assistance)	
		80 - 800 - 0101	99.71

Sr. No.	Grant No. / Department	Head of Account Major / Minor / Sub Head	Major Savings
29.		4701 Capital Outlay on Medium Irrigation	
		0103 Irrigation Project for Kiul - Badua Chandan Basin (Works) NABARD sponsored Project	
		04 - 800 - 0103	16.07
30.		4711 Capital Outlay on Flood Control Projects	
		0111 Flood Control Embankment Road Scheme (NABARD) Sponsored Scheme (Works)	
		01 - 001 - 0111	15.03
31.		0112 Drainage Projects NABARD Sponsored Projects (Works)	
		01 - 001 - 0112	68.44
32.		0602 Construction Works Tinmuhan Kursaila Embankment	
		01 - 800 - 0602	10.00
33.		0609 Extension and Strengthening of Embankment of river Baghmati	
		01 - 800 - 0609	13.50
34.		0610 Anti Erosion Works on river Ganga	
		01 - 800 - 0610	13.25
35.		0611 Water Drainage Project under Additional Central Assistance	
		01 - 800 - 0611	21.00
		Total B :	1093.39
C Capital Charged			
VIII	14 Repayment of Public Debt	6003 Internal Debt of the State Government	
36.		0001 Loans from National Agricultural Credit Fund of the Reserve Bank of India	
		00 - 106 - 0001	13.18
37.		0001 Ways and Means Advances from Reserve Bank of India	
		00 - 110 - 0001	2000.00
38.		0002 Loan received from 1984-85	
		01 - 102 - 0002	76.99
39.		0001 Block Loans received from 1989-90	
		02 - 101 - 0001	77.86
40.		0001 15 Years Consolidated Block Loan, 1990	
		02 - 104 - 0001	60.90
41.		0001 Small Savings Loan, 1990	
		07 - 105 - 0001	10.67
		Total C :	2239.60
		Grand Total (A+B+C)	3893.09

APPENDIX - XI
(Refer : Paragraph – 2.3.3; Page-28)

Cases where expenditure fell short of Budget provisions (in excess of Rupees two crore or more and also by more than 20 per cent of the total provisions in each case)

the total provisions in each case)				
Sl No.	Number and Name of Grant / Appropriation	Amount of Grant/ Appropriation	Amount of Savings (Percentage of Provision in brackets)	Main reasons of Savings as furnished by the Government
		(Rupees in crore)		
A. Revenue Voted Section				
1.	2 - Animal Husbandry and Fisheries Department	97.86	24.75 (25.29)	Mainly due to sanction of the scheme at the fag end of the year and restriction imposed by the F.D.
2.	4 - Cabinet Secretariat and Co-ordination Department	8.26	2.90 (35.11)	Reasons for saving of Rs 0.35 crore were due to vacant posts and non-drawal of travelling expenses and the reasons for balance amount was not intimated.
3.	6 - Election	138.27	37.30 (26.98)	Reasons for the saving have not been intimated.
4.	10 - Energy Department	61.18	50.19 (82.04)	Reasons for the saving have not been intimated.
5.	11 - Excise and Prohibition Department	19.34	4.48 (23.17)	Reasons for saving have not been intimated.
6.	12 - Finance Department	92.23	39.65 (42.99)	Reasons for the saving of Rs 0.51 crore was due to economy measures and excess provision against demand. The reasons for the balance saving have not been furnished.
7.	18 - Food Supply and Commerce Department	85.10	35.20 (41.36)	The reasons for saving was due to economy measures.
8.	19 - Forest and Environment Department	64.74	15.98 (24.68)	Reasons for saving have not been intimated.

Sl No.	Number and Name of Grant / Appropriation	Amount of Grant/ Appropriation	Amount of Savings (Percentage of Provision in brackets)	Main reasons of Savings as furnished by the Government
		(Rupees in crore)		
9.	23 - Industries Department	38.43	9.56 (24.88)	Reasons for saving have not been intimated.
10.	27 - Law Department	212.37	74.10 (34.89)	The reasons for the saving was due to vacant post of Judicial Officers and restrictions imposed by the F.D.
11.	29 - Mines and Geology Department	8.89	3.26 (36.67)	Reasons for saving have not been intimated.
12.	32 - Legislature	38.57	8.50 (22.04)	Reasons for saving was due to non-formation of Legislative Assembly up to 21-11-2005
13.	33 - Personnel and Administrative Department	18.29	10.63 (58.12)	Reasons the saving have not been stated.
14.	38 - Registration Department	29.12	6.64 (22.80%)	No tangible reasons for saving have been stated.
15.	40 - Revenue and Land Reforms Department	272.98	54.71 (20.04)	Reasons for saving have not been stated
16.	45 - Sugar Cane Department	15.01	6.45 (42.97)	The saving of Rs 0.88 crore was due to restriction imposed on payment of arrears of ACP and the reasons for the balance saving of Rs 5.57 crore was not intimated.
17.	47 - Transport Department	9.39	3.44 (36.63)	Reasons for saving have not been stated.
Total (A) :		1210.03	387.74	
B. - Capital Voted Section				
18.	3 - Building Construction and Housing Department	135.63	97.33 (71.76)	The reasons of savings of Rs 99.40 crore and excess of Rs 2.07 crore have not been intimated.
19.	12 - Finance Department	11.11	7.43 (66.88)	The reasons for saving of Rs 7.43 crore have not been intimated.

Sl No.	Number and Name of Grant / Appropriation	Amount of Grant/ Appropriation	Amount of Savings (Percentage of Provision in brackets)	Main reasons of Savings as furnished by the Government
		(Rupees in crore)		
20.	22 - Home Department	84.74	79.27 (93.54)	The reasons for final saving of Rs 79.27 crore have not been stated.
21.	23 - Industries Department	13.96	8.64 (61.89)	The reasons for the saving of Rs 8.64 crore have not been intimated.
22.	44 - Secondary, Primary and Adult Education Department	6.31	4.42 (70.05)	The reasons for saving was due to non-concurrence of the Finance Department and non-approval by Central Government.
23.	48 - Urban Development Department	11.25	11.25 (100.00)	The reasons for saving of Rs 11.25 crore was due to non-sanction of loans.
24.	50 - Minor Irrigation Department	70.98	42.49 (59.86)	The reasons for final saving of Rs 42.49 crore was not intimated.
	Total (B) :	333.98	250.83	
C. - Revenue Charged Section				
25.	28 - High Court of Bihar	30.89	7.11 (23.02)	The reasons of saving of Rs 7.11 crore was due to vacant posts and retirement of Judges.
	Total (C) :	30.89	7.11	
Grand Total:	(A+B+C)	1574.90	645.68	

APPENDIX - XII
(Refer : Paragraph – 2.3.4; Page-28)

Cases of persistent savings exceeding rupees two crore in each case

Sl. No.	Number and name of Grant/ Appropriation	Savings (In crore of rupees) and its percentage to provision in bracket		
Year		2003-04	2004-05	2005-06
A-REVENUE VOTED				
1	2-Animal Husbandry and Fisheries Department	23.05(26)	24.39(26)	24.75(25.29)
2	6-Election	22.26(43)	32.68(18)	37.30(26.98)
3	12-Finance Department	15.33(25)	415.81(89)	39.65(42.99)
4	19-Forest and Environment Department	21.14(39)	24.79(44)	15.98(24.68)
5	20-Health Medical Education and Family Welfare Department	185.56(26)	207.41(26)	457.13(34.35)
6	23-Industries Department	20.92(45)	9.23(25)	9.56(24.86)
7	27-Law Department	41.84(28)	41.15(25)	74.10(34.89)
8	40-Revenue and Land Reform Department	53.42(22)	42.14(17)	54.71(20.04)
9	41-Road Construction Department	27.56(12)	26.64(11)	31.94(10.94)
10	43-Science and Technology Department	26.22(51)	12.02(28)	4.62(11.90)
11	44-Secondary, Primary and Adult Education Department	696.75(23)	1070.36(29)	807.36(18.40)
12	49-Water Resources Department	28.05(12)	63.56(22)	41.26(13.29)
13	51-Welfare Department	183.59(42)	163.72(34)	212.86(29.40)
14	52-Art, Culture and Youth Department	5.37(28)	2.98(16)	5.38(19.51)
Total:		1351.06	2136.88	1816.60
B - CAPITAL VOTED				
1	3-Building Construction and Housing Department	113.28(74)	37.17(41)	97.33(71.76)
2	12-Finance Department	10.64(85)	11.89(80)	7.43(66.88)
3	36-Public Health Engineering Department	113.78(61)	97.98(59)	209.96(63.44)
4	41-Road Construction Department	69.64(53)	576.98(80)	385.13(59.66)
5	42-Rural Development Department	120.21(20)	102.12(22)	225.31(35.59)
6	49- Water Resources Department	315.63(48)	241.73(39)	313.30(35.72)
TOTAL		743.18	1067.87	1238.46
C-Revenue Charged Section				
1	28- High Court of Bihar	5.66(25)	5.65(23)	7.11(23.03)
TOTAL		5.66	5.65	7.11
GRAND TOTAL (A+B+C)		2099.90	3210.40	3062.17

APPENDIX – XIII

(Refer : Paragraph – 2.3.5; Page-28)

Excesses for the years 1977-78 to 2005-06

Year	No. of Grants/ Appropriation	Grants/Appropriation number	Amount of excess	Amount for which explanation not furnished to PAC
			(Rupees in crore)	
1977-78	2	5, 24	0.4	0.40
1978-79	2	17, 27	16.17	16.17
1979-80	1	17	33.46	33.46
1980-81	2	12, 17	26.03	26.03
1981-82	7	3, 11, 12, 13, 15, 17, 24	39.24	39.24
1982-83	2	12, 22	4.79	4.79
1983-84	2	11, 12	9.98	9.98
1984-85	2	3, 14	2.62	2.62
1985-86	2	10, 13	14.83	14.83
1986-87	1	13	65.62	65.62
1987-88	6	9, 19, 25, 38, 48	244.76	244.76
1988-89	3	9, 25, 38	85.15	85.15
1989-90	3	25, 27, 38	99.4	99.4
1990-91	4	37, 38, 42, 43	92.07	92.07
1991-92	2	6, 38, 43	85.11	85.11
1992-93	2	25, 38	93.25	93.25
1993-94	2	25, 37	157.68	157.68
1994-95	1	37	170.61	170.61
1995-96	3	25, 36, 37	213.22	213.22
1996-97	3	20, 23, 37	22.44	22.44
1997-98	1	7	0.01	0.01
1998-99	1	30	0.33	0.33
1999-00	5	10, 13, 14, 40, 50	196.23	196.23
2000-01	5	5, 13, 15, 25, 32	712.34	712.34
2001-02	1	15	491.24	491.24
2002-03	2	15, 47	10.15	10.15
2003-04	7	10, 11, 14, 15, 30, 32, 50	3782.34	3782.34
2004-05	4	19, 20, 21, 46	5.68	5.68
2005-06	4	10, 39, 40, 46	349.56	349.56
Total			7024.71	7024.71

APPENDIX-XIV
(Refer: Paragraph 2.3.5; Page-28)

*Significant cases of excess expenditure exceeding Rupees one crore or more in each cases against the provision in Minor Head
(Rupees in crore)*

Sl. No.	Grant No.	Head of A/c Major/Minor/Sub head	Provision	Expenditure	Excess	Percentage of excess
A.	Revenue Section-Voted					
I	1 Agriculture Department	2401 - Crop Husbandry				
1		0119 - Rashtriya Sam Vikas Yojana	15.50	100.00	84.50	545.16
II	20-Health, Medical Education and Family Welfare Department	2210-Medical and Public Health				
2		0003-Health Sub-Centre 03-101-0003	55.79	77.78	21.99	39.42
III	21-Higher Education Department	2202-General Education				
3		0008-B.N. Mandal University Madhepura (Grants-in-aid) 03-101-0008	67.34	97.34	30.00	44.55
IV	49 Water Resources Department	2701-Medium Irrigation				
4		0002-Maintenance and Repair Koshi Project 01-101-0002	1.30	2.38	1.08	83.08
5		0002-Other Maintenance Expenditure 04-101-0002	3.30	6.28	2.98	90.30
6		0002-Other Maintenance Expenditure 05-101-0002	3.80	7.70	3.90	102.63
A.	Revenue Section-Voted					
V	10-Energy Department	6801-Loans for Power Projects				
7		0001-Loans to Bihar State Electricity Board 00-800-0001	758.44	963.13	204.69	26.99

Sl. No.	Grant No.	Head of A/c Major/Minor/Sub head	Provision	Expenditure	Excess	Percentage of excess
A.	Revenue Section-Voted					
VI	13-Interest Payment	2049-Interest Payment				
8		0001-Interest on Loans for House Building Advances 04-104-0001	0.05	2.82	2.77	5540.00
9		0002-Interest on Loans for Modernisation of Police 04-104-0002	7.46	14.21	6.75	90.48
10		0001-Interest on Pre 1984-85 Loans as Share of Small Saving Collection 04-107-0001	3.08	12.62	9.54	309.74
	Total:		916.06	1284.26	368.20	

APPENDIX-XV
(Refer : Paragraph – 2.3.7; Page-29)

Statement showing cases where supplementary provision was unnecessary

(Rupees in crore)					
Sl No.	Number and name of the Grant / Appropriation	Original Grant/ Appropriation	Expenditure	Savings	Amount of unnecessary Supplementary Grant/ Appropriation
1	2	3	4	5	6
A. REVENUE SECTION – Voted					
1	2-Animal Husbandry and Fisheries Department	95.76	73.11	22.65	2.10
2	3-Building Construction and Housing Department	116.84	104.05	12.79	4.22
3	4-Cabinet Secretariat and Co-ordination Department	7.62	5.36	2.26	0.64
4	6- Election	122.81	100.97	21.84	15.46
5	7-Vigilance	8.08	7.95	0.13	0.46
6	8-Civil Aviation Department	5.11	4.17	0.94	0.04
7	9-Co-operative Department	47.84	46.75	1.09	8.40
8	10- Energy Department	19.28	10.99	8.29	41.90
9	12-Finance Department	84.07	52.58	31.49	8.16
10	15-Pension	2745.53	2455.54	289.99	0.12
11	18-Food Supply and Commercial Department	74.47	49.90	24.57	10.63
12	19-Forest and Environment Department	62.72	48.76	13.96	2.01
13	20-Health, Medical Education and Family Welfare Department	1104.28	873.74	230.54	226.60
14	22-Home Department	1273.22	1195.68	77.54	37.85
15	23-Industries Department	36.67	28.88	7.79	1.76
16	26-Labour Employment and Training Department	213.18	198.59	14.59	3.01
17	27-Law Department	199.67	138.28	61.39	12.71
18	33-Personnel and Administrative Reforms Department	18.06	7.66	10.40	0.23
19	35-Planning and Development Department	449.05	413.25	35.80	64.85
20	36-Public Health Engineering Department	151.08	126.16	24.92	0.58
21	37-Rajbhasha Department	16.27	14.17	2.10	0.01

(Rupees in crore)					
Sl No.	Number and name of the Grant / Appropriation	Original Grant/ Appropriation	Expenditure	Savings	Amount of unnecessary Supplementary Grant/ Appropriation
1	2	3	4	5	6
22	40-Revenue and Land Reforms Department	272.81	218.27	54.54	0.17
23	41-Road Construction Department	291.76	260.11	31.65	0.29
24	42-Rural Development Department	1155.31	1134.92	20.39	65.68
25	44-Middle, Primary and Public Education Department	3674.28	3581.54	92.74	714.62
26	48-Urban Development Department	291.04	281.89	9.15	2.28
27	49-Water Resources Department	299.04	269.20	29.84	11.41
28	50-Minor Irrigation Department	292.40	218.86	73.54	55.43
29	51-Welfare Department	702.12	511.24	190.88	21.98
30	52-Art, Culture and Youth Department	25.72	22.19	3.53	1.85
	Total:	13856.09	12454.76	1401.33	1315.45
B. CAPITAL SECTION - Voted					
1	3- Building Construction and Housing Department	132.58	38.30	94.28	3.05
2	22-Home Department	79.77	5.48	74.29	4.97
3	23-Industries Department	13.32	5.32	8.00	0.64
4	36-Public Health Engineering Department	323.05	121.01	202.04	7.92
5	42-Rural Development Department	627.71	407.73	219.98	5.33
6	49-Water Resources Department	696.98	563.71	133.27	180.03
	Total:	1873.41	1141.55	731.86	201.94
C. REVENUE SECTION - Charged					
1	5-Secretariat of the Governor	2.64	2.30	0.34	0.34
2	13-Interest Payment	3976.74	3648.89	327.85	4.24
3	28-High Court of Bihar	30.26	23.78	6.48	0.64
	Total:	4009.64	3674.97	334.67	5.22
D. Capital Charged					
1	14-Repayment of Loan	3175.01	980.76	2194.25	49.41
	Total:	3175.01	980.76	2194.25	49.41
	Grand Total (A+B+C+D)	22914.15	18252.04	4662.11	1572.02

APPENDIX XVI
(Refer: Paragraph-2.3.7 Page-30)

Statement showing cases where supplementary provision obtained proved excessive (Saving in each case being more than Rs. 20 lakh)

(Rupees. in crore)

Sl No.	Number and Name of the Grant/ Appropriation	Original Provision	Expend iture	Actual requirem ent	Suppleme ntary provision	Excess supplementary Provision
A	Revenue Section-Voted					
1	21-Higher Education Department	660.84	757.08	96.24	99.27	3.03
2	24-Information and Public Relation Department	13.62	13.70	0.08	1.20	1.12
3	43-Science and Technology Department	23.49	34.19	10.70	15.31	4.61
	Total (A)	697.95	804.97	107.02	115.78	8.76
B	Capital Section-Voted					
4	8-Civil Aviation Department	1.00	14.57	13.57	14.57	1.00
5	9-Co-operative Department	12.47	96.91	84.44	85.00	0.56
6	20-Health, Medical Education and Family Welfare Department	38.52	137.91	99.39	102.36	2.97
7	51-Welfare Department	0.53	28.90	28.37	28.88	0.51
8	52-Art, Culture and Youth Department	1.11	3.15	2.04	2.25	0.21
	Total (B)	53.63	281.44	227.81	233.06	5.25
	Grand Total (A+B)	751.58	1086.41	334.83	348.84	14.01

APPENDIX-XVII
(Refer: Paragraph 2.3.7; Page-30)

*Statement showing cases where supplementary provision
insufficient (excess in each case being more than rupees 10 lakh)*

(Rupees in crore)

Sl. No.	Number and Name of Grant/Appropriation	Original Grant/Appropriation	Supplementary Provision	Actual Expenditure	Final excess
A	Revenue Section-Voted				
1	39-Disaster Management Department	153.47	2.86	450.81	294.48
2	46-Tourism Department	3.99	0.39	4.81	0.43
	Total (A)	157.46	3.25	455.62	294.91
* B	Capital Section-Voted				
3	10-Energy Department	1286.49	699.31	2038.50	52.70
	Total (B)	1286.49	699.31	2038.50	52.70
	Grand Total (A+B)	1443.95	702.56	2494.12	347.61

APPENDIX-XVIII*(Refer: Paragraph 2.3.8 Page-30)***Statement of unjustified/excessive surrenders (exceeding Rupees one crore or more)***(Rupees in crore)*

Sl No.	Number and Name Grant/Appropriation	Head of Account (Major/ Minor/ Sub-head)	Total Provision Original+ Supplementary	Surrender (Reappropriation)	Total	Expenditure	Excess after surrender/ Reappropriation
A	Revenue Voted Section						
I	1- Agriculture	2401-Crop Husbandry					
1		0119-Rastriya Sam Vikash Yojana 2401-00-106-0119	15.50	15.50	0.00	100.00	100.00
II	2-Animal Husbandry and Fisheries Department	2403-Animal Husbandry					
2		0607-Scheme for control and prevention of animal diseases 2403-00-106-0607	1.84	1.59	0.25	0.32	0.07
		2405-Fisheries					
3		0001-Fisheries Development Scheme 2405-00-001-0001	6.84	1.76	5.08	5.16	0.08
4		0001-Matasya Palak Vikash Abhikaran 2405-00-101-0001	3.43	1.11	2.32	2.33	0.01
III	6-Election	2015-Election					
5		0001-Expenditure on Issue of Photo Identity Cards to Voters 2015-00-108-0001	25.43	12.54	12.89	12.96	0.07
IV	12-Finance Department	2013-Council of Ministers					
6		0001-Ministers 2013-00-101-0001	2.33	1.79	0.54	0.67	0.13

Sl No.	Number and Name Grant/Appropriation	Head of Account (Major/ Minor/ Sub-head)	Total Provision Original+ Supplementary	Surrender (Reappropriation)	Total	Expenditure	Excess after surrender/ Reappropriation
7		0002-Minister of State 2013-00-101-0001	1.64	1.29	0.35	0.37	0.02
V	17-Finance (Commercial tax) Department	2040-Taxes on Sales, Trade etc.					
8		0001-District Charges 2040-00-101-0001	28.21	5.79	22.42	23.17	0.75
VI	20-Health, Medical Education and Family Welfare Department	2210-Medical and Public Health					
9		0003-Health Sub-Centre 2210-03-101-0003	55.79	6.98	48.81	77.78	28.97
VII	22-Home Department	2055-Police					
10		0001-Superintendent 2055-00-001-0001	9.35	1.64	7.71	7.72	0.01
VIII	27-Law Department	2014-Administration Justice					
11		0001-Civil and Session Courts	186.94	83.19	103.75	119.98	16.23
IX	35-Planning and Development Department	3454-Census Surveys and Statistics					
12		0401-Economic Census 3454-02-204-0401	7.19	2.49	4.70	4.83	0.13
X	39-Disaster Management Department	2245-Relief on account of Natural Calamities					
13		0001-Cash payment to helpless and handicapped persons 2245-02-101-0001	30.00	29.63	0.37	0.78	0.41

Sl No.	Number and Name Grant/Appropriation	Head of Account (Major/ Minor/ Sub-head)	Total Provision Original+ Supplementary	Surrender (Reappropriation)	Total	Expenditure	Excess after surrender/ Reappropriation
14		0001-Repairs and restoration of damaged roads and bridges 2245-02-106-0001	15.00	12.37	2.63	2.84	0.21
15		0003-Payment of gratuitous relief to affected families 2245-02-101-0003	3.00	2.41	0.59	0.74	0.15
XI	49-Water Resources Department	2701-Medium Irrigation					
16		0005-Revenue Collection from Irrigation Projects 2701-80-001-0005	11.87	9.15	2.72	3.72	1.00
		Total (A)	404.36	189.23	215.13	363.37	148.24
B	Capital Voted Section						
XII	3-Building Construction and Housing Department	4059-Capital Outlay on Public Works					
17		0101-Buildings 4059-01-051-0101	4.00	1.15	2.85	3.47	0.62
XIII	49-Water Resources Department	4701-Capital Outlay on Medium Irrigation					
18		0103-Irrigation Project for Koshi Basin (Works) (NABARD aided project) 4701- - -0103	5.50	5.01	0.49	3.85	3.36
		Total (B)	9.50	6.16	3.34	7.32	3.98
		Grand Total (A+B)	413.86	195.39	218.47	370.69	152.22

APPENDIX-XIX*(Refer : Paragraph – 2.3.9, Page-30)***Anticipated savings not surrendered (exceeding Rupees one crore)***(Rupees in crore)*

Sl. No.	Number and name of the Grant / Appropriation	Savings	Surrender	Unsurrendered Savings	Percentage of Savings
A-Revenue Section-Voted					
1	3- Building Construction and Housing Department	17.01	11.51	5.50	32.33
2	4-Cabinet Secretariat And Co-Ordination Department	2.90	1.30	1.60	55.17
3	6-Election	37.30	36.04	1.26	3.38
4	9-Co-Operative Department	9.49	7.70	1.79	18.86
5	12-Finance Department	39.65	30.90	8.75	22.07
6	15-Pension	290.11	3.37	286.74	98.84
7	19-Forest and Environment Department	15.98	11.82	4.16	26.03
8	20-Health, Medical, Education and Family Welfare Department	457.13	235.93	221.20	48.39
9	21-Higher Education Department	3.03	2.00	1.03	33.99
10	22-Home Department	115.39	94.20	21.19	18.36
11	26-Labour Employment and Training Department	17.60	13.89	3.71	21.08
12	37-Rajbhasha Department	2.11	0.91	1.20	56.87
13	41-Road Construction Department	31.94	26.80	5.14	16.09
14	42-Rural Development Department	86.07	61.94	24.13	28.04
15	44- Secondary, Primary and Adult Education Department	807.36	646.99	160.37	19.86
16	49-Water Resources Department	41.26	21.72	19.54	47.36
17	50-Minor Irrigation Department	128.97	17.05	111.92	86.78
18	51-Welfare Department	212.86	181.51	31.35	14.73
19	52-Art, Culture and Youth Department	5.38	3.56	1.82	33.83
Total (A)		2321.54	1409.14	912.40	

Sl. No.	Number and name of the Grant / Appropriation	Savings	Surrender	Unsurrendered Savings	Percentage of Savings
B-Capital Section – Voted					
1	12-Finance Department	7.43	6.41	1.02	13.73
2	20-Health, Medical, Education and Family Welfare Department	2.97	1.70	1.27	42.76
3	23-Industries Department	8.64	0.64	8.00	92.59
4	36-Public Health and Engineering Department	209.96	207.86	2.10	1.00
5	41-Road Construction Department	385.13	383.95	1.18	0.31
6	42-Rural Development Department	225.31	207.16	18.15	8.06
7	49-Water Resources Department	313.3	312.29	1.01	0.32
8	50-Minor Irrigation Department	42.49	41.34	1.15	2.71
	Total (B)	1195.23	1161.35	33.88	
C-Revenue Section-Charged					
1	13-Interest Payment	332.09	305.06	27.03	8.14
	Total (C)	332.09	305.06	27.03	
D-Capital Section – Charged					
1	14-Repayment of Loans	2243.66	2178.81	64.85	2.89
	Total (D)	2243.66	2178.81	64.85	
	Grand Total(A+B+C+D)	6092.52	5054.36	1038.16	

APPENDIX - XX
(Refer : Paragraph – 2.3.9; Page-30)

Amount surrendered on the last day of March 2006

(Rupees in crore)

Sl. No.	Number and name of the Grant/ Appropriation	Amount surrendered on the last day of March 2006
A	Revenue Section – Voted	
1	1- Agriculture Department	92.11
2	2-Animal Husbandry & Fisheries Department	23.77
3	3-Building Construction and Housing Department	11.51
4	4- Cabinet Secretariat and Co-ordination Department	1.30
5	6- Election	36.04
6	7-Vigilance	0.43
7	8-Civil Aviation Department	0.93
8	9- Co-operative Department	7.70
9	10-Energy Department	49.45
10	11-Excise and Prohibition Department	4.05
11	12-Finance Department	30.90
12	15- Pension	3.37
13	16- National savings	0.68
14	17-Finance (Commercial Taxes) Department	6.61
15	18- Food, Supply and Commerce Department	34.87
16	19- Forest and Environment Department	11.82
17	20- Health, Medical Education and Family Welfare Department	235.93
18	21- Higher Education Department	2.00
19	22-Home Department	94.20
20	23- Industries Department	8.62
21	24- Information and Public Relation Department	0.99
22	25- Institutional Finance and Programme Implementation Department	0.60
23	26- Labour, Employment and Training Department	13.89
24	27- Law Department	89.06
25	29- Mines and Geology Department	2.96
26	30- Minorities Welfare Department	1.55
27	31- Parliamentary Affairs Department	0.31
28	32-Legislature	7.82
29	33- Personnel and Administrative Reforms Department	10.24

SL. No.	Number and name of the Grant/ Appropriation	Amount surrendered on the last day of March 2006
30	35- Planning and Development Department	100.20
31	36- Public Health and Engineering Department	25.12
32	37-Raj Bhasha Department	0.91
33	38- Registration Department	6.56
34	39-Disaster Management	145.42
35	40- Revenue and Land Reform Department	50.88
36	41-Road Construction Department	26.80
37	42- Rural Development Department	61.94
38	44- Secondary, Primary and Adult Education Department	646.99
39	45-Sugarcane Department	6.13
40	46- Tourism Department	0.22
41	47-Transport Department	3.27
42	48-Urban Development Department	11.37
43	49-Water Resources Department	21.72
44	50-Minor Irrigation Department	17.05
45	51-Welfare Department	181.51
46	52- Art, Culture and Yourth Department	3.56
	Total	2093.36
B	Revenue Section -Charged	
1	5- Secretariat of the Governor	0.22
2	13- Interest Payment	305.06
3	28- High Court of Bihar	7.10
4	32-Legislature	0.07
5	34- Bihar Public Service Commission	0.61
	Total	313.06
C	Capital Section-Voted	
1	3- Building Construction and Housing Department	96.70
2	10-Energy Department	123.79
3	12- Finance Department	6.41
4	20- Health, Medical Education and Family Welfare Department	1.70
5	22-Home Department	79.22
6	23-Industries Department	0.64
7	30-Minority Welfare Department	5.40
8	33- Personnel and Administrative Reforms Department	3.45
9	36-Public Health Engineering Department	207.86
10	40- Revenue and Land Reforms Department	0.18
11	41- Road Construction Department	383.95

SL No.	Number and name of the Grant/ Appropriation	Amount surrendered on the last day of March 2006
12	42-Rural Development Department	207.16
13	44-Secondary, Primary and Adult Education Department	3.92
14	46- Tourism Department	0.05
15	48- Urban Development Department	11.25
16	49-Water Resources Department	312.29
17	50- Minor Irrigation Department	41.34
18	51-Welfare Department	0.27
	Total	1485.58
D	Capital- Section-Charged	
1	14-Repayment of Loans	2178.81
	Total	2178.81
	Grand Total (A+B+C+D)	6070.81

APPENDIX-XXI

(Refer paragraph 2.3.10. Page-30)

Statement showing non-utilisation of entire provision (exceeding rupees two crore or more in each case)

(Rupees in crore)

Srl. No.	Grant No. / Department	Head of Account Major / Minor / Sub-Head	Total Grant / Appropriation
A Revenue Voted			
I	1 Agriculture Department	2401 Crop Husbandry	
1.		0606 Scheme for the development of medicinal plant (Macro Mode 90:10)	
		00 - 110 - 0600	4.12
2.		0608 Fruit Development Scheme (Macro Mode 90:10)	
		00 - 119 - 0608	3.97
3.		0609 Flower Development Scheme (Macro Mode 90:10)	
		00 - 119 - 0609	2.97
4.		2402 Soil and Water Conservation	
		0108 Rashtriya Sam Vikas Yojana	
		00 - 102 - 0108	34.50
II	2 Animal Husbandry and Fisheries Department	2404 Dairy Development	
5.		0402 Chilling Centers	
		00 - 102 - 0402	4.39
III	10 Energy Department	2801 Power	
6.		0001 Grants by Rural Electrification Corporation for Rural Electrification - Payment of Grants to Bihar State Electricity Board	
		06 - 190 - 0001	41.84
IV	12 Finance Department	2048 Appropriation for reduction or avoidance of Debt	
7.		0001 Sinking Funds	
		00 - 101 - 0001	10.00
V	20 Health Medical Education and Family Welfare Department	2210 Medical and Public Health	
8.		0016 Mental Hospital	
		01 - 110 - 0016	4.60
VI	22 Home Department	2055 Police	
9.		0001 Crime Investigation Department	
		00 - 101 - 0001	3.77

Srl. No.	Grant No. / Department	Head of Account Major / Minor / Sub-Head	Total Grant / Appropriation
VII	36 Public Health Engineering Department	2215 Water Supply and Sanitation	
10.		0001 Grants-in-aid to Village Panchayats for repairing of tube well	
		00 - 198 - 0001	7.20
VIII	39 Disaster Management Department	2245 Relief on account of Natural Calamities	
11.		0004 Purchase of Communication Instruments	
		02 - 112 - 0004	2.00
12.		0001 Repair / Restoration of damaged buildings caused by flood	
		02 - 113 - 0001	5.00
13.		0002 Repair / Restoration of Buildings damaged by fire	
		02 - 113 - 0002	2.00
14.		0001 Grants for Agro input (for damaged crop)	
		02 - 114 - 0001	3.30
15.		0001 Repair of damaged irrigation system and flood control system	
		02 - 122 - 0001	4.48
IX	51 Welfare Department	2225 Welfare of SCs, STs and OBCs	
16.		0602 Special Central Assistance for Multifarious Development of Harijans - Special Integrated Scheme for SCs (100 per cent CSS)	
		01 - 102 - 0602	5.00
17.		0602 Hostel for Girl Students	
		01 - 277 - 0602	2.30
18.		0613 Post entrance scholarship	
		01 - 277 - 0613	5.00
19.		0601 Post entrance scholarships	
		03 - 277 - 0601	5.00
20.		0606 Hostel for students Major construction works	
		03 - 277 - 0606	2.88
21.		0607 Hostel for Girl Students Major construction works	
		03 - 277 - 0607	2.30
B Capital Voted			
IX	3 Building Construction and Housing Department	4059 Capital Outlay on Public Works	
22.		0002-Minor Works	3.00
		80-051-0002	

Srl. No.	Grant No. / Department	Head of Account Major / Minor / Sub-Head	Total Grant / Appropriation
23.		4216 Capital Outlay on Housing	
		0602 Judicial Residential Buildings	
		01 - 700 - 0602	2.49
24.		6216 Loans for Housing	
		0003 Payment of arrear amount of loan received from Life Insurance Corporation of India	
		02 - 201 - 0003	18.65
25.		0004 Payment of arrear amount of loan received from General Insurance Corporation of India	
		02 - 201 - 0004	6.01
X	10 Energy Department	6801 Loan for Power Projects	
26.		0007 Loans to BSEB against the amount provided to Electrical Institutions of Central Cell by Rural Electrification Scheme	
		00 - 800 - 0007	72.76
27.		0106 Loans to BSEB, APDPRP	
		00 - 800 - 0106	68.21
XI	12 Finance Department	4058 Capital Outlay on Stationery and Printing	
28.		0101 Machine and Equipment, Modernisation Scheme for Government Press, Gulzarbag	
		00 - 103 - 0101	2.26
XII	22 Home Department	4055 Capital Outlay on Police	
29.		0001 Equivalent amount of Central Government under Police Modernisation Scheme	
		00 - 207 - 0001	72.00
30.		0101 Equipment for Jails	
		00 - 052 - 0101	5.99
XIII	48 Urban Development Department	6217 Loans for Urban Development	
31.		0001 Loans to Municipal Corporation and Municipalities	
		60 - 191 - 0001	4.65
32.		0001 Loan to Municipal Corporation and Municipalities	
		60 - 192 - 0001	5.00
XIV	49 Water Resources Department	4700 Capital Outlay on Major Irrigation	
33.		0103 Irrigation Project for Gandak Basin (Works)(NABARD sponsored project)	
		02 - 800 - 0103	4.00

Srl. No.	Grant No. / Department	Head of Account Major / Minor / Sub-Head	Total Grant / Appropriation
34.		0104-Irrigation Project of Sone basin for payment of Jaighosh for Projects under Jharkhand State	
		03-800-0104	3.37
35.		0103 Irrigation Project for Kiul Badua Chandan Basin (Works) - NABARD sponsored Project	
		04 - 800 - 0103	3.00
36.		4701 Capital Outlay on Medium Irrigation	
		0103 Irrigation Project for Sone Basin (Works) - NABARD aided project	
		03 - 800 - 0103	6.00
37.		4711 Capital Outlay on Flood Control	
		0602 Construction work on Tinmuhani Kursela Embankment	
		03 - 800 - 0602	10.00
38.		0606 Flood Proofing Project in North Bihar (100 per cent Central share)	
		03 - 800 - 0606	3.00
C Revenue Charged			
XV	13 Interest Payment	2049 Interest Payments	
39.		0001 Ways and Means Advances from Reserve Bank of India	
		01 - 115 - 0001	10.00
XV	14 Repayment of Loan	6003 Internal Debt of the State Government	
40.		0001 Ways and Means Advances from Reserve Bank of India	
		00 - 110 - 0001	2000.00
41.		0001-15 year Consolidated Block Loans 1990	60.90
		02-104-0001	
		Grand Total:	2517.91

APPENDIX - XXII

(Refer: Paragraph- 2.3.11 Page-30)

Surrender in excess of actual savings in grants

(Rupees in crore)

Sl. No.	Number and Name of Grant/Appropriation	Total Grant	Savings	Amount Surrendered	Amount surrendered in excess
A	Revenue Voted Section				
1	1-Agriculture Department	245.14	3.99	92.11	88.12
2	17-Finance (Commercial Taxes) Department	31.41	5.94	6.61	0.67
3	27-Law Department	212.37	74.1	89.06	14.96
	Total	488.92	84.03	187.78	103.75

APPENDIX XXIII*(Refer : Paragraph – 2.3.12; Page-31)****Rush of expenditure during March 2006***

Treasury Month	Revenue Expenditure	Capital Expenditure	Total Expenditure	Percentage of Expenditure in each quarter	Percentage of Expenditure in March
	Rupees in crore				
Apr	133.41	3.01	136.42		
May	629.92	21.98	651.90		
Jun	497.96	23.69	521.65		
Total:	1261.29	48.68	1309.97	6.60	
JulY	75.92	58.25	816.16		
Aug	1734.36	40.47	1774.83		
Sep	503.25	45.05	548.29		
Total:	2313.52	143.76	3139.28	15.82	
Oct	854.30	28.88	883.18		
Nov	1421.28	42.53	1463.81		
Dec	1684.41	46.54	1730.95		
Total:	3959.99	117.95	4077.94	20.56	
Jan	1296.17	161.40	1457.57		
Feb	1271.97	317.83	1589.80		
Mar-06 (P)	5754.95	1128.20	6883.15		
Mar-06 (S)	1216.12	166.07	1382.19		
Total:	9539.21	1773.50	11312.71	57.02	41.66
Grand Total	17756.00	2083.90	19839.90	100.00	

APPENDIX XXIV

(Refer : Paragraph – 2.3.13; Page-31)

Statement of un-reconciled expenditure

		(Rupees in crore)
Sl. No.	Major Head	Amount unreconciled
1.	2011-State legislature	30.15
2.	2012-Governor	2.30
3.	2013-Council of Ministers	1.93
4.	2014-Administration of Justice	152.04
5.	2015-Election	131.45
6.	2029-Land Revenue	137.70
7.	2030-Stamp & Registration	19.91
8.	2039-State Excise	14.78
9.	2041-Taxes on Vehicles	5.09
10.	2045-Other Taxes	0.44
11.	2047-Other Fiscal Services	0.90
12.	2049-Interest Payment	3646.95
13.	2051-Public Service Commission	5.37
14.	2052-Secretariate General Services	44.25
15.	2053-District Administration	370.92
16.	2054-Trg. & Accounts Administration	16.57
17.	2055-Police	1048.32
18.	2056-Jail	65.80
19.	2058-Stationary & Printing	9.56
20.	2059-Public works	49.62
21.	2070-Other Administrative services	84.34
22.	2075-Misc. General Services	0.0024
23.	2202-General Education	3488.81
24.	2203-Technical Education	27.31
25.	2204-Sports & Youth Services	14.32
26.	2210-Medical & Public Health	760.14
27.	2211-Family Welfare	116.71
28.	2215-Water Supply & Sanitation	249.62
29.	2217-Urban Development	114.52
30.	2220-Information & Publicity	4.22
31.	2225-Welfare of SC, ST & OBCs	100.35
32.	2230-Labour & Employment	81.31
33.	2235-Social Security & Welfare	266.26
34.	2236-Nutrition	206.71
35.	2245-Relief on accounts of Natural calamity	448.92
36.	2250-Other Social Services	0.36
37.	2251-Secretariat Social Services	11.51

Sl. No.	Major Head	Amount unreconciled
38.	2401-Crop Husbandry	171.71
39.	2402-Soil & Water Conservation	7.53
40.	2403-Animal Husbandry	17.62
41.	2404-Dairy Development	3.98
42.	2405-Fisheries	6.08
43.	2406-Forestry and Wild Life	1.70
44.	2415-Agriculture Research	52.14
45.	2425-Co-operation	18.45
46.	2435-Other Agricultural Programmes	2.30
47.	2501-Special Programme for Rural Development	66.73
48.	2505-Rural Employment	450.71
49.	2515-Other Rural Development Programme	544.67
50.	2700-Major Irrigation	79.38
51.	2701- Medium Irrigation	55.18
52.	2702-Minor Irrigation	217.80
53.	2705-Command Area Development	44.85
54.	2711-Flood Control	29.62
55.	2810-Non-Conventional Sources of Energy	0.81
56.	2851-Village & Small Industries	18.67
57.	2852-Industries	11.74
58.	2853-Non-Ferrous Mining & Metallurgical Industries	3.59
59.	3054-Roads & Bridges	280.43
60.	3053-Civil Aviation	0.11
61.	3075-Other transport services	0.20
62.	3451-Secretariate Economic Services	15.15
63.	3452-Tourism	4.47
64.	3454-Census Surveys & Statistics	17.17
65.	3456-Civil Supplies	48.47
66.	3475-Other General Economic Services	1.33
67.	3604- Compensation and assignment to local bodies & PRI	4.20
68.	4055-Capital outlay on Police	4.98
69.	4202-Capital Outlay on Education & Sports etc.	11.66
70.	4215-Capital Outlay on Water Supply & Sanitation	3.02
71.	4225-Capital Outlay on Welfare of SC, ST & OBCs	37.18
72.	4406-Capital outlay on Forestry and Wild Life	0.25
73.	4425-Capital Outlay on Co-operation	92.39
74.	4515-Capital Outlay other Rural Development Programme	403.28
75.	4700-Capital Outlay on Major Irrigation	48.53
76.	4701-Capital Outlay on Medium Irrigation	20.48
77.	4702-Capital Outlay on Minor Irrigation	0.18
78.	4711-Capital Outlay on Flood Control	136.41
79.	4885-Capital Outlay on Industries and Minerals	5.29
	Total	14669.90

APPENDIX-XXV (i)
(Refer: Paragraph 2.3.14 Page-31)

(I) Statement of savings under Plan Schemes

(Rupees in crore)

Schemes	Total Provision (Original + Supplementary)	Expenditure	Savings
State Plan	5906.27	4376.06	1530.21
Central Plan	15.70	5.63	10.07
Central Sponsored	994.75	517.00	477.75
Total	6916.72	4898.69	2018.03 (29 % of Total Provision)

APPENDIX-XXV (ii)*(Refer: Paragraph 2.3.14; Page-32)***(II) Statement of substantial savings of rupees five crore and above in Plan Schemes***(Rupees in crore)*

Sl. No.	Grant No.	Head of Account (Major/Minor/Sub-Head/Scheme)	Total Provision (Original + Supplementary)	Actual Expenditure	Savings
A	State Plan				
I	1	2402-Soil and Water Conservation			
1		Rastriya Sam Vikash Yojana 2402-00-102-0108	34.50	0.00	34.50
II	20	2210-Medical and Public Health			
2		Primary Health Centre 2210-03-103-0101	44.50	6.52	37.98
3		Indira Gandhi Cardiac Institute Patna 2210-04-105-0114	7.96	0.88	7.08
		2211-Family Welfare			
4		Rural Family Welfare Centre 2211-00-101-0101	21.85	4.25	17.60
III	22	4055-Capital Outlay on Police			
5		Equipments for Jails 4055-00-052-0101	5.99	0.00	5.99
IV	30	4225-Capital outlay on Welfare of SCs/STs and OBCs			
6		Minority Welfare Department- Construction of hostel for Minority boys and girls students 4225-80-800-0101	7.96	2.57	5.39
V	36	4215-Capital Outlay on Water Supply and Sanitation			
7		Rural Piped Water Supply Scheme 4215-01-102-0101	13.68	6.97	6.71
8		Loans from NABARD for development of infrastructure for supply of drinking water in Rural Areas 4215-01-102-0116	35.00	0.00	35.00

Sl. No.	Grant No.	Head of Account (Major/Minor/Sub-Head/Scheme)	Total Provision (Original + Supplementary)	Actual Expenditure	Savings
VI	41	5054-Capital Outlay on Road and Bridges			
9		Bridge(NABARD Loan) 5054-03-101-0103	54.38	7.74	46.64
10		Major roads 5054-03-337-0102	58.41	6.47	51.94
11		Central Road Fund 5054-03-337-0106	50.00	13.66	36.34
12		Rastriya Sam Vikash Yojna 5054-03-337-0107	293.43	48.57	244.86
VII	42	2501-Special Programme for Rural Development			
13		Swaran Jayanti Gram Swarojgar Yojna 2501-01-800-0102	80.47	64.74	15.73
14		4515-Capital Outlay on Other Rural Development Programme			
15		Minimum Needs Programme 4515-00- -0101	222.50	49.31	173.19
16		Implementation of Schemes on the recommendations of MLAs / MLCs 4515-00- -0109	335.00	291.30	43.70
17		Border Area Development Programme 4515-00- -0112	5.00	0.00	5.00
VIII	44	2202-General Education			
18		Employment Oriented Scheme under minimum needs programme 2202-01-800-0102	109.37	56.87	52.50
19		Adult Education 2202-04-800-0102	9.09	3.22	5.87
IX	48	2215-Water Supply and Sanitation			
20		Grants-in-Aid to Urban Local bodies for sewerage and sanitation 2215-02-800-0102	72.06	54.69	17.37

Sl. No.	Grant No.	Head of Account (Major/Minor/Sub-Head/Scheme)	Total Provision (Original + Supplementary)	Actual Expenditure	Savings
X	49	2705-Command Area Development			
21		Area Development-Command Level 2705-00-001-0102	35.27	27.04	8.23
		4700-Capital Outlay on Major Irrigation			
22		Rastriya Sam Vikash Yojna 4700-80-800-0101	100.00	0.29	99.71
		4701-Capital Outlay on Medium Irrigation			
23		Irrigation Project for Sone Basin (Works) (NABARD aided Project) 4701-80-800-0103	6.00	0.00	6.00
24		Irrigation Project for Kiul-Badua-Chandan Basin Works (NABARD Sponsored Project) 4701-04-800-0103	18.50	2.43	16.07
		4711-Capital Outlay on Flood Control Projects			
25		Flood Control Embankment Road Scheme (NABARD Sponsored Scheme) (Works) 4711-01-001-0111	16.00	0.97	15.03
26		Drainage Projects (NABARD Sponsored Projects)Works 4711-01-001-0112	69.00	0.56	68.44
XI	50	2702-Minor Irrigation			
27		Rastri Sam Vikas Yojna 2702-03-103-0105	200.00	100.00	100.00
		4702-Capital Outlay on Minor Irrigation			
28		Loans from NABARD for completion of incomplete works of tubewell schemes 4702-00-102-0101	40.00	10.36	29.64

SL No.	Grant No.	Head of Account (Major/Minor/Sub-Head/Scheme)	Total Provision (Original + Supplementary)	Actual Expenditure	Savings
29		Loans from NABARD for completion of incomplete Lift Irrigation Schemes 4702-00-102-0103	25.00	13.89	11.11
XII	51	2236-Nutrition			
30		Scheme for distribution of nutritious food for pregnant women, children and nursing mother 2236-02-101-0102	247.97	201.45	46.52
31		Special Programme for distribution of food grains to under nutritious pregnant/post delivery women and adolescent girls 2236-02-101-0103	13.80	5.26	8.54
		Total	2232.69	980.01	1252.68
B	Central Sponsored Schemes				
XIII	20	2210-Medical and Public Health			
32		National Malaria Eradication Programme-Including Kalajar 2210-06-101-0602	16.80	0.00	16.80
		2211-Family Welfare			
33		Health Sub-Centre 2211-00-101-0602	152.36	86.33	66.03
34		Compensation 2211-00-105-0601	11.00	0.64	10.36
XIV	36	4215-Capital Outlay on Water Supply and Sanitation			
35		Central Rural Water Supply Programme 4215-01-102-0602	199.70	69.57	130.13
36		Accelerated Urban Water Supply Scheme 4215-01-102-0603	25.00	5.19	19.81

SL No.	Grant No.	Head of Account (Major/Minor/Sub-Head/Scheme)	Total Provision (Original + Supplementary)	Actual Expenditure	Savings
XV	48	2217-Urban Development			
37		Grants-in-aid to Urban Local Bodies for Integrated Urban Development 2217-80-800-0601	7.00	0.75	6.25
XVI	49	4711-Capital Outlay on Flood Control Projects			
38		Construction work of Tinmuhani Kursaila Embankment 4711-01-800-0602	10.00	0.00	10.00
39		Extension of Embankment of Kamla river (Indian portion) and Heightening and Strengthening) (100% Central Share) 4711-01-800-0604	15.00	6.99	8.01
40		Extension and Strengthening of Embankment of river Bagmati 4711-01-800-0609	15.00	1.50	13.50
41		Anti Erosion Work on river Ganga 4711-01-800-0610	26.00	12.75	13.25
42		Water Drainage Project under Additional Central Assistance 4711-01-800-0611	28.00	7.00	21.00
XVII	51	2225-Welfare of SC,ST and OBC			
43		Special Central Assistance for Multifarious Development of Harijans-Special Integrated Scheme for SCs (100% Centrally Sponsored Scheme) 2225-01-001-0612	5.00	0.00	5.00
44		Post entrance scholarship 2225-02-277-0601	5.00	0.00	5.00
45		Consolidated Child Development Scheme 2235-02-102-0602	118.93	91.88	27.05

Sl. No.	Grant No.	Head of Account (Major/Minor/Sub-Head/Scheme)	Total Provision (Original + Supplementary)	Actual Expenditure	Savings
46		Externally Sponsored Scheme (World Bank) State Sponsored Integrated Child Development Scheme 2235-02-102-0603	65.79	50.35	15.44
47		Balika Samridhi Yojna Grants- in-aid 2235-02-103-0605	10.24	0.00	10.24
		Total	710.82	332.95	377.87
		Grand Total (A+B)	2943.51	1312.96	1630.55

APPENDIX-XXVI

(Refer Paragraph: 3.1.7 Page-39)

Details of presentation of annual plans from preparation to sanctioning stage

Plan year	Date of receipt in Home department from Police headquarters	Date of approval of empowered committee	Date of sending plan to MHA	Date of approval by MHA	Date of issue of sanction by the Department
2001-02	10.11.2001	15. 01.2002	22.01.2002	02.02.2002	05.03.2003
2002-03	09.11.2002	17.12.2002	14.02.2003	20.03.2003	04.03.2004
2003-04	07.01.2004	12.02.2004	20.09.2004	Not approved	--
2004-05	08.09.2004	20.09.2004	20.09.2004	22.09.2004	31.03.2005
2005-06	10.06.2005	11.06.2005	25.06.2005	14.09.2005	16.02.2006

APPENDIX-XXVII

(Refer Paragraph: 3.1.8 Page-39)

Statement of physical and financial target, achievement, expenditure both on complete and incomplete work of buildings construction during 2001-06

(Rupees in crore)

Type of Construction	Units taken up for construction (Plan Year 2000-02)		Achievement				
	Physical	Financial	Physical		Financial		
			Completed	In Progress	Completed	In Progress	Total expenditure
Lower Sub-ordinate Quarter	1072	26.80	694	378	15.71	5.11	20.82
Upper Sub-ordinate Quarter	370	17.54	252	118	10.02	3.32	13.34
Police Station	23	2.76	7	12	0.82	0.47	1.29
Distt. Control Room	36	4.09	22	14	1.67	0.50	2.17
Boundary Wall	80	3.20	51	29	1.79	0.19	1.98
Female Barrack	22	0.56	18	4	0.92	0.16	1.08
Police Line	5	23.57	1	4	3.45	9.22	12.67
Total	1608	78.52	1045	559	34.38	18.97	53.35

APPENDIX-XXVIII

(Refer Paragraph: 3.1.11.1 Page-44)

Statement of excess expenditure above approved rate

(Rs in lakh)

Name of vehicle/ arms	Plan Year	Purchase during the year	Rate approved (per unit)	Total Amount approved	Rate Purchased	Total Amount of Purchase	Difference in rate	Total Number Purchased	Total Excess Expenditure
1	2	3	4	5	6	7	8	9	10
BP Gypsy	2000-01	2002-03	10.00	110.00	12.02	132.22	2.02	11	22.22
Crane with Fabrication	2000-01	2002-03	9.00	117.00	11.52	149.76	2.52	13	32.76
Mine Protected Vehicle	2000-01	2002-03	55.00	220.00	60.32	241.28	5.32	4	21.28
Prisoner Van	2000-01	2002-03	9.75	204.75	10.82	227.22	1.07	21	22.47
AK-47	2001-02	2003-04	0.05	20.00	0.07	28.00	0.02	400	8.00
BP Car	2001-02	2003-04	14.00	14.00	19.65	19.65	5.65	1	5.65
INSAS Rifle	2001-02	2003-04	0.22	64.50	0.26	78.60	0.05	300	14.10
Mine Protected Vehicle	2001-02	2003-04	55.00	550.00	60.32	603.20	5.32	10	53.20
Vehicle Mounted Water Canon	2001-02	2003-04	24.00	264.00	28.00	308.00	4.00	11	44.00
BP Gypsy	2001-02	2004-05	10.00	40.00	12.05	48.20	2.05	4	8.20
MMV	2002-03	2004-05	55.00	330.00	60.32	361.92	5.32	6	31.92
81mm mortar	2002-03	2005-06	0.20	1.00	9.40	47.00	9.20	5	46.00
Total				1935.25 or Rs.19.35 crore		2245.05 or Rs 22.45 crore			309.80 or Rs 3.10 crore

APPENDIX-XXIX

(Refer Paragraph: 3.2.5- Page-50)

Summary of SRI findings

Household details

Out of all the households covered in Bihar, in about 97.7% of the households, the heads of the households were males and in about 1.9 % of the households the head of the household were females.

About 19.1 % of the households belonged to scheduled castes and 0.8 % to scheduled tribes while close to 53.3 % were from backward and other backward castes.

While about 17.4 % of the heads of the households reported completing primary schooling, another 13.9 % reportedly completed secondary schools and about 8.8 % completing their higher secondary schooling. Out of the total households covered in Bihar, only about 6.8 % of the head of households were reportedly graduates.

Among all the households, questions with regard to children earning for the household was also enquired, and it emerged that about 1.2% of the households had children below the age of 15 years as earning members. Among the children covered under the study, it was found that 32.9% of children help their parents in their work or business and about 28 percent of children work outside home to supplement their family needs.

School Details

Of all the schools covered 0.5 % of primary, 0.2 % of Upper primary and 10.8 % of high schools were boys schools, 1.0 % of primary, 3.4 % of Upper primary and 29.7 % of high schools were girls schools and 98.5 % of primary, 96.4 % of Upper primary and 59.5 % of high schools were co-educational.

Coverage of children under SSA

The total number of children estimated in the age group of 6-14 years is 2.26 crore out of which 1.23 crore are males and 1.03 crore are females. Among these children it is estimated that a total of 40 lakh children are out of school, out of which 17.74 lakh are males and 22.33 lakh are females.

In terms of ratios, about 177 children per 1000 in the age group 6-14 years were out of school in Bihar. 184 out of 1000 children in rural areas and 108 out of 1000 children in urban areas were out of school. Across the gender divide, it was found that 217 girls and 144 boys were out of school.

Coverage of schools under SSA

When distributed by rural and urban, it emerged that about 8.1 % of the villages and 8.8 % of the urban blocks were not covered by schools.

Among those schools covered under the study, reportedly about 98.6 % of primary schools, 99.2% of Upper primary schools and 70.3 % of high schools had received grants/ aid under Sarva Shiksha Abhiyan funds. Among these 100.0 % of primary schools, 98.9 % of Upper primary schools and 80.0 % of high schools in urban areas and 98.4 % of primary schools, 99.3 % of Upper primary schools and 66.7 % of high schools in rural areas reported receiving grants/ aid under SSA.

Civil works & Facilities under SSA

Among the schools in which civil works were taken up, about 20.3 % of primary schools, 36.9 % of Upper primary schools and 10.8 % of high schools reported constructing new buildings for the schools and about 58.8 % of primary schools, 59.2 % of Upper primary schools and 18.9 % of high schools reported utilising funds for repairing existing structures. 16.3 % of primary schools, 17.1 % of Upper primary schools and 0.3 % of high schools reported construction of toilets. Also about 2.1 % of primary schools, 4.4 % of Upper primary schools and 0.1 % of high schools reported constructing separate toilets for girls in addition to existing toilets.

About 12.5 % of primary schools, 13.3 % of Upper primary schools and 0.5% of high schools reported utilising funds from SSA to construct water supply installations in the schools.

Apart from civil works, many schools have also reported utilising the funds under SSA to create facilities for better learning environment for the children. Some of these were Library Books (6.1 % in primary schools, 14.6% in Upper primary schools and 0.6% in high schools), Computers (1.0% in primary schools, 1.7% in Upper primary schools and 0.1 % in high schools), black boards (28.8% in primary schools, 23.6 % in Upper primary schools and 0.6 % in high schools) and electric fittings (1.3% in primary schools, 5.0 % in Upper primary school and 0.1 % in high schools). Some of the other items for which SSA funds were utilised include Reference Books (6.6% in primary schools, 11.8% in Upper primary schools and 0.2% in high schools), computer training (1.0% in primary schools, 0.8% in Upper primary schools and 0.2% in high schools with upper primary sections) and essential item like chalk (34.1 per cent in primary, 27.5 percent in upper primary and 0.51 in high schools) and Dusters (33.2 percent in primary, 27per cent in upper primary and 0.5 per cent in high schools).

Utilisation of grants under SSA

About 93.5% of primary schools, 93.3% of Upper primary schools and 73.1% of high schools had accessed the schools grant, almost 84.5% of primary schools, 86.5% of Upper primary schools and 65.4% of high schools had received the teachers grant about 2.2 % of primary and 8.5% of Upper primary schools had accessed the grant under provisions for disabled children.

Community Involvement

About 50.9% of primary schools, 41.6% of Upper primary schools and 1.4% of high schools had education committees formed in the locality. In about 49.8% of primary schools, 41.0% of Upper primary schools and 1.2% of high

schools, the committees also had bank accounts jointly started with the headmaster of the school to bring accountability to the expenditures incurred for the development of the school. In about 61.8% of schools the community members have also been trained under SSA.

School infrastructure

School infrastructure refers to the building, structures and installations that are necessary to run an educational institution. In this aspect, the type of school building is one of the most prominent indicators about the state of school infrastructure in the state. About 1.6% of primary schools and 2.1 % of Upper primary schools were operating in Kuccha structures. While in 11.2% of primary schools, 21.2% of Upper primary schools and 24.3% of high schools, the structures were observed to be semi-pucca. About 81.3% of primary, 75.6% of Upper primary and 75.7% of high schools were Pucca structures. About 5.6% of primary and 1.0% of Upper primary schools did not have any building at all.

Mid-day meal scheme, one of the flagship programmes of the government, is reportedly implemented in 79.3 % of primary schools, 82.9 % of Upper primary schools and 10.8 % of high schools. While 86.1 % of Primary schools, 84.1 % Upper primary schools and 80.0 % of high schools reported that teaching learning materials (TLM) have been given to all the classes and about 14.2 % of Primary schools, 12.2 % of Upper primary schools and 20.0 % of high school reported that TLM have been given to some of the classes. About 3.7 % of Primary schools, 3.4 % of Upper primary schools reported that no TLM have been provided.

Impact of education schemes

It emerged across the state that affordability was the main reason for children not being enrolled in schools as cited by 33.7 % of parents. Apart from that some of the other important reasons cited were 'child does not like to go to school' (20.1 %) and 'too young to go to school' (16.8 %).

Across the gender divide, it was found that affordability was the main reason for not enrolling girl child (36.7 %) as well as the male child (29.9 %) of parents respectively. The reasons remained the same across the type of locality. 33.6 % of parents from rural areas and 34.3 % of parents in urban areas cited affordability as the main reason for not enrolling their children in schools.

Quality of education

Among those children who attend schools, nearly 5.7 % said that their school does not open on time. While about 2.9 % of children in urban areas reported the same, the proportion was higher in rural areas at 6.5 %. It was interesting to note that about 5.5 % of children said that their school does not open on all working days. Apart from the school functioning, the role of the teachers is also critical. About 1.3 % of the children reported that the teachers are very irregular to school and about 4.3 % reported that teachers are regular only to some extent to the school. About 8.2 % of children said that the teachers do

not take for the full duration. This was reported by 9.1 % of children in rural areas and 5.1 % in urban areas.

Reach of Beneficiary schemes

Across the state it emerged that mid-day meals are being served in about 30.3 percent of the schools. This was 32.7 % in rural areas and 21.5 % in urban areas.

About 25.6 % of the children said that they received free text books and among all children about 66.7 % said they received free text books on time. When segregated by type of locality, 65.8 % of children who received free text books in rural areas said that they received all the free text books on time as against 71.3 % in urban areas.

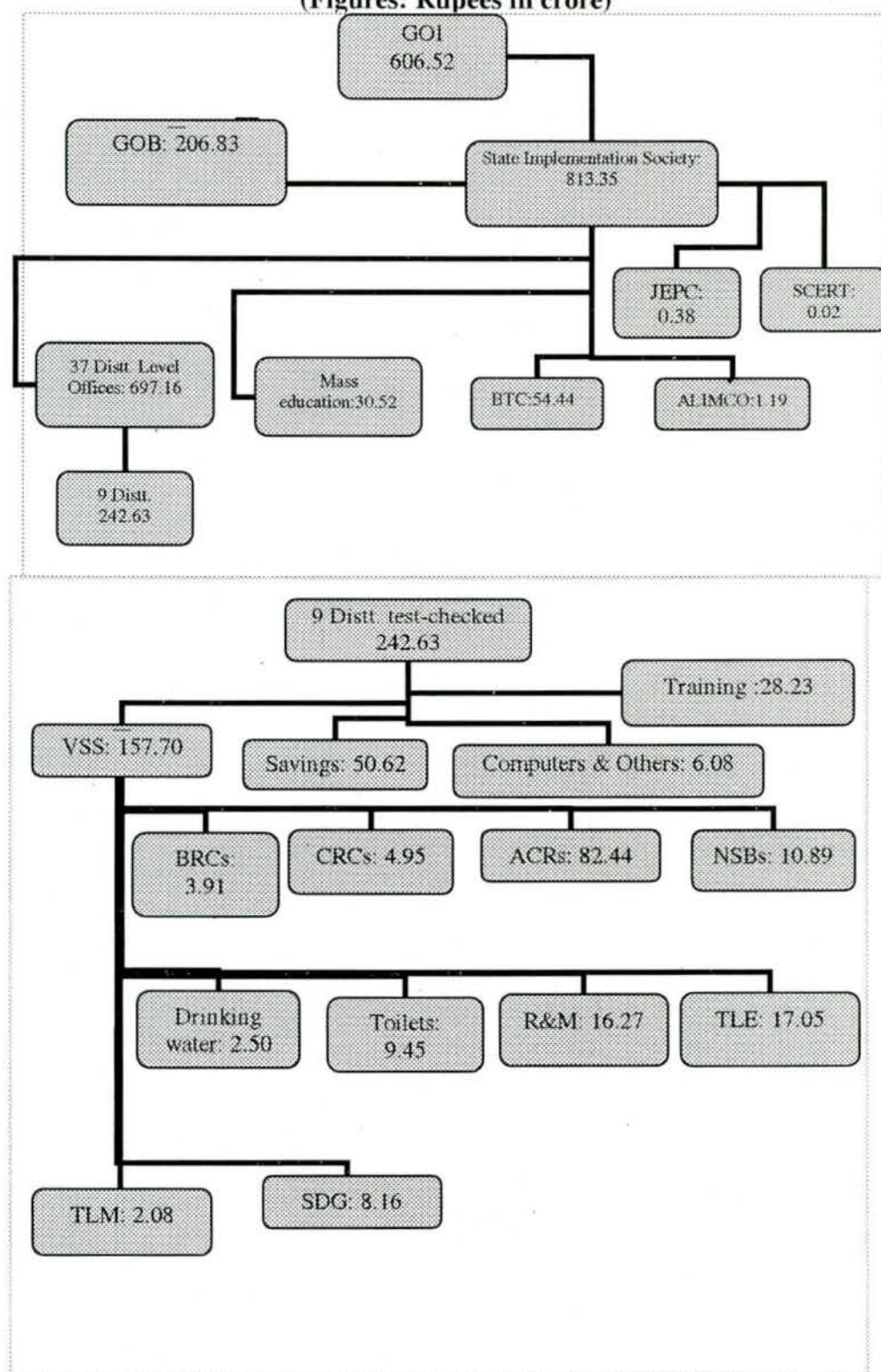
Overall satisfaction level

On the whole about 21.1 % of the parents said that they were extremely satisfied as compared to 15.9 % who said that they were not satisfied with the quality education that their children were receiving at schools.

APPENDIX-XXX

(Refer Paragraph: 3.2.6.3 Page-51)

**Fund flow chart of S.S.A.
(Figures: Rupees in crore)**



APPENDIX-XXXI*(Refer Paragraph: 3.2.6.4.-- Page-52)**Fund position and expenditure of nine districts test checked.*

Name of districts	Funds transferred to DPCs during 2001-05	Funds received during 2001-05	Expenditure during 2001-05	Savings (+) Excess (-)
(Rupees in crore)				
Auraungabad	24.64	23.21	22.53	2.11(15%)
Begusarai	20.13	14.86	10.83	9.30(46%)
East Champaran	57.73	55.70	43.15	14.58(25%)
Muzaffarpur	26.94	23.48	20.14	6.80(25%)
Patna	25.65	25.91	25.14	0.51(2%)
Purnea	11.53	9.23	8.89	2.64(23%)
Saharsa	11.23	10.73	14.17	(-) 2.94(26%)
Samastipur	24.83	23.04	18.66	6.17(25%)
Saran	39.95	38.19	28.50	11.45(29%)
Total	242.63	224.35*	192.01	50.62(22%)

(Figures in bracket indicate percentage)

(Rs 18.28 crore transferred by Bihar Shiksha Pariyojana Parishad to District Programme Co-ordinators during 2004—05 was received in August 2005 due to delayed despatch of Bank drafts (August 2005).

The Director in his reply stated that all precautionary measures have been taken to ensure transfer of funds and its acknowledgement in time

APPENDIX-XXXII

(Refer Paragraph: 3.2.7.1---- Page-54)

Difference in DISE data in comparison to 2003 to 2004 and data furnished by District, DPC and Census in nine test-check districts.

Sl.no	Name of district	No. of block			No. of CRCs			No. of village			No. of schools			No. of available teacher		
		2003 DISE	2004 DISE	By District 2005	2003 DISE	2004 DISE	By DPCs 2005	2003 DISE	2004 DISE	From Census 2001	2003 DISE	2004 DISE	By DPCs 2005	2003 DISE	2004 DISE	By DPCs 2005
1.	Aurangabad	11	11	11	111	124	115	1345	1562	1848	1521	1518	1521	2637	2432	3166
2	Begusarai	19	18	18	147	198	198	867	1350	1211	1131	•1098	1079	2637	2432	3380
3	East Champaran	27	27	27	198	211	211	1447	1447	1317	2118	2207	2181	4085	4017	4910
4	Muzaffarpur	17	16	16	179	212	212	1805	1921	1796	2650	2663	2651	5658	6058	5884
5	Patna	23	23	23	276	279	279	1514	1516	1421	3158	3268	3208	5894	5078	6692
6	Purnea	11	14	14	123	140	140	1160	1293	1281	1256	1250	1242	NA	658	3099
7	Saran	20	20	20	174	176	176	1415	1434	1765	1886	1908	1899	3450	3456	4397
8	Saharsa	10	10	10	87	121	121	441	441	468	774	775	775	1905	1919	2350
9	Samastipur	20	20	20	175	175	175	1259	1259	1248	1505	1697	1693	3390	3679	4444
	Total	158	159	159	1470	1636	1627	11253	12223	12355	15999	16384	16249	29656	29729	38322

APPENDIX-XXXIII

(Refer Paragraph: 4.1.4 Page-104)

Comparison of compressive strength of cement

Name of the Division	Required			Actual		
	3 days	7 days	28 days	3 days	7 days	28 days
Irrigation Division, No.3 Jamui	Not less than 16 MPa	Not less than 22 MPa	Not less than 33 MPa	Not done	18 MPa	31 MPa
W.K.C. Division, Khutauna	Not less than 16 MPa	Not less than 22 MPa	Not less than 33 MPa	-do-	19 MPa	29 MPa
T.C. Division, Mothihari	Not less than 16 MPa	Not less than 22 MPa	Not less than 33 MPa	13 MPa	25 MPa	43 MPa
Irrigation Division, Murliganj	Not less than 16 MPa	Not less than 22 MPa	Not less than 33 MPa	15 MPa	18 MPa	38 MPa
W.K.C. Division, Darbhanga	Not less than 16 MPa	Not less than 22 MPa	Not less than 33 MPa	9 MPa	17 MPa	25 MPa
Saran Canal Division, Marhaura	Not less than 16 MPa	Not less than 22 MPa	Not less than 33 MPa	13 MPa	18 MPa	22 MPa
T.C. Division, Narkatiaganj	Not less than 16 MPa	Not less than 22 MPa	Not less than 33 MPa	12 MPa	14 MPa	20 MPa
Drainage Division, Samastipur	Not less than 16 MPa	Not less than 22 MPa	Not less than 33 MPa	9 MPa	14 MPa	25 MPa
FCD, Begusarai	Not less than 16 MPa	Not less than 22 MPa	Not less than 33 MPa	10 MPa	21 MPa	29 MPa
Ganga Pump Nahar Division, Bateshwar Asthan	Not less than 16 MPa	Not less than 22 MPa	Not less than 33 MPa	9 MPa	13 MPa	21 MPa

APPENDIX-XXXIV

(Refer Paragraph: 4.2.1 Page-110)

Excess payment made to suppliers against first tender.

(Quantity in metres and amount in Rupees)

Category of pipes	Diameter of pipes	Quantity supplied as per tender dated 03.11.2004	Quoted rates		Difference (Col 4-5) percentage in bracket	Excess payment (Col 3 x col 6)
1.	2.	3.	4.	5.	6.	7.
			1st tender	2nd tender		
K-7	100 mm	36988	701.54	531.44	170.10 (24)	6291659
	150 mm	24374	1021.56	736.14	285.42 (28)	6956827
	200 mm	16416	1489.98	974.81	515.17 (35)	8457031
	250 mm	1778	2007.61	1275.67	731.94 (36)	1301389
	300 mm	253	2588.85	1611.48	977.37 (38)	247275
K-9	150 mm	2620	1246.14	863.00	383.14 (31)	1003827
	200 mm	433	1667.79	1198.00	469.79 (27)	203419
	250 mm	50	2189.87	1605.00	584.87 (28)	29244
Total						24490671 or Rs 2.45 crore

APPENDIX-XXXV

(Refer Paragraph: 4.2.1 Page-110)

Penalty not imposed on delayed supply of material

Supply order/ dt.	Quantity supplied (metre)						
	100 mm	150 mm	200 mm	250 mm	300mm	150 mm	200 mm
1117/22.03.05	2927	-	54 305 447 5794 88	20 62	121	-	131 30 23
723/07.03.05	3844 253 3087 726 3607 1960	-	28 310 393 1771	10 63 82	37	-	69 30 14 37
1361/30.03.05	-	395 825 825 1846 1237 165 460	-	-	-	-	-
1362/30.03.05	90 550 796 553 533 300 888	-	553 45 920 680 30 1536	25 204 30	-	-	-
1118/22.03.05	-	46 710	-	-	-	30 23	-
724/07.03.05	-	24 277 1231 874 3199 207 1974	-	-	-	30 37	-
1119/22.03.05	-	740 2389 916	-	-	-	500 2000	-
Total	20114	18340	12954	764	158	2620	334
Rate	701.54	1021.56	1489.98	2007.61	2588.85	1246.14	1667.79
Value	14110775.56	18735410.40	19301200.92	1533814.04	409038.30	3264886.80	557041.86

value of supply

Rs 57912167.88

Penalty to be imposed (at the rate of 10 per cent) Rs 5791216.78

or Rs 58 lakh

APPENDIX-XXXVI

(Refer Paragraph: 4.2.7 Page-116)

Tenders invited by IRCON before the approval of GADs

Sl. No.	L.C. No.	Joint inspection	Tender		GAD			Present status as on 29.04.06	Hindrance due to land acquisition/utility shifting
			Invited	Opened	Sent by Railway / IRCON	Approved by State Government vide	Change in specification and other direction		
1	72	06.04.05		07.12.04		168/ 12.05.05	Deleted	Concept plan for new location, received and being examined	
2	30	06.04.05		07.12.04	24.02.05	168/ 12.05.05	Deleted	Deleted	
3	31	06.04.05		07.12.04	22.02.05	168/ 12.05.05	One leg of northern approach leading towards Airport side is decided to be deleted	Work started	Yes
4	52/1			01.02.05	24.02.05	178/ 17.05.05	Longitudinal gradient of both side of the approaches may be reduced to 1 in 40 instead of 1 in 50		
5	26	10.08.05		28.04.05	27.04.05	402/ 06.09.05	Deleted	Deleted (proposed to be shifted to LC 25)	
6	27	10.08.05		28.04.05	27.04.05	402/ 06.09.05	(xii) changes such as Gradient must not exceed 1 in 35, Rotary of appropriate diameter at each junction, extra widening for curve upto 300m radius etc. No work should be started before Land Acquisition and site clearance, NOC from concerned department		
7	1			28.04.05	18.03.05	261/ 22.06.05	RE wall must not exceed 05mtr, extra widening for curve upto 300 m radius, gradient must not exceed 3% footpath on either side of approaches should be deleted. No work should be started before land acquisition, site clearance and NOC from concerned department.	Not feasible (Deleted)	
8	2				18.03.05	261/ 22.06.05	--do--	Work in progress	
9	101			28.04.05	25.02.05	173/ 16.05.05	RE wall must not exceed 05 mtr. Extra widening curve upto 300 m. radius, gradient must not exceed 3%, a minimum 5 mtr. Wide slop road along both sides of the approaches has to be provided if land is available	Work in progress	Yes
10	101/A			28.04.05	25.02.05	173/ 16.05.05	--do-- No works should be started	--do--	Yes

SL No.	L.C. No.	Joint inspection	Tender		GAD			Present status as on 29.04.06	Hindrance due to land acquisition/utility shifting
			Invited	Opened	Sent by Railway / IRCON	Approved by State Government vide	Change in specification and other direction		
							before NOC from concerned department		
11	1 & 79A							Work started (2 test pile completed)	

APPENDIX-XXXVII

(Refer Paragraph: 4.3.1 Page-120)

Comparison of the features of King Air C90B with the upgraded model King Air C90 GT.

	King Air C90 B	King Air C90 GT
Price (standard equipped)	US\$ 2,765,000.00	US\$ 2,950,000.00
Engines Power	Two pratt and whitney PT 6A-21 550 shp	Two pratt and whitney PT 6A-135 750 shp
Maximum speed	246 kts	272 kts
Certified ceiling	30,000 ft.	It takes only 22 minutes to reach its 30,000 feet certified ceiling , a fifty per cent reduction in the time needed to reach its certified ceiling
Cruising speed	239 kts (275 mph)	275 kts
Take off distance	2709 feet at max. gross take off weight (MGTOW)	2392 feet at max gross take off weight (MGTOW)
Passenger capacity	5 passengers	7 passengers
Landing distance		Can land on short runways or unimproved strips