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**REPORT
OF THE**

**COMPTROLLER
AND
AUDITOR GENERAL OF
INDIA**

For the year ended 31 March 2003

(CIVIL)

GOVERNMENT OF BIHAR

Auditor General (Civil) Bihar 2002 2003

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सत्यमेव जयते

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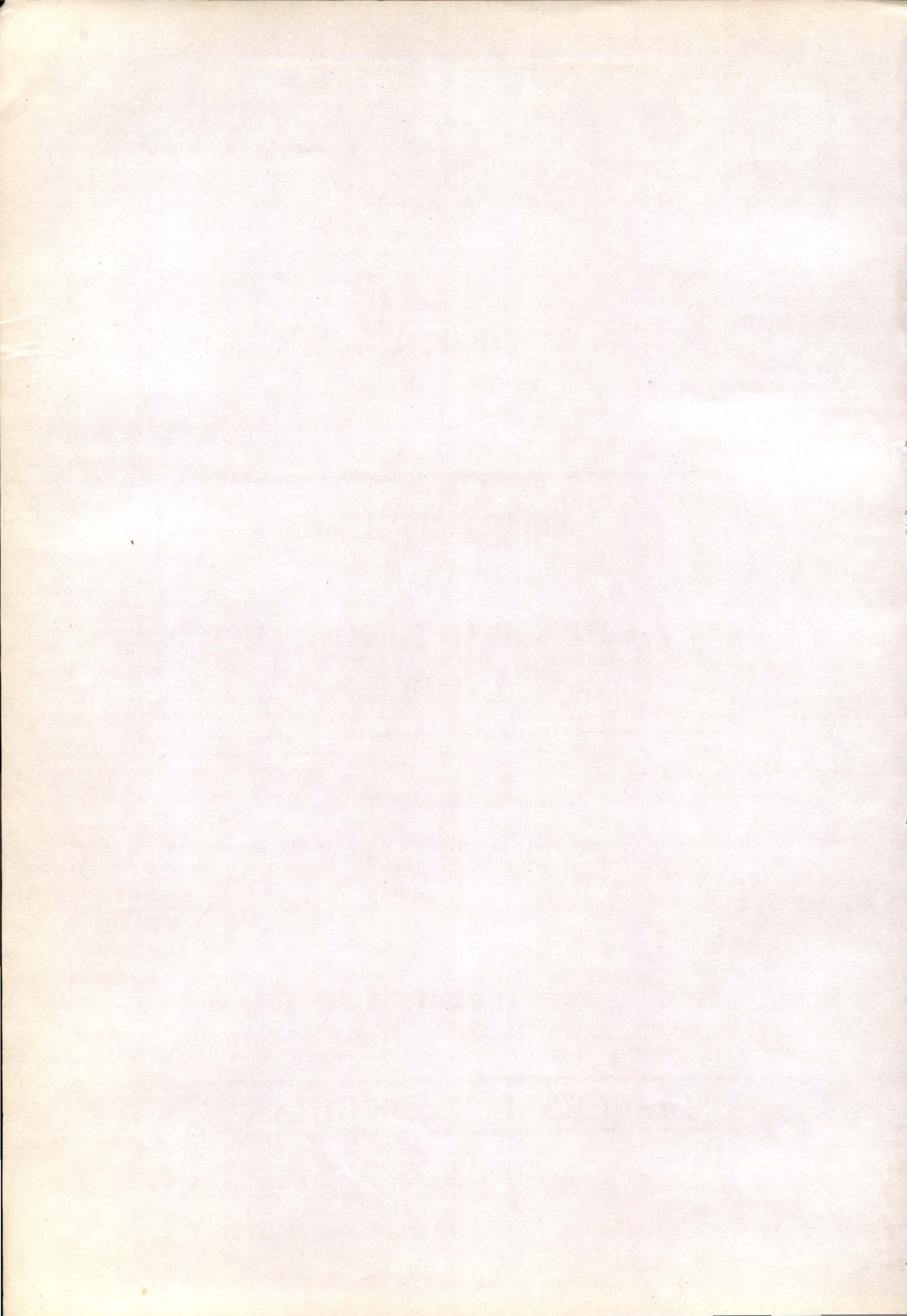


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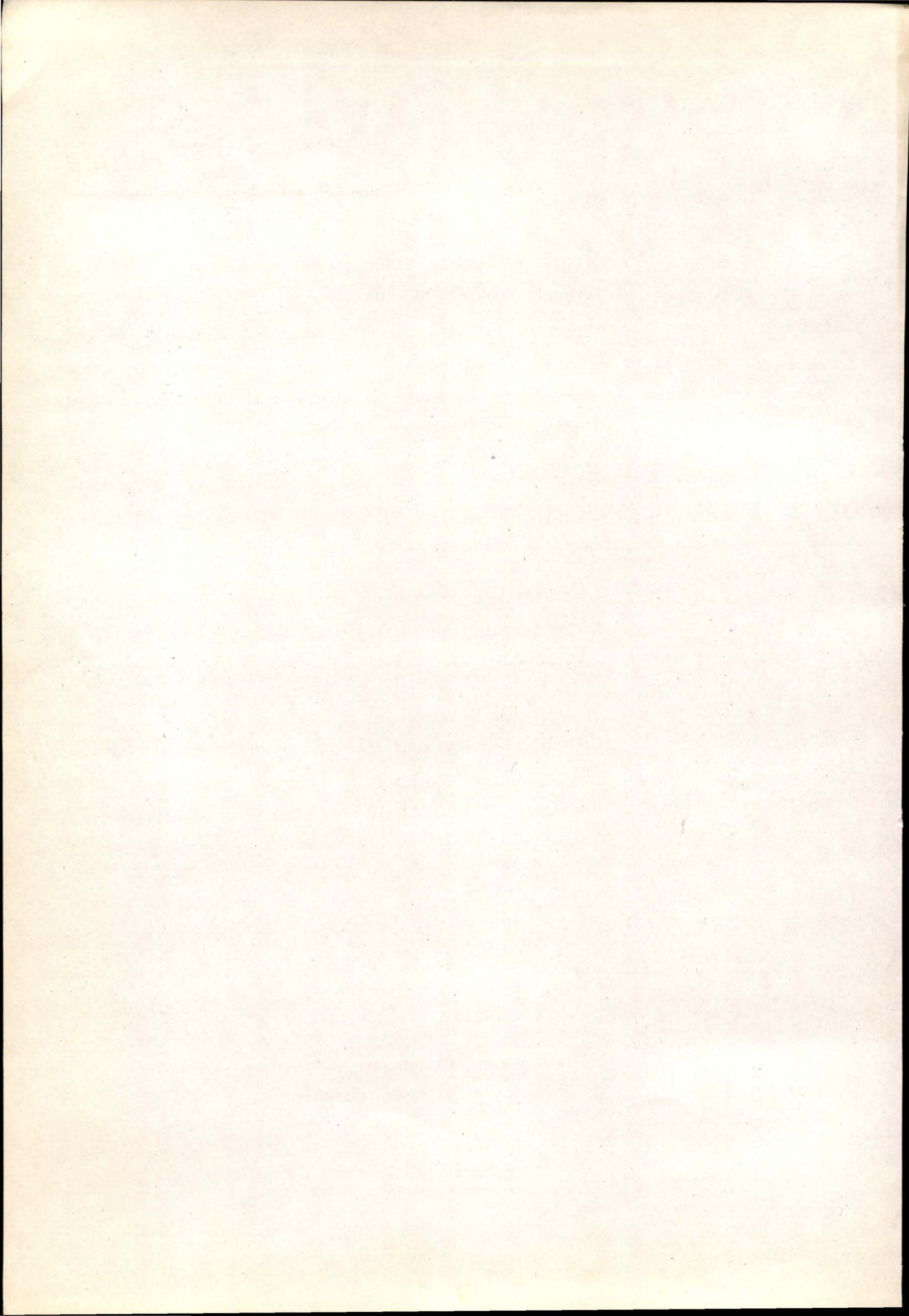
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Preface


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 respectively contain Audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2003.
3. The remaining chapters deal with the findings of performance audit, and audit of transactions in the various departments including their internal control managements.
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 2002-2003 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 2002-2003 have also been included wherever necessary.





OVERVIEW


This Report includes two chapters on the finances and accounts of the Government of Bihar, one chapter on six performance reviews/long paragraphs and two other chapters on audit of transactions and internal audit arrangement of the State Government consisting of 31 paragraphs. A summary of main audit observations on the matters contained in the performance reviews and the important paragraphs is presented in this overview.


1 Finances of the State Government


 Revenue receipts of the Government of Bihar increased from Rs 9296 crore (composite state) in 1998-99 to Rs 10968 crore (successor state) in 2002-03. The rate of growth of revenue receipts during 2002-03 over the previous year was a modest 11 per cent, primarily due to 19 per cent growth in the tax revenue and 32 per cent growth in the grants in aid from Government of India.


 28 per cent revenue came from State's own resources, whereas Central tax transfers and grants-in-aid contributed nearly 72 per cent of the total revenue.


 Among the tax revenue, 17 per cent increase in sales tax, 71 per cent increase in taxes on goods and passengers, 26 per cent growth in taxes on vehicles and 14 per cent increase in stamps and registration fees were the principal contributors for the high growth in the revenue during the year.


 Three fifty one per cent jump in interest receipts and 56 per cent growth in receipts from Non-ferrous mining and metallurgical industries were however not sufficient to prevent the decline (Rs 26 crore) of the non-tax revenue during the year.


 The current levels of cost recovery in supply of merit goods and services by Government are 0.11 per cent for secondary education, 0.73 per cent for university and higher education, 5.81 per cent for technical education, 3.45 per cent in health and family welfare, 0.2 per cent in water supply and sanitation, 10.04 per cent in major and medium irrigation and 0.33 per cent in minor irrigation.


 The total expenditure of the state has increased marginally from Rs 12966 crore in 1998-1999 for the erstwhile composite state to Rs 13972 crore in 2002-2003 for the new reorganized state.


 Revenue expenditure increased from Rs 11563 crore in 1998-99 to Rs 12255 crore in 2002-03. Administrative expenses (Rs 1155 crore), interest payments (Rs 3022 crore), and pensions (Rs 2049 crore) alone consumed 57 per cent of total revenue receipts of the State during the year.


 Interest payments increased steadily by 25 per cent from Rs 2412 crore in 1998-99 to Rs 3022 crore in 2002-03 and consumed 28 per cent of revenue receipts.


 The share of economic and social services in total expenditure declined from 22.40 and 32.09 per cent in 1998-99 to 17.96 and 29.04 per cent in 2002-03 respectively. The share of general services increased from 41.02 per cent in 1998-99 to 47.63 per cent in 2002-03.

 Capital expenditure increased from Rs 742 crore in 2001-02 to Rs 970 crore in 2002-03. Total outstanding balance of the loans advanced was Rs 8205 crore as on 31 March 2003. Interest received against these advances was meagre varying from 0.04 per cent to 0.65 per cent of the outstanding loans and advances during 1998-2003.


 The net funds available on account of the internal debt and loans and advances from Government of India after providing for the interest and repayments declined from 32.59 per cent in 1998-99 to 1.72 per cent during 1998-2003.

 Revenue deficit decreased from Rs 1320 crore in 2001-02 to Rs 1287 crore in 2002-03. Fiscal deficit however increased from Rs 2583 crore to Rs 2988 crore in 2002-03. These deficits however do not include the power subsidy of Rs 2963 crore payable to Bihar State Electricity Board as per their latest accounts. As a result, the effective deficits in each case would go up by Rs 2963 crore.

 Government of Bihar has paid Rs 747.19 crore as loans and advances during the year. Of which, Rs 630.34 crore (84 per cent) was paid to the Bihar State Electricity Board (BSEB). Out of the loan sanctioned to BSEB, loan of Rs 340 crore was meant for revenue purposes viz payment of interest on bonds, clearance of outstanding dues of NTPC etc. Hence accountal of payment of subsidy to the BSEB as investment/capital expenditure distorts the state accounts, leading to suppression of revenue deficit.


 Fiscal liabilities of the State increased from Rs 26826 crore in 1998-1999 to Rs 35249 crore in 2002-2003 at an average trend growth rate


of 7.60 per cent. These liabilities as ratio to GSDP increased from 40.50 per cent in 1998-1999 to 62.20 per cent in 2002-2003 and stood at 3.21 times of its revenue receipts and 10.14 times of its own resources comprising its own tax and non-tax revenue.


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


(Paragraph 1.1 to 1.9)


2 Allocative priorities and Appropriation


 During 2002-2003 State Government incurred expenditure of Rs 15506.45 crore against total budget provision of Rs 20542.20 crore. The overall saving of Rs 5035.75 crore was the net result of saving of Rs 5045.90 crore in 45 grants and five appropriations offset by excess of Rs 10.15 crore in two grants.

 In 44 cases involving 34 grants/appropriations there were persistent savings of more than two crore and 10 per cent or more of the total provision in each case.

 Excess expenditure amounting to Rs 7467.62 crore for the years 1977-78 to 2002-03 had not been regularised as of March 2004 though required under Article 205 of the Constitution of India.

 Supplementary provisions of Rs 614.56 crore obtained in 40 cases during August 2002 to March 2003 was wholly unnecessary as the expenditure did not come up in these cases even to the level of original provision.

 There were 22 cases of grants/appropriations in Revenue section and 8 cases of grants/appropriations in Capital section in which large savings of Rs 993.31 crore, exceeding Rs one crore in each case had not been surrendered at the close of the year 2002-03.


 In 38 major heads, expenditure of Rs 6567.37 crore under 1552 units of appropriation pertaining to 2002-03 remained unreconciled by 87 Controlling Officers though required as per Financial rules.


(Paragraph 2.2 to 2.8)


3 Performance reviews


National AIDS Control Programme


National AIDS Control Programme aimed at reducing spread of HIV infection and strengthening the country's capacity to respond to HIV/AIDS on a long term basis. Implementation of the programme in the State suffered mainly due to absence of monitoring. Physical progress of targeted intervention for high risk groups and prevention of HIV/AIDS among low risk groups was either nil or marginal except in the case of condom promotion. Blood banks lacked basic infrastructure facilities. No community centre was set-up for low cost AIDS care. Institutional strengthening was weak. Intersectoral collaboration was absent. Thus, the intended objective of reducing spread of HIV infection and strengthening country's capacity to respond to HIV/AIDS on a long term basis was not realised.


 During 1998-2002 due to poor spending only 46 per cent (Rs 11.14 crore) of funds allocated (Rs 24.27 crore) by GOI were released.


 Excess expenditure of Rs 0.49 crore during 1999-2003 on awareness campaign was incurred by diverting funds from different components.


 Against an allocation of Rs 15.00 lakh for civil works, AIDS Control Society in March 2003 advanced Rs 1.17 crore to District Magistrates for construction of rooms for blood banks without approval of NACO.


 Physical progress in the components of targeted intervention for groups at high risk groups was either nil or negligible except in the case of condom promotion and prevention of HIV/AIDS among low risk groups was dismal during 1998-2003.


 Physical progress in prevention of HIV/AIDS among low risk groups was also poor due to absence of basic infrastructure in blood banks. Due to lack of mandatory equipments like air conditioners and elisa reader in blood banks, the functioning of blood banks suffered.

 One hundred seven equipments supplied by NACO to 15 blood banks for their modernisation were non-functional as the blood banks had no operational license from appropriate authority. Even in seven licensed blood banks 168 equipment supplied by NACO were lying idle.

 Low cost AIDS care was not initiated in the State as no community care centre was set-up.

 Institutional strengthening by imparting training to trainers was not done since 1999-2000.

 Intersectoral collaboration was non-existent. Level of awareness development was low and no society was formed at district level for effective implementation of the programme.


 There was absence of effective monitoring of the programme. The reports on the impact analysis of the programme done by ORG Centre (May 2000) and World Bank Mission (May 2002) were not made available.


(Paragraph 3.1)


Implementation of Drugs and Cosmetics Act, 1940


The Drugs and Cosmetics Act, 1940 and Rules framed thereunder regulate the import, manufacturing, distribution, sale and clinical research of drugs and cosmetics.


The Act was not implemented effectively in the State. There was absence of internal control mechanism in the department. No master control register was available. Licenses to manufacturing and selling units were not renewed timely. There was huge shortfall in survey and inspections of manufacturing and selling units. Inordinate delay in testing of samples collected was observed. Price control mechanism was not in vogue. The possibility of manufacture and sale of sub-standard drugs and cosmetics could not be ruled out and the intended objective of making available essential life saving drugs at fair prices to masses was not realised.

 The Controller of Drugs did not have a master control register which would indicate the actual status of manufacturing/selling units of the State and licenses to manufacturing/selling units were not periodically renewed, though required.

 Of 851 manufacturing units as of March 2003, licenses of 21 units were not renewed. Similarly, licenses of 6077 selling units out of 31412 units were not renewed as of March 2003.


 In 25 districts, as against 70332 units due for inspections in 2000-02, number of inspections carried out by 34 DIs was 13235 only.


 Quality of drugs and cosmetics manufactured in the State was not assured because no manufacturing unit in the State sought approval during 1998-2003 of the Controller of Drugs for quality testing of drugs and cosmetics manufactured.


 In a state with a large population of 8 crore, not a single sample of blood unit was taken and tested during 1998-2003.


 Seventy five per cent of samples of drugs collected during 1998-2003 by the State Drug Control Laboratory, Patna were tested.


Government Analyst attributed the shortfall to inadequate infrastructure such as chemical, power supply, testing equipment and manpower.


 Only 2978 samples tested and analysed during 1998-2003 against the requirement of the testing of 146218 samples. Samples collected fell short by 96 per cent, while only 51 per cent of samples collected were analysed. Thus there was hardly any enforcement of the provisions of the Act in the State.

 The Controller of Drugs did not initiate punitive and deterrent action in respect of 122 cases of sub-standard drugs reported by five Regional Licensing Authorities during 1998-2003.

 Interface of State Drug Regulatory Authority with pharmaceutical industry/trade, consumers, and medical professionals was not on record. This adversely affected dissemination of information and feed back on the functioning of enforcement authorities.

 No intelligence branch was set up for keeping a watch on illegal manufacture of drugs and its trade activities. No training was imparted to Drug Inspectors to tone up enforcement of the Act.

 Controller of Drugs stated that there was no price control mechanism in vogue in the State.

 There was lack of monitoring and evaluation mechanism to ensure effective implementation of the provisions of the Drugs and Cosmetics Act, 1940.


(Paragraph 3.2)


Welfare of handicapped


Welfare of handicapped is a complex social issue involving coordination of curative, promotional and rehabilitational activities directed at different forms of handicap and a multitude of measures. Further, the definition of handicapped for the purpose of coverage is so widely dispersed over such a large area of disabilities that no single focus emerges automatically from the disparate efforts undertaken by different agencies entrusted with the delivery of programme objectives. Welfare activities for the handicapped are governed by the provisions of Persons with Disabilities (Equal opportunities, Protection of rights and Full participation) Act, 1995 and Mental Retardation and Multiple Disabilities Act, 1999. These Acts envisaged to bring people suffering from different kinds of disabilities into the main stream of social life.


The review revealed that various provisions of the Acts remained unimplemented during 1998-03 and the schemes taken up suffered from mismanagement emanating from the lack of co-ordination and supervision. As a result, a major chunk of GOI funds remained unutilised and the


performance of the schemes was either nil or negligible. Thus the welfare of the handicapped remained neglected.


 The provisions of the Disability Act, 1995 relating to survey, investigation, research on causes of disabilities, promotion of methods of preventing disabilities, awareness campaign, public education, research and designing new assisting devices etc. remained unimplemented.


 Eighty six per cent (Rs 125.97 crore) of GOI funds received (Rs 145.85 crore) by the State during 1998-03 remained unutilised and parked in current accounts in banks, while the implementation of the schemes suffered.


 Free glasses were provided only to 28 per cent and eight per cent of children detected with refractory errors during 2001-02 and 2002-03 respectively. Formal training courses in the stream of technical and vocational education of persons with disabilities were not started in any of the polytechnics as of March 2003.

 Fifty four per cent (Rs 5.02 crore) of available funds were not spent on all the 11 schemes being taken up under the State Plan. In three out of 11 schemes under the State plan (workshop for deaf and dumb, special equipment for deaf and dumb, school of spastic children) expenditure was nil while in three other schemes (blind school, blind teachers training, commissioner disability) the expenditure was negligible varying from 10 to 13 per cent of the available funds.

 Artificial Limbs Centre, Patna produced aids and appliances worth Rs 2.32 lakh only while establishment expenditure of the Institute was Rs 77.86 lakh during 1998-2003.

 Only 16 per cent of the handicapped registered were sponsored by the Special Employment Exchange, Patna and only two per cent of the handicapped registered were placed in jobs.

 Absence of Block Government Guarantee led to non-payment of loan to 1405 handicapped applicants.

 Implementation of the Disability Act and the Schemes thereunder lacked monitoring mechanism.

(Paragraph 3.3)

Accelerated Irrigation Benefit Programme

Accelerated Irrigation Benefit Programme (AIBP) launched (1996-97) by Government of India aimed at accelerating completion of ongoing irrigation/multipurpose projects that languished due to financial constraints of the State.

Implementation of the programme during 1996-2003 was reviewed to assess its effectiveness.

The implementation of the programme in the State suffered due to selection of ineligible and unviable projects, short release of State's share, partial utilisation of Central loan assistance, misutilisation of funds, excessive establishment expenditure, unplanned execution of projects in different stretches. There was manifold increase in cost of projects under AIBP though utilisation of potential created was meagre.



Release of State's share fell short by Rs 10.96 crore in respect of three projects, while in five other projects, State share was released in excess of the norm by Rs 61.07 crore. Rupees 29.88 crore were misutilised on other office expenses.



Executive Engineer, Western Kosi Canal Division, Khajauli sold cement valuing Rs 65.55 lakh to different divisions and deposited the sale proceeds to the Madhubani Treasury as receipt of the Government, though the cement was purchased from AIBP funds.



All the seven projects out of eight were burdened with excessive establishment expenditure which ranged between 45 and 238 per cent of the works expenditure of the projects.



None of the seven projects was completed in four crop seasons as per the programme, while six projects were not completed even after a lapse of six to 14 crop seasons.




Only 62 per cent (7.45 lakh hectare) of the combined targeted irrigation potential was created by the seven projects as of March 2003, while only 28 per cent of the irrigation potential created under AIBP was utilised.



Compared to the cost per hectare projected, the cost of creation of irrigation potential substantially increased in the revised estimated cost of the projects. Despite expenditure of Rs 221.62 crore on Durgawati Reservoir Project, no irrigation potential was created as of March 2003.



Without completing the process of acquisition of land for two projects, Rs 30.86 crore were irregularly paid to three Special Land Acquisition Officers during 1997-2003. Out of this Rs 5.88 crore only were paid to farmers and Rs 24.98 crore remained parked in current accounts in banks or Civil Deposits, though the money received under central loan assistance carried interest rate of 11.5 to 13 per cent per annum.

 The implementation of the programme lacked monitoring mechanism although required as per the guidelines prescribed by the Government of India.

(Paragraph 3.4)

Prevention and control of fire

Implementation of Fire Service measures in the State was ineffective due to lack of effective monitoring and periodical evaluation. As a result substantial provision of fund remained unutilized. Upgradation and setting up of fire service units with Tenth and Eleventh Finance Commission grant was not carried out; Fire units were not properly equipped; communication system was not improved; Fire stations lacked water sources. Large number of water tenders, fire-fighting equipments etc procured during 1998 were still lying unutilized.


(Paragraph 3.5)

Payment of Stipend and Scholarship to students


Stipend and scholarship was payable to the meritorious students and to the students belonging to economically and socially backward section of the society like the SC/ST/OBCs etc. Implementation of the scheme in the State suffered due to poor disbursement of scholarship to students belonging to SC, ST and OBCs. Further, no scholarship was disbursed to meritorious students out of Rs 5.15 crore provided in the budget during 1998-2003.

(Paragraph 3.6)


4 Fraudulent drawal/misappropriation/embezzlement/losses

 Expenditure of Rs 1.33 crore against advance payment during March 2001 in Valmiki State Trading Division, Betia was doubtful.


(Paragraph 4.1.1)

 Non-observance of codal provisions in maintenance of cash book in the two offices (the Superintendent District Jail Saharsa and the Nazarat Deputy Collector, Jahanabad) led to misappropriation of Rs 25.11 lakh.


(Paragraph 4.1.2 and 4.1.4)

 The Executive Engineer Public Health Engineering Division, Saharsa spent Rs 16.48 lakh on doubtful supply of materials.


(Paragraph 4.1.3)

 Expenditure of Rs 11.82 lakh during 1998-2002 in Block Development Office, Narhat, Nawada remained unadmitted in accounts for one to 15 years.

(Paragraph 4.1.5)


 Block Development Officer, Choraut (Sitamarhi) and other officials misappropriated advance payment of Rs 35.62 lakh meant for disbursement to the beneficiary of Indira Awas Yojana, flood relief, old age pension and scholarships.

(Paragraph 4.1.6)


 Fictitious booking of expenditure in accounts led to defalcation of Rs 13.16 lakh in the office of Child Development Project Officer, Manigachhi (Darbhanga).

(Paragraph 4.1.7)


5 Avoidable/ excess/ unfruitful expenditure

 District Magistrate, Patna delayed payment to the suppliers of blankets, shawls etc. resulting in avoidable liability of Rs 17.94 lakh on account of interest.


(Paragraph 4.4.2)

 The Executive Engineer, Road Construction Division, Ara spent Rs 37.68 lakh for excess supply of materials in Ara-Buxar road work.


(Paragraph 4.4.4)

 In RCD Biharsharif there was doubtful use of stone metal valued at Rs 88.70 lakh in road work and bitumen valued at Rs 90.29 lakh issued to an agency in excess of requirement remained unrecovered.


(Paragraph 4.4.5)

 Expenditure of Rs 28.22 lakh on repairs of Pansalwa-Baidyanathpur Road during 1999-2000, while original work was in progress, was doubtful.


(Paragraph 4.4.6)

 The improvement and construction of link road (Kankarbagh road No.3) without acquisition of required land resulted in unfruitful expenditure of Rs 41.30 lakh on incomplete construction of the road.

(Paragraph 4.4.9)


 Taking up the work of construction of approaches to Railway overbridge at Hajipur without survey and investigation resulted in extra cost of Rs 1.62 crore.

(Paragraph 4.4.10)


 Taking up construction of Kakarghati branch canal of Western Kosi main canal (from RD 95 to RD 125) and cross drainage structure (chain 78 to 103.20) of Durgawati dam without acquisition of land at different points resulted in unfruitful expenditure of Rs 5.01 crore on incomplete construction of the branch canal.

(Paragraph 4.4.11 and 4.4.12)

6 Idle investment/Idle establishment/Blockage of funds


 Five Drawing and Disbursing Officers drew funds of Rs 8.09 crore from treasuries and irregularly kept them in 'Civil Deposits'/banks.

(Paragraph 4.5.3)


 As the construction of building was incomplete, the Cobalt machine for providing specialised treatment to cancer patients in DMCH was not installed.

(Paragraph 4.5.4)

7 Regulatory issues and other points

 Failure of Magadh University, Bodhgaya and BRA Bihar University, Muzaffarpur to get the college and hostel buildings vacated from unauthorised possession of CRPF resulted in depriving the students of the teaching and hostel facilities. Besides, the rental charge of Rs 73.57 lakh was not recovered from them.

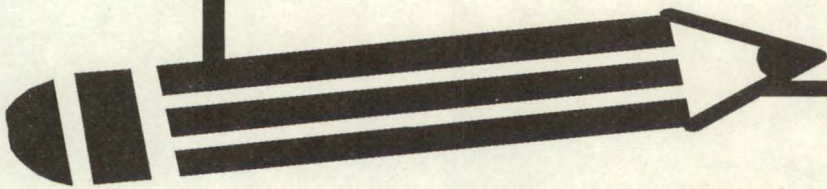
(Paragraph 4.6.1)

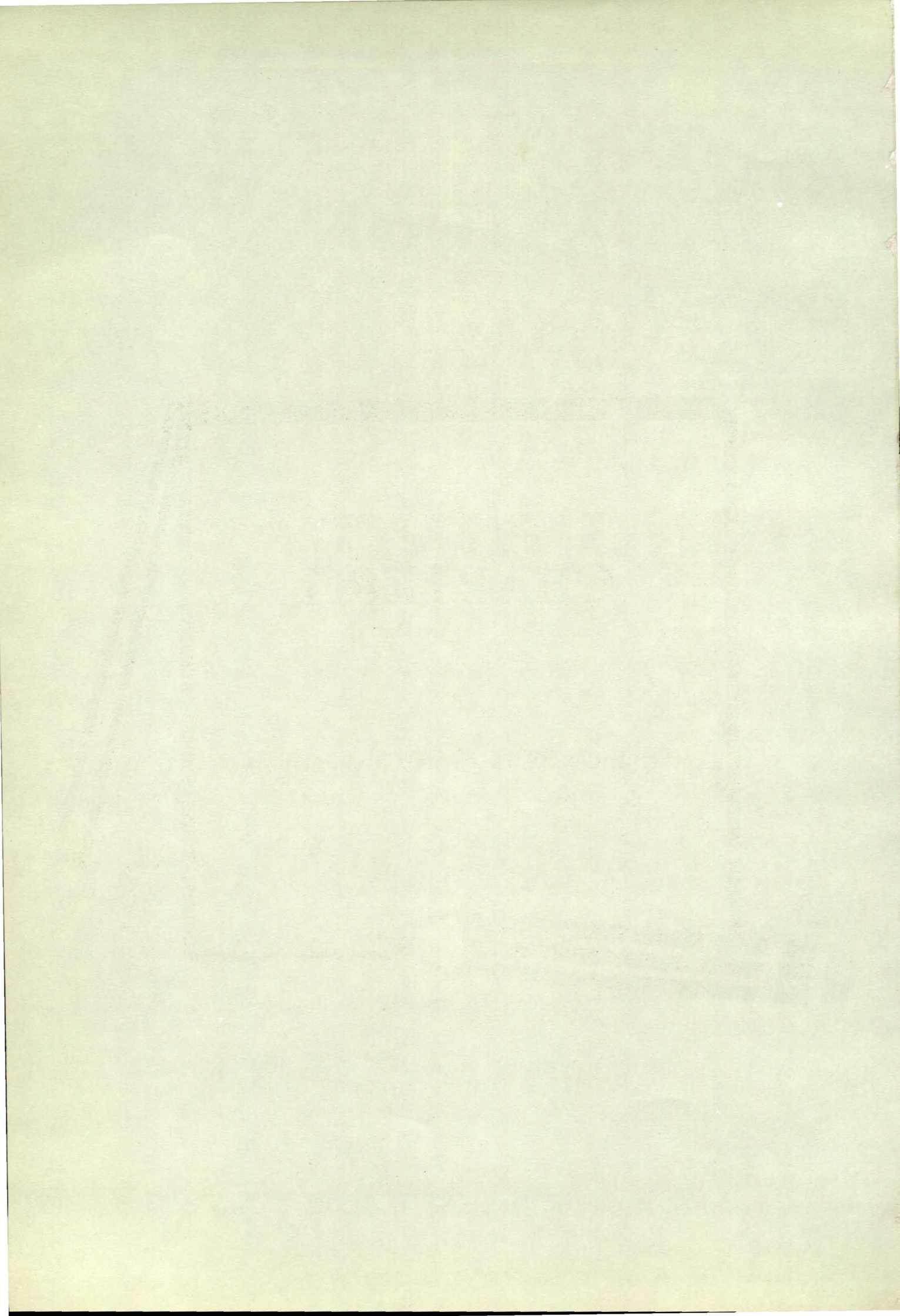
 In the absence of sand filling, in Harnaut-Belchi-Chandi road, the quality of road work involving expenditure of Rs 1.05 crore was not assured.

(Paragraph 4.6.2)

CHAPTER-I

Finances of the State Government





CHAPTER-I

FINANCES OF THE STATE GOVERNMENT

1.1 Introduction

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

Box 1.1

Lay out of Finance Accounts

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

Statement No 2 contains the summarised statement of capital outlay showing progressive expenditure to the end of 2002-03.

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

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

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

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

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

Statement No.8 depicts the summary of balances under Consolidated fund, Contingency fund and Public account as on 31 March 2003.

Statement No.9 shows the revenue and expenditure under different heads for the year 2002-2003 as a percentage of total revenue/expenditure.

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

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

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

Statement No.13 depicts the detailed capital expenditure incurred during and to the end of 2002-2003.

Statement No.14 shows the details of investment of the State Government in statutory corporations, government companies, other joint stock companies, cooperative banks and societies etc. up to the end of 2002-03.

Statement No.15 depicts the capital and other expenditure to the end of 2002-03 and the principal sources from which the funds were provided for that expenditure.

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

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

Statement No.18 provides the detailed account of loans and advances given by the Government of Bihar, the amount of loan repaid during the year, the balance as on 31 March 2003 and the amount of interest received during the year.

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

1.2 *Trend of finances with reference to previous year*

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

(Rupees in crore)

2001-02	Sl. No.	Major Aggregates	2002-03
9839	1.	Revenue Receipts (2+3+4)	10968
2319	2.	Tax Revenue	2761
287	3.	Non-Tax Revenue	261
7233	4.	Other Receipts	7946
13	5.	Non-Debt Capital Receipts	16
13	6.	<i>Of which</i> Recovery of Loans	16
9852	7.	Total Receipts (1+5)	10984
10292	8.	Non-Plan Expenditure (9+11+12)	10901
10292	9.	On Revenue Account	10901
2629	10.	Of which, Interest Payments	3022
-	11.	On Capital Account	negligible
-	12.	Loans and advances disbursed	-
2143	13.	Plan Expenditure (14+15+16)	3071
867	14.	On Revenue Account	1354
742	15.	On Capital Account	970
534	16.	Loans and advances disbursed	747
12435	17.	Total Expenditure (8+13)	13972
2583	18.	Fiscal Deficit (17-7)	2988
1320	19.	Revenue Deficit (9+14-1)	1287
(-) 46	20	Primary Deficit(+)/Surplus(-) (18-10)	(-) 34

1.3 Summary of Receipts and Disbursements for the year

Table 1 summarises the finances of the State Government of Bihar for the year 2002-03 covering revenue receipts and expenditure, capital receipts and expenditure, public debt receipts and disbursements and public accounts receipts and disbursements made during the year as emerging from **Appendix-1** of Finance Accounts and other detailed statements.

Table -1 SUMMARY OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2002-2003

(Rupees in crore)

2001-02	Receipts	2002-03	2001-02	Disbursements	2002-03		
Section-A: Revenue							
					Non-Plan	Plan	Total
9839.29	I. Revenue receipts	10968.42	11159.35	I. Revenue expenditure	10900.70	1354.43	12255.13
2318.95	Tax revenue	2761.05	6322.88	General services	6556.42	17.72	6574.14
286.70	Non-tax revenue	260.82	3532.23	Social Services	3372.56	543.15	3915.71
6176.62	Share of Union Taxes/Duties	6549.23	1302.42	Economic Services	969.90	793.56	1763.46
1057.02	Grants from Govt. of India	1397.32	1.82	Grants-in-aid / Contributions	1.82	-	1.82
Section-B: Capital							
-	II Misc. Capital Receipts	-	742.48	II Capital Outlay	Negligible	969.74	969.74
12.95	III. Recoveries of Loans and Advances	15.58	533.71	III Loans and Advances disbursed	-	747.19	747.19
3757.67	IV Public debt receipts*	4189.80	624.02	IV Repayment of Public Debt	1526.35#		1526.35#
3093.43	V Public account receipts	5584.15	3513.74	V Public account - disbursements	4822.34#		4822.34#
(-) 474.38	Opening Balance	- 344.35	(-) 344.35	Closing Balance	92.85#		92.85
16228.96	Total	20413.60	16228.96	Total	17342.12	3071.36	20413.60

* Includes net ways and means advances and over drafts

Bifurcation of plan and non- plan not available

1.4 Audit Methodology

Audit observations on the Finance Accounts bring out the trends in the major fiscal aggregates of receipts and expenditure and from the statement of the Finance Accounts for the year 2002-03 and wherever necessary, show these in the light of time series data (**Appendix I to IV**) and periodic comparisons.

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

The erstwhile State of Bihar has been bifurcated into successor States of Bihar and Jharkhand with effect from 15 November 2000, as per Reorganisation Act. Hence the indicators of the financial performances of Government take into account the Finance Accounts figures of the combined

State of Bihar and Jharkhand upto 14-11-2000 and from 15.11.2000 with reference to successor State of Bihar. The reporting parameters are depicted in the Box 1.2.

Box 1. 2

Reporting Parameters

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

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

For most series a trend growth during 1998-2003 has been indicated. The ratios with respect to GSDP have also been depicted. Some of the terms used here are explained in *Appendix V*.

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

Box 1.3 - State Government Funds and the Public Account

Consolidated Fund	Contingency Fund	Public Account
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.	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 Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.	Besides the normal receipts and expenditure of Government which relate to the Consolidated Fund, certain other transactions enter Government Accounts, in respect of which Government acts more as a banker. Transactions relating to provident funds, small savings, other deposits, etc. are a few examples. The public moneys thus received are kept in the Public Account set up under Article 266(2) of the Constitution and the related disbursement are made from it.

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

1.5 Resources by volumes and sources

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

Table 2 shows that the total receipts of the State Government for the year 2002-03 were Rs 20757.95 crore, of which, the revenue receipts of the State Government were only Rs 10968.42 crore, constituting 52.84 *per cent* of the total receipts. The balance of receipts came from borrowings and public account receipts.

Table 2 – Resources of Bihar

		<i>(Rupees in crore)</i>
I Revenue Receipts		10968.42
II Capital Receipts		4205.38
a	Miscellaneous Receipts	-
b	Recovery of Loans and Advances	15.58
c	Public Debt Receipts	4189.80
III Public Account Receipts		5584.15
a	Small Savings, Provident Fund, etc.	963.20
b	Reserve Fund	144.13
c	Deposits and Advances	3026.90
d	Suspense and Miscellaneous	333.26
e	Remittances	1116.66
Total Receipts		20757.95

1.5.1 Revenue receipts

Statement-11 of the Finance Accounts details the Revenue Receipts of the Government. Revenue receipts of the State increased from Rs 9296 crore in 1998-1999 (erstwhile composite state) to Rs 10968 crore in 2002-2003 (successor state). The rate of growth of revenue receipts during 2002-03 over the previous year was the modest 11 per cent, primarily due to 19 per cent growth in the tax revenue and 32 per cent growth in the grants in aid from Government of India.

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

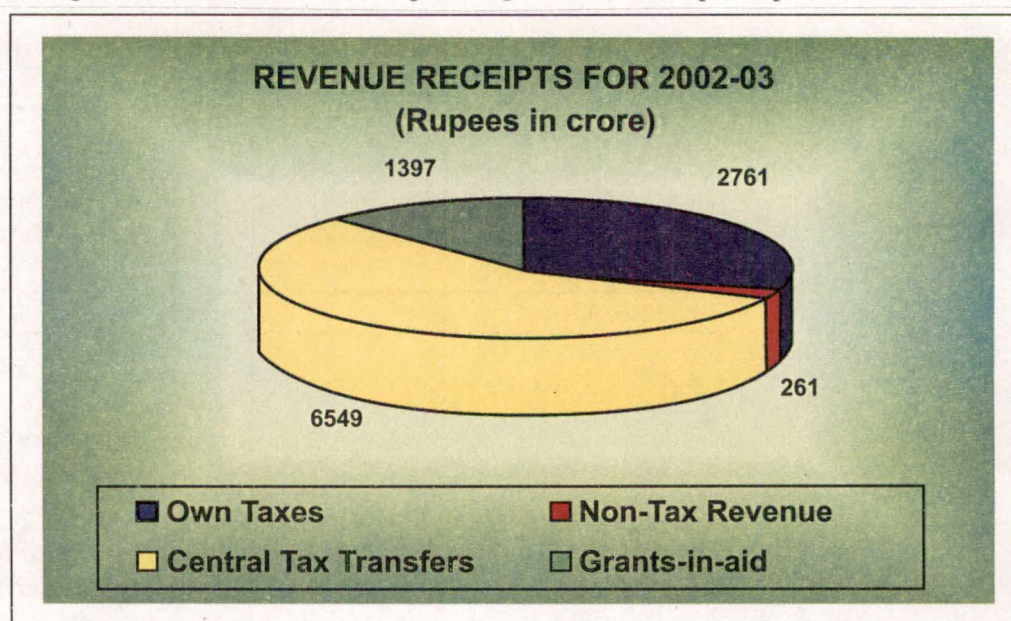
Table 3: Revenue Receipts – Basic Parameters
(Values in Rupees in crore and others in per cent)

	1998-99	1999-2000	2000-01	2001-02	2002-03
Revenue Receipts	9296	10659	11177	9839	10968
Own taxes	28.85	28.94	25.13	23.57	25.17
Non-Tax Revenue	12.33	10.94	6.37	2.91	2.38
Central Tax Transfers	47.77	46.55	58.84	62.78	59.71
Grants-in-aid	11.05	13.57	9.66	10.74	12.74
Rate of Growth	(-) 1.93	14.66	4.86	(-)11.97	11.47
Revenue Receipts/GSDP	14.03	14.79	22.63	19.30	19.35
Revenue Buoyancy	- 0.218	1.666	0.154	-3.686	1.026
GSDP Growth	8.84	8.80	(-) 31.49	3.25	11.18

* Average trend rate of growth.

Among the tax revenue, 17 per cent increase in sales tax, 71 per cent increase in taxes on goods and passengers, 26 per cent growth in taxes on vehicles and 14 per cent increase in stamps and registration fees were the principal contributors for the high growth in the revenue during the year. Three fifty one per cent jump in interest receipts and 56 per cent growth in receipts from Non-ferrous mining and metallurgical industries were however insufficient to prevent the decline (Rs 26 crore) of the non-tax revenue during the year.

Sales tax was the major source of State's own tax revenue having contributed 51 per cent of the tax revenue followed by stamps and registration fees (11 per cent), taxes on goods and passengers (8 per cent), state excise (8 per cent) etc. Of non tax revenue sources, Non –ferrous mining and metallurgical industries (23 per cent) and interest receipts (20 per cent) were principal contributors.



Non tax revenue of the state declined from Rs 287 crore in 2001-02 to Rs 261 crore in 2002-03 primarily due to non revision of user charges. The current levels of cost recovery in supply of merit goods and services by Government are 0.11 per cent for secondary education, 0.73 per cent for university and higher education, 5.81 per cent for technical education, 3.45 per cent in health and family welfare, 0.2 per cent in water supply and sanitation, 10.04 per cent in major and medium irrigation and 0.33 per cent in minor irrigation.

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

As on 31 March 2003 arrears of revenue pending collection under nine of the principal heads of revenue as reported by the department were Rs 1485.14 crore.

The source of receipts under different heads and GSDP during 1998-2003 is indicated in Table 4.

Table 4 – Sources of Receipts: Trends

(Rupees in crore)

Year	Revenue Receipts	Capital Receipts			Total Receipts	Gross State Domestic Product (GSDP)
		Non-Debt Receipts	Debt Receipts	Accruals in Public Account		
1998-99	9296	10	3543	35744	48593	66253
1999-00	10659	12	3476	31087	45234	72083
2000-01	11177	11	3528	10462	25178	49383
2001-02	9839	13	3758	7719	21329	50987
2002-03	10968	16	4190	5584	20758	56688

1.6 Application of resources

1.6.1 Trend of growth

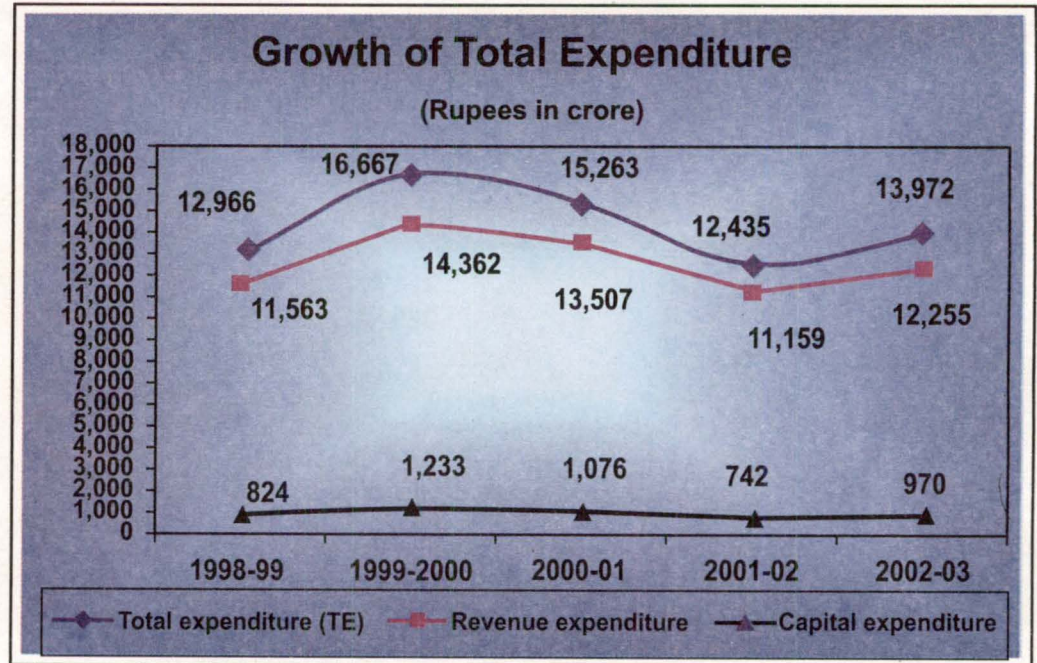
The total expenditure of the state has increased marginally from Rs 12966 crore in 1998-1999 for the erstwhile composite state to Rs 13972 crore in 2002-2003 for the new reorganized state.

Total expenditure of the State, its trend and annual growth, ratio of expenditure to the State's GSDP and revenue receipts and its buoyancy with regard to GSDP and revenue receipts is indicated in Table-5 below:

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

	1998-99	1999-00	2000-01	2001-02	2002-03
Total expenditure	12966	16667	15263	12435	13972
Rate of growth	10.52	28.54	(-) 8.42	(-)18.53	12.36
TE/GSDP	19.57	23.12	30.91	24.39	24.65
Revenue receipts/TE	71.70	63.95	73.23	79.12	78.50
Buoyancy of total expenditure with					
GSDP	1.189	3.344	0.267	-5.704	1.105
Revenue receipts	(-)5.448	1.947	(-)1.733	1.548	1.077

The total expenditure of the State increased by 12.36 per cent during 2002-03 over the previous year. During 2002-03 revenue receipt accounted for 78.50 per cent of the total expenditure.



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 and loans and advances. The relative share of these components in total expenditure is indicated in Table 6.

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

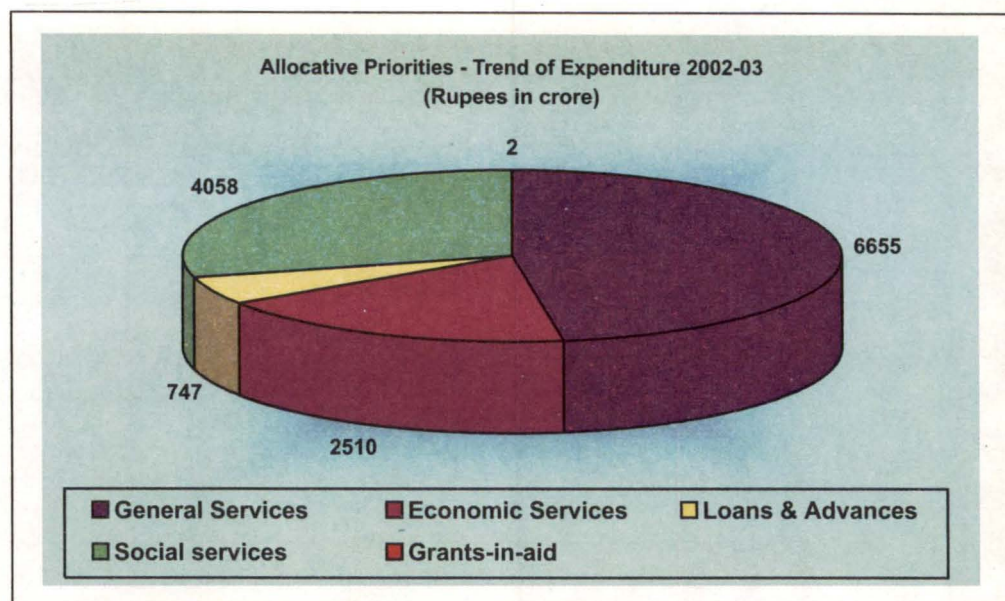
	1998-99	1999-00	2000-01	2001-02	2002-03	Average
General Services	41.02	39.10	45.81	51.00	47.63	44.91
Social Services	32.09	33.48	32.05	28.75	29.04	31.08
Economic Services	22.40	20.71	17.66	15.94	17.96	18.94
Grants-in-aid	0.02	0.28	0.02	0.02	0.02	0.07
Loans and advances	4.47	6.43	4.46	4.29	5.35	5.00

The movement of relative share of these components of expenditure indicated that while the share of economic services and social services in total expenditure declined from 22.40 per cent and 32.09 per cent in 1998-1999 to 17.96 per cent and 29.04 per cent in 2002-2003 respectively, the relative share of general services increased from 41.02 per cent to 47.63 per cent during the period.

1.6.2 Incidence of revenue expenditure

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

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



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

Table 7: Revenue Expenditure – Basic Parameters
(Value: Rupees in crore and others in per cent)

	1998-99	1999-2000	2000-01	2001-02	2002-03
Revenue	11563	14362	13507	11159	12255
Expenditure					
Rate of Growth	9.81	24.21	(-) 5.95	(-) 17.38	9.82
RE/ GSDP	17.45	19.92	27.35	21.89	21.62
RE as per cent of total expenditure	89.18	86.17	88.50	89.74	87.71
RE as per cent to Revenue Receipts	124.39	134.74	120.85	113.42	111.73
Buoyancy of Revenue Expenditure with					
GSDP	1.109	2.751	0.189	(-) 5.352	0.878
Revenue Receipts	(-) 5.081	1.651	(-) 1.225	1.452	0.856

Revenue expenditure of the State increased from Rs 11563 crore in 1998-1999 to Rs 12255 crore in 2002-2003. Revenue expenditure accounted for 85.05 per cent of total funds available during 2002-2003. This was higher than the share of revenue receipts (76.12 per cent in total funds available) of the State Government, leading to revenue deficit.

Though the ratio of revenue expenditure to revenue receipts declined from 124.39 per cent in 1998-99 to 111.73 per cent in 2002-03, dependence of the State on borrowings for meeting its current expenditure continued primarily

due to the fact that administrative expenses (Rs 1155 crore), interest payments (Rs 3022 crore), and pensions (Rs 2049 crore) alone consumed 57 per cent of total revenue receipts of the State during the year.

◆ **Expenditure on pension payments**

Pension payments have increased by 100 per cent from Rs 1024 crore in 1998-99 to Rs 2049 crore in 2002-03. Year-wise break-up of expenditure incurred on pension payments during the years 1998-99 to 2002-2003 was as under:

Table 8: Pension Expenditure

Year	Expenditure	(Rupees in crore)	
		Percentage to total revenue	
1998-1999	1024	11.02	
1999-2000	1241	11.64	
2000-2001	2011	17.99	
2001-2002	2273	23.10	
2002-2003	2049	18.68	

With the increase in the number of retirees, the pension liabilities are likely to increase further in future. Decrease in expenditure on pension payment during 2002-03 was mainly due to reorganisation of the state and consequential reallocation of its employees to successor Jharkhand State in November 2000. The State Government had not constituted any fund to meet the fast rising pension liabilities of the retired State employees. Considering the rate at which pension liabilities are increasing in the last few years, reforms in the existing pension schemes assume critical importance.

◆ **Interest payments**

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

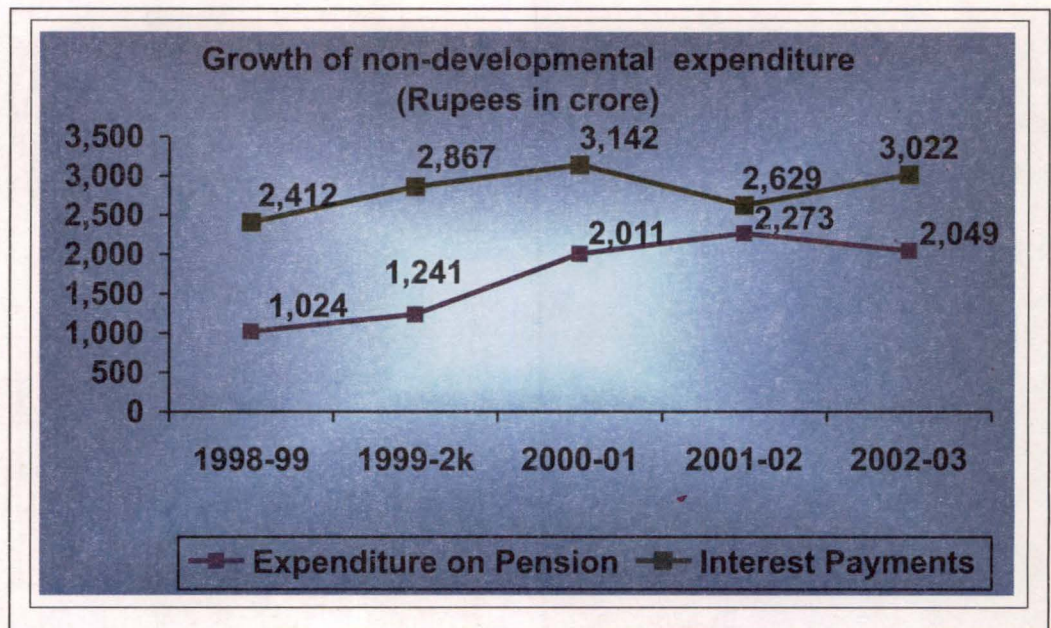
Table 9

Year	Interest Payment (Rupees in crore)	Percentage of interest payment with reference to	
		Revenue Receipts	Revenue Expenditure
1998-1999	2412	25.95	20.86
1999-2000	2867	26.90	19.96
2000-2001	3142	28.11	23.26
2001-2002	2629	26.72	23.56
2002-2003	3022	27.55	24.66

In absolute terms, interest payments increased steadily by 25.29 per cent from Rs 2412 crore in 1998-99 to Rs 3022 crore in 2002-03 primarily due to continued reliance on borrowings for financing the fiscal deficit. The interest payment thus consumed hundred per cent of the state's own revenue, leaving

nothing for meeting the development requirements of the large population of the state.

The State Government raised market loans of Rs 1335.47 crore @ weighted average rate of 7.20 per cent during the year, whereas borrowed Rs 1575.21 crore from National Small Saving Fund at the rate of 10.50 per cent *per annum* and Rs 1255.15 crore at the rate of 11 per cent *per annum* from Government of India. Nearly 60 per cent of the outstanding market loans as of 31st March 2003 carried interest rate exceeding 11 per cent. Thus, the effective cost of borrowings on their past loans is much higher than the rate at which they are able to raise resources at present from the market. The maturity profile of the State Government market loans indicate that nearly 35 per cent of the total market loans are repayable within next five years while remaining loans are required to be repaid within 5 to 10 years. Thus, the rise in expenditure on interest payment is not likely to slow down in near future.



1.7 Expenditure by allocative priorities

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

Table 10 below gives the percentage share of these components of expenditure in State's total expenditure*.

Table 10: Quality of expenditure (per cent to total expenditure*)

	1998-99	1999-00	2000-01	2001-02	2002-03
Plan Expenditure	20.63	17.79	13.13	13.52	17.57
Capital Expenditure	6.65	7.91	7.38	6.23	7.33
Developmental Expenditure	57.04	57.91	52.04	46.69	49.66

* Total expenditure exclude expenditure on loans and advances.

Plan expenditure declined from 20.63 per cent of total expenditure in 1998-1999 to 17.57 per cent in 2002-2003. Out of the developmental expenditure (Rs 6568 crore), Social services (Rs 4058 crore) accounted for 61.78 per cent during the year. General Education, Health and Family Welfare and Water supply and Sanitation consumed 89 per cent of the expenditure on social sector.

Table 11
Social sector expenditure (Rupees in crore)

Major Heads	1998-99	1999-00	2000-01	2001-02	2002-03
Education, Sports, Art and Culture	2596.39	3916.89	3288.06	2501.70	2750.20
Medical and Public Health	677.64	786.36	680.18	518.61	571.64
Water Supply and Sanitation, Housing and Urban Development	326.81	392.80	264.88	153.33	294.13
Total	3600.84	5096.05	4233.12	3173.64	3615.97

Similarly, the expenditure on economic services (Rs 2510 crore) accounted for 38.22 per cent of the developmental expenditure. Of this, Rural development (Rs 1126.55 crore), Irrigation and Flood Control (Rs 666.62 crore) and Transport (Rs 285.04 crore) accounted for 82.78 per cent of the expenditure on economic sector.

Table 12
Economic sector expenditure (Rupees in crore)

Major Heads	1998-99	1999-00	2000-01	2001-02	2002-03
Rural development	962.72	1343.65	992.92	814.74	1126.55
Irrigation and flood control	742.80	1052.54	827.63	624.25	666.62
Transport	453.96	426.15	331.87	127.75	285.05
Total	2159.48	2822.34	2152.42	1566.74	2078.22

In addition, the Government of Bihar has paid Rs 747.19 crore as loans and advances during the year. Of which, Rs 630.34 crore (84 per cent) was paid to the Bihar State Electricity Board (BSEB). It was observed that out of the loan sanctioned to BSEB, loan of Rs 340 crore was meant for revenue purposes viz. payment of interest on bonds, clearance of outstanding dues of NTPC etc. Hence accountal of payment of subsidy to the BSEB as investment/capital expenditure distorts the State accounts, leading to suppression of revenue deficit.

1.7.1 Financial assistance to local bodies and other institutions

Autonomous bodies and authorities perform non-commercial functions of public utility services. These bodies/authorities receive substantial financial assistance from Government. Government also provides substantial financial assistance to other institutions such as those registered under the respective State Co-operative Societies Act, Companies Act, 1956, etc. to implement various programmes of Government. The quantum of assistance provided to different bodies etc., during the period of five years ending 2002-2003 was as follows:

Table 13

(Rupees in crore)

Sl. No.	Bodies/authorities, etc.	1998-99	1999-00	2000-01	2001-02	2002-03
1.	Universities and Educational Institutions	417.34	518.65	463.00	369.13	461.13
2.	Municipal Corporations and Municipalities	27.21	115.44	57.18	28.99	99.98
3.	Zila Parishads and Panchayati Raj Institutions	5.89	6.93	2.90	106.60	292.34
4.	Development Agencies	226.86	34.76	61.32	12.87	34.81
5.	Other Institutions (including statutory bodies)	181.93	29.29	49.20	47.05	133.45
	Total	859.23	705.07	633.60	564.64	1021.71
	Percentage increase (+) / decrease (-) over previous year	9	(-) 17.94	(-) 10.14	10.88	80.94

1.7.2 Delay in furnishing utilisation certificates

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

Of UCs due in respect of grants-in-aid of Rs 1510.95 crore paid during 2001-2002, only UCs for Rs 103.23 crore were furnished to AG by 30 June 2003 and UCs for Rs 1407.72 crore were in arrears. Department-wise and age-wise break up is given in *Appendix VI*.

1.7.3 Delay in submission of accounts by Autonomous Bodies

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

1.8 Assets and Liabilities

The Government accounting system does not attempt a comprehensive accounting of fixed assets, i.e. land, buildings etc., owned by the Government. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure. Statement 16 read with details in Statement 17 of Finance Accounts show the year-end balances under the Debt, Deposit and Remittance heads from which the liabilities and assets are worked out. Appendix-1 presents an abstract of such liabilities and the assets as on 31 March 2003, compared with the corresponding position on 31 March 2002. While the liabilities in this statement consist mainly of money owed by the State Government such as internal borrowings, loans and advances from the Government of India, receipts from the Public Account and

Reserve Fund, the assets comprise mainly the capital expenditure and loans and advances given by the State Government.

The liabilities of Government of Bihar depicted in the Finance Accounts, however, do not include the pension, other retirement benefits payable to serving/retired State employees, guarantees/ letters of comforts etc. issued by the State Government. **Appendix-IV** depicts the Time Series Data on State Government Finances for the period 1998-2003.

1.8.1 Incomplete projects

As per information received from the State Government, as of 31 March 2003, there were 22 incomplete projects in which Rs 1174 crore were blocked. (Refer: **Appendix -VIII**)

1.8.2 Investments and returns

As on 31 March 2003, Government had invested Rs 694.34 crore in Statutory Corporations, Joint Stock Companies and Co-operatives. Government's return on this investment was negligible as indicated in Table 14 below:

Table 14: Return on Investment

Year	Investment at the end of the year	Return	Percentage of return	Weighted rate of interest on Government market loans
	(Rupees in crore)			
1998-1999	*644.15	Rs 192/- Only	NIL	12.50
1999-2000	*646.90	1.10	0.17	11.38
2000-2001	*685.47	Rs 4500/- Only	NIL	11.41
2001-2002	*686.67	0.01	NIL	9.00
2002-2003	*694.34	0.02	NIL	7.20

1.8.3 Loans and advances by State Government

In addition to its investment, Government has also been providing loans and advances to many of these bodies. Total outstanding balance of the loans advanced was Rs 8205 crore as on 31 March 2003 (Table 15). Interest received against these advances was meagre varying from 0.04 per cent to 0.65 per cent of the outstanding loans and advances during 1998-2003.

Table 15: Average Interest Received on Loans Advanced by the State Government (Rupees in crore)

	1998-99	1999-00	2000-01	2001-02	2002-03
Opening Balance	4654.79	5223.26	6282.97	6952.84	7473.60
Amount advanced during the year	578.56	1071.79	680.46	533.71	747.19
Amount repaid during the year	10.09	12.08	10.59	12.95	15.58
Closing Balance	5223.26	6282.97	6952.84	7473.60	8205.21
Net Addition (+) / Reduction (-)	568.47	1059.71	669.87	520.76	731.61
Interest Received	2.31*	22.31	8.58	11.75	53.01

* Differs from the figures shown in the Finance Accounts 2000-2001 and 2001-2002 by Rs 2.19 crore/Rs 2.18 crore due to proforma corrections in rectification of errors in Statement No. 14 of the Finance Accounts for the years prior to 1998-1999.

(Rupees in crore)

	1998-99	1999-00	2000-01	2001-02	2002-03
Interest received as <i>per cent</i> to outstanding Loans and advances	0.04	0.36	0.12	0.16	0.65
Weighted rate of interest on Government market loans	12.50	11.38	11.41	9.00	7.20
Difference between interest paid and received	12.46	11.02	11.29	8.84	6.55

1.8.4 Commercial activities

Lack of accountability for the use of public funds in departmental commercial undertakings

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

As of March 2003, there were 29 departmentally managed Commercial/Quasi-Commercial undertakings in the State. Of these 26 undertakings detailed in **Appendix-IX** had not prepared Proforma Accounts since their inception. The matter had been taken up with the concerned administrative departments and the Finance Department from time to time.

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

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

1.8.5 Management of cash balances

It is generally desirable that State's flow of resources should match its expenditure obligations. However, to take care of any temporary mis-matches in the flow of resources and the expenditure obligations, a mechanism of Ways and Means Advances (WMA) from Reserve Bank of India has been put in place. Bihar had the WMA limit of Rs 245 crore with effect from April 1, 2002 and Rs 305 crore from March 3, 2003.

Table 16: Ways and Means Advances and overdrafts of the State and interest paid thereon

(Rupees in crore)

	1998-99	1999-2000	2000-01	2001-02	2002-03
Ways and Means Advances					
Taken in the Year	NIL	3076.07	2144.41	2593.23	7.12
Outstanding	NIL	NIL	NIL	NIL	NIL
Interest Paid	NIL	6.42	10.70	7.86	0.13

* Figure of investment in equity of Statutory Corporations/Government Companies are under reconciliation.

(Rupees in crore)					
	1998-99	1999-2000	2000-01	2001-02	2002-03
Overdraft					
Taken in the Year	NIL	109.93	1224.55	3229.53	NIL
Outstanding	NIL	NIL	NIL	NIL	NIL
Interest Paid	NIL	0.03	1.36	3.94	NIL
Number of Days State was in Overdraft	NIL	2	63	123	NIL

1.8.6 Undischarged Liabilities

Fiscal liabilities – public debt and guarantees

The Constitution of India provides that State may borrow within the territory of India, upon the security of its consolidated fund, within such limits, as may from time to time, be fixed by an act of Legislature. However, no such law was passed from the State to lay down any such limit. Statement 4 read with Statements 16 and 17 of Finance Accounts show the year-end balances under Debt, Deposit and Remittances heads from which the liabilities are worked out.

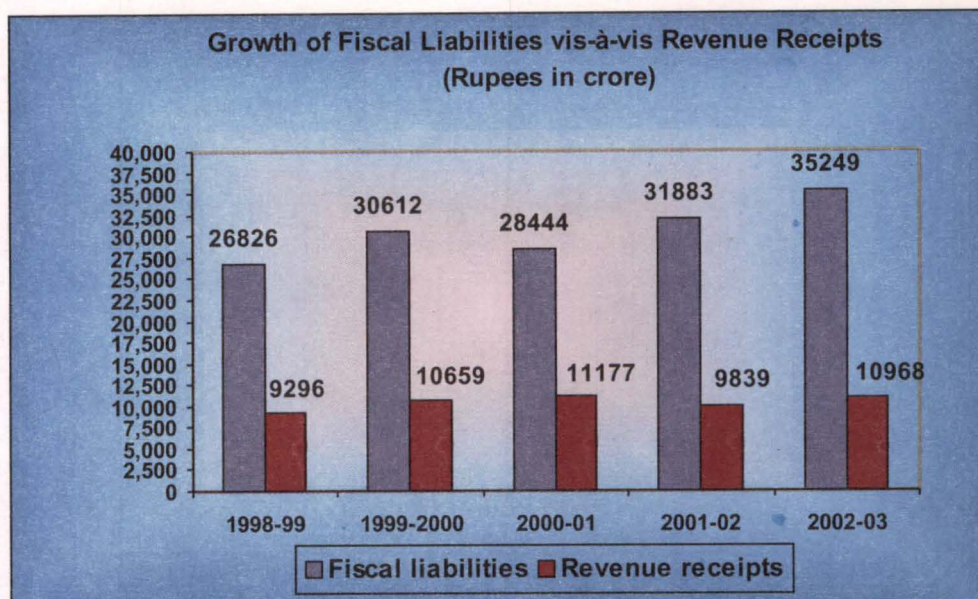
It would be observed that the overall fiscal liabilities of the State increased from Rs 26826 crore in 1998-1999 to Rs 35249 crore in 2002-2003 at an average trend growth rate of 7.60 per cent. These liabilities as ratio to GSDP increased from 40.50 per cent in 1998-1999 to 62.20 per cent in 2002-2003 and stood at 3.21 times of its revenue receipts and 10.14 times of its own resources comprising its own tax and non-tax revenue. Table 17 below gives the fiscal liabilities of the State, its rate of growth, ratio of these liabilities to GSDP revenue receipts and own resources and buoyancy of these liabilities with respect to these parameters.

Table 17: Fiscal Imbalances–Basic Parameters

(Rupees in crore and Ratios in per cent)					
	1998-99	1999-2000	2000-01	2001-02	2002-03
Fiscal Liabilities	26826	30612	28444	31883	35249
Rate of growth	16.31	14.11	(-) 7.08	12.09	10.56
Ratio of Fiscal Liabilities to					
GSDP	40.50	42.50	57.60	62.50	62.20
Revenue Receipts	288.60	287.20	254.50	324.00	321.37
Own Resources	700.80	720.01	807.80	1223.90	1166.46
Buoyancy of Fiscal Liabilities to					
GSDP	1.844	1.604	0.225	3.722	0.944
Revenue Receipts	(-) 8.446	0.963	(-) 1.457	(-) 1.010	0.920
Own Resources	2.912	1.277	0.412	(-)0.465	0.661

In addition to these liabilities, Government had guaranteed loans of its various Corporations and others, which in 2002-2003 stood at Rs 393.44* crore. The guarantees are in the nature of contingent liabilities of the State and in the event of non-payment of loans, there is an obligation on the State to honour these commitments. Currently, the fiscal liabilities including the contingent liabilities exceed over three times the revenue receipts of the State. The direct fiscal liabilities of the State have grown much faster as compared to its rate of growth of GSDP.

* As per the Annual Accounts of the State Companies/Corporations



Another important indication of debt sustainability is net availability of the funds after payment of the principal on account of the earlier contracted liabilities and interest. Table 19 below gives the position of the receipts and repayments of internal debt over the last 5 years. The net funds available on account of the internal debt and loans and advances from Government of India after providing for the interest and repayments declined from 32.59 per cent in 1998-99 to 1.72 per cent during 2002-2003.

Table 19: Net Availability of Borrowed Funds

(Rupees in crore)

	1998-99	1999-00	2000-01	2001-02	2002-03	Average
Internal Debt*						
Receipts	734	427	2045	2681	2935	1764
Repayments (Principal + Interest)	596	948	1029	987	923	897
Net Funds Available	138	(-) 521	1016	1694	2012	867
Net Funds Available (per cent)	19	(-) 122.00	50.00	63	69	49.15
Loans and Advances from Government of India						
Receipts	2809	3046	1246	1077	1255	1886.60
Repayments (Principal + Interest)	1792	2180	2264	1926	3195	2271.40
Net Funds Available	1017	866	(-) 1018	(-) 849	(-) 1940	(-) 384.80
Net Funds Available (per cent)	36	28	(-) 82	(-) 79	(-) 155	(-) 20.40
Total Public Debt						
Receipts	3543	3473	3291	3758	4190	3651.00
Repayments (Principal + Interest)	2388	3128	3293	2913	4118	3168.00
Net Funds Available	1155	345	(-) 2	845	72	483.00
Net Funds Available (per cent)	32.59	9.93	(-) 0.06	22.49	1.72	13.22

* Internal debt excluding ways and means advances

1.9 Management of deficits

1.9.1 Fiscal imbalances

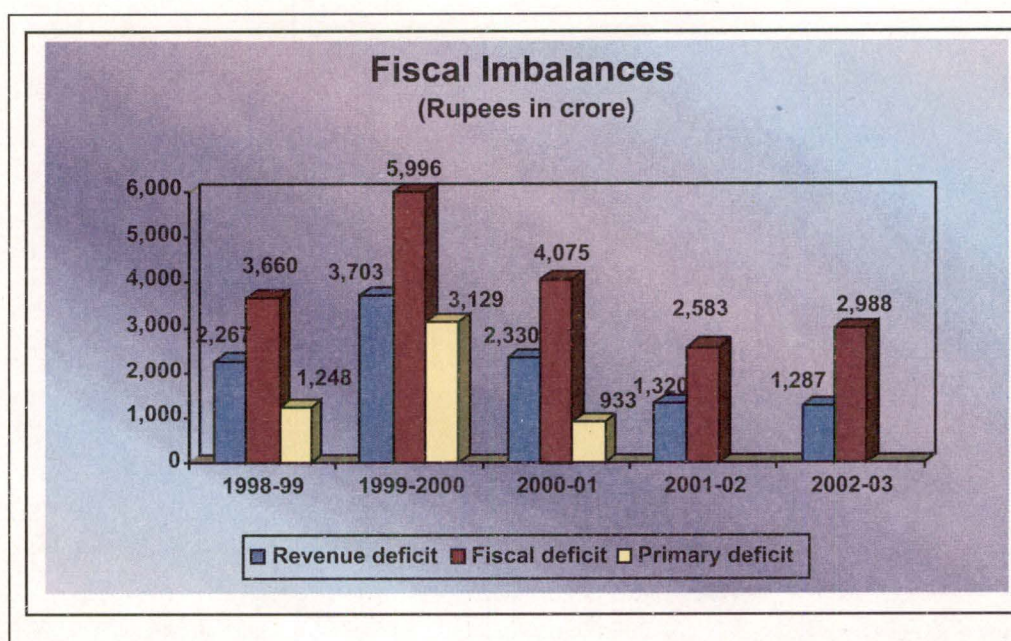
The deficits in Government accounts represent the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources so raised and applied are important pointers to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

The revenue deficit (Statement 1 of Finance Account) of the State, which is the excess of its revenue expenditure over revenue receipts, decreased from Rs 2267 crore in 1998-99 to Rs 1287 crore in 2002-2003. The fiscal deficit, which represents the total borrowing of the Government and its total resource gap, also decreased from Rs 3660 crore in 1998-1999 to Rs 2988 crore in 2002-2003. State also had a primary deficit decreasing from Rs 1248 crore in 1998-1999 to (-) Rs 34 crore in 2002-2003. These deficits however do not include the power subsidy of Rs 2963 crore payable to Bihar State Electricity Board as per their latest accounts. As a result, the effective deficits in each case would go up by Rs 2963 crore.

Table 20: Fiscal Imbalances – Basic Parameters

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

	1998-99	1999-00	2000-01	2001-02	2002-03	Average
Revenue deficit	2267	3703	2330	1320	1287	2181
Fiscal deficit	3660	5996	4075	2583	2988	3860
Primary Deficit (-)/ Surplus (+)	1248	3129	933	(-) 46	(-) 34	1046
RD/GSDP	3.40	5.10	4.70	2.60	2.27	3.69
FD/GSDP	5.50	8.30	8.30	5.10	5.27	6.53
PD/GSDP	1.90	4.30	1.90	(-)0.10	(-)0.06	1.77
RD/FD	62	62	57	51	43	57



The ratio of revenue deficit to fiscal deficit had decreased from 62 per cent in 1998-1999 to 43 per cent in 2002-2003. As proportion to GSDP, revenue deficit had decreased to 2.27 per cent and fiscal deficit to 5.27 per cent in 2002-2003.

1.10 Fiscal Ratios

The finances of a State should be sustainable, flexible and non-vulnerable. Table 21 below presents a summarized position of Government finances over 1998-2003, with reference to certain key indicators that help assess the adequacy and effectiveness of available resources and their applications, highlight areas of concern and capture its important facets.

The buoyancy of the revenue receipts indicates the nature of the tax regime and the State's increasing access to resources with increase in GSDP. The ratios of revenue receipts and State's own taxes to GSDP indicate the adequacy of the resources. These ratios, show an improvement during 1998-2003 indicating mobilization of resources and its sustainability.

Various ratios concerning expenditure management of the State indicate quality of its expenditure and sustainability of these in relation to its resources mobilisation. The ratio of revenue expenditure to total expenditure has remained steady around 87-89 per cent during the period. The developmental expenditure to total expenditure ratio has steadily declined from 57.04 per cent in 1998-99 to 46.69 per cent in 2001-02 with an increase to 49.66 per cent in 2002-03. The capital expenditure as percentage to total expenditure varied between 6.23 per cent and 7.91 per cent during 1998-2003.

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

Fiscal Ratios	1998-99	1999-00	2000-01	2001-02	2002-03	Average
Resource Mobilization						
Revenue Receipts/GSDP	14.03	14.79	22.63	19.30	19.35	17.58
Revenue Buoyancy	(-) 0.218	1.666	0.154	(-) 3.686	1.026	(-)0.646
Own Tax/GSDP	4.05	4.28	5.69	4.55	5.35	4.78
Expenditure Management						
Total Expenditure/GSDP	19.57	23.12	30.91	24.39	24.65	24.14
Revenue Receipts/ total expenditure	71.70	63.95	73.23	79.12	78.50	73.30
Revenue expenditure/total expenditure	89.18	86.17	88.50	89.74	87.71	88.14
Capital expenditure	6.65	7.91	7.38	6.23	7.33	7.16
Development Expenditure/total expenditure (RE+CE)	57.04	57.91	52.04	46.69	49.66	52.90
Buoyancy of TE with RR	(-) 5.448	1.947	(-)1.733	1.548	1.077	0.694
Buoyancy of RE with RR	(-) 5.08	1.65	(-)1.23	1.45	0.86	0.62
Management of Fiscal Imbalances						
Revenue deficit (Rs in crore)	2267	3703	2330	1320	1287	2181
Fiscal deficit (Rs in crore)	3660	5996	4075	2583	2988	3860
Primary Deficit (Rs in crore)	1248	3129	933	(-) 46	(-) 34	1046
Revenue Deficit/Fiscal Deficit (Per cent)	62	62	57	51	43	57

Audit Report (Civil) for the year ended 31 March 2003

Fiscal Ratios	1998-99	1999-00	2000-01	2001-02	2002-03	Average
Management of Fiscal Liabilities						
Fiscal Liabilities/GSDP	40.50	42.50	57.60	62.50	62.20	51.80
Fiscal Liabilities/RR	288.60	287.20	254.50	324.00	321.37	292.80
Buoyancy of FL with RR	(-) 8.446	0.963	(-) 1.457	(-) 1.010	0.920	2.772
Buoyancy of FL with OR	2.912	1.277	0.412	(-)0.465	0.661	0.720
Interest Spread	(-)0.83	(-)1.18	(-)42.13	(-)5.47	2.18	(-)13.85
Net Fund Available	32.60	9.93	(-)0.06	22.49	1.72	13.23
Other Fiscal Health Indicators						
Return on Investment	NIL	0.17	NIL	NIL	NIL	
BCR (Rs in crore)	(-) 1452	(-) 3418	(-) 2387	(-) 1246	(-) 1039	(-) 1908.40
Financial Assets/Liabilities	73	64	73	72	72	70.80

It is not uncommon for a State to borrow for increasing its social and economic infrastructure support and creating additional income generating assets. However, large revenue and fiscal deficit year after year, together with low or no return on investments indicate that the State is gradually getting into a debt trap. The State's continuous low or no return on investment indicates an implicit subsidy and use of high cost borrowing for investments, which yields very little to it. Investments in loss making companies are not sustainable. The ratio of State's total financial assets to liabilities has also deteriorated indicating that a greater part of liabilities are without an asset back-up. This indicates that either the State has to generate more revenue out of its existing assets or need to provide from its current revenues for servicing its debt obligations. The balance of current revenue of the State has also continued to be negative. The BCR plays a critical role in determining its plan size and a negative BCR adversely affects the same and reduces availability of fund for additional infrastructure support and other revenue generating investment.

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-à-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 2002-2003 against grants/appropriation was as follows:

(Rupees in crore)

	Nature of expenditure	Original grant/ appropriation	Supplementary grants/ appropriation	Total	Actual Expenditure	Saving
Voted	I. Revenue	10637.51	885.92	11523.43	9210.94	2312.49
	II. Capital	1484.92	281.14	1766.06	969.03	797.03
	III. Loans and advances	609.23	241.95	851.18	731.31	119.87
Total voted		12731.66	1409.01	14140.67	10911.28	3229.39
Charged	IV. Revenue	2895.56	682.71	3578.27	3044.18	534.09
	V. Capital	NIL	1.64	1.64	1.64	NIL
	VI. Loans	NIL	15.88	15.88	15.88	NIL
	VII. Public Debt.	2767.41	38.33	2805.74	1533.47	1272.27
Total charged		5662.97	738.56	6401.53	4595.17	1806.36
Grand total		18394.63	2147.57	20542.20	15506.45	5035.75

Note: Detailed Contingent (DC) bills in support of Rs 194.62 crore drawn on abstract contingent bills not received.

The overall saving of Rs 5035.75 crore (25 per cent of the total provision) was the net result of saving of Rs 5045.90 crore in 45 grants and five appropriations offset by excess of Rs 10.15 crore in two grants. The savings/excess (Detailed Appropriation Accounts) were sent to the controlling

officers requiring them to explain the significant variations, which were not received.

2.3 Appropriation by Allocative Priorities

2.3.1 Analysis of savings with reference to allocative priorities brought out the following:

Grant No. 10- Energy

(Rupees in crore)

Revenue (Voted)	Grant	Total grant	Expenditure	Saving
Original	24.10			
Supplementary	101.43	125.53	47.35	78.18

Savings mainly occurred under the head 2801 Power Grants to Bihar State Electricity Board (BSEB) plan (Rs 61.01 crore), Grants to BSEB for rural electrification under Minimum Needs Programme plan (Rs 2.97 crore), Grants to BSEB for rural electrification under Pradhan Mantri Gramodaya Yojana plan (Rs 10.11 crore); under 2810 Non conventional sources of Energy-Grants-in-aid plan (Rs 2.14 crore) and under 2059 Public works, electric execution non-plan (Rs 1.62 crore). Reason for the final saving was not intimated.

(Rupees in crore)

Capital (Voted)	Grant	Total Grant	Expenditure	Savings
Original	568.88			
Supplementary	180.91	749.79	630.34	119.45

Savings occurred mainly under the head 6801-Loans for Power Projects in payment of arrears against the loans issued by Bihar State Electricity Board (BSEB) non-plan (Rs 53 crore), loans to BSEB plan (Rs 91.53 crore) in Bihar State Hydrel Corporation (BSHC) due to non release of loans by NABARD etc. No reasons were stated for savings.

Grant No. 12 - Finance

(Rupees in crore)

Revenue (voted)	Grant	Total grant	Expenditure	Saving
Original	359.60			
Supplementary	6.16	365.76	51.46	314.30

Savings occurred mainly under the head 2048 Appropriation for reduction or avoidance of Debt-Sinking Funds-non-plan (Rs 300.00 crore) etc. Reason for final saving was not intimated.

Appropriation No. 13 - Interest Payment

(Rupees in crore)

Revenue (charged)	Appropriation	Total Appropriation	Expenditure	Savings
Original	2863.90			
Supplementary	681.43	3545.33	3021.79	523.54

Savings mainly occurred under 2049 Interest Payments on Bihar State Development Loans non-plan (Rs 316.54 crore), special securities issued to National Small Savings Fund of the Central Government Non-plan (Rs 68.99 crore), pre 1984-85 Loans received in the shape of the share of small saving collections non-plan (Rs 133.62 crore), pre 1979-80 consolidated loan non-plan (Rs 29.06 crore), Insurance and Pension Fund non-plan (Rs 20.00 crore) etc partly off set by excess expenditure on Loans and Advances from Central Government, 15 years consolidated Block loans 1990 non-plan Rs 23.16 crore, on loans for CSS Plan-Schemes non-plan (Rs 23.29 crore) and interest on loans for modernisation of Police Force non-plan (Rs 24.86 crore). Reasons for saving and excess were not intimated.

Appropriation No. 14 - Repayment of Debt

(Rupees in crore)

Capital (charged)	Appropriation	Total Appropriation	Expenditure	Savings
Original	2767.41			
Supplementary	38.33	2805.74	1533.47	1272.27

Savings mainly occurred under 6003 Internal Debt of State Government for market loans for 11 per cent Bihar State Development loans 2002- Non-Plan (Rs 134.49 crore), Ways and means Advances from Reserve Bank of India non-plan (Rs 1992.87 crore) loan for Industries Department non-plan (Rs 13.06 crore) etc partly off set by excess expenditure under 6003 Internal Debt of the State Government for loans and advances from Central Government, pre 1984-85 loans non-plan (Rs 738.58 crore) and Rs 132.96 crore expended without any budget provisions etc. Reasons for saving and excess have not been intimated.

Grant No. 20 - Health, Medical Education and Family welfare

(Rupees in crore)

Revenue (Voted)	Grant	Total grant	Expenditure	Saving
Original	733.81			
Supplementary	23.35	757.16	549.68	207.48

Savings occurred mainly under the head 2210 Medical and Public Health-Medical Colleges-non-plan (Rs 27.26 crore), (Allopathy Rs 19.73 crore, Ayurvedic - Rs 6.15 crore, Homeopathy Rs 1.38 crore), Rural Health Services - non-plan (Rs 71.67 crore), Prevention and Control of diseases-non-plan (Rs 30.99 crore). Under the head 2211 Family Welfare, saving mainly occurred under prevention of food adulteration- Plan (Rs 41.86 crore) and Centrally Sponsored Schemes (Rs 28.49 crore). Rural and urban family welfare services - Centrally Sponsored Schemes (Rs 44.19 crore). Savings were partly offset by excesses mainly under Reproductive Child Health Project - CSS (Rs 60.95 crore). Reason of saving/excess was not intimated.

Grant No. 22 - Home

(Rupees in crore)

Revenue (Voted)	Grant	Total Grant	Expenditure	Saving
Original	1158.48			
Supplementary	22.74	1181.22	919.21	262.01

Savings occurred mainly under the 2055 Police District Executive Force (Rs 100.97 crore), Village Police Force (Rs 16.18 crore), Modernisation of Police Force (Rs 108 crore)-non-plan. Reason for final saving was not intimated.

Grant No. 42 - Rural Development

(Rupees in crore)

Revenue (Voted)	Grant	Total Grant	Expenditure	Saving
Original	848.16			
Supplementary	95.29	943.45	791.44	152.01

Savings occurred mainly under 2505 Rural Employment IAY-Plan (Rs 20.92 crore), Special Integrated Schemes for SC Plan (Rs 9.96 crore), Overall Rural Employment Programmes- carriage plan (Rs 7.60 crore), under "2515" other Rural Development Programmes in Community Development- non-plan (Rs 28.39 crore), District Panchayat Establishment - non-plan (Rs 33.09 crore). Reason for the savings was not intimated.

(Rupees in crore)

Capital (voted)	Grant	Total grant	Expenditure	Saving
Original	571.17			
Supplementary	2.00	573.17	339.74	233.43

Savings occurred mainly under 4515 capital outlay on the rural development programmes under Minimum Needs Programmes- NABARD-IRDP (Rs 73.68 crore) in Pradhan Mantri Gramodaya Yojana Road construction - plan (Rs 150.00 crore). No reason for savings was intimated.

Grant No. 44 - Secondary, Primary, and Adult Education.

(Rupees in crore)

Revenue (Voted)	Grant	Total grant	Expenditure	Saving
Original	2698.40			
Supplementary	116.44	2814.84	2320.56	494.28

Savings occurred mainly under 2202 General Education-Elementary Education -non-plan (Rs 260.58 crore), assistance to Gram Panchayat -Plan (Rs 50.08 crores), Elementary Education Sarva Siksha Abhiyan-(CSS) (Rs 67.84 crore), Secondary Education-Non-Plan (Rs 62.88 crore), Informal Education-CSS (Rs 23.35 crore) and Plan (Rs 1.86 crore) and under Eleventh Finance Commission (Rs 7.12 crore). Reason for the saving was not intimated.

(Rupees in crore)

Capital (Voted)	Grant	Total grant	Expenditure	Saving (-)
Original	41.64			
Supplementary	37.56	79.20	36.12	43.08

Savings mainly occurred under Building Construction of Elementary Schools under Eleventh Finance Commission - Plan (Rs 21.99 crore) Building Construction and Arrangement of Drinking water, lavatory for Primary school under Pradhan Mantri Gramodaya Yojana - Plan (Rs 15.22 crore), Elementary Education Buildings - C.P.S. (Rs 5.05 crore) etc. Reason for the savings was not intimated.

Grant No. 49 - Water Resources

(Rupees in crore)

Revenue (Voted)	Grant	Total grant	Expenditure	Saving
Original	244.58			
Supplementary	0.01	244.59	206.23	38.36

Savings occurred mainly under 2701 Major and Medium Irrigation projects-Kosi Project establishment non-plan (Rs 6.47 crore), Gandak Project establishment non plan (Rs 6.32 crore), Bihar Irrigation Scheme establishment, non-plan (Rs 3.03 crore), Revenue Collection from Irrigation non-plan (Rs 11.58 crore) etc. Reason for savings was not intimated.

(Rupees in crore)

Capital (Voted)	Grant	Total Grant	Expenditure	Saving
Original	580.09			
Supplementary	55.53	635.62	303.62	332.00

Savings occurred mainly under 4701 capital outlay on major and medium irrigation projects Plan (Rs 188.57 crore), under 4711 Capital Out lay on Flood Control Project-Plan (Rs 71.48 crore). Reasons for savings were not intimated.

Grant No. 51 - Welfare

(Rupees in Crore)

Revenue (Voted)	Grant	Total grant	Expenditure	Saving
Original	246.96			
Supplementary	44.95	291.91	182.11	109.80

Savings occurred mainly under 2225 Welfare of Scheduled castes, Scheduled Tribes and other backward classes - Education, Residential Schools, Scholarships/Stipends hostel construction etc (Rs 35.89 crore) under 2235 Social Security and Welfare - Social Welfare, Welfare of handicapped, Family and Child Welfare, (Rs 10.22 crore) and under 2236 Nutrition (Rs 10.77 crore). Reasons for savings were not intimated.

- ❖ State Government did not release funds of Rs 509.02 crore meant for Central Plan Schemes (Rs 6.48 crore) under two grants, State plan schemes under 13 grants (Rs 347.30 crore) and Centrally Sponsored

Schemes (Rs 155.24 crore) under eight grants. Details are given in *Appendix-XI*.

- ❖ In 50 cases expenditure fell short by Rupees two crore or more and also by more than 10 per cent of the total provision in each case as indicated in *Appendix-XII*. In 58 cases, the entire provision exceeding Rs 10 lakh in each case, totaling Rs 80.86 crore was not utilised as indicated in *Appendix-XIII*.
- ❖ Of the excess of Rs 10.15 crore during the year 2002-03 under two grants/appropriations requiring regularisation by the legislature under Article 205 of the constitution as shown in the *Appendix-XIV*. Under grant No. 15, Pension alone amounted to Rs 9.68 crore.

2.3.2 Persistent savings

In 44 cases involving 34 grants/appropriations there were persistent savings of more than two crore and 10 per cent or more of the total provisions in each case as indicated in *Appendix-XV*.

2.3.3 Excess requiring regularisation

As per Article 205 of the Constitution of India it is mandatory for State Government to get the excess over a grant/appropriation regularised by the State Legislature. However, the excess expenditure amounting to Rs 7457.47 crore for the years 1977-78 to 2001-02 and Rs 10.15 crore for the year 2002-03 had not been regularised so far (March 2004). This was breach of legislative control over appropriation. Details indicated in *Appendix-XVI*.

2.3.4 Expenditure in excess of Budget provision

In 18 cases expenditure in excess of the budget provision aggregated Rs 1006.62 crore during 2002-03 as indicated in *Appendix-XVII*, besides expenditure of Rs 195.81 crore was incurred in 4 cases without budget provision (Refer *Appendix -XVIII*).

2.3.5 Persistent excesses

Significant excesses persisted in one grant as shown in the following table. Persistent excess requires investigation by the Government.

(Rupees in crore)

Sl. No.	No. and Name of grant	Excess		
		2000-01	2001-02	2002-03
	Revenue voted			
1.	15- pension	364.97	491.24	9.68

2.3.6 Original budget and supplementary provisions

Supplementary provisions of Rs 2147.53 crore made during the year constituted 11.68 per cent of the original budget provision (Rs 18394.63 crore) as against 36.91 per cent in the preceding year.

2.3.7 Unnecessary/excessive/inadequate supplementary provisions

Supplementary provision of Rs 614.56 crore obtained in 40 cases (*Appendix-XIX*) during August 2002 to March 2003 was wholly unnecessary as the expenditure did not come up in these cases even to the level of original

provision. In 14 cases, (*Appendix-XX*), additional funds required were only Rs 192.03 crore while the supplementary grant of Rs 510.62 crore was obtained resulting in saving in each case exceeding Rs 10 lakh.

Supplementary provision of Rs 47.37 crore in Revenue and Capital proved inadequate leaving uncovered excess expenditure of Rs 65.63 crore in 10 cases of grants/appropriation during the year 2002-2003 as indicated in *Appendix-XXI*.

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. Cases where the re-appropriation of funds proved injudicious in view of final savings under six grants and one appropriation by over Rupees one crore as detailed in *Appendix-XXII*. Besides, under 15 cases of grants/appropriations excessive surrenders leading to excess of expenditure as detailed in *Appendix - XXIII*.

2.3.9 Anticipated savings not surrendered

According to rules, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. However, at the close of the year 2002-03 there were 22 cases of grants/appropriation in Revenue section and 8 cases of grants/appropriations in capital section in which large savings of Rs 993.31 crore, exceeding Rs one crore in each case had not been surrendered by the Departments vide *Appendix-XXIV*.

In 72 cases, Rs 4912.56 crore out of the total savings of Rs 5035.75 crore were surrendered on the last day of March 2003 indicating inadequate financial control over expenditure. Details are given in the *Appendix-XXV*.

2.4 Unreconciled expenditure

Financial rules require that the departmental controlling officers should reconcile periodically the departmental figures of expenditure with those booked by the Accountant General. In respect of 38 major heads, expenditure of Rs 6567.37 crore under 1552 units of appropriation pertaining to 2002-03 remained unreconciled by 87 controlling officers. Details are given in *Appendix-XXVI*. The unreconciled expenditure accounted for 42 per cent of the total expenditure.

2.5 Rush of Expenditure

The financial rules require that Government expenditure should be evenly distributed throughout the year. The 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 2003 is depicted in *Appendix-XXVII* which shows that the expenditure incurred in quarter ending March 2003 was 40 per cent of the total expenditure during the year indicating a tendency to utilise the budget at the close of the financial year.

2.6 Non-utilisation of grant due to non-release of funds

In 80 cases funds aggregating to Rs 639.82 crore meant for implementation of schemes remained unutilised due to non-sanction of schemes by Government (*Appendix - XXVIII*).

2.7 Trend of recoveries and credits

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

During 2002-03 in grant No. 49, the actual recoveries adjusted in reduction of expenditure amounted to Rs 0.92 crore, though there was no provision of recoveries in the budget estimates during 2002-03. Further, recoveries if any, under other heads were not reflected in Accounts. Despite having been pointed out in previous Audit Report, Bihar Government did not follow the principle of budgeting where in demands for grants/appropriations are to be made for gross amount of expenditure under the relevant service head (Revenue and Capital) and recoveries indicated as "Deduct Receipts and Recoveries" below the head separately so as to be treated as reduction of expenditure.

2.8 Reserve Funds - Non-observance of accounting procedure for budgeting

Grant No. 39 - Relief on account of natural calamities

Under the system of gross budgeting, the Demands for Grants placed in the legislature are for gross amounts required for expenditure. Consequently, the amount of recoveries which are adjusted in accounts in reduction of expenditure, are shown as recovery below the line in the Budget. According to the budgeting and accounting procedure prescribed in the scheme also, the extent of relief expenditure to be financed from the Fund is to be shown as 'recovery below the line' in the Demands for Grants of the State Government. Contrary to this, grants were obtained for net amount of expenditure arrived at after deducting the extent of relief expenditure (Rs 73.82 crore) proposed to be met from Calamity-Relief Fund from the gross amount.

Calamity Relief Fund

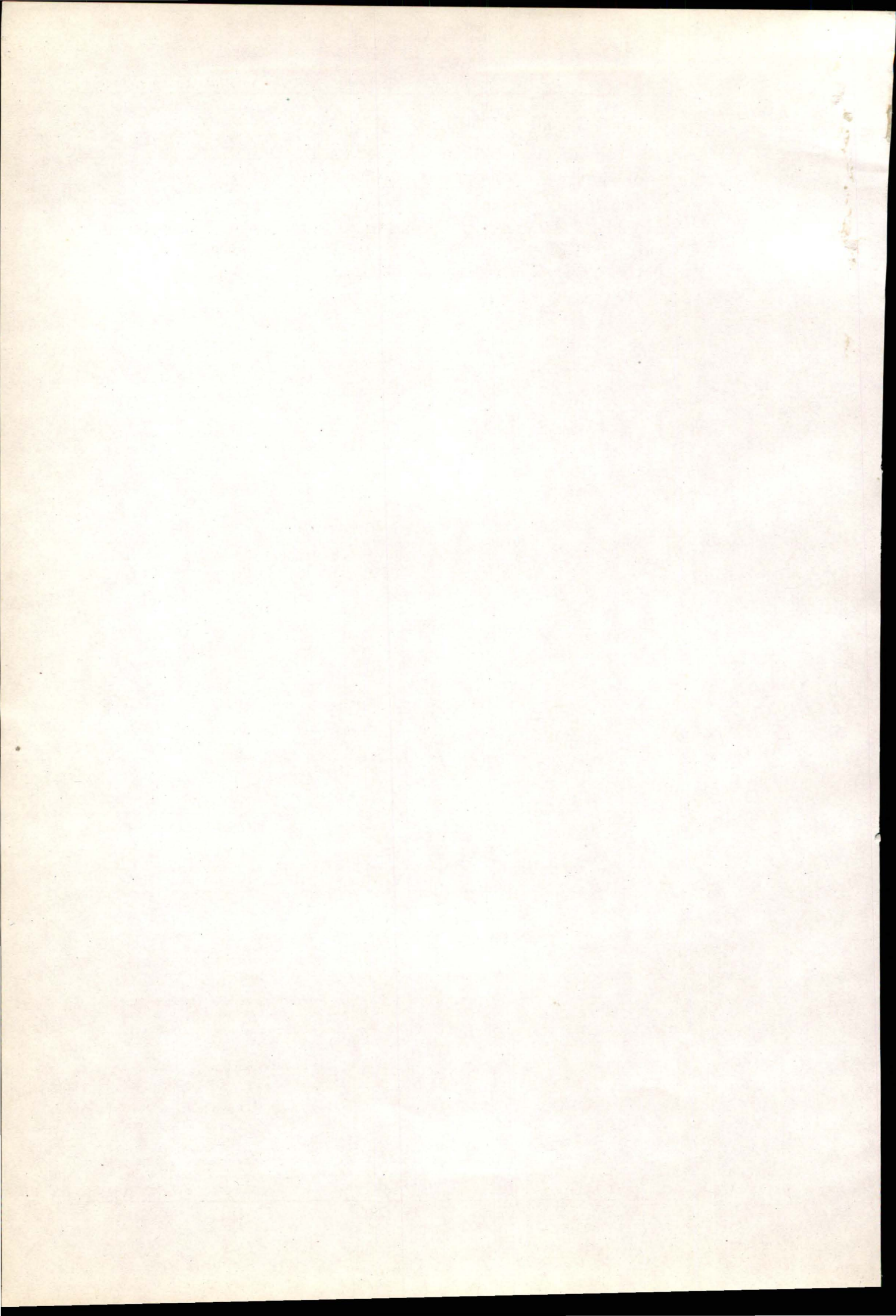
As required under the scheme, a State Level Committee has been constituted by the State Government to administer the Fund. The extent of relief expenditure to be financed from the Fund as decided by the Committee is transfer debited to the Fund. Based on the decision of the Committee, the State Government issued two sanctions on 7th October 2002 and 8th January 2003 for transfer debiting the relief expenditure incurred during 2000-01 and 2001-02 (Rs 76.42 crore) and 2002-03 (Rs 37.40 crore) respectively. However, against the expenditure of Rs 113.82 crore authorised to be met from the Fund, a total amount of Rs 131.78 crore was debited to the Fund.

No amount was invested in specified securities as stipulated in the scheme and the amount remained merged with the cash balance.

National Calamity Contingency Fund

The assistance received from NCCF is treated as Grants-in-aid from Central Government and is required to be transferred to the CRF of the State.

During 2001-02 a grant of Rs 29.67 lakh was received from the NCCF. On 14th March 2001 necessary accounting adjustment for transfer crediting the amount to CRF though sanctioned by the State Government in August 2002 has not been done in the account for 2002-03.



CHAPTER-III

Performance Reviews



National AIDS Control Programme



Implementation of Drugs and Cosmetics Act
1940



Welfare of handicapped



Accelerated Irrigation Benefit Programme

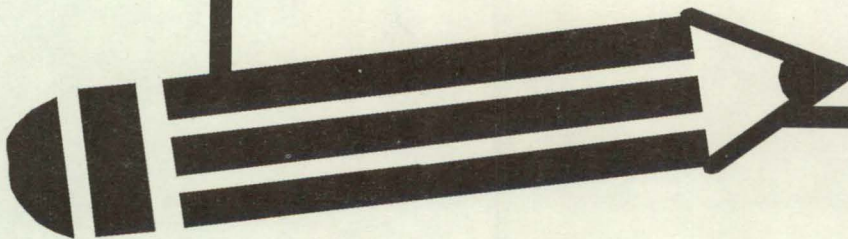
Long Paragraphs :

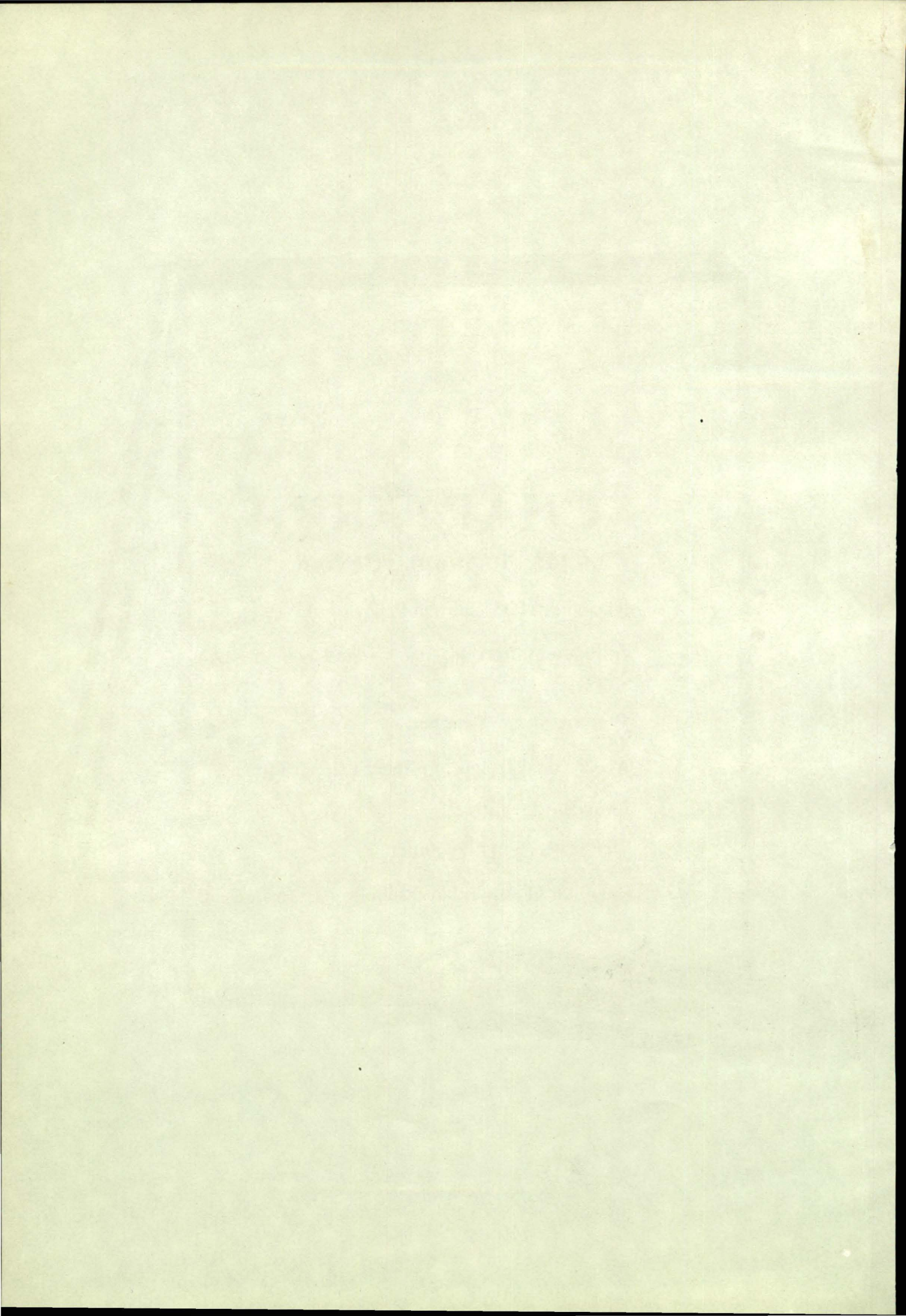


Fire protection and control



Payment of stipend and scholarship to students





CHAPTER-III

PERFORMANCE REVIEWS

The chapter contains four Performance reviews on 3.1) implementation of National AIDS Control Programme, 3.2) Implementation of Drugs and Cosmetics Act, 1940, 3.3) Welfare of handicapped, 3.4) Accelerated Irrigation Benefit Programme, and two long paras on 3.5) Prevention and control of fire and 3.6) Payment of stipend and scholarship to students in the State. The Performance reviews have been conducted with a view to assessing effectiveness of the aforesaid programmes / schemes / activities in the State.

HEALTH, MEDICAL EDUCATION AND FAMILY WELFARE DEPARTMENT

3.1 National AIDS Control Programme (NACP)

Highlights

National AIDS Control Programme aimed at reducing the spread of HIV infection and strengthening the country's capacity to respond to HIV/AIDS on a long term basis. Implementation of the programme in the State suffered mainly due to absence of proper monitoring mechanism. Physical progress in the components of targeted intervention for high risk groups and prevention of HIV/AIDS among low risk groups was either nil or marginal except in the case of condom promotion. Blood banks lacked basic infrastructure facilities. No community centre was set-up for low cost AIDS care. Institutional strengthening was weak. Inter-sectoral collaboration was absent. Thus, the intended objective of reducing spread of HIV infection and strengthening country's capacity to respond to HIV / AIDS on a long term basis was not achieved to a large extent.

During 1998-2002 due to poor spending only 46 per cent (Rs 11.14 crore) of funds allocated (Rs 24.27 crore) by GOI were released.

Excess expenditure of Rs 0.49 crore during 1999-2003 on awareness campaign was incurred by diverting funds from different components.

Against an allocation of Rs 15.00 lakh relating to civil works, AIDS Control Society advanced Rs 1.17 crore to District Magistrates in March 2003 for construction of rooms for blood banks without approval of NACO.

(Paragraph 3.1.4)

Physical progress in the components of targeted intervention for high risk groups and prevention of HIV/AIDS among low risk groups was dismal during 1998-2003.

Lack of mandatory equipments like air conditioners and elisa readers in blood banks rendered the blood banks ineffective. 107 equipments supplied by NACO to 15 blood banks for their modernisation were non-functional as the blood banks had no operational license from appropriate

authority. Even in seven licensed blood banks 168 equipment supplied by NACO were lying idle.

(Paragraph 3.1.7 and 3.1.8)

Low cost AIDS care was not initiated in the State as no community care centre was set-up.

(Paragraph 3.1.9)

Intersectoral collaboration was non-existent. Level of awareness development was low and no society was formed at district level for effective implementation of the programme.

(Paragraph 3.1.11)

The number of AIDS cases which was 10 in 1998-99 increased to 63 in 2001-02.

(Paragraph 3.1.13)

There was absence of effective monitoring mechanism of the programme. The reports on the impact analysis of the programme done by ORG Centre (May 2000) and World Bank Mission (May 2002) were not available with the state Government.

(Paragraph 3.1.16)

3.1.1 Introduction

NACP aimed at reducing spread of HIV positive/AIDS cases.

National AIDS Control Programme was launched by the Government of India in 1987. National AIDS Control Programme 1 (NACP-I) was introduced in September 1992 for a period of five years followed by National AIDS Control Programme (NACP-II) in 1999. In Bihar, the Programme was introduced in 1992. NACP-I aimed to slow the spread of human immune deficiency virus (HIV), decrease morbidity and mortality associated with HIV infection and minimize socio-economic impact resulting from HIV infection. NACP-II had two key objectives namely (i) to reduce the spread of HIV infection in the country and (ii) to strengthen country's capacity to respond to HIV/AIDS on a long term basis.

Implementation of NACP and activities under various components of the programme was to be carried out as per Annual Action Plan duly approved by National AIDS Control Organisation (NACO), Ministry of Health and Family Welfare, Government of India, New Delhi.

3.1.2 Organisational set up

Health, Medical Education and Family Welfare Department- the nodal department

The programme was implemented in the State by the Commissioner-cum-Secretary, Health and Family Welfare Department. He was assisted by Additional Director, Bihar State AIDS Control Cell (upto June 1998) and Project Director, Bihar State AIDS Control Society (BSACS). The programme was implemented in the Districts by the Civil Surgeons-cum-Chief Medical Officers, Principals of Medical Colleges, Superintendents of Medical College Hospitals and District Hospitals.

3.1.3 Audit Coverage

Records for the period 1998-2003 test-checked

Implementation of NACP during 1998-2003 was reviewed (January 2003 to June 2003) through test-check of records of 10 Civil Surgeons-cum-Chief Medical Officers¹, four Principals of Medical Colleges², five Superintendents of Medical College Hospitals³ and eight Superintendents of District Hospitals⁴ in 10 Districts and one Private Hospital⁵ with a view to assessing effectiveness of the programme.

3.1.4 Financial management

Financial management of the NACO Project disclosed poor utilisation of funds, excess expenditure on the awareness component, expenditure on civil works without approval of NACO, non settlement of advances and non availability of vouchers against certain items of expenditure as discussed below.

Allocation of funds by Government of India (GOI), funds released to the State and expenditure incurred during 1998-2003 were as under:

(Rs in crore)							
Period	Allocation of funds	Opening Balance	Funds released by GOI	Total funds available	Expenditure	Savings	Percentage of savings
1.	2.	3	4.	5.	6.	7.	8.
1998-99	3.74	2.13	1.10	3.23	1.00	2.23	69
1999-00	2.89	2.23	0.57	2.80	0.93	1.87	67
2000-01	2.81	1.87	1.96	3.83	1.04	2.79	73
2001-02	7.41	2.79	4.30	7.09	3.86	3.23	46
2002-03	7.42	3.23	3.21	6.44	6.11	0.33	05
Total	24.27		11.14	23.39	12.94	10.45	-

Component wise allocation of funds by GOI and expenditure during 1998-2003 were as under :

Component No.	Components	Allocation by GOI	Expenditure
		(Rs in crore)	
I	Intervention of groups at high risk	4.28	2.13
II	Prevention of HIV/AIDS among low risk group	13.20	6.89
III	Low cost AIDS care	0.38	0.06
IV	Institutional strengthening	6.12	3.83
V	Inter sectoral collaboration	0.29	0.03
	Total	24.27	12.94

¹ Bhagalpur, Biharsharif, Chapra, Darbhanga, Gaya, Katihar, Kishanganj, Motihari, Muzaffarpur, Purnea.

² JLN Medical College, Bhagalpur; Darbhanga Medical College, Darbhanga; ANM College, Gaya; S.K. Medical College, Muzaffarpur

³ JLN Medical College Hospital, Bhagalpur, Darbhanga Medical College Hospital, Darbhanga; A.N. Medical College Hospital, Gaya; S.K. Medical College Hospital, Muzaffarpur; Patna Medical College Hospital, Patna

⁴ Biharsharif, Chapra, Gaya, Katihar, Kishanganj, Motihari, Muzaffarpur, Purnea

⁵ Duncan Hospital, Raxaul

It was observed that

Poor spending by the State caused short release of funds by GOI

❖ During 1998-2002, barely 27 to 54 per cent of the available funds were utilised by the State. Due to the poor spending, only 46 per cent (Rs 11.14 crore) of the funds allocated (Rs 24.27 crore) by the GOI were released. No reason for poor spending was on record.

❖ Incidentally, during 1999-2003, Rs 0.49 crore were spent in excess of the funds provided (Rs 7.15 crore) by GOI for awareness campaign. The expenditure was met by diverting funds which were meant for various components of the programme.

Huge funds of Rs 1.17 crore advanced to District Magistrates without approval of NACO

❖ Although only Rs 15.00 lakh were allocated by GOI for minor civil works during 2002-03, an amount of Rs 1.17 crore was advanced to District Magistrates during March 2003 for the construction of additional three-four rooms for blood banks in 25 district hospitals and 21 Sexually Transmitted Diseases (STD) clinics in 20 district hospitals and one Medical College Hospital. The construction of additional rooms at the eight times of the sanctioned estimates was done without the approval of NACO.

The Additional Secretary to Government, Health Department stated that the Project Director was authorised to make intersectoral reallocation of funds in public interest. The reply was not acceptable because while providing funds NACO specified that civil works required for the blood safety programme, STD clinics and Voluntary Counselling and Testing Centres (VCTC) should not be undertaken without prior approval of NACO. Moreover, building infrastructure in these cases was to be provided by the State Government.

Particulars of expenditure of Rs 17 lakh booked in Accounts not available

❖ Assistant Director (Health and Family Welfare Department) drew Rs 17 lakh from Patna Secretariat treasury (August 1995) and kept it in a bank account in the name of Director-in-Chief, Health and Family Welfare Department. While depositing the money in the bank, the Assistant Director indicated the amount in the cash book as spent. However, the detailed vouchers of expenditure and utilisation certificates against this amount were not made available. The Additional Secretary stated (September 2003) that the cash book and other records were seized by the Vigilance Department where the matter was under investigation in some other case.

Funds advanced not adjusted/recovered

❖ Advances of Rs 23.71 lakh paid by Additional Director, Bihar State AIDS Control Cell to five officials including four retired ones, eight Superintendents of Sadar Hospitals⁶, seven Superintendents of Medical College Hospitals⁷, five Civil Surgeons⁸, and Director, ATI, Ranchi for

⁶ Supdts., Sadar Hospital, - Ara, Aurangabad, Bihar Sharif, Deoghar, Hajipur, Hazaribagh, Munger, Rohtas

⁷ Supdts., Medical College Hospital : Bhagalpur, Darbhanga, Dhanbad, Muzaffarpur, NMCH, Patna, PMCH, Patna, Ranchi

⁸ Civil Surgeons-cum-Chief Medical Officers : Bihar Sharif, Deoghar, Hajipur, Jamshedpur, Sasaram

travel expenses and programme implementation during 1993-96 were not adjusted/recovered (September 2003). The Additional Secretary stated that detailed inquiry in the matter would be done after the cash books and other records were received back from the Vigilance Department. By that time, it would be extremely difficult to recover the advances from retired officials.

Particulars of expenditure not available

- ❖ Rupees 26.91 lakh spent during April 1996 to June 1998 by the AIDS Control Cell could not be subjected to test check as relevant records such as cash books, copies of vouchers and other records were not made available. The Additional Secretary stated (September 2003) that the matter was under investigation by the Vigilance Department.

3.1.5 Provision of funds and expenditure in the districts test-checked

Funds received by 28 implementing agencies of 10 districts test-checked and expenditure there against during 1998-2003 were as under:

Year	Fund received by implementing agencies	Expenditure incurred	Amount refunded to BSACS	Amount kept in Current Accounts in Banks by.	
				Implementing agencies	District Magistrates
(Rupees in lakh)					
1998-99	34.04	23.57	10.47	-	-
1999-00	28.04	24.70	3.34	-	-
2000-01	28.49	16.08	12.41	-	-
2001-02	224.47	180.87	42.28	1.32	-
2002-03	205.38	149.39	8.48	45.51	2.00
Total	520.42	394.61	76.98	46.83	2.00

(Source: As furnished by district agencies)

24 per cent of funds remained unutilised in the districts test-checked

Of Rs 5.20 crore received by 28 implementing agencies during the period 1998-2003 Rs 76.98 lakh were refunded to BSACS, while Rs 48.83 lakh remained unutilised as of September 2003.

3.1.6 Implementation of the programme

There are six components of the AIDS control programme viz targeted intervention of high risk groups, prevention of AIDS among low risk groups, low cost AIDS care, institutional strengthening, inter-sectoral collaboration and family health awareness programme. The overall achievement of physical targets during the period 1998-2003 under different components of the programme was low (*Appendix-XXIX*). The individual components are discussed below :

3.1.7 Targeted intervention of groups at high risk

Physical progress either nil or low, except in case of condom promotion

High risk groups of AIDS cases were to be identified, mapped and provided peer counselling, condom promotion and treatment of sexually transmitted diseases (STD)/ sexually transmitted infections (STI) through non-government

organisation (NGO) and community based organisations (CBOs). However, identification and mapping of high risk groups of AIDS cases were not done as of July 2003. No NGO/ CBO was engaged for this purpose upto March 2001. Only nine NGOs were engaged during 2001-2003 against the target of 55 fixed by the Government.

Further against a target of 42 clinics only 25 were set up during 1998-2003 and only one to 14 STD clinics reported treatment of patients suffering from sexually transmitted diseases during the same period. The number of patients treated in these clinics which was nine per day during 1999-2000 declined to five patients per day in 2002-03. The performance reports were received by the State AIDS Control Society from only 14 STD clinics out of 25. The balance 11 clinics were non-functional due to shortage of staff and equipment as of May 2003. The physical progress of this component of the programme was either nil or low against targets except in case of condom promotion.

3.1.8 Prevention of HIV/AIDS among low risk groups

32 out of 42 blood banks were non-functional

There are 42 blood banks in the state. Out of this, six blood banks are located in medical colleges and the remaining blood banks are in the district hospitals. Of these, only 10 blood banks have the licenses from the drug controller to operate the blood banks. The remaining blood banks did not fulfil the required conditions for recognition as they lacked mandatory equipments like Air conditioners and Elisa readers and were therefore non-functional.

Heavy shortfalls against targets

Blood banks play a key role in prevention of HIV/AIDS cases. However, opening of blood banks in district hospitals, licensing of blood banks, modernisation of blood banks, provision of blood components separation facility in Medical College Hospitals, voluntary donation of blood in blood banks etc fell short of targets by 47 to 90 per cent during the period 1998 to 2003. Further, no blood bank in the State was declared by NACO as a major blood bank. The Additional Secretary stated that shortfall in voluntary donation was mainly due to general malnutrition of the people. The statement was not acceptable because the voluntary donation of blood in 10 government blood banks during 1998-2003 was 4776 units only while the 18 private blood banks collected 53317 units of blood from the voluntary donors during the same period.

Even in licensed Blood Banks 168 equipment remained idle

It was also noticed that even in the licensed blood banks of four Medical College Hospitals⁹, two district hospitals¹⁰ and one Research Institute¹¹ test-checked, 168 equipment (value not available) supplied by NACO during 1998-2003 were lying idle, ever since the dates of their receipt.

⁹ Medical College Hospitals - DMCH, Darbhanga, ANMCH, Gaya, SKMCH, Muzaffarpur, PMCH, Patna.

¹⁰ District Hospitals - Chapra, Motihari

¹¹ R.M.R.I, Patna

A large number of equipments remained idle in non-functional Blood Banks	One hundred and seven equipment supplied by NACO (1993-2001) to 15 blood banks of district hospitals ¹² for their modernisation were lying idle in stores of the hospitals/ blood banks because the blood banks were non-functional due to the absence of licence from the Controller of Drugs of the State.
Poor performance of VCTC	Scrutiny of performance of Voluntary Counselling and Testing Centres (VCTC) revealed that on an average five beneficiaries visited a VCTC per day in 2000-01 in one centre. But during 2002-03 on an average only two beneficiaries attended a VCTC per day in 16 centres set up.
Activities of VCTCs not monitored	Further, performance reports from 16 out of 34 VCTCs only were received by the State AIDS Control Society during 2002-03 mainly due to shortage of counsellors and laboratory technicians.
No community care centre set-up	<p>3.1.9 Low cost AIDS care</p> <p>This included activities to provide funding for house based and community based care. Such activities would involve establishing best practice guidelines and providing appropriate drugs for treating opportunistic infections at district hospitals. They would also include training at selected State level hospitals for the provision of referral services with the object of improving the quality and cost effectiveness of interventions offered by existing procedures and establishing new support services like community based hospitals/ centres, drop-in-centres and house based care centre in partnership with NGOs/CBOs. However, no such community care centre for persons living with HIV/AIDS was set up in the State as of July 2003.</p>
Training activity below targets	<p>3.1.10 Institutional strengthening</p> <p>The programme envisaged that training of trainers at various levels as well as induction training was to be completed during 1999-2000. The remaining period of the project was to be devoted to refresher training. It was noticed that only 96 trainers out of 600 targeted were trained during 1999-2000 and no training of trainers took place thereafter.</p> <p>During 1999-2003 training was imparted to 2366 medical (29 per cent) and 8941 para medical (54 per cent) staff against the target of 8240 medical and 16640 para medical staff respectively.</p>
Activities relating to sentinel surveillance conducted in the urban areas only	Sentinel surveillance to collect HIV/AIDS syndrome based information was carried out only in the urban areas in State by conducting survey of 45 sites (out of 47 planned) during 1998-2003 and HIV testing of 14713 (out of 16450 planned) persons. Thus data on prevalence of STD in rural and urban areas of the State were not generated as required under the programme. Surveillance through specific survey, behaviour surveillance surveys and AIDS cases surveillance, as required under the programme were not conducted.

¹² Arrah, Aurangabad, Begusarai, Chapra, Gaya, Gopalganj, Jahanabad, Kishanganj, Madhepura, Madhubani, Motihari, Nalanda, Nawadah, Purnea, Sitamarhi,

3.1.11 Intersectoral collaboration

Intersectoral collaboration non-existent

The AIDS Control Society did not chalk out any action plan for intersectoral collaboration to ensure learning from the innovative HIV/AIDS programmes that existed in other sectors.

3.1.12 Family Health Awareness Campaign

Against targeted coverage of 3.48 crore population under this component of the programme during 2000-03, population of 0.95 crore (27 per cent) only attended camps during 1999-2003. This indicated that level of awareness development was low.

No society formed at district levels

No society was formed for the effective implementation of the programme at the district level. NGOs and CBOs were also not involved in the implementation of the programme till the year 2000-01.

Out of four video films prepared on AIDS control and dubbing of a Hindi film in three regional languages (Bhojpuri, Maithili, Nagpuri) between February 1998 and February 1999 at a cost of Rs 12.65 lakh, only one film was telecast on Doordarshan once in December 1998.

3.1.13 Prevalence rate of HIV/AIDS

Incidence of HIV positive and AIDS cases increased

The HIV positive cases which were 0.12 per cent (34) out of 28290 cases screened during 1998-99 increased to about one per cent (401) out of 47232 cases screened during 2002-03. Details were as under:

HIV cases

Blood Screening	Persons screened during				
	(In number)				
	1998-99	1999-2000	2000-01	2001-02	2002-03
1. Blood banks	26445 (27)	56034 (75)	59011 (68)	85273 (67)	39557 (52)
2. Sentinel surveillance	1845 (7)	1988 (13)	2221 (17)	3933 (35)	4726 (63)
3. Voluntary counselling centres	-	-	1380 (228)	7803 (883)	2949 (286)
Total	28290 (34)	58022 (88)	62612 (313)	97009 (985)	47232 (401)

(Figures in brackets indicate number of HIV cases detected)

In all, 2.93 lakh people were screened for HIV test during 1998-2003. Thus not even one per cent of the total population (eight crore) was screened during last five years indicating poor implementation of the programme.

The first AIDS case was detected in Bihar in 1995-96 and the number of deaths due to AIDS cumulatively increased to 30 upto March 2000. The number of AIDS cases has increased from 10 in 1998-99 to 63 in 2001-02. It however declined to 28 in 2002-03.

AIDS cases detected and deaths due to AIDS

Year	AIDS cases	Death cases
		(In number)
1998-99	10	-
1999-2000	14	30 (cumulative upto March 2000)
2000-01	32	7
2001-02	63	1
2002-03	28	2
Total	147	40

3.1.14 Manpower management**Inadequate
manpower**

Sanctioned strength of various categories of posts under the programme as on 31.03.2003 and men-in-position were as under :

Sanctioned Strength				Men in position			
Medical	Para Medical	Others	Total	Medical	Para Medical	Others	Total
13	53	99	165	3	35	51	89

Thus 46 per cent of posts including 75 per cent medical posts under NACP were vacant as on 31 March 2003.

3.1.15 Accounts and cash management**No action for non-
accountal of cash**

As per directions of NACO, Cash Book and bank accounts of NACP funds were to be maintained separately, but no separate accounts of NACP funds were maintained in the districts test-checked. The cash balance of Rs 4.71 lakh of NACP funds in the office of Civil Surgeon, Motihari as on 14 May 2001 was not transferred as of June 2003 to the new Cash Book, which was opened on 14 May 2001. For non-accountal of Rs 4.71 lakh no action was taken as of June 2003. The Additional Secretary later stated (September 2003) that enquiry into this was being made.

3.1.16 Monitoring and evaluation**Lax monitoring**

The Additional Director, Bihar State AIDS Control Cell/Project Director, Bihar State AIDS Control Society under the overall supervision of Commissioner-cum-Secretary, Health and Family Welfare Department was responsible for monitoring the NACP. He failed to effectively monitor the implementation of the Programme. The Governing Council of the State AIDS Control Society headed by Commissioner-cum-Secretary required to meet quarterly (nineteen times) during 1998-2003 to ensure effective implementation of the NACP, met only twelve times during the period. It was noticed that only 60 per cent reports and returns due during 1998-2003 from the field formations of STD clinics, VCTCs and blood banks were received by the Project Director. As a result, necessary reports and returns relating to the defaulting field formations were not forwarded by the Project Director to NACO, New Delhi. The details were as under:

Sl. No.	Name of scheme	Year	Reporting units	Report and Returns due	Units reported to the Project Director	Reports and Returns received from field formations	Shortfall	
							Units	Reports and Returns
(In number)								
1.	STD clinics	1998-03	8 to 25	804	1 to 14	432	7 to 11	372
2.	VCTC	1998-03	1 to 24	408	1 to 14	276	10	132
3.	Blood Banks	1998-03	36 to 46	2088	15 to 42	1200	4 to 21	888
	Total			3300		1908		1392

Even though the monitoring and evaluation officer was appointed in August 2001, no improvement in submission of reports and returns by the field formations was noticed. The officer did not also periodically evaluate mid term and final evaluation programme in the State.

Impact analysis report of ORG centre/World Bank Mission not available

NACO selected (May 2000) ORG Centre for Social Research, New Delhi to conduct evaluation of NACP within three months but the impact analysis of the ORG Centre on the working of State AIDS Control Society was not available as of June 2003.

World Bank Mission reviewed NACP (phase-II) during May 2002, but the report on review was not available as of June 2003.

3.1.17 Conclusions

The National AIDS Control Programme in Bihar suffered because of low level of spending despite funds being available. The overall achievement of physical targets during the period 1998-2003 under different components of the programme was low. The shortfall was particularly pronounced in the two major components of the programme, in targeted intervention of groups at high risk, shortfall was over 69 per cent in three out of five items of work and in prevention of AIDS among low risk group, in six out of seven items of work the shortfall exceeded 58 per cent.

3.1.18 Recommendations

- ❖ Mapping of high risk groups should be taken up on priority as this has remained neglected;
- ❖ The process of selection of NGO's for counselling of high risk groups needs to be stepped up;
- ❖ Opening of blood banks in district hospitals, modernisation of existing blood banks and licensing by the Drug Controller are important items of work of this programme which should be attended to on a urgent basis;
- ❖ Formation of District AIDS Control Society in districts should be speeded up as required under the scheme to ensure better co-ordination at the field level.

The points were referred to Government (August 2003); their reply received (September 2003) stood incorporated in this review at the appropriate places where necessary.

3.2 Implementation of Drugs and Cosmetics Act, 1940

Highlights

The Drugs and Cosmetics Act 1940 (Act) is a Central Act to be implemented by all the States. The Act along with the other associated Acts and the rules made thereunder regulate the import, manufacture, distribution, sale and clinical research of drugs and cosmetics.

The Act was not implemented effectively in the State. The Drug Controller's office did not have master control registers indicating the numbers of manufacturing/selling units, the validity period of licenses, the dates of inspections, dates of collection of samples, the reports of testing laboratory etc. Licenses to manufacturing and selling units were not renewed periodically. There was huge shortfall in the survey and inspection of sick and manufacturing units. Inordinate delay was observed in the testing of drugs and consequential action against the manufacturers/sellers of sub-standard drugs. There was lack of adequate infrastructure facilities for quality testing of samples collected. Price control mechanism was not in vogue. The possibility of manufacture and sale of sub-standard drugs and cosmetics could not be ruled out and the intended objective of making available essential life saving drugs at fair prices to masses was not realised.

The Controller of Drugs did not have a master control register which would indicate the actual status of manufacturing/selling units of the State and licenses to manufacturing/selling units were not periodically renewed, though required.

(Paragraph 3.2.5)

Targets for inspection of selling/manufacturing units in the State fell short by 59 to 68 per cent during 1998-2003. In 25 districts, inspections carried out by 34 Drug Inspectors fell short by 79 to 86 per cent.

(Paragraph 3.2.6)

Samples collected fell short of targets by 96 to 97 per cent. Only 75 per cent of samples of drugs collected during 1998-2003 by the State Drug Control Laboratory, Patna were tested. Government Analyst attributed the shortfall to inadequate infrastructure such as chemical, power supply, testing equipment and manpower.

(Paragraph 3.2.7)

The Controller of Drugs did not initiate punitive and deterrent action in respect of 122 cases of sub-standard drugs reported by five Regional Licensing Authorities during 1998-2003.

(Paragraph 3.2.8)

Interface of State Drug Regulatory Authority with pharmaceutical industry/trade, consumers and medical professionals was non-existent. This adversely affected dissemination of information and feed back on the functioning of enforcement authorities.

(Paragraph 3.2.9)

No intelligence branch was set up for keeping a watch on illegal manufacture of drugs and its trade activities. No training was imparted to Drug Inspectors to tone up enforcement of the Act.

(Paragraph 3.2.10)

Controller of Drugs stated that there was no price control mechanism in vogue in the State.

(Paragraph 3.2.11)

There was lack of monitoring and evaluation mechanism to ensure effective implementation of the provisions of the Drugs and Cosmetics Act, 1940.

(Paragraph 3.2.13)

3.2.1 Introduction

At the beginning of the twentieth century, pharmaceuticals were being imported from abroad. After the First World War manufacturing concerns, both Indian and Foreign, sprang up to produce pharmaceuticals at cheaper rates to compete with imported products. Some of these products were of inferior quality and harmful. Government, therefore, decided to introduce legislation to control the manufacture, distribution and sale of drugs and medicines. A Select Committee appointed by the Central Legislative Assembly in 1937 recommended various measures, providing for the uniform control of manufacture and distribution of drugs as well as of import and finally the Drugs Act¹ was enacted on 10 April 1940.

At present, the Acts and Rules, apart from the Drugs and Cosmetics Act, 1940, which govern the manufacture, sale, import, export and clinical research of drugs and cosmetics in India are : The Pharmacy Act, 1948; The Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954; The Narcotics Drugs and Psychotropic Substances Act, 1985; The Medicinal and Toilet Preparations (Excise Duties) Act, 1956; The Drugs (Prices Control) Order 1995 (Under the Essential Commodities Act). The Drugs (Prices) Control Order 1995 introduced by Government of India under the Essential Commodities Act, 1955 aimed at making available essential life saving drugs at fair and affordable prices to the masses. There was no separate legislation of the State in this regard. However, 'The Drugs and Cosmetics Act, 1940' continues to be the main Act.

Main features of the Act

- ❖ To ensure standards of Drugs and Cosmetics, Diagnostics and Devices.
- ❖ To monitor the quality of drugs and medicines imported, manufactured, distributed and sold.

¹ Drugs Act, 1940 was amended in December 1961 to provide for regulation of the manufacture of cosmetics and prohibition of import and sale of sub-standard and misbranded cosmetics.

- ❖ To take punitive measures for violations of provisions of the Act.
- ❖ To regulate clinical research and publication of Indian Pharmacopoeia.

Statutory Functions: This is a Central Act and is applicable to all the States. Central Government lays down the regulatory measures and the standards of drugs, cosmetics and diagnostics, and makes amendments to Acts and Rules. It regulates market authorisation of new drugs and standards of imported drugs. It is the Central Licence Approving Authority for Blood Banks, Large Volume Parenterals and Vaccines and Sera. Drugs Technical Advisory Board (DTAB), Drugs Consultative Committee (DCC) and Central Drugs Laboratories are under the control of the Central Government.

The main functions of the State Government are (a) licensing of drug manufacturing and selling units, (b) licensing of drug testing laboratories, (c) approval of drug formulations for manufacture, (d) monitoring of quality of Drugs and Cosmetics manufactured, through periodical inspection of manufacturing and selling units and collection of samples for independent testing (e) investigation and prosecution in respect of contravention of legal provisions, (f) regulation of the standards of imported drugs and (g) recall of sub-standard drugs.

The Drugs and Cosmetics Act, 1940 formulated by Government of India supplemented the Dangerous Drugs Act, 1930 followed by Drugs and Cosmetics Rules, 1945. The Act aimed at preventing manufacture and supply of sub-standard drugs and cosmetics.

3.2.2 *Implementing Agencies : Implementation arrangement*

Commissioner-cum-Secretary to Government, Health, Medical Education and Family Welfare Department has the overall responsibility of regulating manufacture, sale and distribution of drugs in Bihar. He is assisted by the Controller of Drugs (DC) and his subordinate officers viz. a Deputy Drug Controller and an Assistant Drug Controller. The Controller of Drugs is the Chief Licensing Authority for grant and renewal of licenses for manufacture of drugs for sale. Drug Inspectors (DI) have been appointed (since July 1994) as Regional Licensing Authority at divisional level to grant licenses for sale, stock and distribution. At the district level, Drug Inspectors are responsible for inspecting manufacturing and selling units, collecting samples for test and reporting to the regional and State headquarters.

Implementation of the Drugs and Cosmetics Act, 1940 and rules framed there under in the State during 1998-2003 was reviewed in audit between January and May 2003 through a test-check of the records of the Controller of Drugs (Chief Licensing Authority), Patna, eight Regional Licensing Authorities² and Drug Control Laboratory, Patna.

² *Bhagalpur, Chapra, Darbhanga, Gaya, Muzaffarpur, Patna, Purnea and Saharsa*

3.2.3 Provision of funds

Of Rs 16.47 crore provided during 1998-2003 for administration of Drug and Cosmetic Act and Rules, Rs 6.63 crore (40 per cent) remained unutilised as shown in the table below :

40 per cent of funds remained unutilised

Year	Budget Provision	Expenditure	Excess (+)/ Savings(-)
<i>(Rupees in lakh)</i>			
1998-99	310.91	228.44	(-) 82.47
1999-00	659.69	299.92	(-) 359.77
2000-01	251.54	194.11	(-) 57.43
2001-02	234.28	152.46	(-) 81.82
2002-03	190.21	108.31	(-) 81.90
Total	1646.63	983.30	(-) 663.39

It was noticed that savings occurred against both the plan and non-plan items under the head 2210- Public Health Drug Control. No reason for huge savings year after year was on record. The DC did not obtain information of receipt and expenditure from any regional field offices and the Government Analyst (GA).

3.2.4 Inadequacies in the Act

Inadequate provision for renewal

Under the Rules a licence or a renewal certificate issued shall be valid for a period of 5 years from the date of issue. But once a renewal application is submitted either before the expiry of the original licence or within six months from the date of its expiry, the original licence shall continue to be in force until orders are passed on the application by the licensing authority. As such, in cases where the inspection of the premises is delayed for some reason and subsequently the licence is found unfit for renewal, the concerned unit can function with immunity during the interval. This is a lacuna to be corrected through appropriate amendments to Rules by making a provision for filing of renewal application three months or six months before the date of expiry of original licence and issue of renewal certificate on or before the date of expiry of original licence.

No time frame for testing of the samples

The Act does not provide any time frame for testing of the samples of the drugs/cosmetics collected during inspections of the manufacturing/selling units. As a result, substandard/ spurious drugs continue to be sold in the market. Rule 46 envisages that after analysis, the test-report is to be sent 'forthwith'. But there is no specific mention about the time limit for testing/sending test reports resulting in consumption of untested drugs before availability of the report leading even to death.

Non-differentiation of minor and major offences

There is no differentiation of minor and major offences in the Act/Rules. As such, decision on departmental action or prosecution is left to the discretion of the DC or DIs. No time frame has also been prescribed in the Act to file the

complaint by the department in the court of law with the result that action against the offenders get delayed.

Lack of provision for free surrender of samples

According to existing provisions, drug samples are required to be collected by the DI only on payment of cost thereof. In view of financial stringency, the funds allotted for this purpose are generally inadequate. As such the provision in the Rules acts as a hindrance in the collection of adequate number of samples for quality analysis.

Absence of provision for sale licence for ayurvedic drugs

Unlike in the case of allopathic drugs, no sale licence is required for ayurvedic drugs under the Act/Rules. The authorities find it difficult to keep track of the sale of spurious, adulterated or time expired ayurvedic drugs.

3.2.5 Licenses

Master control
register non- existent

The DC did not have a master control register, indicating the number of operational and functioning manufacturing and selling units of the State, the number of units which have been inspected by the Drug Inspectors and number of units, where inspections are due etc. It would therefore appear that the internal control system in the department was deficient.

In the absence of data at the State level, audit collected information of manufacturing and selling units from the Regional and District Offices. The licenses were valid for two calendar years and they were to be renewed every two years. From August 2001, the tenure of licenses was fixed for five years from the date of issue.

The number of manufacturing units of drugs, their licenses due for renewal and licenses renewed during 1999-2003 was as under :

(In number)

Year	Issuance of licenses			Renewal of licenses		
	OB units	Licenses issued during the year	Total units at the end of the year	License due for renewal	Licenses renewed	Shortfall
1999-2000	604	96	700	308	300	8
2000-2001	700	83	783	331	300	31
2001-2002	783	39	822	396	239	157
2002-2003	822	29	851	282	261	21

Of the total 851 manufacturing units as of March 2003, licenses of 21 manufacturing units were not renewed. As there was no report on closure of 21 units whose licenses were not renewed during 1999-2003, operation of these units without license and possibility of manufacture of spurious/fake/adulterated drugs by those units could not be ruled out.

DIs in the regions were functioning as licensing authority for selling units

Prior to July 1994 the authority for issuing licenses for sale, stock and distribution of drugs was vested in the Civil Surgeons-cum-Chief Medical Officers of the districts concerned. From July 1994 this power was vested in the Regional Licensing Authorities. However, there was no post of Regional Licensing Authority as of March 2003. As a result the DIs in the regions and the districts had to function as licensing authority of selling units.

Inadequate renewal of licenses of selling units

The number of selling units of drugs, their licenses due for renewal and licenses renewed during 1998-2003 was as under :

(In number)

Year	Issuance of license			Renewal of license		
	OB units	License issued during the year	Total units at the end of the year	Licenses due for renewal	Licenses renewed	Shortfall
1998-1999	21972	2429	24401	11655	10079	1576
1999-2000	24401	2768	27169	11893	9534	2359
2000-2001	27169	1283	28452	12508	10737	1771
2001-2002	28452	2572	31024	12302	9144	3158
2002-2003	31024	388	31412	10916	4839	6077

Of 31412 selling units as of March 2003, licenses of 6077 selling units were not renewed. The continuance of these units without renewal of licenses could not be ruled out as no verification is done in respect of those units, which do not submit application for renewal.

3.2.6 Survey and inspections

The target of inspections fell short by 59 to 68 per cent of the norm prescribed in the State

The Drugs and Cosmetics Rules, 1945 provide that inspection of each selling/manufacturing unit should be conducted at least once a year. Scrutiny revealed that the Government fixed a target of 20 inspections per month for each DI though they were fully aware that with this target, the provision of the Act in respect annual inspection of each manufacturing / selling units would not be fulfilled. Accordingly 43 DIs in the State had a target of 10,320 inspections in a year against the requirement of 25000 to 32000 inspections annually during 1998-2003. Thus, the target fixed during 1998-2003 fell short by 59 to 68 per cent of the manufacturing and selling units in the State as indicated below:

Year	Selling units due for inspection	Manufacturing units due for inspection	Total units due for inspection	Target of inspection fixed by the State	Shortfall	Per cent
1998-1999	24401	604	25005	10320	14685	59
1999-2000	27169	700	27869	10320	17549	63
2000-2001	28452	783	29235	10320	18915	65
2001-2002	31024	822	31846	10320	21526	68
2002-2003	31412	851	32263	10320	21943	68

During 2000-2003 performance of 34 DIs in 25 districts test-checked was as under:

Year	Total units due for inspection in 25 districts	Number of inspections conducted	Shortfall	Per cent
2000	22036	3028	19008	86
2001	23116	4805	18311	79
2002	25180	5402	19778	79
	70332	13235	57097	81

**81 per cent shortfall
in conducting
inspections in 25
districts test-checked**

Thus, against 70332 units due for inspections in 2000-02, number of inspections conducted by 34 DIs was 13235 only. As a result, there was a shortfall of 81 per cent in inspection of the manufacturing/selling units in 25 districts. As such, nearly four-fifth (80 per cent) manufacturing/selling units were allowed to carry on operations without any inspections. No reason for shortfall in conducting inspections was available.

**Records of
inspections
prescribed not
maintained**

As per rules, the inspection books in prescribed form obtained from the licensing authority were to be kept by the manufacturer and sellers of the drugs. The observations of the DIs were to be recorded in the prescribed format in triplicate. The original copy was to be retained in the inspection book. The duplicate copy was to be sent to licensing authority, while the triplicate copy was to be taken as record by the DI. However, the DIs did not record inspection notes in the prescribed format. Though the inspection notes otherwise recorded were available with the DIs, copies thereof were neither available with the manufacturers/sellers nor with the licensing authorities i.e. the Controller of Drugs in all the cases of records of 34 DIs test-checked. As a result reliability of inspections carried out was doubtful.

3.2.7 Collection of samples and testing of drugs

Collection of samples and their analysis by 34 DIs in 25 districts test-checked were as under :

Year	Total units due for sample collection *	Number of samples collected	Shortfall	Analysis
2000	22036	589	21447(97)	389 (66)
2001	23116	845	22271(96)	599 (71)
2002	25180	1125	24055(96)	318 (28)
	70332	2559	67793(96)	1306 (51)

* @ one sample per inspection of each unit

(Figures in brackets indicate per cent)

**Collection of samples
fell short of targets
and samples collected
only partially
analysed**

Samples collected fell short by 96 per cent and only 51 per cent of the samples collected were analysed. It would therefore appear that even one sample of nearly 95 per cent manufacturing and selling units were not tested by the DIs in the districts. Hence there was virtually no enforcement of the Act in the state. Poor collection of sample was attributed by the DIs concerned to lack of funds for payment of cost of samples to the selling units. The reasons advanced were not tenable as huge funds remained unutilised every year during 1998-03. Poor analysis of samples collected was attributed by the Government analyst to lack of chemicals and erratic power supply.

**Samples not collected
from hospitals and
blood banks**

The Act provided that samples of drugs were to be collected by the DIs from government hospitals, institutions, blood banks etc. for quality testing. However, no sample was collected by them during 1998-2003. Thus, in a state with a large population of eight crore, not a single blood sample was tested in five years. As a result, the quality of the blood being supplied by the blood banks in the state could not be verified.

Quality of drugs/cosmetics manufactured not assured

As required under Rule 150 B of the Drugs and Cosmetics Rule, 1945 every manufacturing unit was to test quality, purity and strength of drugs or cosmetics or the raw materials used in their manufacture by its own agency or any outside agency with the approval of the Drug Controller. However, none of the manufacturing units in the State sought approval of the DC during 1998-2003 for quality testing of drugs and cosmetics manufactured. Thus, quality of drugs and cosmetics manufactured by the units could not be assured.

Information of samples tested by Laboratories at Kolkata and Ghaziabad not available

Samples of drugs and cosmetics collected and received were to be analysed/tested at State Drug Control Laboratory, Patna, Central Drug Control Laboratory, Kolkata and Central Institute of Pharmacopial Laboratory, Ghaziabad. Samples for testing and reporting from Kolkata and Ghaziabad were paid for by the DC. The information regarding number of samples tested by the laboratories of Kolkata and Gaziabad and fee paid to them was not furnished.

Only 75 percent of samples of drugs collected were tested by State Drug Control Laboratory, Patna

Scrutiny revealed that only 75 per cent (3247) of samples collected (4352) during 1998-2003 were tested by the State Drug Control Laboratory, Patna, while eleven per cent of the samples of drugs tested were declared sub-standard.

Year	Total Manufacturing/Selling units	Previous balance of samples	Samples received for analysis	Samples analysed	Samples not analysed	Drugs declared sub standard
1997-98	NA*	Nil	408	269	139	50
1998-99	25005	139	581	476	244	79
1999-00	27869	244	402	417	229	66
2000-01	29235	229	822	559	492	78
2001-02	31846	492	732	632	592	37
2002-03	32263	592	1407	894	1105	42
Total	146218		4352	3247		352

*NA- not available

It would therefore be evident that only 2978 samples were tested and analysed during 1998-2003 against the requirement of testing of 146218 samples @ one sample per unit per year. Thus, there was hardly any enforcement of the provisions of the Act in the state.

Further, details of sub-standard drugs being adulterated, spurious and fake was not on record. Shortfall in testing and reporting of samples was attributed by the GA to inadequate infrastructure such as chemicals, power supply, testing equipment and manpower. As regards Ayurvedic and Homeopathic system of medicine, drug testing facility was not available in the State. Besides, there was no time limit for analysing the samples.

3.2.8 Prosecution

No punitive/deterrent action on reporting of sub-standard drugs

As a token of supervisory control, the DC was required to initiate action against the drug offenders on the reports of the DIs. However, the DC did not initiate punitive and deterrent action on 122 cases of sub-standard drugs reported by five Regional Licensing Authorities during 1998-2003.

Status of prosecution cases under four Regional Offices was as under :

Year	Prosecution cases (opening balance)	Prosecution cases launched during the year	Total prosecution cases	Conviction	(In number)
					Cases pending at the end of the year
1998-99	10	-	10	-	10
1999-00	10	2	12	-	12
2000-01	12	19	31	-	31
2001-02	31	17	48	12	36
2002-03	36	17	53	-	53

NB : Four other Regional Offices test-checked did not give information.

Pending prosecution cases

During 1998-99 to 2002-03, 65 prosecution cases were initiated by the DIs of four Regional Licensing Authorities (Patna, Muzaffarpur, Darbhanga and Bhagalpur). Against this, 12 sellers of drugs of Muzaffarpur region who violated the provisions of the Drug and Cosmetics Act were convicted by the courts of law. However, decisions of the courts of law on remaining 53 prosecution cases were awaited (May 2003).

Surprise raids on manufacturing and selling units not conducted

Although the post of flying squad DI was created and filled in at the State level to conduct surprise raids on manufacturing and selling units, the incumbent did not conduct surprise raids but functioned as Regional Licensing Authority at Patna. However, it was noticed that in 9 districts³ altogether 35 seizures of drugs and equipment were made by 12 Drug Inspectors for breach of the Act and the rules thereunder.

3.2.9 Interface with regulatory authority

No interface with the Pharmaceutical industry, the consumers and medical professionals

Interface of the State drug regulatory authority, with the pharmaceutical industry/trade, consumers and medical professionals was not on record. This adversely affected dissemination of information and feedback on the functioning of the enforcement authorities.

3.2.10 Intelligence and training

No intelligence branch and no training facility for officials

No intelligence branch was set up by the Drug Control Administration for keeping a watch on the illegal manufacturer of drug and trade activities. No training had been imparted to the DIs and other officials of the Drug Control Administration in matters concerning development of intelligence, detection,

³ Betia, Chapra, Motihari, Madhubani, Muzaffarpur, Patna, Samastipur, Siwan and Sitamarhi

investigation, preparation and filing of complaints and court procedure etc. which could have been useful for achieving efficient control measures.

3.2.11 Price control mechanism

Price control mechanism not in vogue

DC stated (April 2003) that there was no price control mechanism in vogue in the State. He also stated that DIs of the districts concerned were delegated to enforce the Drugs (Price Control) Order'1995 as prescribed by the Government of India. However, only one DI detected (March-April 2003) seven cases of overpricing of medicines. Those cases were reported by the DI, Patna to the DC (April 2003), but no action was taken as of June 2003.

3.2.12 Manpower management

The number of staff sanctioned and men-in-position for administration of Drug Control in Bihar was as detailed below:

Shortage of required numbers of officials

Name of post	Sanctioned strength	Men-in-position
Drugs Inspector	221	43
Asstt. Drug Controller	One	One
Dy. Drug Controller	One	One
State Drug Controller	One	One

There was no post of DI for Homeopathy and Unani system of medicines.

Posts created without consulting Finance Department

The Department created 184 posts of DIs in 1991-92 without the approval of the Finance Department though required as per the Recruitment Rules for the DIs.

3.2.13 Monitoring and evaluation

Schedule of inspections for field visits by Supervisory officials was not drawn

As a token of administrative control, schedule of inspections prescribing minimum number of field visits for each supervisory level functionary was to be drawn up by the DC for effective implementation of the provisions of Drugs and Cosmetics Act. No such schedule of inspections was prescribed by the authority concerned. The implementation of the Act and Rules was not evaluated by the Government or any other outside agency. Thus there was lack of monitoring and evaluation mechanism to ensure effective implementation of the Drugs and Cosmetics Act, 1940 and Rules framed there under.

3.2.14 Conclusions

The Drugs and Cosmetics Act was implemented in lackadaisical manner. The manpower available with the DC was quite inadequate to carry out the inspection of selling and manufacturing units in a large State. The inspections conducted by the DIs were negligible in comparison to the requirements under the Act. Further, the samples were also not collected during inspections in large number of cases. Even follow up on the drug samples collected was poor. Prosecution cases launched and those convicted under the Act was insignificant to have any impact. Thus, in nutshell, there was hardly any enforcement of the provisions of the Act in the state of Bihar.

3.2.15 Recommendations

- ❖ The Act needs to be amended to prescribe the time schedule for disposal of renewal applications by DC also.
- ❖ The Act needs to be amended to bring the selling units of Ayurvedic medicines and cosmetics also under the purview of the Drugs and Cosmetics Act, 1940 to ensure quality.
- ❖ There should be a provision for compounding of offences to minimize the number of litigants.
- ❖ Deterrent penalty should be provided in the Act for manufacture or sale of adulterated/ spurious or misbranded drugs irrespective of their intensity.
- ❖ The Drug samples collected need to be tested and analysed within a tight time frame, giving full details of the case so that prosecution cases under the Act can be launched effectively.
- ❖ Prosecution cases need to be followed up effectively by the department.
- ❖ The price control mechanism is non-existent in the State. This needs to be strengthened to protect the interests of the consumers.

The points were referred to Government (August 2003); their reply had not been received (March 2004).

WELFARE DEPARTMENT

3.3 Welfare of handicapped

Highlights

Welfare of Handicapped is a complex social issue involving coordination of curative, promotional and rehabilitational activities directed at different forms of handicap and a multitude of measures. Further, the definition of handicapped for the purpose of coverage is so widely dispersed over such a large area of disabilities that no single focus emerges automatically from the disparate efforts undertaken by different agencies entrusted with the delivery of programme objectives. Welfare activities for the handicapped are governed by the provisions of Persons with Disabilities (Equal opportunities, Protection of rights and Full participation) Act, 1995 and Mental Retardation and Multiple Disabilities Act, 1999. These Acts aimed to bring people suffering from different kinds of disabilities into the main stream of social life.

The review revealed that various provisions of the Acts remained unimplemented during 1998-03 and the schemes taken up suffered from mismanagement emanating from lack of co-ordination and supervision. As a result, a major chunk of GOI funds remained unutilised and the performance of the schemes was either nil or negligible. Thus the welfare of the handicapped remained neglected.

The provisions of the Disability Act, 1995 relating to survey, investigation, research on causes of disabilities, promotion of methods of preventing disabilities, awareness campaign, public education, research and designing new assisting devices etc. remained largely unimplemented.

(Paragraph 3.3.4)

Eighty six per cent (Rs 125.97 crore) of GOI funds received (Rs 145.85 crore) by the State during 1998-03 remained unutilised and parked in current accounts in banks, while the implementation of the schemes suffered badly.

(Paragraph 3.3.5)

There was no expenditure in the schemes of Composite Regional Resource Centre for rehabilitation of disabled persons and school building for deaf and dumb.

No measures were taken to correct deformity caused by leprosy.

Free glasses were provided only to twenty eight per cent and eight per cent of children detected with refractory errors during 2001-02 and 2002-03 respectively.

Formal training courses in the stream of technical and vocational education of persons with disabilities were not started in any of the polytechnics as of March 2003.

(Paragraph 3.3.7)

Fifty four per cent (Rs 5.02 crore) of available funds were not spent on the 11 schemes being taken up under the State Plan.

In three out of 11 schemes under the State plan (workshop for deaf and dumb, special equipment for deaf and dumb, school of spastic children) expenditure was nil while in three other schemes (blind school, blind teachers training, commissioner disability) the expenditure was negligible varying from 10 to 13 per cent of the available funds.

Artificial Limb Centre, Patna produced aids and appliances worth Rs 2.32 lakh only while establishment expenditure of the Institute was Rs 77.86 lakh during 1998-2003.

Only 16 per cent of the handicapped registered were sponsored by the Special Employment Exchange, Patna and only two per cent of the handicapped registered were placed in jobs.

Absence of Block Government Guarantee led to non-payment of loans to 1405 handicapped applicants.

(Paragraph 3.3.8)

Against the target of 4263, only 3224 handicapped persons were benefited by grants-in-aid to NGOs.

(Paragraph 3.3.10)

Implementation of the Disability Act and the Schemes thereunder suffered due to absence of a proper monitoring mechanism.

(Paragraph 3.3.11)

3.3.1 Introduction

The "Persons with Disability (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995" (Act), which came into effect in October 1998, is the principal legislative instrument through which the State is seeking to provide the necessary services to the persons with disability and to fulfill specific obligations arising out of the Act. As the title of the Act itself makes it clear, provisions of equal opportunities, protection of rights and full participation are major concerns in the welfare of the handicapped. In order to address these areas of concern, the major activities carried out by the State include :

- ❖ Identification of persons with disability;
- ❖ Providing the institutional framework for management and rehabilitation of specific disabilities;
- ❖ Implementation of "National Programme for Rehabilitation of Persons with Disabilities" (NPRPD);
- ❖ Creating awareness in the public through mass media in order to change the attitude of the public at large towards disabilities and providing for preventive measures wherever require

3.3.2 Organisational set-up

The Commissioner-cum-Secretary to Government, Welfare Department is overall responsible for implementation of the Act and welfare schemes through State Executive Committee consisting of Secretaries to Government, Health, Education, Rural Development, Labour and Employment and Public Works Departments with the assistance of their field officers at the district level.

3.3.3 Scope of audit

Implementation of the schemes for the welfare of handicapped during 1998-2003 was reviewed between December 2002 and June 2003 by test-check of the records of Director, Social Welfare, Welfare, Education, Science and Technology, Health, Rural Development, Housing, Building Construction, Personnel, Revenue, Labour and Employment department, 11 District Welfare

Officers¹ (DWOs), 11 District Rural Development Agencies² (DRDA), 11 Districts Hospitals³ and 13 Non Government Organisations⁴ (NGOs) in order to assess its efficiency and effectiveness.

3.3.4 Implementation of the PWD 1995 Act

Provisions of the Act remained unimplemented

The PWD 1995 Act provides that apart from coordinating activities of the government departments, governmental and non-governmental organizations, Government was required to formulate a State policy for programmes and legislation with respect to disability. Government was also required to take such steps to ensure barrier free environment in public places, work places, schools and other institutions apart from monitoring and evaluating the impact of policies and programmes designed for achieving equality and full participation of persons with disabilities. No such policy was, however, formulated by the State even after a lapse of eight years of promulgation of the Act.

The provisions of the Act relating to survey, investigation and research on causes of disabilities, promotion of methods of preventing disabilities, awareness campaign, public education, research and designing new assisting devices, identification of posts for disabled etc. remained unimplemented. Commissioner-cum-Secretary, Welfare Department stated (November 2003) that a committee constituted for formulating State policy was under approval of the Cabinet sub committee and the collectors had been asked to form teams to identify the reasons for disability.

As regards National Trust for the Welfare of persons with autism, cerebral palsy, mental retardation and multiple disabilities Act 1999, there was no activity in the State except formation of a State level committee in October 2001 and local level committees in 28 (out of 38) districts in March 2003.

3.3.5 Financial outlay and expenditure

The Central and State Governments provided funds to different departments of State for the welfare of handicapped persons. Department-wise provision of funds and expenditure during 1998-2003 was as under:

¹ Bhagalpur, Bhojpur, Darbhanga, Gaya, Jamui, Munger, Muzaffarpur, Patna, Saharsa, Vaishali and West-Champaran.

² Bhagalpur, Darbhanga, Gaya, Madhubani, Munger, Muzaffarpur, Nalanda, Patna, Samastipur, Vaishali and West-Champaran

³ Bhojpur, Darbhanga, Gaya, Jamui, Katihar, Munger, Muzaffarpur, Patna, Purnia, Vaishali and West-Champaran.

⁴ Bhagalpur: Girija Shankar Dristi Bihin Balika Vidyalaya; Gaya: Nehru Yuvak Kendra Sangathan; Munger: Baba Baidyanath Balika Muk Badhir Vidyalaya; Muzaffarpur: Red Cross Society; Nalanda: Prakritik Arogya Ashram; Patna: Ashadeep; Bhartiya Biklang Sangh; Bihar Institute of Speech and Hearing Research Centre; Bihar Rehabilitation and Welfare Institute; JM Institute of Speech and Hearing; Physical medicine Rehabilitation Institute; Tripolia Social Service Hospital; Saharsa: Kosi Kshetriya Biklang, Bidhwa, Bridha Kalyan Samiti.

Eighty six per cent of GOI funds received by the State remained unutilised and parked in current accounts in banks

Sl. No.	Name of department	Year	Funds released			Funds utilised			Balance		
			GOI	State	Total	GOI	State	Total	GOI	State	Total
(Rupees in crore)											
1	Social Welfare	1998-03	6.37	4.56	10.93	0.02	1.75	1.77	6.35	2.81	9.16
2	Rural Development	1998-03	123.29	N.A	123.29	8.15	-	8.15	115.14	-	115.14*
3	Education	1998-03	0.37	-	0.37	0.22	-	0.22	0.15	-	0.15
4	Labour & Employment	1998-03	-	0.35	0.35	-	0.27	0.27	-	0.08	0.08
5	Science & Technology	2001-02	0.42	-	0.42	0.26	-	0.26	0.16	-	0.16
6	Health	1998-03	15.40	3.85	19.25	11.23	1.72	12.95	4.17	2.13	6.30
7	Welfare	1998-03	-	0.47	0.47	-	0.47	0.47	-	-	-
Total			145.85	9.23	155.08	19.88	4.21	24.09	125.97	5.02	130.99

* Being three per cent of the funds for JGSY, SGSY, IAY and PMGY as per the scheme for welfare of handicapped.

It may be seen that 84 per cent (Rs 131 crore) of the total available funds (Rs 155.08 crore) was not utilised during 1998-2003. The department retained the amount in current account in banks, while the implementation of the programmes meant for the benefit of the handicapped suffered badly. On the other hand interest of Rs 74.18 lakh was lost on parked funds in current accounts in banks as of March 2003.

Utilisation certificates not furnished to GOI

Further, the Welfare Department being the nodal department did not obtain utilisation certificates (UCs) of the funds from the implementing agencies, nor did it render to GOI any UC as of July 2003 for the funds received by the State.

Commissioner-cum-Secretary, Welfare Department stated (November 2003) that full utilisation of funds and issue of furnishing UC to Central Government would be worked out in the meeting of State level Co-ordination Committee.

3.3.6 Implementation of schemes

The Centrally sponsored schemes covered a wide range of activities from setting up a composite regional resource centre, education programmes, rehabilitation, leprosy and blindness control, funds for rural areas and upgradation of polytechnic for disabled. The State plan schemes focussed attention on education, health, workshop on deaf and dumb and equipment to meet their special needs. The schemes suffered mainly due to inaction of the state authorities, poor utilisation of funds and lack of effective monitoring.

3.3.7 Centrally sponsored schemes

Major chunk of available funds for implementation of centrally sponsored schemes remained unutilised. No measure was taken to correct deformity caused by leprosy. Formal training of technical/vocational courses for persons suffering from disabilities was not started.

The progress of Centrally aided schemes for the benefit of handicapped people in the State during 1998-2003 was as under :

Sl No	Name of Scheme	Year	Funds received from GOI	Funds released to implementing agencies	Funds utilised	Unspent balance (4-6)
(Rupees in lakh)						
1	2	3	4	5	6	7
1	Composite Regional Resource Centre	1998-03	50.00	5.00	Nil	50.00
2	National programme for Rehabilitation of PWD	1998-03	549.00	309.70	1.43	547.57
3	Awareness programmes	1998-03	4.50	4.50	0.50	4.00
4	Integrated Handicapped Education Project	1998-03	19.08	Nil	4.01	15.07
5	Bihar Education Project	1998-03	17.76	Nil	17.76	Nil
6	Leprosy control	1998-03	1438.22	1438.22	1021.81	416.41
7	Blindness control	1998-03	102.00	102.00	101.66	0.34
8	School Building for Deaf & Dumb	1998-03	33.40	33.40	Nil	33.40
9	Up-gradation of Existing Polytechnic for PWD	1998-03	42.00	42.00	26.29	15.71
10	Rural development	1998-03	12329.00	12329.00	815.00	11514.00
	Total		14584.96	14263.82	1988.46	12596.50

Funds remained unutilised with implementing agencies

- ❖ The State Government released only Rs 142.64 crore to the implementing agencies out of Rs 145.85 crores received from Government of India. As such Rs 125.97 crore remained unutilised with the implementing agencies. The unutilised funds were kept in current accounts in the banks.

No expenditure on two schemes

- ❖ There was no expenditure on two schemes (Composite Regional Resource Centre for rehabilitation of disabled persons and school building for deaf and dumb), though funds of Rs 83.40 lakh were available for these schemes. The entire expenditure of Rs 1.93 lakh as indicated on two schemes (National Programme for Rehabilitation of disabled persons and the awareness activities) was met by diverting funds from other activities. The expenditure of Rs 4.11 lakh out of available funds of Rs 19.08 lakh was also not the real expenditure on the scheme of Integrated Handicapped Education Project as the amount was paid to an NGO, whose expenditure on the project was not monitored by the department.

No measure to correct deformity

- ❖ The Leprosy Control Programme envisaged to provide after care or welfare measure for persons with deformity caused by leprosy. Though Rs 10.22 crore were spent on the programme, no measures to correct deformity or other welfare measures were taken by the Government for correction of deformity in cases reported between 1998-99 and 2002-03 as under :

Year	1998-99	1999-2000	2000-2001	2001-2002	2002-2003
(In number)					
Deformity cases	12885	5542	3018	2642	1400

(Source: information supplied by department)

Funds for control of blindness remained unutilised

- ❖ Expenditure of Rs 1.02 crore on blindness control measures included Rs 55.00 lakh transferred by the 'District Blindness Centre, Patna' to 'Indira Gandhi Institute of Medical Science', Patna (Rs 50 lakh) and Patna Medical College Hospital, Patna (Rs 5 lakh) during 2000-2001 for strengthening Regional Institute of Ophthalmology. Against this only Rs 24.88 lakh were utilised by the Indira Gandhi Institute of Medical Sciences and no amount was spent by the Patna Medical

College Hospital. Thus Rs 30.12 lakh remained unutilised with these agencies as of September 2003.

- ❖ Further National Programme for Control of Blindness envisaged 'School Eye Screening', but no target for screening of children was fixed by the Government.

Free glasses provided only to small number of children having refractory errors

Number of school children screened, refractory errors detected during 1998-2003 was as under :

Year	School children screened	School children detected with refractory error	Free glasses provided
(In number)			
1998-01	Nil	Nil	Nil
2001-02	99634	3562	985
2002-03	13654	280	23

(Source: information supplied by department)

Free glasses were provided to only 28 per cent and eight per cent of Children who were detected with refractory errors during 2001-02 and 2002-03 respectively, though all the children who were detected with refractory errors were to be provided with spectacles free of cost.

Formal training of technical/vocational courses not started

- ❖ Under the schemes of integrating persons with disabilities in the main stream of technical and vocational education, 18814 persons with disabilities were identified within the geographical periphery of the polytechnics of 3 districts (Gopalganj : 5970; Patna : 7308; Saharsa: 5536). However formal training course was not started in any of the polytechnics as of March 2003 despite permission (December 2002) of All India Council for Technical Education. Besides non-formal training of three months duration was to be provided to 100 inmates during a year in each polytechnic. Against this, in Patna, Saharsa and Gopalganj polytechnics only 107 out of 300 handicapped people were imparted training during 2002-03.

3.3.8 State Plan Schemes

The State Plan Schemes also suffered due to poor spending, lack of State policy for prevention and early detection of disability, inadequate production of aids and appliances for the handicapped and lack of vocational training for rehabilitation etc.

The budget provision and expenditure for welfare activities of the Welfare Department under the State Plan scheme during 1998-2003 were as under:

Sl. No.	Scheme	Year	Budget provision	Expenditure	Savings(Per cent in bracket)
(Rupees in lakh)					
1	Blind school	1998-03	73.12	8.36	64.76 (89)
2	Blind teachers training	1998-03	8.00	1.00	7.00 (87)
3	Stipend and scholarship	1998-03	205.52	142.66	62.86 (31)
4	Workshop for deaf and dumb	1998-02	43.00	Nil	43.00 (100)
5	Special equipment for deaf & dumb	1998-03	13.00	Nil	13.00 (100)
6	Survey	1998-03	29.20	22.20	7.00 (24)
7	Commissioner disability	1998-02	9.80	1.00	8.80 (90)
8	School of spastic children	1998-03	75.00	Nil	75.00 (100)
9	Ayurvedic & Leprosy Cure Centre	1998-03	46.74	46.74	-

Sl. No.	Scheme	Year	Budget provision	Expenditure	Savings(Per cent in bracket)
			(Rupees in lakh)		
10	Labour and Employment	1998-03	34.85	27.34	7.51 (22)
11.	Health department	1998-03	384.67	171.69	212.98 (55)
		Total	922.90	420.99	501.91 (54)

(Source : information supplied by the department)

54 per cent fund for State Schemes remained unutilised

- ❖ Fifty four per cent (Rs 5.02 crore) of available funds (Rs 9.23 crore) were not spent on the 11 schemes being taken up under the State plan. Further, in three schemes under State plan (workshop for Deaf and Dumb, Special Equipment for Deaf and Dumb, School of Spastic Children) there was nil expenditure while in three other schemes (blind school, blind teachers training, commissioner disability) the expenditure was negligible varying from 10 to 13 per cent of the available funds.

In three out of 11 schemes expenditure was nil, while in three others, expenditure was marginal

Funds for stipend and scholarship surrendered/ lapsed or deposited in treasury

- ❖ In the 10 districts test-checked only 66 per cent (Rs 37.81 lakh) of available funds (Rs 57.00 lakh) was spent on payment of stipend and scholarships to handicapped children during 1998-2003. Against targeted payment to 2112 students, stipend and scholarships were paid to 1400 students only during the same period. Unutilised funds of Rs 19.19 lakh were either surrendered/lapsed, or deposited in treasury as receipts of the Government or kept in Civil Deposits.

No State Policy for prevention and early detection of disability

- ❖ State Government spent Rs 1.72 crore during 1998-2003 on health care of handicapped people in Artificial Limb Centre, Patna and Bihar college of Physiotherapy and occupational therapy, but did not formulate any State policy for prevention and early detection of disability.

Inadequate production of aids and appliances for the handicapped

- ❖ Artificial Limbs Centre, Patna was to produce aids and appliances to the handicapped persons. Scrutiny revealed that the centre produced aids appliances worth Rs 2.32 lakh only while establishment expenditure of the institution was Rs 77.86 lakh during 1998-2003. Head of the Department of the centre attributed shortfall in production of aids and appliances to inadequate provision of funds by Government for raw material, lack of skilled workmen and updated equipment for production of aids and appliances.

Negligible number of handicapped children resided in schools

- ❖ According to the records of Bihar Education Project the number of disabled children in the age group of 6 to 14 years in 78 blocks was 55368. However, eight residential schools for blind and deaf and dumb children in the State had the combined capacity of 376 inmates. Compared to this, less than one per cent (0.64 per cent) of the disabled children resided in all the residential schools of the State. It was also noticed that these schools had 24 teaching and 38 non-teaching staff against sanctioned post of 54 and 49 staff respectively.

Middle School of blind not upgraded

- ❖ The Government decided (2001) to upgrade the existing Middle School of Blind at Bhagalpur to Secondary level with additional nine teaching and two non-teaching staff. The amount of Rs 25 lakh provided in the budget of 2001-2002 for the same was not spent and

the up-gradation of the school did not take place. The Commissioner-cum-Secretary, Welfare Department stated that due to delay in sanction of School, funds remained unutilised.

School building did not come up

Residential Deaf and Dumb School, Anisabad, Patna was running in a hired building. Government provided Rs 21.21 lakh in 1996-97 budget for construction of the school building. No amount out of this was spent and the school building did not come up as of March 2003.

No expenditure on new trades

❖ The vocational training to the handicapped persons was being imparted in "Kamla Nehru Samaj Seva Sansthan" in five trades (iron, wood, leather, tailoring and welding) having a capacity of 50 inmates. It was observed that no training in leather trade was imparted after death of an instructor in September 2000. Further, the Government provided Rs 1.89 lakh in 1998-1999 budget for introducing two new trades (electrical equipment and electronics) in the institution. However, no amount was spent and the new trades were not introduced as of March 2003.

Besides, allocation of Rs 8.11 lakh made during 1998-2002 for repair and renovation of tools and machinery of the institution was also not utilised for want of sanction from the department as of March 2003. The Commissioner-cum-Secretary stated that the institute was being toned up for imparting training.

Stipend to trainees not disbursed

A sum of Rs three lakh released (1999-2000) to Vocational Rehabilitation Centre, Bihar for disbursement of stipend to the trainees also remained unutilised with the Director, Social Welfare department as of March 2003 .

❖ Section 33 of the PWD Act 1995 envisaged that three per cent of employment in government jobs should be reserved for handicapped people. After a lapse of six years State Government resolved in October 2001 to reserve posts for handicapped people but issued notification to this effect in November 2002.

Special Cell to ensure delivery of intended benefit not created

The Government did not create any Special Cell to watch and ensure delivery of intended benefit to the handicapped people. Special Employment Exchange already existing at Patna sponsored names of handicapped people for jobs. Details of handicapped persons registered and their placement during 1998-2003 (upto December 2002) were as under:

Only 16 per cent of the handicapped registered were sponsored by employment exchange and only two per cent of the handicapped registered placed on jobs

Year	Department reporting vacancy	Persons registered	Persons sponsored by Employment Exchange	Persons placed on jobs	Persons registered for more than two years	Persons being paid unemployment allowance
(in number)						
1998	5	866 ⁵	86	11	NA	NIL
1999	1	1178 ⁶	31	1	NA	NIL
2000	5	2527 ⁷	177	NIL	NA	NIL
2001	12	1044 ⁸	483	5	NA	NIL
2002	2	1122 ⁹	281	9	4571	NIL
Total	25	6737¹⁰	1058	26	4571	

(Source: information supplied by the department) (NA denotes not available)

Thus only two per cent (26) of the people sponsored (1058) got jobs. It was also observed that 68 per cent (4571) of the handicapped persons were registered for over two years.

- ❖ GOI established 'National Handicapped Finance and Development Corporation' (NHFDC) during 1997 to provide 100 per cent loans upto Rs 50,000/- and 85 to 95 per cent of loans above Rs 50,000/- (upto Rs 5.00 lakh) to establish self employment.

Absence of Block Government Guarantee by the State led to non-payment of loan to handicapped

Government of Bihar nominated (February 1997) 'Bihar State Backward Class Development Corporation' as channelising agency who received 1405 loan applications from handicapped persons, but the Corporation did not provide loan to any of the handicapped persons because the 'Block Government Guarantee' which was precondition for release of loan from NHFDC, was not given by the State Government as of March 2003

3.3.9 Research and Manpower Development

No institution for research and manpower development

There was no institution for research and manpower development in the State, nor was any financial incentive given to any of the universities or institutions to promote and sponsor research in this area as of March 2003.

3.3.10 Grants-in-aid to NGOs

Grants-in-aid recommended by the State Government and sanctioned and released by the Government of India and utilised by the NGOs in the State as a whole was not available.

Against target of 4263 only 3224 handicapped persons benefited by grants-in-aid to NGOs

However, it was noticed in test-check that grants-in-aid of Rs 5.96 crore was sanctioned to 13 NGOs by Government of India during 1998-2003. Against this, Rs 5.20 crore only were released to the NGOs who utilised Rs 4.23 crore as of March 2003. Balance Rs 0.97 crore remained unutilised with the NGOs.

⁵ Blind:58; Deaf:52; Oithopaedically handicapped (OH):756

⁶ Blind:76; Deaf:69; OH:1033

⁷ Blind:90; Deaf:116; OH:2321

⁸ Blind:77; Deaf:72; OH:895

⁹ Blind:76; Deaf:63; OH:983

¹⁰ Blind:377; Deaf:372; OH:5988

On the other hand against the target of 4263, only 3224 handicapped persons were benefited (*Appendix - XXX*).

Possible misappropriation of grants-in-aid to NGO

- ❖ Against sanction of Rs 39.90 lakh accorded by Government of India Rs 27.20 lakh were released to "Prakritik Arogya Ashram", Rajgir, Nalanda but the NGO stated (May 2003) that the funds released were not received. Possible misappropriation of Rs. 27.20 lakh could not be ruled out. The Commissioner-cum-Secretary, Welfare Department stated (November 2003) that matter would be taken up with the District Magistrate for investigation.

Release of grants-in-aid to NGOs delayed

- ❖ As indicated in the table below the grants-in-aid was not released to five NGOs in the year in which the grants-in-aid was sanctioned by the GOI. The grants-in-aid was released in subsequent years after delay of six to 36 months.

Sl. No.	NGO	Year	Amount sanctioned by GOI (Rs in lakh)	Released by State Govt.
1	Girija Shankar Dreesti Vihin Balika Vidyalaya, Bhagalpur	1998-99	1.84	1999-2000
2	Baba Baidynath Balika Muk-Badhir Vidyalaya, Munger	1998-99	2.12	1999-2000
3	Physical Medicine Rehabilitation Institute, Patna	1998-99	3.44	1999-2000
		1999-2000	8.99	2000-01
4	JM Institute of Speech and Hearing, Patna	1998-99	2.40	2001-02
		1999-2000	14.12	2001-02
		2000-01	14.22	2001-02
5	Bihar Institute of Speech and Hearing, Patna	1998-99	3.52	1999-2000
		1999-2000	1.86	2000-01
	Total		52.51	

Inadmissible payment of stipend and food charges

- ❖ GOI sanctioned/paid Rs 47.58 lakh during 1998-2002 for payment of stipend (Rs 22.38 lakh) and food charges (Rs 25.20 lakh) to day scholars and boarders of Bihar Rehabilitation and Welfare Institute Patna. It was noticed that the payment of stipend and food charges was made for 12 months in a year, though the scheme provided that these payments should be made for 10 months in a year. Thus against admissible amount of Rs 39.65 lakh (stipend: Rs 18.65 lakh and food charges: Rs 21.00 lakh), Rs 47.58 lakh were paid resulting in inadmissible payment of Rs 7.93 lakh.

3.3.11 Monitoring and Evaluation

The State Level Co-ordination Committee met once and the State Executive Committee only thrice in 7 years

In Bihar the State Level Co-ordination Committee (SCC) constituted under Chairmanship of Minister of Welfare in August 1996 met once in May 1998, though it was required to hold six monthly meetings. The State Executive Committee headed by the Secretary to Government Welfare Department constituted in August 1996 held only three meetings between October 1998 and June 2002, though it was required to hold 28 meetings in a period of seven years up to March 2003. Though the office of the "State Commissioner for persons with disabilities" was notified by Government in August 1997 to provide assistance to the persons with disability, no officer was posted. The

Director, Social Welfare has held additional charge of the post ever since its inception. The Commissioner-cum-Secretary, Welfare Department stated (November 2003) that regular meeting of the SCC was since being done and due to financial constraints it would not be possible to appoint a Commissioner for persons with disabilities.

Impact of the Disability Acts and the schemes thereunder was not evaluated either by the State Government or by any other independent agency as of June 2003.

3.3.12 Conclusions

Key provisions of the Disability Act 1995 relating to survey, investigation, research on causes of disabilities, promotion of methods of preventing disabilities, awareness campaign, public opinion, research and designing new assisting devices etc. were not implemented. Eighty six per cent of Government of India funds and fifty four per cent of State Government funds remained unutilised. Money remained parked in banks or with implementig agencies. On six out of 11 schemes taken up under State plan, expenditure was marginal. The educational and vocational education plans for the young disabled failed to make any impact. Special cell was not created to watch the interests of the handicapped. Very few people with disabilities managed to get a job. No effective policy was formulated for rehabilitation of older persons with disability.

3.3.13 Recommendations

- ❖ State policy for disability should be formulated and appropriate legislation with respect to disability should also be made as required under PWD Act, 1995.
- ❖ Appointment of Commissioner for Disabilities should be made without any further delay.
- ❖ There is an imperative need to establish institutional mechanism for co-ordination among implementing departments and the non-governmental organisations.
- ❖ Working of the State level co-ordination committee and the State Executive Committee meant to implement PWD Act should be geared up and made effective.

The points were referred to Government (August 2003); their reply had not been received (March 2004). However, the response of the Commissioner-cum-Secretary, Welfare Department in the discussions (November 2003) on the points raised in this review has been incorporated in the relevant sub-para where deemed necessary.

WATER RESOURCES DEPARTMENT

3.4 Accelerated Irrigation Benefit Programme

Highlights

Accelerated Irrigation Benefit Programme (AIBP) launched (1996-97) by Government of India aimed at accelerating completion of ongoing irrigation multipurpose projects that languished due to financial constraints of the State. Implementation of the programme during 1996-2003 was reviewed to assess its effectiveness.

The implementation of the programme in the State suffered due to selection of ineligible and unviable projects, short release of State's share, partial utilisation of Central loan assistance, misutilisation of funds, excessive establishment expenditure and unplanned execution of projects in different stretches. There was manifold increase in cost of projects under AIBP though utilisation of potential created was meagre.

Release of State's share fell short by Rs 10.96 crore in respect of three projects, while in five other projects State share was released in excess of the norm by Rs 61.07 crore. Rupees 29.88 crore were misutilised on other office expenses.

Executive Engineer, Western Kosi Canal Division, Khajauli sold cement valuing Rs 65.55 lakh to different divisions and deposited the sale proceeds to the Madhubani Treasury as receipt of the Government, though the cement was purchased from AIBP funds.

(Paragraph 3.4.4)

All the seven projects out of eight were burdened with excessive establishment expenditure which ranged between 45 and 238 per cent of the works expenditure of the projects.

(Paragraph 3.4.5)

Though only "High cost Projects" in advanced stage of completion and languishing for a long period were to be selected under AIBP. Government however selected new projects like Durgawati Reservoir Project and other ineligible projects viz. Sone Canal Modernisation Scheme and Batane Reservoir Project under the programme.

(Paragraph 3.4.6)

In AIBP, all seven projects were to be completed in four crop seasons. Against this, six projects were not completed even after a lapse of six to 14 crop seasons.

(Paragraph 3.4.7)

Only 62 per cent (7.45 lakh hectare) of the combined targeted irrigation potential(IP) was created by the seven projects as of March 2003, while only 28 per cent of the IP created under AIBP was utilised.

(Paragraph 3.4.8)

Compared to the cost per hectare projected, the cost of creation of IP substantially increased in the revised estimated cost of the projects. Despite expenditure of Rs 221.62 crore on Durgawati Reservoir Project no IP was created as of March 2003.

(Paragraph 3.4.9)

Two Western Kosi Canal Divisions paid Rs 75.75 lakh to Mechanical Division, Darbhanga during October 2000 to March 2001 for manufacture and fitting of canal gates at different points of canal structures. However, no gate was manufactured and the money remained unutilised without any reason on record.

(Paragraph 3.4.10)

Without completing the process of acquisition of land for two projects, Rs 30.86 crore were irregularly paid to three Special Land Acquisition Officers during 1997-2003. Out of this Rs 5.88 crore only were paid to farmers and Rs 24.98 crore remained parked in current accounts in banks or Civil Deposits, though the money received under central loan assistance carried interest rate of 11.5 to 13 per cent per annum.

(Paragraph 3.4.14)

The implementation of the programme lacked monitoring mechanism although required as per the guidelines prescribed by the Government of India.

(Paragraph 3.4.17)

3.4.1 Introduction

To accelerate the completion of on-going projects over the next four working seasons (i.e. in two years time), Central Loan Assistance (CLA) was provided to the State Government by the Government of India (GOI), Ministry of Water Resources (MOWR) from October 1996 under Accelerated Irrigation Benefit Programme (AIBP). Initially, the multipurpose projects, major and medium irrigation projects costing more than Rs 1000 crore, which were in an advanced stage of completion were included. From March 1997, projects costing Rs 500 crore or approved projects which were in advanced stage of completion and could be completed in the next four agriculture seasons (i.e. in a period of two years) irrespective of the total estimated cost were also included.

The CLA was to be given in the form of loan on matching basis and was to be released quarterly. From March 1997, the CLA was to be released in two equal instalments and second instalment was to be released only after the State Government had released the matching contribution against the first instalment. From March 1999, the funds were to be provided in ratio of 2:1 (Centre : State). The eight projects¹ (including one inter-state project) which

¹ Western Kosi Canal, Durgawati Reservoir, Upper Kiul Reservoir, Bilasi Reservoir, Orhni Reservoir, Sone Canal Modernisation, Batane Reservoir and Ban Sagar Reservoir(Inter-State)

were taken up under the programme in the State were to be completed in four crop seasons (i.e. within two years).

3.4.2 Organisational set-up

The Commissioner-cum-Secretary, Water Resources Department is responsible for implementation of the programme in the State. He is assisted by two Engineers-in-Chief and one Chief Engineer at Secretariat level, five Chief Engineers at Zonal level, 16 Superintending Engineers at Circle level and 67 Executive Engineers at division level in the field.

3.4.3 Scope of audit

Implementation of the programme during 1996-2003 was reviewed between December 2002 and May 2003 through test-check of records of nine (out of 44) Divisions² of three major irrigation projects³ covering 25 per cent (Rs 218.35 crore) of total expenditure (Rs 891.57 crore) on all the eight projects taken up under the programme with a view to judge the effectiveness of the programme and accomplishment of the objectives.

3.4.4 Financial Management

The financial management of the scheme showed that while for some projects State share was released in excess, in other cases there was short release of funds. Non-utilisation of CLA, diversion of funds, inadmissible payment of establishment charges and excessive establishment expenditure were also noticed.

CLA and the State share released and expenditure during 1996-2003 as furnished by the Water Resources Department were as under:

(Rupees in crore)

Name of the Project	Period	CLA received from Centre	State Share required	State Share released	Total funds available	Total CLA utilised		Total Expenditure
						State share	Central Share	
Western Kosi Canal Project	1996-03	114.21	69.43	61.99	176.20	61.99	114.21	176.20
Durgawati Reservoir Project	1996-03	45.63	23.89	27.04	72.67	27.04	44.49	71.53
Sone Canal Modernisation	1998-03	73.66	40.33	82.69	156.35	82.69	76.58	159.27
Upper Kail Reservoir	1996-03	19.09	13.35	11.15	30.24	11.15	18.70	29.85
Orhni Reservoir	1997-03	11.40	9.47	10.20	21.60	10.20	11.21	21.41

² Durgawati Dam Division, No.II; Durgawati Right Canal Division, Chenari; Irrigation Division, Daudnagar; Barrage Division Indrapuri; Western Kosi Canal Division, Benipatti; Western Kosi Canal Division No.I, Jainagar; Western Kosi Canal Division, Jhanjharpur; Western Kosi Canal Division, Darbhanga; Western Kosi Canal Division No.I, Sakari

³ Western Kosi Canal Project, Durgawati Reservoir Project and Sone Canal modernisation scheme

(Rupees in crore)

Name of the Project	Period	CLA received from Centre	State Share required	State Share released	Total funds available	Total CLA utilised		Total Expenditure
						State share	Central Share	
Bilasi Reservoir	1997-01	3.39	2.91	3.36	6.75	3.36	3.22	6.58
Batane Reservoir	2000-03	3.34	1.67	0.35	3.69	0.35	0.70	1.05
Ban Sagar Reservoir	1997-03	83.50	43.50	57.88	141.38	57.88	83.50	141.38
Total		354.22	204.55	254.66	608.88	254.66	352.61	607.27

Scrutiny revealed the following:

State share short released

- ❖ For three projects (Western Kosi Canal, Upper Kiul Reservoir, Batane Reservoir) release of State share fell short by Rs 10.96 crore while for five other projects release of State share was in excess of the norm by Rs 61.07 crore. Government stated (December 2003) that major funds under Batane Reservoir Project remained unutilised due to Inter-State issues between Bihar and Jharkhand Governments not being resolved.

Payment in excess of admissible amount

- ❖ Bansagar Reservoir Project is an inter-State Project involving three States viz. Bihar, Madhya Pradesh and Uttar Pradesh. The Project is being implemented by Madhya Pradesh Government. Expenditure of Rs 141.38 crore on the project represented payment made to the Madhya Pradesh Government against admissible amount of Rs 127 crore during 1997-2003.

CLA not released

- ❖ Against the norm of two instalments of CLA to be released for implementation of the projects, no instalments of CLA was released in different years due to non-utilisation of CLA by the State released in earlier years as indicated in the table below.

Sl. No.	Projects	No instalment released during
1.	Western Kosi Canal	1997-98, 2001-02 and 2002-03
2.	Durgawati Reservoir	1997-98 and 2001-02
3.	Upper Kiul Reservoir	1997-98 and 2001-02
4.	Orhni Reservoir	1999-2000
5.	Sone Canal Modernisation	1999-2000, 2001-02 and 2002-03
6.	Batane Reservoir	2001-02 and 2002-03
7.	Ban Sagar (Inter-State)	2000-01, 2001-02 and 2002-03

Misutilisation of funds

- ❖ As indicated in table below 23 divisions of five projects misutilised Rs 29.88 crore on purchase of photocopier, wireless sets and vehicles, repair and maintenance of colony roads and building, payment of telephone bills and electricity charges and payment to home guards and on court cases.

(Rupees in lakh)

Project	Photo-copier	Tele-phone	Wire-less sets	Repair and maintenance of colony roads and buildings	Electricity bills	Vehicle	Payment to home guards	Payment on money suit and court cases	Total
Western Kosi Canal	3.30	0.24	-	7.92	-	-	12.40	60.48	84.34
Durgawati	0.95	0.11	0.20	81.75	9.90	-	3.81	-	96.72
Sone Modernisation	1.15	0.17	-	7.92	2720.46	13.84	-	-	2743.54
Upper kiul Reservoir	0.90	0.11	5.53	13.32	1.07	-	-	-	20.93
Orhni Reservoir	3.62	-	-	35.00	2.56	-	-	1.57	42.75
Total	9.92	0.63	5.73	145.91	2733.99	13.84	16.21	62.05	2988.28

Inadmissible payment of establishment charges

- ❖ Inadmissible payment of Rs 12.34 crore on account of establishment expenditure was incurred by six projects (Western Kosi Canal: Rs 6.56 crore; Durgawati Reservoir: Rs 0.20 crore; Sone Modernisation: Rs 1.34 crore; Upper Kiul Reservoir: Rs 1.47 crore; Orhni Reservoir: Rs 2.56 crore; Bilasi Reservoir: Rs 0.21 crore) up to 31 January 2002.

Stores sold and money credited to State receipts

- ❖ Executive Engineer, Western Kosi Canal Division, Khajauli purchased cement valuing Rs 7.75 crore during 1997-98 to 2002-03 from AIBP fund from six agencies⁴ for construction of Kamla siphon at RD 139.10 of Western Kosi main canal. It was noticed that the EE sold cement valuing Rs 65.55 lakh to different divisions on cash basis and deposited the money to the Madhubani treasury as receipt of the Government. Thus AIBP funds were misutilised to augment the receipts of the State.

- ❖ As per the instruction (10 March 2003) of Government of Bihar, EE, Western Kosi Canal Division, Darbhanga arranged three bank drafts amounting to Rs six lakh from the AIBP fund for payment to Delhi Development Authority (Housing Department) as registration fee for purchase of three flats in Delhi outside the scope of the AIBP. Subsequently after getting the bank drafts, he cancelled them and money was deposited (31 March 2003) in the Darbhanga treasury as receipt of the State Government.

3.4.5 Expenditure on works and establishment

Projects burdened with excessive expenditure on establishment

The project reports envisaged that expenditure on establishment should be restricted to 10 to 12 per cent of the works expenditure. Against this, the establishment expenditure in seven projects, as indicated in table below ranged between 45 and 238 per cent of the works expenditure.

⁴ Grasim Cement Ltd, Raipur; Raymond Cement Ltd, Bilaspur; Kalyanpur Cement Ltd, Birla Cement Corporation Ltd, Nirman Cement Ltd, Prism Cement Ltd, Satna

Sl. No.	Period	Project	Expenditure		
			Works	Establishment	Total
(Rs in crore)					
1.	1996-2003	Western Kosi Canal	176.21	113.13 (64)	289.34
2	1996-2003	Durgawati Reservoir	71.53	53.51 (75)	125.04
3	1998-2003	Sone Canal Modernisation	159.27	73.72 (46)	232.99
4	1996-2003	Upper Kiul Reservoir	29.85	33.70 (113)	63.55
5	1997-2003	Orhni Reservoir	21.41	9.62 (45)	31.03
6	1997-2001	Bilasi Reservoir	6.58	7.56 (115)	14.14
7	2000-03	Batane Reservoir	1.05	2.50 (238)	3.55
	Total		465.89	293.74	759.63

(Figures in brackets indicate per cent)

N.B. There was no expenditure on establishment under Bansagar Dam Project

Thus the projects were excessively burdened with establishment expenditure. The Government stated (December 2003) that excessive expenditure on establishment was due to the fact that the most of the employees in the projects were permanent.

3.4.6 Selection of Projects

Prior to reorganisation of Bihar (November 2000) there were 49 incomplete major and medium irrigation projects in the State. Of these, 15 major and medium projects were selected (1996-2001) under AIBP. After the reorganisation eight projects remained in Bihar. Of this, one project (Bansagar Dam Project) is an inter-state project. The balance seven projects were taken up for completion during 1999-2002 (since spilled to 2004-2006). These AIBP projects envisaged to ensure additional irrigation of 585.05 thousand hectares of land as indicated in the table below:

AIBP envisaged additional irrigation in a large area

Project	Date of start of Project/ Date of taking over under AIBP	Estimated Cost		Expenditure made before inclusion in AIBP	value of work to be covered under AIBP	Ultimate irrigation potential	Potential created before AIBP	Potential to be created under AIBP
		Original	Revised at the time taking over under AIBP					
				(Rs in crore)		(Area in Hectare)		
Western Kosi Canal	1971/1996	13.49	904.01*	257.40	646.61	2,34,800	22750	212050
Sone Canal Modernisation	1995/1998	235.93	493.17	79.67	413.50	909410	585420	323990
Upper Kiul Reservoir.	1978/1996	8.07	159.16*	108.33	50.83	19500	7320	12180
Durgawati Reservoir	1976/1996	25.30	234.41	154.36	80.05	20297	nil	20297
Batane Reservoir.	1976/2000	4.01	57*	39.70	17.30	9870	6380	3490
Bilasi Reservoir.	1982/1997	1.46	23.83*	17.46	6.37	4050	nil	4010
Orhani Reservoir	1978/1997	2.96	58.76*	38.74	20.02	9717	160	9557
TOTAL		291.22	1930.34	695.66	1234.68	1207644	622030	585614

* Figures reported to Central Water Commission/ Government of India, but administratively approved for Rs 884.56 crore, Rs 106.53 crore, Rs 33.11 crore, Rs 15.31 crore and Rs 37.86 crore respectively.

Injudicious selection of ineligible projects

Only Projects involving heavy investments, in advanced stage of completion and likely to be completed in four crop seasons were to be selected under the programme. None of the projects selected was certain to be completed in four crop seasons. The State Water Resources Department did not include the North Koel Irrigation Project (NKIP) under the AIBP, although it had been taken up (1972) in the Third Five Year Plan and had IP of 1.23 lakh hectare of land and on which 91 per cent (Rs 400.44 crore) of the revised estimated cost (Rs 439.03 crore) had already been spent upto March 1996.

On the contrary the Government selected Durgawati Reservoir Scheme with a total IP creation capacity of only 20297 hectares of land and a projected benefit cost ratio of 0.79 (further reduced to 0.28 as per the revised estimate of January 2000). The benefit cost ratio of the project was to be reduced further on completion of the project. As per the norm of Central Water Commission, only projects having benefit cost ratio of more than 1.5 were viable. The Government also selected two other ineligible irrigation projects viz. the Sone Canal Modernisation Scheme and the Batane Reservoir project.

3.4.7 Performance of the programme

Physical progress of different components of the projects was as under:

Project	Work done as on	Dam / Head works	Main and branch canal	Distributories	Water courses	Structures
1. Western Kosi Canal	31 March 1996	100	48	25	25	11(174)
	31 March 2003	100	95	37	26	29 (453)
2. Durgawati Reservoir	31 March 1996	34	13	NIL	NIL	NIL
	31 March 2003	90	62	5	NIL	6 (32)
3. Upper Kiul Reservoir	31 March 1996	80	50	NIL	NIL	8 (54)
	31 March 2003	98	93	80	NIL	72 (504)
4. Orhani Reservoir	31 March 1997	40	22	NIL	NIL	NIL
	31 March 2003	99.8	99.05	90	40	83 (284)
5. Bilasi Reservoir	31 March 1997	70	27	5	NIL	NIL
	31 March 2001	100	100	100	100	100 (88)
6. Sone Canal Modernisation	31 March 1998	100	1	NIL	NIL	less than one (16)
	31 March 2003	100	68	56	NIL	62 (4192)
7. Batane Reservoir	31 March 2000	98	70	50	NIL	57 (370)
	31 March 2003	98	72	52	NIL	62 (404)

Numbers are in terms of Percentage (Figures in bracket indicate number)

No project completed as per schedule

None of the projects was completed in four crop seasons though required under the programme. Though Bilasi Reservoir Project was completed in March 2001, no completion certificate had been furnished to CWC as of August 2003, while other six projects were not completed even after lapse of six to 14 crop seasons.

A large number of structures in main and branch canals, distributories and water courses varying from 17 to 94 per cent (total numbering 4689 out of 10558) remained incomplete. As a result, the water did not reach the fields and

whatever potential was created out of the works done in the projects was not gainfully utilised.

The Commissioner and Secretary stated (December 2003) that all efforts were being made to complete the projects as per targets.

3.4.8 Irrigation potential

Ultimate IP targeted to be created in the seven projects, the potential created and utilisation thereof as of March 2003 were as under:

Project	Irrigation potential (in hectares)					
	Targeted		Created		Utilised	
	Ultimate	Under AIBP	Ultimate	Under AIBP	Ultimate	Under AIBP
Western Kosi Canal	2,34,800	2,12,050	29,480 (13)	6,730 (3)	8,014 (27)	1,821 (27)
Durgawati Reservoir	20,297	20,297	NIL	NIL	NIL	NIL
Upper Kiul Reservoir	19,500	12,180	16,500 (85)	9,180 (75)	9,869 (60)	2,549 (28)
Orhani Reservoir	9,717	9,557	5,994 (62)	5,834 (61)	2388 (40)	2,228 (38)
Bilasi Reservoir	4,050	4,050	4,050 (100)	4,050 (100)	3,223 (80)	3,223 (80)
Sone Canal Modernisation	9,09,410	3,23,990	6,81,420 (75)	96,000 (30)	3,84,510 (56)	24,471 (25)
Batane Reservoir	9,870	3,490	7380 (75)	1000 (29)	2137 (29)	NA
Total	1,20,7644	5,85614	744824 (62)	122794 (21)	410141 (55)	34292 (28)

(Figures in bracket indicate per cent)

Only 21 per cent of targeted irrigation potential created under AIBP

Twenty one per cent of the targeted IP was created under AIBP. Compared to the ultimate IP created, increase in creation of IP under AIBP was only 16 per cent. Further, only 28 per cent of the IP created under AIBP was utilised but compared to the overall utilisation of IP there was accretion of only 8 per cent under AIBP. Even in case of Bilasi Reservoir Project which was completed in March 2001 utilisation of potential created was only 80 per cent. No reasons for the shortfalls were available.

Data of creation and utilisation of irrigation potential unreliable

Scrutiny also revealed that the data of IP created and utilised were not reliable because in all the six incomplete projects, a major portion of the works covering structures viz. (SLR Bridge) over the main and branch canals, distributories and water courses remained incomplete and hence water was not available at the tail ends for irrigation purposes.

The Secretary stated that it was not possible to synchronise the creation of potential with the expenditure in irrigation projects. While there can not be two opinion about the statement of the Secretary, the creation of IP in these projects was far behind the targets and utilisation of potential created was also meagre. Further, one of the primary objective of the AIBP was to enhance the creation of IP of the projects in such manner so as to achieve maximum benefit with the minimum expenditure. In fact as per the CWC norm even the irrigation projects had to be cost effective based on the benefit cost ratio. Thus, the Government failed to accelerate the creation of IP as envisaged in the programme.

Further, as per the annual reports of the Government of Bihar to the Central Water Commission (CWC), IP of 101.83 thousand hectares of land was created during 1999-03 under Sone Canal Modernisation Scheme and Orhani Reservoir Project. However as per the annual progress reports published by the State Government total creation of IP by the two projects was only 65.60 thousand hectares.

3.4.9 Incidence of cost of creation of irrigation potential

Compared to the original estimates cost per hectare of irrigation potential⁵ in the revised estimates of projects was as under:

Project	Original projected cost	Revised Cost	Potential to be created	Cost per hectare		Increase in cost per hectare	Expenditure upto March 2003)	Potential created upto March 2003
				As per original project	As per revised project			
	(Rs in crore)	(Rs in crore)	(In hectare)	(In rupees)			(Rs in crore)	(In hectares)
Western Kosi canal	13.49	904.01	234800	575	38501	37926	530.05	29480
Durgawati Reservoir	25.30	234.41	20297	12465	115490	103025	221.62	NIL
Upper Kiul Reservoir	8.07	159.16	19500	4138	81621	77483	130.89	16500
Sone Canal Modernisation	235.93	493.17	323990	7282	15222	7940	312.84	96000
Bilasi Reservoir	1.46	23.83	4050	3605	58840	55235	26.83	4050
Batane Reservoir	4.01	57.00	9870	4063	57751	53688	41.19	7380
Orhani Reservoir	2.96	58.76	9717	3046	60471	57425	58.83	5994
Total	291.22	1930.34	622224				1322.25	1,59,404

Manifold increase in incidence of cost

Thus compared to the cost per hectare initially projected, the cost of creation of IP substantially increased in the revised estimated cost of the projects. The cost of irrigation per hectare IP to be created was likely to increase further on completion of the projects. Despite expenditure of Rs 221.62 crore (including Rs 71.53 crore on works out of CLA) on the Durgawati Reservoir Project as of March 2003, no IP was created.

⁵ Irrigation potential shown against Sone Canal Modernisation is the potential to be created in modernisation of the Sone Canal apart from the old created potential 5,88,420 hectare.

Deficiencies noticed in the execution of projects

Performance appraisal of the two projects (Western Kosi and Durgawati) taken up under AIBP revealed that the projects suffered mainly due to unplanned and deficient execution of works as discussed below :

3.4.10 Western Kosi Canal Project

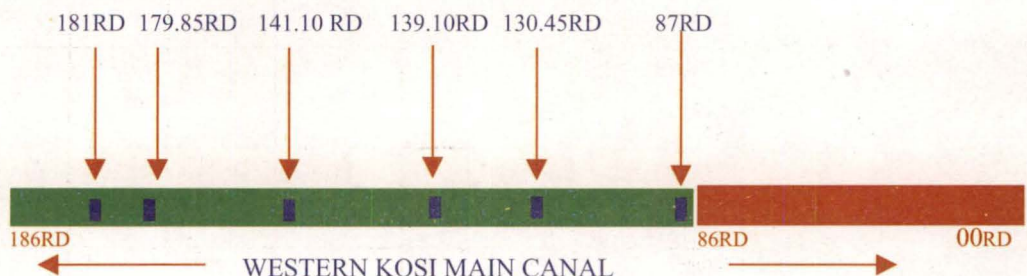
Of the seven projects taken up under AIBP, Western Kosi Canal Project was a pre-Fifth Five Year Plan international project sanctioned in 1961.

Deficiencies noticed were as under:

Unplanned execution of work in different stretches led to non-utilisation of potential created

- ❖ As per guidelines of AIBP, the project was to be completed in phased manner rationally to achieve maximum benefit at minimum expenditure. Instead of completion of work of branch canals, minors and distributories as well as water courses originating from 0 RD to 86 RD of main canal (where water was available at its out let) work on construction of four branch canals and three minors after 141 RD of the main canal was taken up though water was not available beyond 86 RD of the canal.

Incidentally Jhanjharpur branch canal from 69 RD of main canal was complete in full stretch, yet work on construction of distributory and minors were not taken up. As such potential created was not utilised, though expenditure of Rs 530.05 crore was made on the project including Rs 176.20 crore on works under AIBP. The Government stated (December 2003) that the land acquisition had been the main bottleneck towards achievement of IP.



LEGEND

WATER REACHING IN THE CANAL
 WATER NOT REACHING
 GAPS LEFT OUT



- ❖ Work for excavation of Jhanjharpur branch canal from RD 41 to RD 100 was allotted to nine agencies at an agreed cost of Rs 62.85 lakh for completion by 1999-2001. It was noticed that the agencies completed the earth work from RD 43 to RD 100 at a cost of Rs 58.80 lakh and the work from RD 41 to RD 43 remained

incomplete. As a result water did not reach beyond RD 40 rendering the expenditure of Rs 58.80 lakh unproductive. The Commissioner and Secretary stated that the work between RD 41 and RD 43 had since been completed and water was available upto RD 100. On verification, the Chief Engineer however could not endorse this view in entirety (March 2004).

No penal clause of contract invoked for abandoning work by an agency

- ❖ Work for construction of siphon on Kamla River at RD 139.10 of Western Kosi main canal was allotted (15 October 1997) to a firm of Calcutta at a cost of Rs 55.46 crore (29.85 per cent above the estimated cost) for completion by 15 June 2000. However the agency completed the work (80 per cent) valued at Rs 44.11 crore upto 15 June 2001 and there was no progress since then, as the agency abandoned the work of the project. Penal clause of contract for default in completion of the work was not invoked by the project management to recover penalty (Rs 1.11 crore) being two per cent of contracted value of works and get the residual work done by another agency at the risk and cost of the original agency, as of March 2003. No reason for this was on record.

Department prepared (January 2003) revised estimate of Rs 16.44 crore for completion of residual work resulting in increase in estimated cost by Rs 5.09 crore.

The Commissioner and Secretary stated (December 2003) that the work had since been retendered and the matter regarding non-completion of work by original contractor was under arbitration but it was noticed that the contractor, not the department had gone to the arbitration.

Abandoned work not resumed

- ❖ The work of construction of siphon over river Dhauri at a cost of Rs 13.13 crore was allotted (March 1998) to the same agency of Calcutta (44.09 per cent above the estimated cost) for completion by 24 June 2001 (extended up to 30 June 2002). The agency abandoned the work without assigning any reason in October 2001 after receiving payment of Rs 9.16 crore. The residual work was not resumed as of March 2003. The Commissioner and Secretary stated that the work had been retendered and the matter regarding non-completion of work by the original contractor was under arbitration.

Funds pending with Railway for years

- ❖ EE, Western Kosi Canal Division, Jhanjharpur paid Rs 1.23 crore (March 1991, March 2000 and March 2001) to Eastern Railway for construction of three bridges at RD 63.80 and RD 100.785 of Jhanjharpur branch canal and at RD 3.10 of Dumariahi sub-distributory. Against this one bridge at RD 63.80 of Jhanjharpur branch canal, valuing Rs 37.65 lakh, was completed. Work on other two bridges was not taken up as of March 2003 due to lack of proper pursuance by the department. Of Rs 85.30 lakh remaining with the Railway, Rs 63.45 lakh pertained to AIBP funds. The Commissioner and Secretary stated that the department had been pursuing the matter with the Railway.

Funds remained unutilised since March 2001

- ❖ Two Western Kosi Canal Divisions (Darbhanga: Rs 62.75 lakh; Jhanjharpur: Rs 13 lakh) paid Rs 75.75 lakh to Mechanical Division Darbhanga during October 2000 to March 2001 for manufacture and fitting of canal gates at different points of canal structures. However, no gate was manufactured and fitted in structures as of April 2003. The entire money remained unutilised with the mechanical division. No reason for this was available. The Commissioner and Secretary stated that the department was taking all the necessary steps to avoid such slippages.
- ❖ Director, Purchase and Transport, Water Resources Department issued purchase order to Kalyanpur Cement Limited for supply of 10650 tonne of cement at the rate of Rs 2960 per tonne to EE, Western Kosi Canal Division No.2 Khajauli by 31 March 2000.

Extra cost on purchase of cement not recovered from a cement company

It was noticed that the cement company failed to supply the cement. No reason for this was made available. As a result the Director, Purchase and Transport purchased 8460 tonne of cement at the rate of Rs 3175 per tonne from another agency (Satna Cement, at extra expenditure of Rs 18.19 lakh. Though the department decided (June 2000) to initiate legal action against the defaulting cement company and subsequently worked out the recoverable dues of Rs 41.20 lakh, no legal action was initiated against the company as of August 2003 except forfeiting security deposits of Rs 3.16 lakh of the company. The Commissioner and Secretary stated that the department had initiated legal action against the defaulting firm despite instructions of the Minister in May 2000, but on verification it was noticed that no such action was taken as of January 2004.

Material not supplied against advance payment

- ❖ In pursuance of three purchase orders of December 1999 issued by the Director, Purchase and Transport Rs 3.62 crore were paid by the consignee EEs, Western Kosi Irrigation Division No.I and Division No.2 Jainagar (March 2000) to three agencies (Rastriya Ispat Nigam Ltd, Calcutta: Rs 93.88 lakh; Steel Authority of India, Bokaro: Rs 73.25 lakh and Tata Iron and Steel Company, Jamshedpur : 195.17 lakh) for immediate supply of 1525 tonne of Iron rod of different specifications. Against this, 229.78 tonne of iron rod costing Rs 33.83 lakh were not supplied by the agencies (RINL : Rs 9.15 lakh; SAIL : Rs 4.83 lakh; TISCO: Rs 19.85 lakh) as of May 2003 without assigning any reason, but no action was taken for default in supply. The damages sustained by the department due to default in supply of iron rods were not also worked out by them. The Commissioner and Secretary stated that the matter was being looked into.

3.4.11 Durgawati Reservoir Project

Work for construction of spillway of Durgawati Reservoir Project was awarded (January 1999) to Hindustan Steelworks Construction Ltd., Calcutta on a single offer basis at agreement cost of Rs 45.09 crore for completion within 24 months (i.e. by January 2001).

Loss due to lower rate of interest charged on mobilisation advance

As per the contract, mobilisation advance of Rs two crore at 10 per cent of the agreement cost excluding cost of materials was paid (March 1999) to the agency at lending interest rate. Recovery of the advance and the interest was to be effected before 80 per cent of the construction work was complete. It was noticed that the Durgawati Dam Division No.II Bhitari Bandh charged interest at eight per cent per annum though the borrowing interest rates on the Central loan assistance during 1998-99 was 12.50 per cent and the then prevailing lending rate of the State Bank of India was 15.81 per cent. Thus instead of charging at least the then prevailing borrowing rate of CLA (12.50 per cent p.a.), only eight per cent per annum was charged on the mobilisation advance resulting in loss of Rs 9.19 lakh by way of short recovery of interest on the mobilisation advance of Rs two crore.

The Commissioner and Secretary to Government stated (December 2003) that the tender for construction of Durgawati spillway was decided with concurrence of the Finance Department who agreed to realise interest on mobilization advance at the RBI lending rate. The reply was not tenable because the RBI had no lending rate. It had the bank rate at which it advanced money to other banks, while the lending rates are generally of commercial banks at which they give loans to other agencies.

3.4.12 *Bansagar Reservoir Project*

Non-execution of works due to lack of clearance of CWC

As per the tripartite agreement among States of Bihar, Madhya Pradesh and Uttar Pradesh, 25 per cent cost of construction of Bansagar dam under the Bansagar Reservoir Project being constructed on River Sone was to be borne by the Government of Bihar. Out of 40 lakh acre feet of water to be stored in the reservoir, 10 lakh acre feet was to be allocated for Bihar. The dam was proposed to be completed by June 2004. Water received from Bansagar dam was to be utilised for irrigation through Jamania Pump Canal and Indrapuri reservoir (Previously known as Kadwan Reservoir) but these constructions were not taken up under AIBP for want of clearance of CWC. During 2002-03, 2.51 lakh acre feet of water was less received by the Bihar State against earmarked allotment of 10 lakh acre feet. The Commissioner and Secretary stated that only partial storage of water was being made because the project was in execution stage.

3.4.13 *Other points of interest*

Community Participation

As per the National Water Policy, management of canal systems is to be handed over to committees of users formed at water distribution level or at village levels. These committees were responsible for operation and maintenance, assessment of water rent as well as its realisation. Thirty per cent of water rent received by the committee was payable to Government and the rest to be expended on operation and maintenance of the system.

Community participation introduced in one project

It was noticed that Participatory Irrigation Management (PIM) scheme was introduced in 1996-97 in Bihar on experimental basis in Patna main canal of Sone canal system only. This was not introduced in other projects. Water

Resources Department had planned to cover 10 per cent of total Cultivable Command Area under PIM scheme during Ninth Five Year Plan and 50 per cent by Tenth Five Year Plan.

Out of total 1.97 lakh hectare of land projected to be covered under this scheme during Ninth Five Year Plan (in Gandak Project, Eastern Kosi Project and Sone Canal System), only 22532 hectare of land (through 10 Farmer's Society) could be covered during first year of Tenth Five Year Plan through Sone Canal System. No area in other projects could be covered under PIM and operation and maintenance of the canals of the projects was not transferred to the committees mainly due to lack of awareness among the farmers and absence of effective steps by the Government to spread the message among them. The Commissioner and Secretary stated that PIM had gained momentum and the programme was in the process of completion during 2003- 04.

3.4.14 Irregular Payment for acquisition of land

Compensation money paid to SLAOs without completion of land acquisition process

For acquisition of land, compensation to the farmers was payable by the EEs of the divisions concerned through the Special Land Acquisition Officers(SLAOs) only after estimated cost of the land requisitioned was duly sanctioned by the competent authority. It was noticed that Rs 28.42 crore were paid to two SLAOs (Sakri and Darbhanga) during 1997-2003 by 13 Divisions⁶ for acquisition of land required for excavation of canals in Western Kosi Canal Project, though the estimated cost of the land under acquisition was not sanctioned and the process of acquisition of land was not complete as of March 2003. Similarly Rs 2.44 crore were also paid to SLAO, Sasaram during 2000-02 by two divisions⁷ for acquisition of land for Durgawati Reservoir project without sanction of estimated cost of the land and completion of acquisition process of land as of March 2003.

Funds kept in banks/ Civil Deposits

Of Rs 30.86 crore paid to the SLAOs during 1997-2003, Rs 5.88 crore only was paid to the farmers and balance amount of Rs 24.98 crore was initially kept in the current accounts in banks and subsequently transferred to Civil Deposits carrying effective rate of return of 6-8 percent though the CLA carried interest rates of 11.5 to 13 per cent per annum.

The Commissioner and Secretary stated that the matter regarding depositing money in Darbhanga treasury was being looked into.

3.4.15 Non-rendition of audited statement of expenditure

Though the State Government was required to submit to the CWC audited statements of expenditure on the projects within nine months of completion of the financial year, no such statement in respect of any of the projects was

⁶ Andhrathari, Rajnagar, Jhanjharpur, Sakari at Madhubani, Sakri II, Sakri I, Rajnagar II, Darbhanga, Benipur, Madhubani II, Baheri, Keoti, Khutouna

⁷ Durgawati Left Canal Division, Bhitari bandh; Durgawati Right Canal Division, Chenari;

furnished to the CWC during 1998-03. The Commissioner and Secretary stated that the audited statement of expenditure was being called for from the concerned CEs.

3.4.16 Non-maintenance of asset register

Asset register was not maintained by the project authorities. The projects did not also keep records of operational assets, which released assured water supply to farmers. The Commissioner and Secretary stated that the matter was being looked into by the department.

3.4.17 Monitoring

Lack of monitoring mechanism

As per the guidelines of the AIBP two tier monitoring system, one at State level and another at project level was to be introduced. Monitoring committee at the State level was to meet quarterly while committee at project level was to meet every month. Reports of meetings held at project level were to be submitted to the State Committee as well as to National Technical Committee. Reports of meeting held at State level were to be submitted to Technical Committee at the national level. The committee members were also required to visit sites of projects at least twice to monitor progress of the projects physically. However no such committee was formed as of May 2003 at State or project level. Superintending Engineer (monitoring) stated (July 2003) that the monitoring of the projects was done at State and project levels.

Impact analysis not done

Impact of the projects was not evaluated by the State Government or by any outside agency except in case of Orhni Reservoir Project, impact assessment of which was entrusted (May 2001) by the CWC at the instance of Planning Commission to Water and Power Consultancy Services Ltd. (GOI undertaking), but their findings, if any, were not made available.

The Commissioner and Secretary stated that guidelines regarding monitoring and evaluation of AIBP were not available with the department. The reply was not tenable because it was the responsibility of the Government to obtain guidelines from the GOI for implementing the projects. Moreover, it was the responsibility of the projects implementing agency to monitor, oversee and evaluate implementation of the projects to ensure that the projects were implemented in a cost effective way and targeted goals were achieved in given time schedules.

3.4.18 Conclusions

Despite heavy investment under AIBP, the IP created against the target was only 21 per cent and the utilisation was only 28 per cent of the potential created. This was mainly due to the fact that the distribution network of even main and branch canals was incomplete in three projects and the progress in construction of distributaries and water courses was grossly inadequate in majority of the projects. No project could be completed in four crop seasons as stipulated in the scheme.

3.4.19 Recommendations

- ❖ Keeping in view the magnitude of expenditure under AIBP, efforts need to be made to increase creation of IP in the project areas in a time bound manner.
- ❖ Utilisation of IP also urgently needs to be stepped up by developing a network of distributaries and water courses in a given time frame.
- ❖ There should be a time bound programme to complete land acquisition. All structures viz. dam and head works, main canal and branch canals and the distribution network reaching water to the fields should be completed in a such a manner that maximum potential is utilized with the minimum expenditure in a given period.
- ❖ Selection of projects should be based on their viability, area coverage and their likely completion in four crop seasons.

The Points were referred to Government (September 2003); their reply received (December 2003) stand incorporated in the review.

HOME (POLICE) DEPARTMENT

3.5 Prevention and control of fire

Bihar Fire Service Act 1948 was introduced for better regulation of the fire fighting organisation and for carrying out fire fighting measures. Altogether 32 fire stations were set up in 28 districts (out of 37) in the State to cater to the needs of fire services in the urban areas, there was no formation of fire fighting services in the rural areas.

Fire services being rendered in the State did not conform to the norms of central Standing Fire Advisory Council (SFAC) whose working norms were to be applied in all the states in the country. However, Bihar Government did not adopt the norms of the SFAC nor did frame any rule in this regard as of April 2004.

Records of the State Fire Officer Bihar, Patna, nine Fire Stations¹ and Central Store, Patna City pertaining to the period 1997-2003 as well as fire protection and control facility in a Hotel (Maurya) and 12 Cinema halls² were test-checked during December 2002 to May 2003. Points noticed were as under:

¹ Patna, Patna City, Siwan, Muzaffarpur, Bhagalpur, Gaya, Ara, Katihar and Darbhanga

² Patna : Uma; Siwan: Darbar and Shekhar; Muzaffarpur: Deepak, Jawahar; Laheria Sarai: Light House; Darbhanga: Poonam; Katihar: Herdayal, Prakash; Bhagalpur: Ajanta, Deep Prabha; Gaya: Anand

3.5.1 Allocation of funds and expenditure

Budget allocation of funds and expenditure during 1997-2003 were as under :

Year	Funds Available				Expenditure				Saving			
	State govt.	10th F.C.	11th F.C.	Total	State govt.	10th F.C.	11th F.C.	Total	State govt.	10th F.C.	11th F.C.	Total
(Rs in lakh)												
1997-98	323.80	172.75	-	496.55	297.95	154.15	-	452.10	25.85	18.60	-	44.45
1998-99	921.22	Nil	-	921.22	705.48	Nil	-	705.48	215.74	Nil	-	215.74
1999-00	898.45	488.16	-	1386.61	790.60	400.07	-	1190.67	107.85	88.09	-	195.94
2000-01	768.09	-	Nil	768.09	626.58	-	Nil	626.58	141.51	-	Nil	141.51
2001-02	844.18	-	Nil	844.18	460.29	-	Nil	460.29	383.89	-	Nil	383.89
2002-03	801.36	-	298.65	1100.01	649.12	-	Nil	649.12	152.24	-	298.65	450.89
Total	4557.10	660.91	298.65	5516.66	3530.02	554.22	Nil	4084.24	1027.08	106.69	298.65	1432.42

Scrutiny revealed as under :

26 per cent of funds remained unspent

- ❖ During 1997-2003, 26 per cent of available funds was not utilised mainly due to non payment of arrear of salary and non-sanction of purchase of fire fighting equipment by Government.

Substantial funds of X and XI Finance Commission either remained unutilized or blocked in idle equipment during 1998-99 and 2001-02

- ❖ Out of the budget provision of Rs 6.61 crore under recommendations of Tenth Finance Commission, Rs 5.54 crore were spent. Against this, equipment procured at a cost of Rs 2.86 crore remained unutilized and Rs 1.87 crore remained deposited (since May 2000) as of July 2003 in the State Bank of India on a Letter of Credit in the name of a firm of Italy for supply of equipment. No amount out of budget provision of Rs 2.99 crore under Eleventh Finance Commission was spent during 2002-03.

Payment of interest on old loans

- ❖ The expenditure included inadmissible payment of interest of Rs 17.69 lakh during 1999-2000 and 2000-01 to General Insurance Corporation of India against loans of Rs 2.64 crore for fire services obtained by the State Government in August 1984 and January 1988.

Huge cash balance entailed risks

- ❖ At the end of every year during 1997-2003, huge cash balances³ varying from Rs 63.09 lakh to Rs 5.40 crore out of the funds drawn was retained by the State Fire Officer, entailing risk of misappropriation of Government money. This also indicated that the funds were drawn by the State Fire Officer to avoid lapse of budget grant which was not permissible under rules.

3.5.2 Rendition of fire services

Deficiencies noticed in rendition of fire services in the State were as under :

³ March 1998: Rs 67.95 lakh; March 1999: Rs 126.85 lakh; March 2000 : Rs 539.65 lakh; March 2001 : Rs 63.09 lakh; March 2002 : Rs 76.59 lakh.

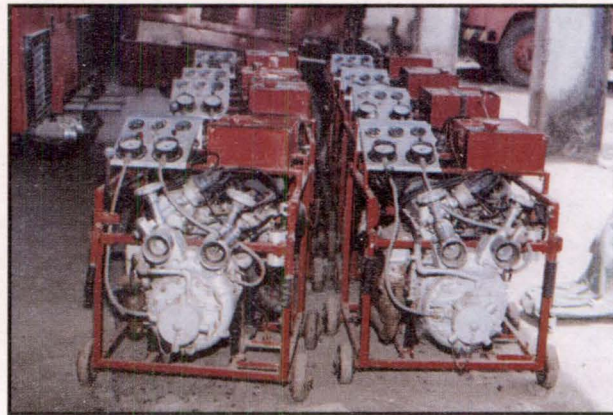
Response time not considered for setting up fire stations

Equipment for installing 16 new fire stations remained idle

- ❖ As per the norm of Standing Fire Advisory Committee (December 1976) number of fire stations should be based on the response time which should be maximum of three minutes in high hazard and closely built up areas while in other areas, it should not exceed five minutes during peak hours of traffic.

The location of fire stations was not decided in the State in accordance with risk analysis (high/medium/low risk areas) nor was it based on the norm of one fire fighting unit for every 50,000 population. In all, 32 fire stations in the State were located in different districts on geographical considerations instead of 56 fire stations based on the norm of population. Further nine districts⁴ in the state had no fire stations and their distance from nearest fire stations in other districts varied from 20 to 60 Km.

State Fire Officer, Patna purchased (March 1998) 23 water tenders, six jeep tenders, one foam tender, eight portable pumps and one hydraulic platform (15 metre) costing Rs 2.86 crore for establishing 16 new fire stations⁵ out of grants of Tenth Finance Commission. The equipment remained unutilised as of May 2003 in open air at central store, Patna City and no new fire station was set up as envisaged due to non-sanction of manpower by the Government.



Portable Pump



Jeep Tenders

⁴ Araria(40 Km), Banka(50 Km), Buxar(40 Km), Jamui(50 Km), Lakhisarai(60 Km), Madhepura(20 Km), Shekhpura(40 Km), Sheohar(25 Km), and Supoul(30 Km).

⁵ 10 new district head quarters: Buxar, Supaul, Lakhisarai, Jamui, Banka, Shekhpura, Sheohar, Madhepura, Araria, Arwal ; 4 additional station: Gaya, Muzaffarpur, Bhagalpur, Madhubani; 2 new fire stations at Kankarbag, Phulwarishariff.



Hydraulic Platform(15metre)



*Water Tender
Unutilised equipments lying in open air at Central Store, Patna City*

Fire tenders fell short of requirement

- ❖ Five fire stations⁶ had sanctioned strength of 15 water tenders. Against this, only nine water tenders were available. Besides, fire station at Chapra had shortage of one portable pump.

⁶ Patna, Dehri, Kishanganj, Katihar and Bhabhua

Lack of trained manpower and equipment to handle fire in high rise buildings	❖ Manpower in Bihar Fire service had no training to handle equipment for prevention and control of fire in respect of high rise buildings, explosive manufacturing factories, workshop, major oil/petroleum installations, airports, power plants including captive power plants etc.
Most of the fire stations housed in private buildings.	❖ Only three (Gaya, Patna, Muzaffarpur) out of 32 fire stations in the State were housed in their own buildings. The office buildings of three fire stations (Ara, Katihar, Darbhanga) were in a dilapidated condition.
Rent free accommodations to Fire officials usually not provided	❖ As per the norms of SFAC, rent free accommodation to all the officials of the fire services in the premises of fire station was to be provided so that they could quickly respond to the fire calls without loss of time. However, rent free accommodation for only two Fire Station officers (Patna and Gaya) and 16 houses (Muzaffarpur: 6 and Gaya : 10) for firemen were available in the State.
Non-functional communication system	❖ For upgradation of communication system in Bihar Fire Service under Tenth Finance Commission's plan, 40 VHF mobile wireless sets of 25 watts fitted in fire engines to facilitate wireless communication between the fire engines and the fire stations and 98 hand held VHF wireless sets for communication between the front line and the rear line at the scene of fire were purchased during 1997-98 at a total cost of Rs 15.75 lakh. Again in the year 1999-2000 two 100 feet wireless towers were installed at Patna and Patna City at a cost of Rs 3.29 lakh to facilitate wireless communication in Patna. The above system did not work because network of communication linkage between the wireless towers and the wireless sets was not established resulting in unfruitful expenditure of Rs 19.04 lakh.
Fire caused heavy loss of lives and properties	❖ There were 9785 fire incidents during 1997-98 to 2001-02 in Bihar involving loss of 197 human lives, 1354 animal lives and property worth Rs 59.57 crore.
Lack of prompt response to fire calls	<p>In nine fire stations test-checked date and time of arrival of firemen at place of occurrence of fire and time of initiating action on combating fire was not on record. Hence response time taken by the fire services was not ascertainable. It was noticed that during 1998 to 2002, nine fire stations of Bihar Fire Service attended 4212 fire calls. Out of which, in 1469 calls fire was already extinguished before arrival of the fire unit (water tender) at the place of occurrence. The loss of property valued at Rs 2.58 crore could not be prevented by the fire units.</p>
Lack of water sources in fire stations	<p>Except Patna Fire Station, no other fire station had fire hydrant and static water tank facility. These fire stations had to get water from ponds or rivers or make other arrangement as available. It was noticed that 28 water tenders of the nine fire stations travelled a distance ranging from three to 55 kms during 1998 to 2003 for fetching water from distant places.</p>
User's perception not ascertained	❖ However, none of the nine fire stations test-checked obtained response of the users, though required.

- ❖ There was no ambulance van in any fire station in Bihar though every fire station was required as per recommendation of SFAC, to have an ambulance.

Vehicles misutilised for other services

Though prohibited under Rule 1272 of Bihar Police Manual, local district administrations misutilised their fire service units and their hoses in nine Fire Stations for sprinkling water on roads, stadium, helipads, washing temples, to deposit telephone bills, to supply water at the residence of high officials etc. during 1998 to 2002 and the fire service units, (the water tenders) travelled for 23472 kms on 558 days involving expenditure of Rs 1.20 lakh on consumption of fuel.

No action of false set up of out break of fire

- ❖ In nine fire stations test-checked 126 false fire reports occurred during 1998-2002 for which fire units had to run for 1611 km. The Fire Station Officers did not initiate action against the reporter of fire under section 16 of Bihar Fire Service Act, 1948.

No bureau for training and awareness activities

- ❖ As per the norm prescribed by SFAC, Training Bureau should be established in each State Fire Service, but no such Bureau had been set up in Bihar to enable the officials to be conversant with updated device and method of preventing and controlling fire.

No workshop for repair of vehicles

- ❖ Department had neither a central workshop nor a mobile workshop for repair and maintenance of equipment in time. Rupees 83.83 lakh were spent on such repair and maintenance of vehicles and equipment through private agencies during 1997-2002.

Fire reports inordinately delayed

- ❖ As per norm of SFAC all high rise buildings (over 15 metre high) should be surveyed and the owners should be required to provide reasonable fire safety measures within a specified time. However, no such survey was conducted by Bihar Fire Service as of May 2003.
- ❖ As per norm of SFAC all fire and special services reports should be submitted by Fire Station Officer within 48 hours of the occurrence excepting Sundays and holidays. In nine fire stations of Bihar during 1998 to 2002 fire reports were submitted to State Fire Officer, Patna after a lapse of 2 to 82 days.

3.5.3 Manpower management

Sanctioned strength of personnel of Bihar Fire Service and men-in-position as on 31 March 2003 were as under:

Sl.No.	Posts	Posts sanctioned	(In number)	
			Men-in-position	Shortfall
1	State Fire Officer	1	NIL	1
2	Divisional Fire Officer	1	NIL	1
3	Asstt. Divisional Fire Officer	4	3	1
4	Fire Station Officer	33	10	23
5	Station Sub Officer	32	14	18
6	Leading Fire-men	102	83	19
7	Firemen	375	299	76
8	Others	95	87	8
	Total	643	496	147

Men-in-position not as per sanctioned strength

As indicated in the table key posts of State Fire Officer and Divisional Fire Officers as well as a large number of posts of Fire Station Officers, Station Sub Officers, Leading Fire-men/Firemen were vacant.

3.5.4 Other points

Higher rate allowed to a fabricating agency

- ❖ The Central Purchase Committee of Home (Police) Department decided (11 March 2000) to award fabrication of 10 Jeep tenders and 38 water tender to an agency at the rate of Rs one lakh and Rs 3.58 lakh each respectively though two other firms had quoted lower rates of Rs 87542 and Rs 3.11 lakh each respectively against the tenders invited.

The Committee allowed higher rates to a firm on the ground that the enhanced rates (15 per cent) were admissible to the registered small scale industrial units of the State, though such enhanced rates were admissible only in cases of purchase of materials to promote sale of manufactured goods and not in case of fabrication works. Thus injudicious allowance of higher rates to a firm for fabrication works resulted in extra expenditure of Rs 18.96 lakh.

Rupees 1.87 crore blocked in LOC in the name of a foreign firm for over 3 years

- ❖ State Fire Officer drew central funds of Rs 1.87 crore from the treasury (March 2000) and deposited the same (15 May 2000) in State Bank of India Patna by opening a Letter of Credit in the name of a firm of Italy for purchasing a hydraulic platform cum turn table ladder of 40 metres height. However, supply of the equipment was not effected as of December 2003 due to lack of proper pursuance by the Government and the money remained blocked for over three years resulting in loss of interest of Rs 78.90 lakh up to December 2003 at the rate of 11.5 per cent per annum.

No report on physical verification of stores

- ❖ No report on physical verification of central stores at Patna serving as stores for all fire stations in the State was made available to audit.

No maintenance of accounts as per rules

- ❖ Cash book of State Fire Officer, Bihar, Patna for the period from 1 April 1997 to 31 March 2002 was not maintained as per Rule 86 of Bihar Treasury code Vol.-I. No entry in the cash book was attested by the State Fire Officer except on 12 days in a month of March 2001. Second initials against the outstanding payments were not also done by him as per Rule 940 of Bihar Police manual. The cash books were also not machine numbered. Thus possibility of fake entry in the cash book could not be ruled out. It was also noticed that an amount of Rs 2.22 lakh received by five fire stations (Katihar, Darbhanga, Muzaffarpur, Siwan and Bhagalpur) through advice slips during March 1998 to March 2002 was not entered in cash account of the concerned fire stations.

3.5.5 *Monitoring and evaluation*

Lacked effective monitoring

Fire service being rendered was not effectively monitored and evaluated periodically. As a result substantial provision of funds remained unutilised; upgradation and setting up of fire service units with Tenth and Eleventh Finance Commission grant was not carried out; fire units were not properly equipped; communication system was not improved; fire stations lacked water sources.

3.5.6 *Conclusions*

Fire service in the State is inadequate. Nine out of 37 districts in the State had no fire service. Even the 32 fire stations available in the State did not render effective service due to lack of trained manpower and equipment to handle fire in high rise buildings, lack of water sources in the fire stations etc. Large number of Fire tenders and other equipments procured during 1998 remained idle and unutilized. There was ineffective internal control system.

3.5.7 *Recommendations*

- ❖ The State Government should adopt the norms of SFAC and frame rules accordingly for rendering fire services;
- ❖ Fire prevention wing should be set up to prevent occurrence of fire;
- ❖ Vacant posts should be filled up on priority basis.
- ❖ Manpower skill should be developed through regular training and periodical refresher courses to combat fire in all types of buildings/premises;
- ❖ All equipment procured should be handed over to needy fire stations without any further delay.

The points were referred to Government (August 2003); their reply had not been received (March 2004).

WELFARE AND EDUCATION DEPARTMENT

3.6 Payment of stipend and scholarship to students

As per the instructions issued by Government of India and the State Government from time to time, financial assistance was payable by the Welfare and Education departments of the State Government to the meritorious students and to the students belonging to economically and socially backward sections of the society, such as the Scheduled Castes/Scheduled Tribes (SC/ST), the Other Backward Classes (OBC) etc. Payment of stipend and scholarships to the students during 1998-03 was reviewed between April and July 2003 by test-check of records of Welfare and

Education departments and their field offices in nine¹ out of the 37 districts of the State.

3.6.1 Provision of funds made by the Welfare Department during 1998-2003 for payment of stipend and scholarships to students (SC/ST and OBC) in the State and expenditure there against as furnished by the department were as under :

Year	Budget Provision	Expenditure	Savings	Percentage of savings
(Rs in crore)				
1998-99	79.87	42.71	37.16	47
1999-2000	83.80	43.67	40.13	48
2000-2001	87.48	12.96	74.52	85
2001-2002	45.51	22.56	22.95	50
2002-2003	48.65	31.26	17.39	36
Total	345.31	153.16	192.15	56

A large chunk of budgeted funds not spent

No reason for huge savings of Rs 192.15 crore during 1998-2003 was available. The savings included funds earmarked for the students belonging to the SC (Rs 86.93 crore), the ST (Rs 50.40 crore) and the OBC (Rs 54.82 crore).

3.6.2 In nine districts test-checked, 33 per cent (Rs 18.76 crore) of the available funds (Rs 56.43 crore) were not spent during 1998-03. The amount of savings would be still more because 10 Block Development Officers (BDOs) and six District Welfare Officers (DWOs) test-checked credited Rs 10.99 crore to State receipts (Rs 10.47 crore) and Civil Deposits (Rs 51.66 lakh) after drawal of funds from the treasuries. The funds drawn from treasuries were treated as expenditure.

Earmarked funds credited to receipts

The DWOs stated (May-June 2003) that the disbursement of stipend and scholarships was not made to children due to non-receipt of application forms from the students for sanction of scholarships. The reply was strange as non-receipt of applications from the students in a state with the large population of weaker sections having lowest per capita income was indicative of the fact that the concerned heads of offices did not take effective steps to popularise the scheme and seek applications from the students. The applications for scholarships were obtainable by the heads of schools from the students by April each year. As per the procedure prescribed by Government the scholarship committee at Block (for primary/middle schools) sub-divisions (for high schools) and district levels (for post matric) were to be formed to scrutinise and approve scholarships to students within a month for immediate disbursement.

Funds kept in Civil Deposits

Further in six² out of nine districts test-checked Rs 51.66 lakh drawn by the DWOs from the treasury during 1998-03 for disbursement of stipend and scholarships were kept in Civil Deposits and the money remained unutilised as of June 2003. The Commissioner and Secretary to Government, Welfare

¹ Bhagalpur, Darbhanga, Gaya, Katihar, Motihari, Munger, Patna, Purnea and Vaishali

² Bhagalpur : Rs 11.22 lakh; Gaya : Rs 4.39 lakh; Motihari : Rs 7.92 lakh; Munger : Rs 21.16 lakh; Purnea : Rs 1.65 lakh, Katihar : Rs 5.32 lakh.

Department stated (November 2003) that the funds drawn at the fag end of the financial year were kept in 'Civil Deposits'. The statement was not acceptable because drawal of funds for keeping in Civil Deposit was not permissible under rules.

Utilisation certificates not furnished

3.6.3 Five DWOs³ released Rs 21.56 crore to 99 BDOs during 1998-03 for disbursement of stipend and scholarship to the students studying in the High/Middle/Primary Schools within the financial years concerned but the utilisation certificates were not furnished by the BDOs even after one to five years as of June 2003 while the money advanced was booked as expenditure in the accounts of the DWOs in the respective years. The Commissioner and Secretary stated (November 2003) that he had taken up the matter with the District Magistrates concerned and utilisation certificates would be sent to GOI shortly.

Doubtful disbursement of scholarships in cash

3.6.4 Though the Post Matric and High School Scholarships were to be paid to the beneficiaries only through banks or Post Office saving accounts and the District/Sub-Divisional Welfare Officers were required to ensure opening of the saving accounts in Bank/Post offices by each eligible student, *two Principals of the Colleges⁴ and six BDOs⁵ disbursed Rs 66.57 lakh in cash. These disbursements seemed prima facie doubtful as signature of the recipients on acquittance rolls appeared to be done in the same hand. The matter needed investigation by the Government.* The BDOs stated (April and June 2003) that such irregularities would not be repeated in future. The Commissioner and Secretary stated (November 2003) that the matter was taken up with the District Magistrates.

Short payment of scholarships

3.6.5 Pre-Matric scholarships for OBC students were to be paid for 10 months in a year at the rate varying from Rs 25 to Rs 250 (day scholars: Rs 25 to Rs 50; boarders: Rs 200 and Rs 250). In addition adhoc grant of Rs 500 per year was payable to each beneficiary. However five BDOs⁶ disbursed stipend and scholarships of Rs 6.69 lakh during 1998-03 to 1838 students against the admissible amount of Rs 15.29 lakh resulting in short payment of Rs 8.60 lakh.

Funds released at the end of the year not utilised

3.6.6 DWO, Gaya did not disburse stipend and scholarship to the students of Colleges/University during 2001-02 as the funds of Rs 71.99 lakh released at the fag end of financial year could not be drawn till 31 March 2002 and ultimately lapsed.

Disbursement not certified by the Block Welfare Officers

3.6.7 The stipend/scholarships were to be disbursed to the students of Primary and Middle schools in the presence of Block Welfare Officer (BWO) who was required to certify that the stipend/scholarships were disbursed in his presence in order to ensure disbursement to the genuine students. Five BDOs⁷ of three districts disbursed Rs 1.83 crore to the students during 1998-03

³ Gaya, Motihari, Munger, Patna and Vaishali

⁴ Munger Rs 1.55 lakh and Purnea Rs 14.20 lakh

⁵ Gaya : Rs 21.52 lakh, Manpur: Rs 13.07 lakh, Hajipur : Rs 6.67 lakh, Bidupur : Rs 5.90 lakh, Banjaria : Rs 0.12 lakh and Turkolia: Rs 3.54 lakhs

⁶ Turkolia, Banjaria, Bidupur, Gaya and Manpur

⁷ Manpur: Rs 32.50 lakh; Gaya : Rs 57.40 lakh; Bidupur: Rs 31.41 lakh; Hajipur: Rs 46.01 lakh and Turkolia : Rs 15.45 lakh

without certificates of disbursements recorded on the vouchers by the BWOs. Thus genuineness of disbursement of Rs 1.83 crore to the students could not be verified. The Commissioner and Secretary stated (November 2003) that the matter would be taken up with the District Magistrates concerned.

Earmarked funds misutilised

3.6.8 DWO, Purnea misutilised funds of Rs 25.32 lakh meant for disbursement of stipend/scholarships to students for repair and maintenance of the vehicle (Rs 9.80 lakh) and maintenance of residential school (Rs 15.52 lakh) during 1995-2001.

District Welfare Officer did not ensure opening of saving accounts in banks/post office by the beneficiaries

3.6.9 District Level Committee, Motihari selected 4251 college students belonging to OBC for disbursement of scholarships during 1998-03. Against this, scholarships of Rs 18.42 lakh were disbursed to 2250 students (OBC), while Rs 15.64 lakh payable to remaining 2001 students were not disbursed as of June 2003. The DWO, Motihari stated (July 2003) that disbursement of scholarships was not made to them because saving bank accounts in banks/post offices were not opened by the students. This statement was not acceptable because the DWO himself was responsible as per the scheme to ensure opening of such accounts by the beneficiary students in banks/post offices. The Commissioner and Secretary stated (November 2003) that necessary directions for disbursement of stipends to students during the year were being issued to the District Magistrates concerned.

3.6.10 Physical progress against targets in disbursement of scholarships to the beneficiaries during 1998-2003 was as under :

Sl No.	Name of Scholarship	1998-99		1999-2000		2000-01		2001-02		2002-03	
		Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement
(Number in lakh)											
I	Scheduled Castes										
	1. Post Matric	0.84	0.49	0.63	0.41	0.29	0.18	0.72	0.19	0.36	0.24
	2. High School	3.31	2.62	3.37	1.99	0.38	0.38	1.36	0.94	1.36	0.93
	3. Primary & Middle School	5.42	5.17	6.15	4.15	1.32	1.31	3.56	2.06	4.04	3.15
	4. Technical	0.06	0.03	0.06	0.03	-	-	0.02	0.02	0.02	0.01
	5. Stipend to identified Children *	0.15	0.09	0.16	0.08	0.03	0.02	0.27	0.05	0.15	0.05
	6. Musahar	0.45	0.34	0.25	0.13	-	-	0.28	0.17	0.28	0.11
	Total	10.23	8.74(85)	10.62	6.79(64)	2.02	1.89(94)	6.21	3.43(55)	6.21	4.49(72)
II	Scheduled Tribes										
	1. Post Matric	1.06	0.38	0.60	0.23	0.08	0.01	-	-	0.02	0.01
	2. High School	1.55	1.29	1.50	0.61	0.01	0.01	0.10	0.04	0.10	0.04

Sl No.	Name of Scholarship	1998-99		1999-2000		2000-01		2001-02		2002-03	
		Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement
	3. Primary & Middle School	2.54	2.20	2.44	2.42	0.04	0.03	0.24	0.11	0.24	0.18
	4. Technical	0.06	0.02	0.06	0.01	-	-	-	-	-	-
	Total	5.21	3.89(75)	4.60	3.27(71)	0.13	0.05(38)	0.34	0.15(44)	0.36	0.23(64)
III	Other Backward Classes										
	1. Post Matric	0.62	0.29	0.77	0.30	0.12	0.12	0.39	0.21	0.77	0.36
	2. High School	0.46	0.40	0.46	0.32	0.15	0.15	0.47	0.29	0.52	0.37
	3. Primary & Middle School	0.51	0.51	0.51	0.35	0.75	0.74	1.44	0.53	1.59	1.28
	4. Technical	-	-	-	-	-	-	-	-	-	-
	5. Pre-Matric	-	-	-	-	0.30	0.20	-	-	-	-
	Total	1.59	1.20(75)	1.74	0.97(56)	1.32	1.21(92)	2.30	1.03(45)	2.88	2.01(70)

* whose parents are engaged in unclean occupation

(Figures in brackets indicate per cent)

No reason for shortfall in physical progress available

Physical progress against targets in disbursement of scholarships to students belonging to SC, ST and OBC ranged between 55 and 94, 38 and 75 and 45 and 92 per cent respectively. No reason for the shortfall was available.

No disbursement of scholarships to meritorious students

3.6.11 Government of Bihar made budget provision of Rs 5.15 crore during 1998-2003 for disbursement of scholarships to meritorious students by the Secondary Education Department. No amount out of this was spent as no fund was released by the Department to the District Education officers and the entire amount lapsed.

3.6.12 Conclusions

A large number of target groups of students belonging to SC, ST and OBC were deprived of the payment of stipend and scholarship due to non-utilisation/misutilisation of funds. Earmarked funds were credited to State receipts/Civil Deposits by the Welfare Department. The Secondary Education Department did not disburse any amount out of the total budget provision of Rs 5.15 crore meant for the meritorious students during 1998-2003.

3.6.13 Recommendations

- ❖ A time schedule for seeking application, approving scholarships and immediate disbursement to students should be prescribed and meticulously followed.

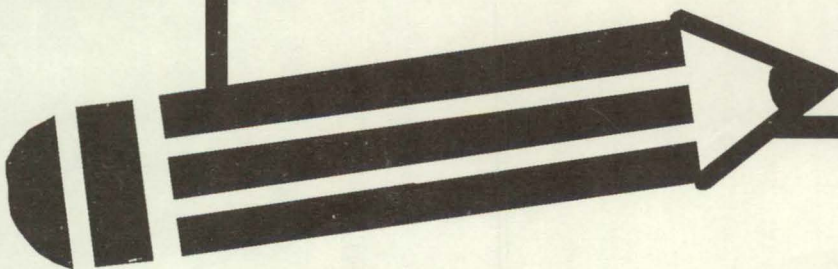
- ❖ Effective steps should be undertaken for creation of awareness among students by heads of schools and government officials at block, sub-division and district levels;
- ❖ Effective monitoring at school, block, sub-division and district levels at regular intervals (monthly, quarterly, six-monthly) should be introduced to avoid partial utilisation/non-utilisation of earmarked funds.

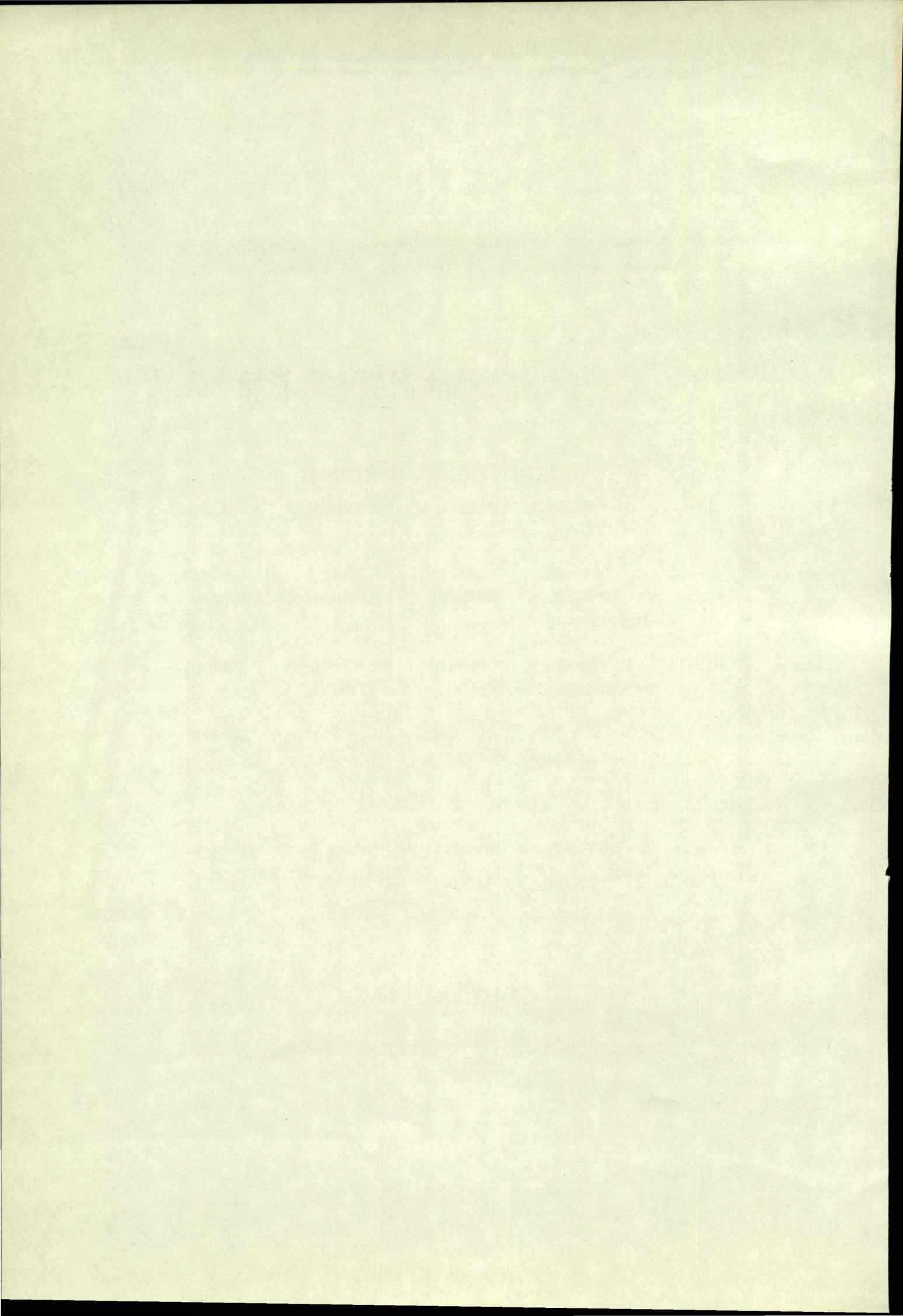
The points were referred to Government (August/September 2003); their reply had not been received (March 2004). However, the points were discussed (November 2003) with the Commissioner and Secretary to Government, Welfare Department whose responses to the points had been incorporated in the sub-paras where deemed necessary.

CHAPTER-IV

**Audit of Transactions
containing the following :**

- 4.1 Fraudulent drawal/ misappropriation/
 embezzlement/ losses**
- 4.2 Infructuous/ wasteful expenditure and
 overpayment**
- 4.3 Violation of contractual obligations/ undue
 favour to contractors**
- 4.4 Avoidable/ excess/ unfruitful expenditure**
- 4.5 Idle investment/ idle establishment/ blockage of
 funds**
- 4.6 Regulatory issues and other points**





CHAPTER IV

AUDIT OF TRANSACTIONS

4.1 Fraudulent drawal/ Misappropriation/ Embezzlement/ Losses

ENVIRONMENT AND FOREST DEPARTMENT

4.1.1 *Doubtful expenditure*

Expenditure of Rs 1.33 crore against advance payment in Valmiki State Trading Division, Betia was doubtful.

On the request of the Conservator of Forest, Valmiki Tiger Project, Betia, the Chief Conservator of Forest-cum-Chief Conservator of Wild Life, Bihar provided additional funds of Rs 1.33 crore to the Divisional Forest Officer (DFO), Valmiki State Trading Division (VSTD), Betia on 28 March 2001 without any requisition for such funds from the division to meet expenditure during 2000-01 on repair and maintenance of road, bridge and buildings and other contingent charges (telephone and electricity charges, liveries, other office expenses) pertaining to two other divisions (Valmiki Tiger Project division I and II) which had no sanction of Government for extension of their life till 31 March 2001 as the extension for operation of the divisions was accorded by Government on the last day (31 March 2001) of the year. Further, there was no sanction of Government for such expenditure of the two divisions (Valmiki Tiger Project I and II), nor was there any authorisation of the Accountant General for operation of Letter of Credit for transacting activities of these two divisions during 2000-01.

Scrutiny of records of the DFO, VSTD, Betia revealed that DFO released the entire amount of Rs 1.33 crore to two Range Officers from 28 March 2001 to 30 March 2001. These Range Officers further advanced the amount to foresters on 31 March 2001 and the entire amount of Rs 1.33 crore was exhibited in the division's accounts as spent. Of this, expenditure of Rs 82.88 lakh was shown by DFO as incurred on unsanctioned construction and repair works by splitting the expenditure in small sums of Rs 5000 each to avoid sanction of competent authority. The balance amount of Rs 50 lakh was spent on contingent charges and office expenses. No vouchers for expenditure of Rs 1.33 crore were available in the division.

Thus, the entire expenditure of Rs 1.33 crore depicted as booked in the divisional accounts in March 2001 was prima facie doubtful. The DFO, VSTD, Betia stated (May 2003) that the matter was under investigation at the level of Principal Chief Conservator of Forests and the result would be communicated to audit in due course.

The matter was referred to Government (August 2003). The Deputy Secretary to Government, Environment and Forest Department stated (December 2003) that all the 60 officials involved had been placed under suspension and departmental proceeding against them had been initiated. Reference had been made to Government of India for action against the then Principal Chief Conservator of Forests who had retired and action had been initiated against two other officers of Indian Forest Service. He also stated that Conservator of Forests, Betia had been directed to lodge FIR with the Police against all of them.

HOME (PRISON) DEPARTMENT

4.1.2 Misappropriation of Funds

Non-observance of codal provision in maintenance of cash book led to misappropriation of Rs 19.18 lakh in District Jail Saharsa.

Rule 86 of Bihar Treasury Code Vol-I provides that all monetary transactions should be entered into the cash book as soon as they occur and attested by the Head of the Office in token of check exercised by him.

Scrutiny of the records of the District Jail Saharsa revealed (April 2001) that the Jail Superintendent (Drawing and Disbursing Officer) did not attest monetary transactions during 1 September 1999 to 19 November 1999. Further, the monetary transactions of Rs 21.35 lakh occurring during the period from 20 November 1999 to 4 February 2000 were not entered in the cash book. Examination of the records also revealed that the Superintendent drew Rs 21.35 lakh from Saharsa treasury through 39 bills during the same period (18 bills of salary, GPF and pension for Rs 10.75 lakh and 21 bills of office expenses and contractor's payment for Rs 10.60 lakh). Against Rs 21.35 lakh, disbursement of Rs 10.75 lakh was not shown in the cash book, when the cash book was written up but the amount was shown as disbursed in the acquittance roll. However, there was no evidence of disbursement of Rs 10.60 lakh, nor this amount formed part of cash balance.

It was further noticed that the then cashier handed over charge of cash to his successor on 5 February 2000 for Rs 0.46 lakh instead of Rs 19.64 lakh (Rs 9.04 lakh cash balance as on 19th November 1999 + Rs 10.60 lakh). Though the Superintendent, District Jail, Saharsa lodged FIR (9 February 2001) with Police against the then cashier for not handing over the charge of all the relevant records and accounts, he did not lodge FIR for the misappropriation of Rs 19.18 lakh as of May 2003.

The misappropriation of Rs 19.18 lakh due to failure of the Superintendent, in maintenance of cash book as per rules needed investigation by Government with a view to fixing responsibility and taking deterrent action.

The matter was referred to Government (June 2003); their reply had not been received (April 2004).

PUBLIC HEALTH ENGINEERING DEPARTMENT

4.1.3 *Doubtful supply of materials*

Payment for doubtful supply of materials valued at Rs 16.48 lakh in PHE Division, Saharsa.

Executive Engineer (EE), Public Health Engineering Division, Saharsa procured spare parts of tubewell valued at Rs 16.48 lakh from two local firms between August 2000 and March 2001. The firms supplied materials through 38 bills. The genuineness of those bills was prima-facie doubtful as all the bills of supply were serially numbered spread over a period of 3 to 7 months and the firms did not appear to have transacted any business during August 2000 to March 2001 with any agency other than this division.

A cross verification of records from the office of the Superintendent, Commercial Taxes, Saharsa also revealed that one of the two firms had closed their establishment in November 2000 while another firm was not at all in existence. All these indicated that vouchers for payment and stock entry certificates thereon were forged.

Thus, expenditure of Rs 16.48 lakh was made against doubtful supply of materials. The EE stated (October 2002) that purchase orders were issued by the higher officers, based on which payment was made. The matter needed investigation by Government.

The matter was referred to the Government (June 2003); their reply had not been received (April 2004).

REVENUE DEPARTMENT

4.1.4 *Defalcation of Government money*

Failure of DDO, the District Nazarat Deputy Collector, Jahanabad in maintenance of cash book resulted in defalcation of Rs 5.93 lakh.

Rule 86 of Bihar Treasury Code Vol. I provides that all monetary transactions should be entered into the cash book as soon as they occur and attested by the head of the office in token of check exercised by him.

Scrutiny of cash book and advance register of Panchayat election of the District Nazarat, Jahanabad revealed (March 2003) that advances aggregating Rs 63,000/- paid to 24 officials during February 2001 to December 2001 for conducting Panchayat election were outstanding for adjustment as on 21 August 2002. Against this Rs 6.56 lakh was shown in the cash book as outstanding as on 21 August 2002 when the then Drawing and Disbursing Officer, the Nazarat Deputy Collector (NDC), Jahanabad handed over charge of the cash book. This facilitated defalcation of Rs 5.93 lakh.

The defalcation occurred due to failure of the NDC, to verify/attest every entry in the cash book, ensure daily closing of cash book and count physical balance of cash at the end of every month as required under the rules.

NDC stated (March 2003) that the amount would be recovered from the Nazir (cashier). He also stated (May 2003) that an enquiry had since been set up and the enquiry report was submitted to the District Magistrate. However, further progress in the matter was not intimated to Audit as of November 2003.

The matter was referred to Government (August 2003); their reply had not been received (April 2004).

RURAL DEVELOPMENT DEPARTMENT

4.1.5 *Doubtful transactions through unadmitted vouchers*

Transactions under vouchers for Rs 11.82 lakh remaining unadmitted/unadjusted in accounts in Block Development Office, Narhat, Nawada for one to 15 years was doubtful.

Financial Rules (Rule 305 of Bihar Treasury Code read with Rule 115 of Bihar Financial Rules) provide that a Drawing and Disbursing Officer is responsible for seeing that expenditure is within the available appropriation and he should not spend government money without budget provision.

Test check of records revealed (May 2002) that in violation of the financial rules, Block Development Officer (BDO), Narhat, Nawada spent Rs 11.82 lakh during 1988-2002 out of the available cash balance on office expenses without budgetary provision. He retained the vouchers against this expenditure as a part of the cash balance, though not permissible under the rules. These vouchers remained unadjusted and unadmitted in accounts for one to 15 years as of October 2003 for want of provision of funds. This expenditure was incurred by BDO in subversion of the expenditure control and cash management procedures and genuineness of these vouchers was questionable.

It was noticed that unadmitted vouchers for only Rs 7.11 lakh out of Rs 11.82 lakh were available. This indicated that Rs 4.71 lakh were defalcated by inflating the figures of unadmitted vouchers in the closing balance in the cash book.

The defalcation was facilitated by the failure of the BDO, the Drawing and Disbursing officer to verify correctness of the entries in the cash book and the physical cash balance as well as the unadmitted vouchers as required under rules.

The BDO, stated (May 2002) that necessary action against the official concerned (Block Nazir) would be taken and result intimated to audit. He intimated subsequently (October 2003) that the missing unadmitted vouchers for Rs 4.71 lakh had since been traced out. The reply is not tenable as the entire expenditure of Rs 11.82 lakh incurred during 1988-2002 remained

unadmitted in accounts for one to 15 years and genuineness of expenditure was not free from doubt.

The matter was referred to Government (July 2003); their reply had not been received (April 2004).

4.1.6 Misappropriation of advance payments

Rupees 35.62 lakh advanced to nine officials in Block Development Office, Choraut, Sitamarhi for immediate disbursement to beneficiaries were not disbursed for one to over six years.

Scrutiny of records of Block Development Officer (BDO), Choraut (Sitamarhi), revealed (February 2002) that Rs 35.62 lakh were advanced to 12 officials including the then BDO himself between February 1997 and March 2001 for immediate disbursement to the beneficiaries of Indira Awas Yojna, Flood Relief, Social Security Pension, Old Age Pension and Scholarship etc. However, the officials did not render account against these advances for a period ranging from 1 yrs. to 6 ½ yrs. nor was there any evidence on record regarding disbursement to the beneficiaries against these advance payments. Thus misappropriation of the public money by the officials concerned was not ruled out. The details were as under :

Sl. No.	Name & designation of Officials	Amount of advance (in Rupees)	Period of receipt	Purpose of advance
1	Arun Kumar Bhattacharya, BDO, Choraut	22,03,010	March 1997 to May 1999	For immediate disbursement to beneficiaries of IAY
2.	Shambhu Pd. Chourasia, Head Assistant	55,000	-	For immediate disbursement to beneficiaries of IAY
3.	Himanshu Bhusan Thakur, Industry Extension Officer, Pupuri cum chouraut	10,23,386	October 1997 to August 2000	For immediate disbursement to beneficiaries of social security pension, flood relief and scholarship.
4.	Dinbandhu Mishra, Co-operative Officer	35,000	February 1997 and July 1997	For immediate disbursement to beneficiaries of social security pension
5.	Ram Bilash Yadav, Panchayat Sewak	1,42,200	February 1998 to December 1999	For immediate disbursement to beneficiaries of social security pension
6.	Kapileshwar Das, Panchayat Sewak	25,000	March 2001	For immediate disbursement to beneficiaries of old age pensioners.
7.	Permanand Jha, Panchayat Sewak	51,225	March 1999 to March 2001	For disbursement to beneficiaries under IAY
8.	Sushil Kr. Verma, Welfare Officer	10,088	March 2001	For immediate distribution among beneficiaries of scholarship.
9.	Awadh Bihari Pandey, Clerk	16,800	August 1999	For immediate disbursement of Grant-in-aid to beneficiaries (Maternity).
	Total	35,61,709		

The BDO failed to ensure disbursements to the beneficiaries by the officials to whom funds were advanced. He successively advanced money to officials without ensuring adjustment of advances previously paid.

The BDO intimated (September 2003) that the Sub-Divisional Officer, Pupri had lodged FIR (September 2003), against the then BDO and certificate notice was issued to him but no action was initiated against other officials. Further progress in the matter was awaited (December 2003).

The matter was referred to the Government (May 2003); their reply had not been received (April 2004).

WELFARE DEPARTMENT

4.1.7 Fictitious disbursements

Fictitious booking of expenditure of Rs 13.16 lakh in accounts facilitated defalcation of Government money in the office of Child Development Project Officer, Manigacchi, Darbhanga.

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

Scrutiny of records of Child Development Project Officer (CDPO), Manigacchi (Darbhanga) revealed (January 2003) defalcation of Rs 13.16 lakh as discussed below:

- ❖ Recovery of honorarium of Rs 2.99 lakh in cash from officials¹ between July 1995 and November 1999 was not taken into cash book.
- ❖ The GPF advance of Rs 40,000/- drawn (1.12.1999) in favour of an ANM (Meera Devi) was shown in the cash book as disbursed to her while she denied (13 August 2001) receipt of this amount. Thus, entry in the cash book was made against forged receipt of payee. Besides, GPF advances of Rs 20,000/- drawn (17.4.1996) through 2 bills were shown in cash book as paid though there were no payees receipts.
- ❖ A cheque for Rs 48,000/- dated 9 November 1999 for payment of arrear pay and allowance to a doctor was encashed by the Nazir. He did not exhibit encashment of the cheque and disbursement of the amount in the cash book.
- ❖ Disbursement of honorarium of Rs 2.84 lakh was shown in the cash book during 1997-98 to 1999-2000 to 10 Sevikas and 13 Sahaikas, though no honorarium was sanctioned to them during these years.
- ❖ There was no detail of advance payment of Rs 2.11 lakh out of Rs 4.95 lakh shown as advances in closing balance of cash as on 12 September 1997. Further names of officials/staffs to whom paid, purpose of advance and actual payees receipts etc. against advance payments of Rs 0.70 lakh as recorded in the cash book during February June 1998 was not available.

¹ Sevikas/Sahaika, Auxiliary Nurse and Midwife (ANMs) and a doctor

- ❖ State Bank of India, Sakari Bazar showed a balance of Rs 1,25,773.55 in the pass book on 8 August 1995, but balance in bank column of the cash book was for Rs 1,65,773.55 resulting in shortage of cash of Rs 40,000/-.
- ❖ Unadjusted vouchers for Rs 0.80 lakh as on 14 August 1997 and for Rs 0.31 lakh during June 1998 to August 2000 as shown in the cash book were not available.
- ❖ Rupees 1.93 lakh spent during 1995-96 to 2000 on maintenance of a vehicle (No.4258) which was condemned in 1995-96 and off the road since then was doubtful.

The matter was referred to the Government (June 2003). The Commissioner and Secretary to the Government, Social Welfare Department stated (November 2003) that District Magistrate, Darbhanga had lodged FIR against guilty officials and the Superintendent of Police Darbhanga had been requested (February 2003) to expeditiously frame charge sheets against them. The departmental action against the guilty officials was also being initiated.

4.2 Infuctuous/wasteful expenditure and overpayment

BUILDING CONSTRUCTION AND HOUSING DEPARTMENT

4.2.1 Collapse of the roof of newly constructed Conference Hall in the Secretariat

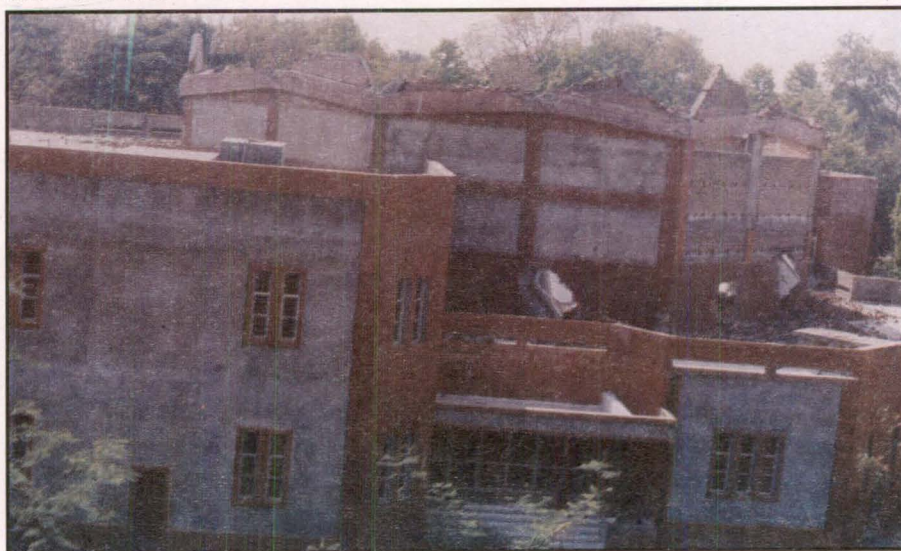
Even indiscreet award of work to the highest tenderer at an extra cost (Rs 20 lakh) and undue aid to contractor (Rs 7.46 lakh) in Building Construction Division, Patna could not lead to completion of Conference Hall in front of Sinchan Bhawan in five years. Due to faulty supervision the roof of the hall also collapsed.

The work for construction of a 'Conference Hall' in front of Sichai Bhawan at Patna was administratively approved (February 1998) for Rs 3.49 crore by Building Construction and Housing Department, Bihar. Without technical sanction and even prior to administrative approval tender for the work was invited (August 1997) by the EE, Building Construction Division No.I, Patna.

Scrutiny of records of Building Construction Division, No.I Patna revealed (September 2002) that three agencies responded to the tender. The lowest rates quoted was 5.74 per cent above the estimated cost of Rs 1.95 crore. However, the tenders were decided (15 February 1999) after one and half year by the tender committee of the department headed by the Engineer-in-Chief after lapse of the validity period of 180 days as stipulated in the notice inviting tender. As a result, the first and the second lowest tenderers refused to execute

the work on their quoted rates and the work was allotted (September 1999) by the Engineer-in-Chief to the highest tenderer for completion by May 2001 (extended to 19 November 2002) at a cost of Rs 2.26 crore which was 15.75 per cent above the estimated cost resulting into extra cost of Rs 20.00 lakh.

The EE stated (June 2003) that the work was incomplete and Rs 2.21 crore had already been spent. He also stated that the roof of the building had collapsed and the matter was under investigation. Strangely, the newly constructed building, which collapsed, was being constructed in the Secretariat campus itself where the entire engineering department was situated nearby for supervision of the work. The officials (Junior Engineer, Assistant Engineer, the Executive Engineer) responsible for execution of the work failed to supervise the work.



Collapsed roof of newly constructed building of Conference Hall

Further, the materials valued at Rs 47.34 lakh were issued to the agency for the work and surprisingly, the percentage increase (15.75 per cent) on the material component of the scheme also was allowed to the agency, though not admissible, resulting in extra undue financial assistance of Rs 7.46 lakh to the agency.

Thus, inordinate delay in deciding tender resulted in indiscreet award of work to the highest tenderer at extra cost of Rs 20.00 lakh. Besides, undue financial assistance of Rs 7.46 lakh was extended to the agency by way of allowing inadmissible percentage increase in cost of the material issued by the department. Further, the roof of the building has since collapsed due to poor quality of work and faulty supervision. As a result, the building has remained incomplete even after five years and incurrance of expenditure of Rs 2.21 crore.

The matter was referred to the Government (June 2003); their reply had not been received (April 2004).

4.3 Violation of contractual obligations/Undue favour to contractors

RURAL DEVELOPMENT DEPARTMENT

4.3.1 Undue financial assistance to brick suppliers

Advances remained overdue due to undue financial assistance of Rs 25.59 lakh to suppliers in Block Development Office, Alawali, Khagaria.

Rule 411 of Bihar Treasury Code provides that advances to contractors are as a rule prohibited, and every endeavour should be made to maintain a system under which no payments are made except for work actually done.

A scrutiny of records of Block Development Officer (BDO), Alawali, district Khagaria revealed (December 2002) that the BDO advanced Rs 28.27 lakh between 19 January 1991 and 25 May 1993 to seven suppliers¹ of bricks for implementation of district plan schemes. Advance of Rs 2.68 lakh of two suppliers was adjusted as of December 2002 but there was no evidence for the receipt and accounting of bricks against Rs 2.68 lakh. The seven suppliers did not supply any bricks against the balance advance of Rs 25.59 lakh.

It was also noticed that advances were released without any work order, mentioning the quantity of bricks to be supplied and the periods of supply. Thus, the BDO extended undue financial assistance to brick suppliers by indiscreet advance payments. He did not enforce recovery of overdue advances for 10 to over 12 years as of May 2003.

The matter was referred to Government (June 2003); their reply had not been received (April 2004).

4.4 Avoidable/Excess/Unfruitful expenditure

PUBLIC HEALTH ENGINEERING DEPARTMENT

4.4.1 Unfruitful expenditure on hand tubewells with iron removal plants

Expenditure of Rs 1.54 crore in construction of iron removal plants was rendered unfruitful due to lack of proper maintenance arrangements, thereby denying the potable water facility to rural population of Katihar district.

For removal of excess iron content in potable water, Public Health Engineering Department, Government of Bihar launched a new scheme under Koshi Amrit Payajal Yojna (KAPY) during 1998-99. Accordingly, 2464 iron

¹ Ramchandra Paswan : Rs 6,62,500; Krishna Singh: Rs 5,97,500; Anil Kumar: Rs 5,97,500; Umesh Kumar; Rs 70,000; Rajendra Prasad Singh: Rs 6 Lakh; Uday Singh: Rs 2.50 lakh; Dinesh Kumar: Rs 0.50 lakh.

removal plants with hand tubewells were to be constructed during 1998-99 in 1232 revenue villages (@ 2 plants per village) of Katihar district at an estimated cost of Rs 2.67 crore at the rate of Rs 10830 for each tubewell. Government of Bihar released Rs 2.72 crore in July 1998 for construction of all the 2464 iron removal plants by March 1999.

Against targeted construction of iron removal plants with hand tubewells, the EE, PHE Division, Katihar constructed 2151 iron removal plants with hand tubewells departmentally at a total cost of Rs 2.71 crore as of March 2003. This resulted in extra cost of Rs 38.00 lakh, on construction of 2151 iron removal plants with hand tubewells in Katihar district.

Further only 1076 of 1232 villages targeted were covered under the scheme upto March 2003.

Incidentally, 1225 out of 2151 iron removal plants constructed were non-functional as of March 2003 resulting in unfruitful expenditure of Rs 1.54 crore on their construction. The EE, P.H. Division, Katihar stated (May 2003) that the beneficiaries did not clean up the iron removal plants. He had earlier stated (May 2002) that plants were not worthy of repairs.

Thus, lack of effective action to create awareness for repairs among the beneficiaries, absence of training and non-supply of essential field kits to the villagers by the division as required under the scheme resulted in non-achievement of the objectives of the scheme in majority of the villages. On the other hand funds of Rs 0.97 lakh during 1998-99 meant for supply kits to farmers were surrendered.

The matter was referred to the Government (June 2003); their reply had not been received (April 2004).

REVENUE DEPARTMENT

4.4.2 Avoidable expenditure on payment of interest

Payment of interest (Rs 17.94 lakh) due to non-payment by District Magistrate Patna to suppliers in time was avoidable.

The Government provided Rs 66.41 lakh to the District Magistrate (DM), Patna for purchase of blankets and shawls etc. The DM, Patna purchased 25574 blankets and shawls etc. valued at Rs 44.93 lakh from four local dealers/suppliers in January 1997 without inviting tenders and paid Rs 20 lakh as advance to the local suppliers and kept Rs 46.41 lakh in the bank (March 1997).

As DM did not pay balance amount of Rs 24.93 lakh to the suppliers, the suppliers moved the Court (1999) for payment of dues of Rs 24.93 lakh with compound interest thereon. Even during pendency of the case, Government pleader conveyed (March 2000) to the DM that the suppliers were ready to forego the interest and legal cost if the amount due was paid to them. The DM did not respond to this offer. Ultimately, the Court awarded decree (April 2000) for payment of the dues to the four suppliers along with interest (@ 18

per cent) on the decretal amount as well as cost of the suit. Government pleader advised (June 2000), the DM to make payment of the decretal amount but DM did not make payment. As a result, the suppliers again filed a case in the Court for recovery of the decretal amount. On this the DM paid Rs 24.93 lakh (January 2001) to the suppliers. The Court, however, passed orders (March 2001) for adjusting the amount paid (Rs 24.93 lakh) against interest of Rs 17.94 lakh accrued up to January 2001. The Civil Revision Application against this filed (2001) by the DM in the Patna High Court was dismissed in February 2002.

On this being pointed out by Audit (June 2003) the DM intimated (December 2003) that funds for payment of interest was being asked for from the Government.

Thus failure of the DM to make prompt payment to the suppliers as per the advice of the Government pleader and to comply to the orders of the Court resulted in avoidable payment of interest of Rs 17.94 lakh upto January 2001 and additional avoidable liability of interest of Rs 6.45 lakh upto June 2003, besides the principal amount of Rs 17.94 lakh which remained unpaid. No action has been taken against the guilty officials.

The matter was referred to Government (June 2003); their reply had not been received (April 2004).

ROAD CONSTRUCTION DEPARTMENT

4.4.3 *Extra cost in road work*

Excess provision of stone metal and WBM/BSG in road work under Road Construction Division No.-I, Gaya resulted in extra cost of Rs 31.36 lakh.

Scrutiny of records of Road Construction Division No.1 Gaya revealed that widening and strengthening of Gaya-Sherghati road (0 to 32 Km) was administratively approved for Rs 3.94 crore (1997-98) to improve transportation in naxal infested areas. Technical sanction for Rs 3.72 crore (September 1998) was accorded by the Engineer-in-Chief, Road construction Department, Patna. The road work was divided into two groups (Group I: 0 to 15 Km and group II:16 to 32 Km). Both the groups were allotted (December 1998) to an agency of Gaya for Rs 1.53 crore and Rs 2.11 crore respectively for completion by June 2000 (extended upto March 2001).

The technical sanction stipulated consumption of 75 mm thick stone metal under both the contracts but Bill of Quantity (BOQ) was approved (November 1998) by the Superintending Engineer, Road Circle, Gaya for 91 mm thick stone metal under group I and 116 mm under group II and accordingly agreements were executed (December 1998). The change in specification of graded metal without assigning any reason resulted in excess consumption of 3869 cu.m of stone metal at extra cost of Rs 23.37 lakh.

Besides, in group I sanction of 27820 sq.m, road layers of water bound compacted broken stones metals (Water Bound Macadam - WBM) were increased to 38182 sq.m. Built-up spray grouting (BSG) with 20 mm bituminous premix carpeting over WBM resulted in excess execution of work for 10362 sq.m area for BSG and premix carpeting valued at Rs 7.99 lakh.

Thus excess provision of stone metal and WBM/BSG works resulted in increase in cost of the road works by Rs 31.36 lakh.

The matter was referred to the Government (June 2003); their reply had not been received (April 2004).

ROAD CONSTRUCTION DEPARTMENT

4.4.4 Excessive Expenditure

Excessive expenditure on Built up Spray Grouting and Excess supply of stores valued at Rs 37.68 lakh in execution of road works by Road Construction Division, Ara remained unrecovered after three years.

Strengthening of Ara-Buxar state road in 0-35 km was administratively approved (March 1998) for Rs 3.81 crore and technically sanctioned for Rs 3.75 crore (April 1998). The Chief Engineer invited tender (September 1998) for the work at an estimated cost of Rs 2.89 crore (based on Bill of Quantity). He awarded the work to the lowest tenderer at 16 per cent above estimated cost minus value of material (Rs 78.53 lakh) to be supplied by the department, though as per Cabinet Secretariat and Coordination Department's instruction (July 1986) approval of rates in excess of 10 per cent of the estimated cost was not permissible.

EE, Road Construction Division, Ara executed agreement (December 1998) with the agency for completion of the work by October 1999. However, the agency commenced work in October 1998 based on the work order issued (October 1998) by the EE. The agency executed work valued at Rs 2.81 crore and was paid for till the State road was handed over (December 2000) to National Highway wing of the Government.

Scrutiny further revealed the following:

- ❖ The Built up Spray Grouting (BSG), an essential component of the road work was technically sanctioned for Rs 25.68 lakh (36430 sq.m @ 70.50 per sq.m). Against this, BSG work valued at Rs 51.22 lakh (72654 sq.m @ 70.50 per sq.m) was done and paid for resulting in excess execution of 36224 sq.m of BSG work valued at Rs 25.54 lakh which was disapproved (March 1999) by the Chief Engineer, Central Design Organisation, Patna. The amount disapproved was not recovered as of March 2004.
- ❖ Test-check of site account for materials revealed that 146.42 tonne of bitumen valued at Rs 12.14 lakh issued (December 1999) for repair

work of the road was not consumed in work and the same remained unrecovered from the agency as of May 2003.

Thus value of execution of BSG work and pilferage of bitumen aggregating Rs 37.69 lakh remained unrecovered even after three years of completion of the work.

The matter was referred to the Government (June 2003); their reply had not been received (April 2004)

4.4.5 *Doubtful use of material in road work*

Excessive use of stone metal valued at Rs 88.70 lakh in the road works was allowed and paid for without specific approval. Further, supply of Bitumen in excess of the requirement (Rs 90.29 lakh) to the contractor was not recovered.

Improvement and repair of Bihar-Ekangar-Telhara Road (0 to 35.47 Km) was sanctioned under the scheme of development of road in naxal area during 1997-98. Technical sanction of the work was accorded (April 1998) by Chief Engineer, (Central Design Organisation) Road Construction Department (RCD), Patna for Rs 4.62 crore. The Superintending Engineer awarded the work (September 1998) to an agency at the tendered cost of Rs 4.29 crore for completion by April 1999. As per the technical sanction the width of the road was to be widened upto 5.5 meters.

Scrutiny of records (December 2002) of RCD, Biharsharif revealed that 3951.19 cu.m. sand filling (150 mm thickness) was done in the widened portion of road in 26344.27 sq.m area. For preparations of water bound macadam (WBM) surface in the area ibid 2634.13 cu.m stone metal grade I, 1975.59 cu.m each of stone metal grade II and III were required as per sanctioned estimate in the ratio of 100 mm for grade I and 75 mm for grade II and III each. As against the above requirement, 6053.84 cu.m grade I, 5439.11 cu.m grade II and 5664.12 cu.m grade III stone metals were used in the work (all compacted measurement). Thus 3419.71 cu.m, 3463.52 cu.m and 3688.53 cu.m stone metal grade I,II and III respectively valued at Rs 88.70 lakh were used in the work in excess of requirement and paid for (March 2001).

No reason for excess consumption of material in road work was on record. Even original estimate was not revised. Besides, the estimates for the road work was prepared after ascertaining the site conditions and the contracting agency offered the rates in tenders after knowing the site conditions. Therefore, use of such huge quantity of stone metals valued at Rs 88.70 lakh in the work was doubtful.

Scrutiny further revealed that against total requirement of 1551.56 tonne of bitumen in the work, 1624.28 tonne of bitumen were issued (1998-2000) to the agency for the work, though no material in excess of requirement was to be issued to an agency as per the orders (December 1983) of technical cell of the

Cabinet Co-ordination Department, Government of Bihar. Moreover, the material expected to be consumed in work within 15 days was to be issued by a division to an agency. Against this, 685.79 tonne of bitumen were consumed in the work and the balance 938.48 tonne (1624.28-685.79 tonne) valued at Rs 90.29 lakh (938.48 @ Rs 9621/- per tonne) remained unrecovered from the agency as of February 2004. The agency stopped work after receiving payment of Rs 2.91 crore in March 2001 and did not resume the work thereafter. However, the EE did not issue direction to the agency for resuming the work and invoke penal clause for default in execution of the work.

Thus there was doubtful use of stone metals valued at Rs 88.70 lakh in road works and 938.48 tonne of bitumen valued at Rs 90.29 lakh issued to an agency in excess of requirement for the same road work remained unrecovered.

The matter was referred to the Government (June 2003); their reply had not been received (April 2004).

4.4.6 *Extra cost and doubtful repairs of road*

In Road Construction Division, Saharsa expenditure of Rs 28.22 lakh on repairs when the road was under construction was doubtful.

The work of widening (from 3.09 to 5.49 metres) and strengthening of 14.5 km of Panslwa-Baidyanathpur road (from 22.2 to 36.7 km) was administratively approved (December 1998) for Rs 3.48 crore. Technical sanction for construction of 17.8 kms of the same road (22.2 km to 40 km) was however accorded for Rs 4.18 crore. The Road Construction Division, Saharsa invited tenders (December 1998) based on Bill of Quantity for Rs 4.02 crore. In response to the tenders the work was awarded to an agency at a cost of Rs 4.38 crore which was 10 per cent above the estimated cost. Accordingly EE, Road Construction Division, Saharsa executed contract (March 1999) with the agency for completion of the work by May 2000, though the work had already commenced (February 1999).

It was observed (November 2002) that after receiving payment of Rs 3.30 crore the agency stopped the work in March 2002 without assigning any reason. However, no penal action was initiated by the EE against the agency as per the contract for abandoning the work. Instead he framed a fresh estimate of Rs 1.35 crore for completion of the balance work and submitted (January 2002) to the Superintending Engineer (SE) who sanctioned the estimate with the approval of the Chief Engineer (CE) under the sub-head maintenance and repairs though this work was of original nature. The work was allotted to the same agency (May 2002) for completion by October 2002 who had abandoned the work earlier. Rupees 1.35 crore were paid to the agency as of March 2003. This resulted in extra expenditure of Rs 27 lakh.

Interestingly, while original work under the first contract was in progress, the division spent Rs 28.22 lakh on repairs and maintenance of the same road (including pot patch repairs) during 1999-2000 though the works of original construction had not been completed in the same stretch of the road. Thus the

expenditure of Rs 28.22 lakh on repairs of the road, when the original work of widening and strengthening of the road was in progress, was doubtful.

The matter was referred to the Government (June 2003); their reply had not been received (April 2004).

4.4.7 *Avoidable extra expenditure*

Default in finalisation of tenders resulted in avoidable extra expenditure of Rs 32.85 lakh in Ullar-Masaurhi road works under City Road Division, Patna.

Widening and strengthening of Ullar-Masaurhi road (12 to 22 km) in naxal infested area was administratively approved (March 1998) for Rs 1.30 crore and technically sanctioned (April 1998) for Rs 1.11 crore. The EE, Patna city RCD, Gulzarbagh, Patna invited tenders, for the work at an estimated cost of Rs 1.11 crore, four times between March 1998 and January 2001. Against these, one to two agencies (three times : two agencies, one time : one agency) responded. However, the SE, Central Circle, Patna did not initiate action to finalise the tenders for over five years while out of Rs 1.25 crore provided by the Government for the work during 1998-2002, Rs 1.09 crore were surrendered and Rs 16 lakh were spent on repairs of the road. Subsequently, Engineer-in-Chief, unilaterally ordered (January 2003) for departmental execution of widening and strengthening in a stretch of four kms (17.80 to 21.80 km) at estimated cost of Rs 1.22 crore.

Test-check also revealed (June 2003) that the Division carried out road work upto water bound macadam (WBM) level at a cost of Rs 48.88 lakh (Material : Rs 43.23 lakh + Labour : Rs 5.65 lakh) as of March 2003 though the estimated cost (April 1998) for the same water bound macadam in the same stretch of the road was for Rs 16.03 lakh only resulting in avoidable extra cost of Rs 32.85 lakh mainly due to damage to the road crust (Rs 24.83 lakh) and increase in price (Rs 8.02 lakh). The road work remained incomplete as of (October 2003).

Thus inordinate delay in finalisation of tenders due to inaction of the SE for over five years resulted in avoidable extra expenditure of Rs 32.85 lakh.

The matter was referred to the Government (June 2003); their reply had not been received (April 2004).

4.4.8 *Indiscreet award of road work*

Extra expenditure (Rs 31.92 lakh) and cost over run (Rs 1.22 crore) was incurred due to indiscreet award of Ara-Sasaram road work and imprudent decision taken by the CE not to invoke penal action.

Widening and strengthening of Ara-Sasaram road (naxal infested area) in 4 to 50 km. was administratively approved (March 1998) for Rs 5.92 crore and technically sanctioned for Rs 5.50 crore (April 1998). EE, RCD, Ara invited

tender in August 1998 at estimated cost of Rs 4.77 crore. Against this, two agencies (Vishal Builtech at 39.40 per cent and Kartick Kumar at 45 per cent above estimated cost) responded.

Test-check (May 2002 and May 2003) of the records of Road Construction Division, Ara revealed that a single agency had quoted rates in two names and the departmental tender committee without obtaining competitive rates approved award of the work to the agency (Vishal Builtech) for Rs 4.89 crore at 16.8 per cent above the estimated cost excluding cost of Government materials. The EE contracted with the agency for completion of the work by June 1999 (extended upto June 2001). This resulted in unauthorised award of work on single tender basis. The agency abandoned the work after executing work valued at Rs 4.92 crore and receiving payment as of March 2000.

Engineer in Chief (EIC) closed (August 2001) the contract without invoking penal risk and cost clause of the contract. On the contrary, he irregularly directed the CE (Communication) to get this original work completed under repair head of accounts. Accordingly the CE approved (March 2002) estimate for residual work under repair head at Rs 1.19 crore which included Rs 62.32 lakh for damaged portion of road crust due to incomplete construction of road work already executed by the previous agency. The EE, RCD, Ara invited tender for the repair work in March 2002. Departmental tender committee awarded the work (June 2002) to an agency at estimated cost of Rs 1.19 crore for completion by January 2003. The agency executed work valued at Rs 46.24 lakh including Rs 31.92 lakh spent on redoing the damaged road works as of March 2003 and the work remained incomplete as of December 2003.

Thus indiscreet award of contract to a particular contractor, failure of the departmental officers in invoking penal clause of contract and ensuring completion of the work by the agencies in time as per contract resulted in avoidable extra expenditure of Rs 31.92 lakh on redoing the damaged road work, besides loss of Rs 1.22 crore.

The matter was referred to the Government (June 2003); their reply had not been received (April 2004).

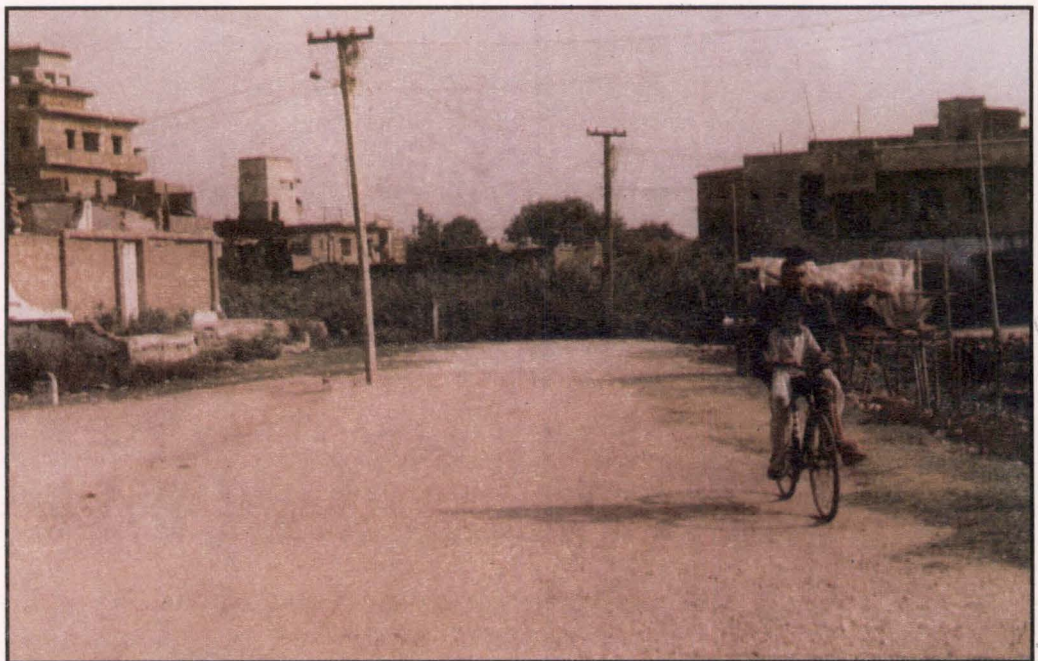
4.4.9 Unfruitful expenditure on incomplete construction of road

Taking up link road between Rajendra Nagar and Patna New By-pass road without acquisition of land resulted in unfruitful expenditure of Rs 41.30 lakh on incompleting construction of the road.

Improvement and construction of link road (Kankarbagh road no.3) from Rajendra Nagar Rail over bridge southern approach to Patna new bypass road, administratively approved for Rs 82.56 lakh (March 1991) was technically sanctioned (December 1998) for Rs 86.45 lakh in two stretches (Rs 45.77 lakh for 1285 metres from south approach of Rail over bridge and for Rs 40.68 lakh for 1285 metres onward to bye pass road). After tendering (December 1998) the CE, Communication, South Bihar wing, Patna awarded (February 1999

and 19 June 1999) the work of first stretch (1285 metres) to two agencies at five per cent above BOQ value at Rs 35.18 lakh for completion by October 1999 and second stretch (February 2000) to another agency at five per cent above BOQ value at Rs 40.07 lakh for completion by June 2000. All the three agencies executed work of Rs 41.30 lakh upto June 2001 and were paid for and abandoned the work thereafter due to non-availability of land for construction of road.

It was noticed in audit (March 2003) that at the time of technical sanction and award of the work to the agencies, mid portion of the proposed construction of second stretch of road was not free for construction and private buildings were already constructed with the approval of the Patna Regional Development Authority. The EE, New Capital Division, RCD, Patna did not ensure encroachment free alignment of the road before preparation/sanction of estimates and taking up construction, though as per para 4.5 and 7.5 of the resolution of Cabinet Coordination (Confidential cell) Department issued in July 1986, no work should be taken up without acquisition of land. This resulted in obstruction in construction of road by house owners and abandonment of the work.



Rajendra Nagar Panta New By-pass road blocked by private buildings

Thus road work taken up without availability of land resulted in unfruitful expenditure of Rs 41.30 lakh on incomplete construction of road. Besides, the intended objective of connectivity of the road between Rajendra Nagar Railway over bridge to Patna new bypass road was not realised.

The matter was referred to the Government (June 2003); their reply had not been received (April 2004).

**ROAD CONSTRUCTION DEPARTMENT
(NATIONAL HIGHWAY WING)**

4.4.10 Extra cost in construction of approaches to Railway bridge

Commencement of the work of construction of approaches to Railway Bridge at Hajipur without proper survey and investigation resulted in extra cost of Rs 1.62 crore.

Construction of southern approaches to Railway overbridge at Hajipur in 1st km of Hajipur, Patna section of National Highway 19 was administratively approved and technically sanctioned by Ministry of Road Transport and Highways (MORTH) in March 1998 for Rs 4.55 crore. The EE, National Highways Division (NHD), Gulzarbag, Patna invited tender (October 1998) based on Bill of Quantity for Rs 4.24 crore. The work was allotted in May 1999 to an agency at a cost of Rs 4.88 crore which was 15 per cent above the estimated cost for completion by June 2001 (extended June 2002). The work was started in June 1999. Rupees 5.23 crore were paid to the agency as of July 2003.

Scrutiny of records of NHD, Gulzarbagh, Patna revealed (August 2002) that as per original technical sanction there was provision for 3 girder system, 20 mm premix carpet with seal coat type 'A'. The design was subsequently changed to 4 girder system and specification was also changed to 75 mm bituminous macadam and 40 mm semi dense carpet without justification and without any change in site conditions on record. Due to modification in the design and change in specification extra provision of Rs 76.46 lakh was made in the revised estimate submitted (November 2001) by the departments for Rs 7.36 crore to the MORTH, Government of India, New Delhi. The MORTH however sanctioned (January 2003) the work for Rs 6.17 crore only. The revised estimate also included provision of Rs 47.26 lakh for boulder pitching instead of turfing over the earth work of 12 metre height in the approach road of the bridge in order to protect the earth work done from erosion.

The change in design and specification of the approaches while the work was in progress indicated that the work of approach road was administratively approved, technically sanctioned and taken up without proper survey and investigation resulting in estimated extra cost of Rs 1.62 crore. Against this Rs 52.29 lakh had already been spent upto July 2003.

The matter was referred to the Government (June 2003); their reply had not been received (April 2004).

WATER RESOURCES DEPARTMENT

4.4.11 *Unfruitful expenditure on incomplete construction of branch canal*

Commencement of the construction of branch canal from RD 95 to RD 125 of Western Kosi Project without acquisition of land resulted in unfruitful expenditure of Rs two crore on incomplete constructions.

As per para 4.5 read with para 7.5 of the resolution of the Cabinet Coordination (confidential cell) Department issued in July 1986, no work should be taken up without acquisition of land and availability of funds.

In violation of these instructions Joint Secretary to Government, Water Resources Department entrusted (November 1999) the work of construction of Kakarghati Branch Canal of Western Koshi main canal from RD 95 to RD 125 to an agency at a cost of Rs 2.19 crore (9.50 per cent above estimated cost of Rs two crore) for creating irrigation potential for 45334 hectare of land. Accordingly, the EE, Western Koshi Canal Division, Benipur, Darbhanga executed agreement (January 2000) with the agency for completion of work by 5 June 2001.

Subsequently (March 2001) the EE entered into a supplementary agreement with the same agency for carriage of earth (20651 cu.m) by mechanical means beyond 150 metre to half kilometre at extra cost of Rs 16.88 lakh based on the orders of the Chief Engineer, Water Resources Department, Darbhanga, though carriage of earth through mechanical means was not stipulated in the original estimate.

The agency after executing work valued at Rs two crore in different stretches stopped the work (June 2001) due to non-acquisition of land at various points. Thereafter, Chief Engineer, Darbhanga ordered (December 2001) closure of agreement and final bill for the value of Rs two crore was paid in June 2002.

It was noticed in audit (February 2003) that the land at different points had not yet been acquired as of February 2003 due to lack of proper initiative by the departmental officers for acquisition of land before taking up the work. As a result, the construction of branch canal could not be completed.

Thus commencement of the construction of branch canal without acquisition of land at different points resulted in unfruitful expenditure of Rs two crore on incomplete construction of the branch canal. Besides, the objective of creating irrigation potential for 45334 hectares of land was not realised.

The matter was referred to the Government (June 2003); their reply had not been received (April 2004).

4.4.12 Unfruitful expenditure

Expenditure of Rs 3.01 crore on incomplete canal construction and cross drainage structures was rendered unfruitful.

As per the Government instructions issued under a resolution (July 1986) that no work should be taken up without acquisition of land.

Chief Engineer, Water Resources Department, Dehri, on the recommendation of Departmental Tender Committee entrusted (March 2001) the work of construction of canal and cross drainage structure at chain no. 78 to 103.20 of Durgawati dam to four different agencies at a total cost of Rs 4.03 crore against estimated cost of Rs 4.46 crore during 2000-01 for creating cultivable command area of 28898 acres of land. The EE, Durgawati Right Main Canal, Chenari accordingly executed agreement during March 2001 to August 2001 for completion of works between March and August 2002.

It was observed that the division submitted the requisition for acquisition of land in October 2001 to Special Land Acquisition Officer (SLAO), Sasaram though the works were entrusted to the agencies in March 2001 (agreements executed during March to August 2001). However, the land was not acquired and the construction of the canal and the cross drainage structure remained held up, besides the works under chain 90.50 to 95.55 could not be taken up as of June 2003.

Thus taking up the works without acquisition of required land resulted in unfruitful expenditure of Rs 3.01 crore as of June 2003 on incomplete construction of canal and cross drainage structure. No responsibility was fixed on any officials for the lapse.

The matter was referred to Government (June 2003); their reply has not been received (April 2004).

4.4.13 Unfruitful investment on road work

Stoppage of work of road bridge over North Koel barrage at Mohammadganj midway rendered the investment of Rs two crore unfruitful.

Joint Secretary, Water Resources Department, Bihar based on the recommendation of departmental tender committee, entrusted (April 1999) the work of construction of double lane road bridge over North Koel Barrage at Mohammadganj to Hindustan Steel Works Construction Limited, Ranchi for smooth operation of barrage and restricting movement of people over the bridge at a cost of Rs 4.92 crore (44 per cent above the estimated cost of Rs 3.41 crore) though as per Cabinet Secretariat and Co-ordination Department's instruction (July 1986) approval of rates in excess of 10 per cent of the tendered cost was not permissible.

The EE, North Koel Barrage Division, Mohammadganj executed agreement (May 1999) with the agency for completion of the work within 24 months.

However, the agency executed work valued at Rs two crore till March 2001 and thereafter stopped the work. The EE stated (September 2001) that the work was stopped due to non availability of fund.

It was noticed (December 2002) that the division failed to spend Rs 92.63 lakh out of Rs 2.05 crore available during 1999-2001. The available fund during 1999-2001 lapsed and the Government thereafter did not provide any fund. There was no initiative on the part of the division to get the work done and the investment of Rs. two crore on the incomplete work was rendered unfruitful.

On being pointed out by audit (June 2003), the Commissioner and Secretary to Government, Water Resources Department stated (September 2003) that the work was awarded to the agency with the approval of Finance Department. He also stated that the Ganga and Sone Management Board would allot the funds after finalisation of the cost ratio between the Bihar and Jharkhand Governments for the remaining work. Further progress in the matter was not intimated by him (April 2004).

4.4.14 Default in payment of compensation

Default in payment of decretal amount of compensation of land led to avoidable payment of interest for Rs 31 lakh.

Two Special Land Acquisition Officers, (Muzaffarpur and Aurangabad) acquired 32.71 acres of land in August 1976 and July 1982 for rehabilitation of persons displaced due to implementation of Bagmati Project and construction of North Koel Main Canal and Basdiha distributory.

The owners of land of two villages (Musachale : Sitamarhi district, Jhikitia : Aurangabad district) filed four cases in the Courts of Subjudge I (Sitamarhi and Aurangabad) during 1986, 1991 and 1992 for revision of rates of compensation of land acquired by the department.

The courts ordered (December 1991, December 1992, January 1994 and April 1995) payment of compensation of Rs 99.80 lakh to the land owners at the rates varying from Rs 1700 to Rs 2600 per decimal of land. The decretal amount included payment of solatium plus additional amount of 12 per cent per annum from the date of notification of acquisition of land to the date of declaration of award besides interest at the rate of nine per cent for one year from date of possession of land and thereafter at the rate of 15 per cent per annum.

However, both the Special Land Acquisition Officers defaulted in payment of the decretal amount of Rs 99.80 lakh mainly due to delay in obtaining legal opinion on the decision of the courts and obtaining funds from the Government. They paid enhanced amount of compensation of Rs 1.31 crore to the land owners (March 1995, January 1998, February 1998, June 2000) resulting in avoidable payment of interest of Rs 31.00 lakh to the land owners. The default in payment of decretal amount was not investigated by Government and no action was taken against the officials responsible.

The matter was referred to the Government (June 2003); their reply had not been received (April 2004).

4.5 Idle investment/Idle establishment/Blockage of funds

ANIMAL HUSBANDRY DEPARTMENT

4.5.1 Nugatory expenditure on idle officials

Officials in Fodder Development Office remained without work since 1990-91 leading to nugatory expenditure of Rs 65.05 lakh on them.

Office of the Fodder Development Officer (FDO), Bihar, Patna was established in 1980 with the objective of exhibiting process and procedure for getting maximum production of green fodder from fields of rural areas. Accordingly the office was to undertake sample selection of plots, method of enrichment of soil, selection of improved variety of seeds etc.

It was noticed in audit (June 2002) that no sample survey for selection of plots and soil etc. was carried out and no target was ever fixed by the department since inception of the scheme. The FDO stated (June 2002) that no work could be done as funds for the execution of scheme were never provided and also no target for production of fodder and demonstration fixed since 1990-91. Thus the office consisting of seven officials (Fodder Development Officer: 1; Head clerk: 1; and other: 5) remained without work since 1990-91 and nugatory expenditure of Rs 65.05 lakh was incurred on their pay and allowances between 1990 and 2004.

The matter was referred to Government (June 2003). The Deputy Secretary to Government, Animal Husbandry Department stated (August 2003) that action for revival of the activities of the office was being taken.

4.5.2 Nugatory expenditure on a non-functional liquid nitrogen plant

Officials deployed in Liquid Nitrogen Plant remained without work rendering expenditure of Rs 1.05 crore on them during April 1992 to March 2003 nugatory.

Liquid Nitrogen Plant set up (April 1989) in Frozen Semen Bank, Chandwara, Muzaffarpur with a capacity to produce liquid nitrogen (@ 27 litres per hour) for preserving semen collected from bulls and he-buffaloes in frozen condition. The semen so preserved was to be used for artificial insemination of cows and she-buffaloes in three divisions (Tirhut, Darbhanga and Saran) to cater to the need of Cattle Development.

It was noticed in audit (December 2001 and May 2003) that the Liquid Nitrogen Plant was set on fire by an irate mob in March 1992. As a result, the electricity generating set and internal electrification of the plant were damaged

and the plant did not operate since April 1992. The damaged internal electrification and the electricity generating set, estimated (June 1994) to be repaired at a cost of Rs 2.70 lakh were not repaired as of May 2003 because no funds were provided by the Government.

As a result, the man power deployed for the plant (Project Officer 1; Clerk1; Insemination Officer1; Technicians 5; Mechanic 1; Driver 1; Bull Attendant, Peon and Night Guard 4) remained without work since April 1992, and nugatory expenditure of Rs 1.05 crore was incurred on their pay and allowances during April 1992 to March 2003 as the head of the department did not take action to get their services gainfully utilised elsewhere in the department. Further, the Government also sustained loss of revenue from the owners of cows and she-buffaloes for artificial insemination.

Besides, the activity of artificial insemination in three divisions remained unattended/neglected. The matter was referred to Government (June 2003); their reply had not been received (April 2004).

**PERSONNEL AND ADMINISTRATIVE REFORMS DEPARTMENT,
REVENUE DEPARTMENT AND WELFARE DEPARTMENT**

4.5.3 Irregular deposit of Government money in Civil Deposits/banks

Five Drawing and Disbursing Officers drew funds of Rs 8.09 crore from treasuries and irregularly kept them in Civil Deposits/ banks.

Rules provide that no money should be drawn from treasury unless it is required for immediate payment. Even the withdrawal from the treasury should not be made to avoid lapse of budget grants. Further, any sum remaining undisbursed at the end of the financial year should forthwith be deposited in the treasury under the appropriate head of account.

In utter disregard to these codal provisions funds were drawn by several officials from treasury and kept in banks/Civil Deposits as given below:

(Rs in crore)

Sl. No.	Name of Department/ Designation of the officer	Funds drawn/ Month & year	Purpose	Amount deposited in civil deposits/ period	Amount deposited in Bank	Remarks
1.	Registrar, Personnel & Administrative Reforms Department Bihar, Patna	Rs 1.00 / March 2002	C A for construction of Administrative Training Institute at Patna	Rs one crore between March 2002 to May 2003 and Rs 50 lakh from June to December 2003	-	Rs 50 lakh drawn from Civil Deposits in June 2003. Of this Rs 20 lakh was spent on salary of staff.
2.	District Welfare Officer, Araria	Rs 1.08 / 1997-99	C A for implementation of family oriented income generating schemes for SC/ST	Rs 0.47 / February 2002 to December 2003	Rs 0.52	In addition Rs 52.00 lakh was deposited in 12 Banks during Jan 2001 to Dec 2001 for Payment of loan to the beneficiaries.

Sl. No.	Name of Department/ Designation of the officer	Funds drawn/ Month & year	Purpose	Amount deposited in civil deposits/ period	Amount deposited in Bank	Remarks
3.	District Welfare Officer, Muzaffarpur	Rs 1.96 / 1997-99	-do-	Rs 1.84 / April 2002 to December 2003	Rs 1.84	Rs 1.84 crore was deposited in current accounts in bank from 1997-98 to March 2002.
4.	District Welfare Officer, Betia	Rs 3.62 (Unspent balance) / March 2002	-do-	Rs 0.44 / March 2002 to December 2003	Rs 0.85	Rs 0.85 crore credited to the banks prior to April 1998. Interest of Rs 61.41 lakh was earned upto March 2002 out of which Rs 44.18 lakh was put in Civil Deposits.
5.	District Magistrate, District Nazarat, Samastipur	Rs 1.13 / 1998-99	Implementation of total literacy campaign.		Rs 1.13	The amount was deposited in current account upto September 2000 sustaining loss of interest of Rs 12.40 lakh. After that the amount was transferred to savings account in banks
Total				Rs 3.75	Rs 4.34	

On being pointed out by audit (June 2003), the Secretary to the Government, Welfare Department who stated (October 2003) that due to non co-operation from the bank for payment of loans to beneficiaries, the funds remained unutilised in banks in Muzaffarpur and action was being taken for working out a solution but he could not justify keeping an amount of Rs 1.84 crore in Civil Deposits by the District Welfare Officer, Muzaffarpur. Other authorities did not give any reply as yet (April 2004).

DEPARTMENT OF HEALTH, HEALTH EDUCATION AND FAMILY WELFARE

4.5.4 Inordinate delay in utilisation of funds

As the construction of building was incomplete, the Cobalt machine for providing specialised treatment to cancer patients in DMCH was not installed.

Government of India provided (1990-91) Rs 50 lakh to State Government for purchasing and installing Cobalt machine in Darbhanga Medical College and Hospital (DMCH) for providing specialised treatment of cancer. Against this the State Government released Rs 31.69 lakh (30 March 1993) to the Superintendent, DMCH for construction of cobalt building for cancer unit in the hospital, who drew the amount and kept the same in "Civil Deposits" (31

March 1993). The Superintendent drew the amount from "Civil Deposits" in January 1995 and kept the same in current account of State Bank of India, DMCH Branch, Laheriasarai where the money remained unutilised upto June 1999, though drawal of funds for keeping in "Civil Deposits"/ current accounts in bank was not permissible under rules.

The Superintendent released Rs 31.69 lakh (July 1999: Rs 15 lakh+ July 2002: Rs 16.69 lakh) to EE, Building Construction Division, Darbhanga for construction of a building though the Chief Engineer, Building Construction, Laheriasarai, Darbhanga had already informed (April 1998) the Superintendent, DMCH that construction of Cobalt building could be taken up only if availability of the revised cost of Rs 60 lakh (further revised to Rs 74.62 lakh in February 2003) of the building was assured. The EE spent Rs 23.68 lakh as of April 2003 on 33 per cent of the work.

It was noticed in audit (July 2002 and March 2003) that the Superintendent did not provide additional funds to the division, nor did he obtain mandatory approval of the design of the building from the Bhabha Atomic Research Centre as of March 2003. Further, the utilisation of funds provided by the departments was not monitored by the Government.

Thus due to lack of planning and initiative on the part of the Superintendent, DMCH and the Government, building remained incomplete even after lapse of more than ten years and the cobalt machine was not installed resulting in unfruitful expenditure of Rs 23.68 lakh. Besides, the State Government lost interest of Rs 18.36 lakh (@ 12 per cent per annum) due to depositing Rs 31.69 lakh in current bank account.

The matter was referred to Government (May 2003); their reply had not been received (April 2004).

ANIMAL HUSBANDARY DEPARTMENT

4.5.5 *Nugatory expenditure due to overstaffing*

Twenty Bull Attendants remained without work in District Animal Husbandry Office, Muzaffarpur rendering the expenditure of Rs 58.61 lakh nugatory.

Scrutiny (July 2002) of records of the District Animal Husbandary Officer (DAHO), Muzaffarpur revealed that against sanctioned posts of eight Bull Attendants in District Animal Husbandary office, Muzaffarpur, 20 persons were posted at Muzaffarpur during April 1997 to June 2003 resulting in excess posting of 12 Bull Attendants. Moreover, there was no bull in the cattle farm in Muzaffarpur district since April 1997. The DAHO did not refer the matter of excess posting of 12 Bull Attendants and of all the 20 Bull Attendants, who remained idle since 1997 to Government for utilising their services gainfully elsewhere in the department. It was also noticed that the salaries of the Bull Attendants in excess of sanctioned strength (April 1997 to March 2003) were drawn by the DAHO from treasury endorsing wrong certificates on the salary bills that the pay and allowances were well within the sanctioned strength.

Thus, there was unauthorised deployment of 12 Bull Attendants involving irregular payment of salary of Rs 34.47 lakh as well as nugatory expenditure of Rs 58.61 lakh on pay and allowances of all the 20 Bull Attendants who remained without work during April 1997 to June 2003. DAHO, Muzaffarpur stated (July 2003) that the payment to Bull Attendants were made against the sanctioned strength of peons and chaukidars. The reply was not acceptable because the peons and chaukidars had different nature of work than that of Bull Attendants. Further approval of the Government has not been obtained for recruiting excess bull attendants against the posts of peons and chaukidars.

The matter was referred to Government (June 2003); their reply had not been received (April 2004).

4.6 Regulatory issues and other points

HIGHER EDUCATION DEPARTMENT

4.6.1 College and hostel buildings occupied by CRPF

Post-graduate building of Anugrah Narain College, Patna and P.G. hostel of Bhim Rao Ambedkar, Bihar University, Muzaffarpur were occupied by CRPF affecting teaching of students. Even rental charges of Rs 73.57 lakh were not recovered from them.



Post graduate building of A.N.College, Patna occupied by CRPF

Anugrah Narayan College, Patna under Magadh Univerisity, Bodh Gaya had constructed (October 1994) a three storey building having 36 rooms at a cost of Rs 30.59 lakh for holding Post Graduate (Arts) classes. During construction of the building itself, CRPF unauthorisedly occupied (July 1992)

this building and did not pay any rent for this. Principal of the college requested (March 2003) the Registrar, Magadh University, Bodh Gaya to take necessary steps to get the building vacated for conducting Post Graduate classes and for realisation of rent from CRPF at the rate of Rs 50000 per month since its occupation. However, the Registrar did not respond and neither the rental charges aggregating Rs 65.50 lakh for the period July 1992 to May 2003 were recovered from the CRPF nor was the building vacated as of June 2003.

Similarly two Post Graduate Boys Hostels (2 and 5) of BRA Bihar University, Muzaffarpur having combined capacity of 153 (86 and 67) seats were occupied by CRPF since April 1996 on the verbal consent of the Vice-Chancellor, BRA University, Muzaffarpur. However, the University did not recover any rental charges for occupation of the two hostels by the CRPF and unrecovered charges as of January 2003 aggregated Rs 8.07 lakh.

Thus, failure of the two Universities to get the college and hostel buildings vacated from the possession of the CRPF, resulted in unauthorised use of official/hostel building and deprived hostel facilities to the students. Besides, rental charges of Rs 73.57 lakh have also not been realised.

The matter was referred to Government (June 2003); their reply had not been received (April 2004).

ROAD CONSTRUCTION DEPARTMENT

4.6.2 *Quality of road work not assured*

In the absence of sand filling road work involving expenditure of Rs 1.05 crore done in Harnaut-Belchi-Chandi road was not assured.

The improvement/repair of Harnaut-Belchi-Chandi road in one to 16 km under the scheme of development of road in naxal area was administratively approved (March 1998) by Road Construction Department (RCD), Bihar, Patna for Rs 1.71 crore. Technical sanction was accorded (April 1998) by the Chief Engineer, Central Design Organisation (CDO), RCD, Patna for Rs 1.46 crore. As per the estimate, the existing road width of 3.05 meters was proposed to be widened upto 5.5 meters. The sanctioned estimate also provided for (a) box cutting (b) sand filling (c) stone metal Gr. I,II and III (d) primer coat (e) 50 mm built up spray grouting (BSG) (f) 10 per cent levelling course and (g) 20 mm premix carpet. The work was allotted to an agency for Rs 1.94 crore against Bill of Quantity's value of Rs 1.77 crore under three agreements for completion between March 1999 and May 2000.

Scrutiny of records (December 2002) of RCD, Bihar Sharif revealed that all the items which were provided in sanctioned estimate were included in the agreement, except sand filling work. Further stone metals grade I,II and III were provided without sand filling in box cutting and other items of work such as primer coat, 50 mm built up spray grouting and 20 mm premix carpet were executed over newly prepared water bound macadam (WBM) surface in widened portion. The sand filling work is necessary to strengthen the sub base

and increase its strength value (California Bearing Ratio : CBR) in the widened portion of the road.

Thus, in absence of sand filling in the base of widened portion of the road the quality of work executed at the cost of Rs 1.05 crore was not assured. The Chief Engineer, CDO, RCD stated (March 2004) that technical sanction of the estimate was accorded on the estimate framed and submitted by the then EE. He also stated that the existing sub base might be sandy so that provision of sand filling might have been done away with. The reply was vague and untenable because as per the note (September 1998) of the then EE, the element of 150 mm thick sand filling was provided in the original estimate.

The matter was referred to the Government (June 2003); their reply had not been received (April 2004).

WATER RESOURCES DEPARTMENT

4.6.3 Unauthorised occupation of building

Residential building of Head Works Division, Birpur and Irrigation Division, Purnea were not only unauthorisedly occupied by serving and retired officials, penal rent of Rs 49.42 lakh was also not paid by them.

It was noticed that 154 nos. of Government residential quarters of Head Works Division, Birpur (60 nos.) and Irrigation Division, Purnea (94 nos.) were unauthorisedly occupied during October 1981 to June 2000 by the departmental/other officials who had either been transferred or retired. Out of these 112 nos. (60 at Birpur & 52 at Purnea) remained under unauthorised occupation as of March 2003. Penal rent of Rs 49.42 lakh for unauthorised occupation of the Government quarters was not recovered from the officials concerned as of May 2003.

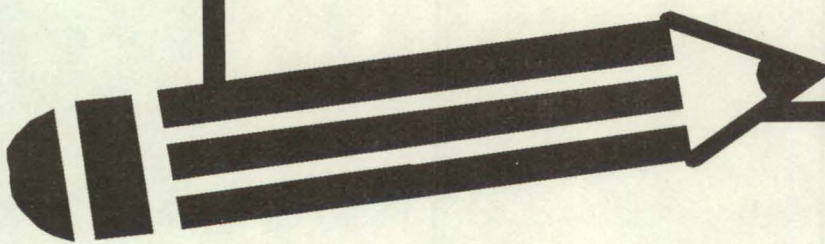
The EE requested the district administration (May 2000 and December 2002) for evicting the unauthorised occupants. However, they did not take up the matter with higher departmental officers for initiating legal action against the unauthorised occupants.

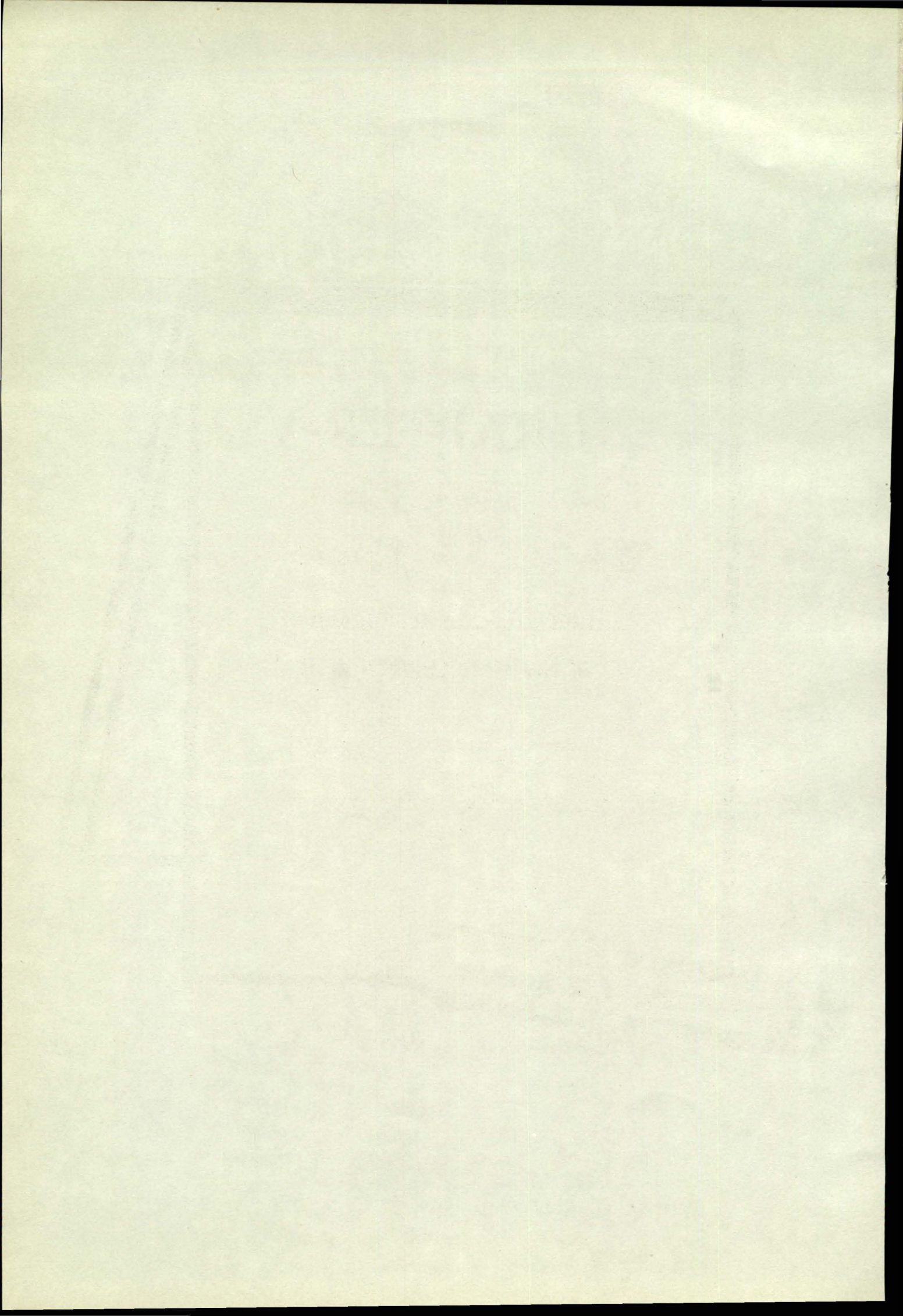
Thus due to lack of initiative on the part of the EEs the Government residential quarters remained in unauthorised occupation and penal rent of Rs 49.42 lakh remained un-recovered as of May 2003.

The matter was referred to the Government (June 2003); their reply had not been received (April 2004).

CHAPTER-V

**Internal audit arrangement
of the State Government.**





CHAPTER - V

5 Internal Audit Arrangement

5.1 Introduction

Government of Bihar constituted an internal audit wing in 1953 under the control of Finance Department, merging all the internal audit cells in different departments, for conducting internal audit of their different departments.

5.2 Organisational set up

The internal audit wing headed by the Chief Controller of Accounts and duly assisted by Controller/Deputy Controller of Accounts functioned under the administrative control of the Secretary-cum-Commissioner, Finance Department. The internal audit work in fields was conducted by Senior Auditors and supervised by Deputy Controllers in divisional headquarters.

Working of the internal audit wing during 1998-99 to 2002-03 was reviewed with a view to evaluating its effectiveness. The points noticed were as under:

5.3 Scope of internal audit

The main function of the internal audit wing was to see whether internal control system was in place and to check the financial irregularities, detect and report cases of waste, defalcations or frauds to Government. However, internal audit wing did not cover in audit all the departments of the Government. It conducted audit of various departments generally on the requisition for audit placed by concerned department. On occasions it also conducted audit of Jail, Sales Tax, Health, Supply, Planning, Rural Development and Industry departments without any requisition from the departments concerned.

5.4 Absence of codes and manuals

The internal audit wing does not have any codes, manuals, etc. as of December 2003 for conducting internal audit of government departments. They had only a compendium of important instructions/circulars issued prior to 1974 for conducting audit.

5.5 Manpower

The sanctioned strength of staff and men-in-position of the internal audit wing as on 31 December 2003 was as under :

Sl. No.	Category of officials	Sanctioned strength	Men-in-position
1.	Senior Auditor Gr.II	332	286
2.	Senior Auditor Gr.I	103	43
3.	Dy. Controller of Accounts	64	11
4.	Controller of Accounts	13	1
Total		512	341

5.6 Training

The auditors were provided one time training for 12 weeks by their seniors at the time of their appointment, no training was imparted thereafter to keep them abreast with the latest instructions of the Government on financial

matters and increased audit needs with reference to manifold increase in the developmental expenditure. Thus, there was absence of any mechanism towards development of professional skills through periodical in-house training and deployment of outside experts.

5.7 Performance of Internal Audit

- ❖ Review of audit programme revealed that audit tasks were not completed as per scheduled working days and were generally revised time and again indicating that audit programming was not cost effective.
- ❖ Adequate, prompt and proper follow-up action by the auditee entity in the light of audit observations was necessary to enhance the effectiveness of audit and promote public accountability. Position of inspection reports issued and their compliance during five years was as under :

(In number)

Year	I.Rs. issued	Partial Compliance made	Balance
1998-99	177	128	49
1999-2000	355	143	212
2000-2001	230	187	43
2001-2002	1090	262	828
2002-2003	496	340	156
Total	2348	1060	1288

Thus 55 per cent of the inspection reports issued by internal audit wing during 1998-2003 remained unattended as of December 2003. Even the compliance to the 1060 inspection reports was partial. It was further noticed that delay in issuing Inspection Reports ranged between one month to 15 years.

- ❖ Year-wise position of defalcation/misappropriation detected by internal audit wing was as under :

Year	Paras (Number)	Amount of defalcation/misappropriation (Rs in lakhs)
1998-99	60	14.36
1999-2000	110	108.72
2000-2001	67	44.72
2001-2002	NA	492.35
2002-2003	NA	103.93
Total		764.08

(NA : Not Available)

Audit scrutiny revealed that the amount of defalcation/ misappropriation remained unrecovered as of December 2003.

Quality of audit observations

One hundred Inspection Reports pertaining to sixteen departments were test-checked. These reports contained 1275 paragraphs, out of which 77 paragraphs of money value of Rs 41.87 lakh were on defalcations/misappropriation. Remaining 1198 paragraphs contained

observation on maintenance of cash books and service books, non-submission of detailed contingent bills, heavy cash balances, unadjusted advances, excess payment of pay and allowances, non-accounting of stores, lack of physical verification of stores, improper maintenance of stock register, diversion of funds, payment of daily wages, travel expenses etc.

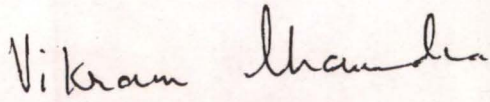
5.8 Conclusions

The internal audit wing lacked effectiveness. It did not identify an appropriate order of priority for discretionary audit to be undertaken. It did not collect information about the auditee entity and its organization in order to assess risk and determine materiality. It did not prepare manuals and other guidance notes and instructions regarding conduct of audit and developing professional skills.

5.9 Recommendations

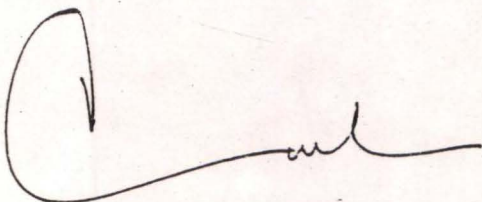
- ❖ Codes and Manuals for audit should be developed and updated from time to time ;
- ❖ Audit should be properly planned and execution of these plans should be watched through appropriate Control Register ;
- ❖ Audit skills should be developed through training and refresher courses for the audit personnel.

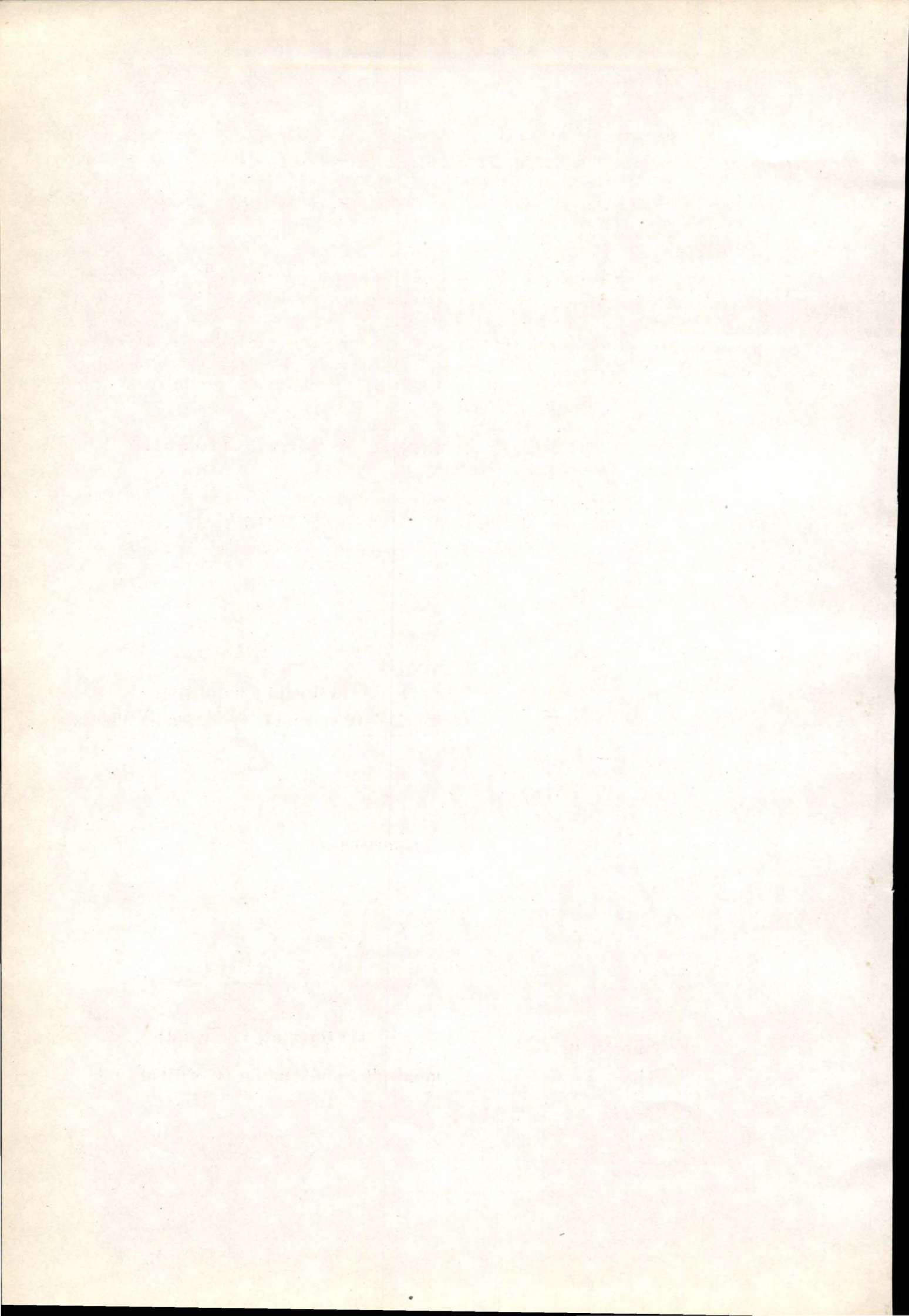
Patna
The


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

Countersigned

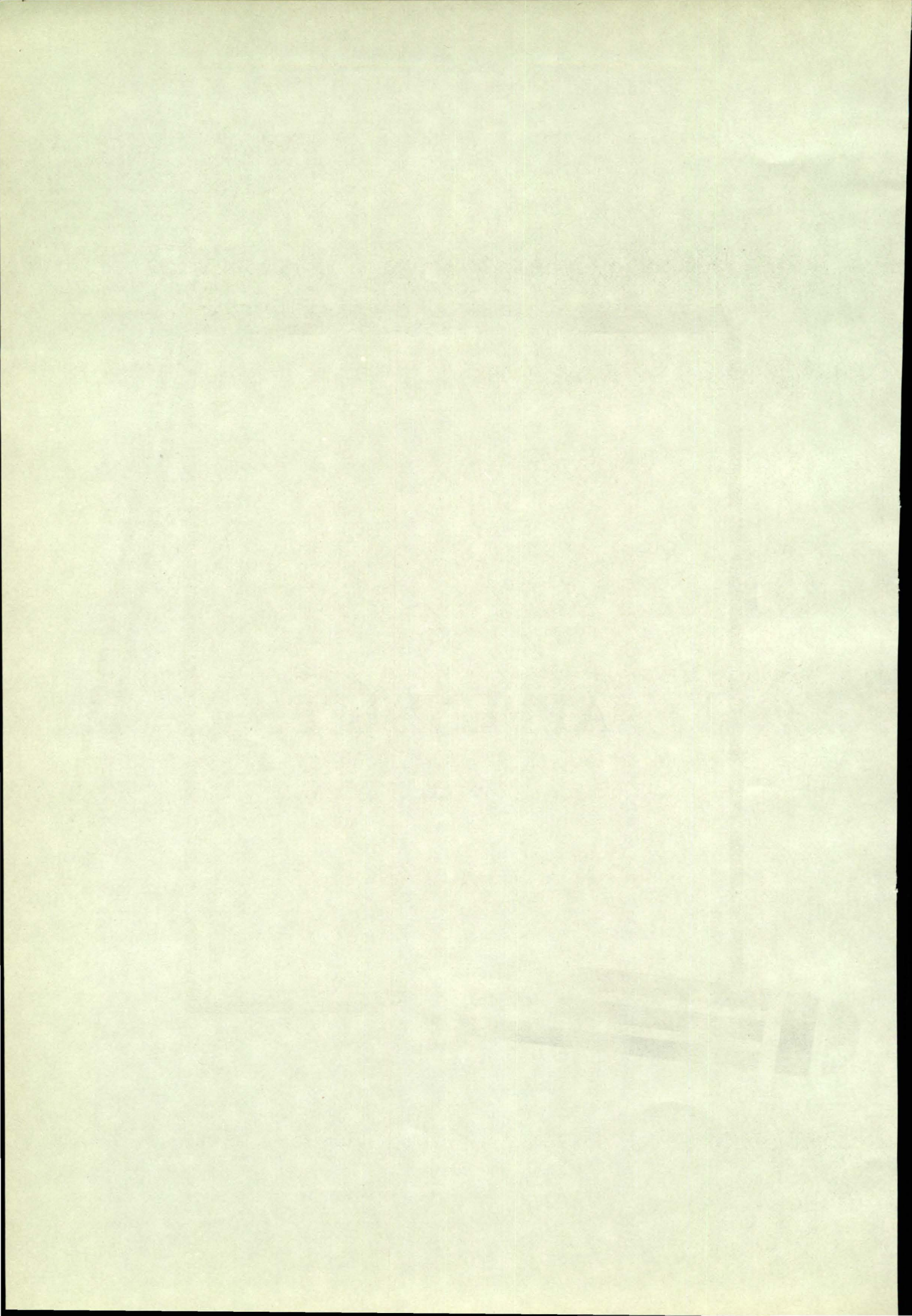
New Delhi
The


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



A stylized graphic of a book cover. The cover is a large rectangle with a thick black border. The word "APPENDICES" is written in a bold, serif font in the center of the cover. To the right of the cover, the pages are shown as a series of parallel lines, suggesting the book is open. At the bottom of the cover, a pencil is shown horizontally, pointing to the right. The pencil has a black body with two white diagonal stripes and a white eraser at the left end.

APPENDICES



APPENDIX- I
(Refer : Paragraph 1.3; Page 3)
SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF BIHAR
(Rupees in crore)

As on 31 March 2002	Liabilities		As on 31 March 2003
9682.03		Internal Debt	12471.62
	5883.47	Market Loans bearing interest	7083.31
	0.56	Market Loans not bearing interest	2.15
	13.78	Loans from LIC	13.78
	3784.22	Loans from other Institutions, etc.	5372.38
472.93		Ways and Means Advances	
		Shortfall in Deposit with Reserve Bank	930.28
11791.71		Loans and Advances from Central Government	11665.58
	588.98	Pre 1984-85 Loans	529.29
	3846.97	Non-plan Loans	2926.21
	7286.29	Loans for State Plan Schemes	8140.85
	9.91	Loans for Central Plan Schemes	11.43
	16.60	Loans for Centrally Sponsored Plan Schemes	14.74
	42.96	Ways & Means Adv.	42.96
350.00		Contingency Fund	350.00
7684.16		Small Savings, Provident Funds, etc.	7879.24
2278.01		Deposits	2773.10
447.54		Reserve Funds	459.88
		Remittance Balances	-
		Suspense and Miscellaneous Balances	-
32706.38		Total	36529.70
As on 31 March 2002	Assets		As on 31 March 2003
13361.23		Gross Capital Outlay	14330.98
	686.67*	Investments in shares of Companies, Corporations, etc.	694.34
	12674.56*	Other Capital Outlay	13636.64
7473.60		Loans and Advances	8205.21
	5508.24	Loans for Power Projects	6138.58
	1889.12	Other Development Loans	1993.98
	76.24	Loans to Government Servants, etc.	72.65
93.82		Advances	94.03
1620.32		Remittance Balances	1662.61
965.95		Suspense and Miscellaneous Balances	864.13
128.57		Cash	1023.14
		Cash in Treasuries and Local Remittances	
	78.12	Departmental Balances	75.26
	0.17	Permanent Cash Imprest	0.18
	50.28	Cash Balance Investment and other Reserve Fund Investment	947.70
		Deposits with Reserve Bank	
9062.89		Deficit on Government Accounts	10349.60
	1320.06	(i) Revenue Deficit of the Current Year	1286.71
	7742.83	(ii) Accumulated deficit up to preceding year	9062.89
		(iii) Miscellaneous Government Account	
32706.38		Total	36529.70

* Differs from the figures shown in the Finance Accounts 2000-01 and 2001-02 by Rs 2.19 crore/Rs 2.18 crore due to proforma corrections in rectification of errors in statement No. 14 of the Finance Accounts for the years prior to 1998-99.

APPENDIX- II
(Refer : Paragraph 1.4; Page 3)
ABSTRACT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2002-03
(Rupees in crore)

Receipts			Disbursements					
2001-02		2002-2003	2001-02		2002-2003		2002-2003	
	Section A : Revenue					Non-Plan	Plan	Total
9839.29	I. Revenue Receipts	10968.42	11159.35	I. Revenue Expenditure	10900.70	1354.43	12255.13	
2318.95	Tax Revenue	2761.05	6322.88	General Services	6556.42	17.72	6574.14	
286.70	Non Tax revenue	260.82	3532.23	Social Services	3372.55	543.16	3915.71	
6176.62	State's share of Union Taxes and Duties	6549.23	2478.13	Education, Sports, Art and Culture	2533.49	170.02	2703.51	
267.08	Non-Plan Grants	290.32	518.61	Health and Family Welfare	385.57	167.73	553.30	
477.20	Grants for State Plan Schemes	670.05	136.33	Water Supply, Sanitation, Housing and Urban Development	148.08	71.03	219.11	
312.74	Grants for Central Plan and Centrally Sponsored Plan Schemes	436.95	8.16	Information and Broadcasting	10.77	0.03	10.80	
			99.93	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	59.92	23.36	83.29	
			25.66	Labour and Labour Welfare	40.52	31.84	72.36	
			258.13	Social Welfare and Nutrition	186.32	79.14	265.46	
			7.28	Others	7.88	-	7.81	
			1302.42	Economic Services	969.90	793.56	1763.46	
			260.57	Agriculture and allied activities	201.99	47.30	249.29	
			480.62	Rural Development	170.37	618.86	789.23	
			324.30	Irrigation and Flood Control	302.23	54.51	356.74	
			13.73	Energy	NIL	36.66	36.6	
			30.37	Industry and Minerals	45.95	18.87	64.82	
			127.75	Transport	191.71	2.37	194.08	
				Science, Technology and Environment				
			65.08	General Economic Services	57.65	14.99	72.64	
			1.82	Grants-in-aid and Contributions	1.82		1.82	
1320.06	II. Revenue Deficit carried over to Section B	1286.71						
11159.35	Total Section A	12255.13			10900.70	1354.43	12255.13	
	Section B - Others							
(-) 474.38	III. Opening Cash Balance including Permanent Advances and Cash Balance investment	- 344.35	742.48	II. Capital Outlay	0.19	969.55	969.74	
			19.19	General Services		80.92	80.92	
			43.49	Social Services		142.12	142.12	
			23.57	Education, Sports, Art and Culture		46.69	46.69	
			2.72	Health and Family Welfare		18.34	18.34	
			17.00	Water Supply, Sanitation, Housing and Urban Development		75.02	75.02	
			0.20	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes		2.07	2.07	
				Social Welfare and Nutrition				
				Others				
			679.80	Economic Services	0.19	746.51	746.70	
			-	Agriculture and allied activities		5.67	5.67	
			334.12	Rural Development	-	337.32	337.32	
			299.95	Irrigation and Flood Control	-	309.88	309.88	
			10.73	Energy	-	-	-	
			0.60	Industry and Minerals	-	2.86	2.86	
			34.40	Transport	0.19	90.78	90.97	
			negligible	General Economic Services	-			

Receipts			Disbursements			
2001-02			2002-03	2001-02		2002-03
12.95	IV. Recoveries of Loans and Advances		15.58	533.71	III. Loans and Advances Disbursed	747.19
	From Power Projects			482.42	For Power Projects	630.34
7.99	From Government Servants	8.70		6.85	To Government Servants	5.11
4.96	From others	6.88		44.44	To others	111.74
					IV. Revenue Deficit brought down	1286.71
3757.67	V. Public Debt Receipts		4189.80	624.02	V. Repayment of Public Debt	1526.35
2681.01	Internal Debt other than Ways and Means Advances and Overdraft	2934.64		95.79	Internal Debt other than Ways and Means Advances and Overdraft	145.06
	Net transaction under Ways and Means Advances and Overdraft				Net transaction under Ways and Means Advances and Overdraft	
1076.66	Loans and Advances from Central Government	1255.16		528.23	Repayment of Loans and Advances to Central Government	1381.29
3093.43	VI. Public Accounts Receipts		5584.15	3513.74	VI. Public Account Disbursements	4822.34
770.05	Small Savings, Provident Fund, etc.	963.20		710.44	Small Savings, Provident Fund, etc.	768.13
67.01	Reserve Funds	144.13		.01	Reserve Funds	131.78
2067.65	Deposits and Advances	3026.90		1888.88	Deposits and Advances	2532.03
- 446.56	Suspense and Miscellaneous	333.26		218.89	Suspense and Miscellaneous	231.45
635.28	Remittances	1116.66		695.52	Remittances	1158.95
				- 344.35	VII. Cash Balance at end	92.85
					Cash in Treasuries and Local Remittances	
				- 472.93	Deposits with Reserve Bank	- 930.28
				78.40	Departmental Cash Balance including Permanent Advances, etc.	75.54
				50.18	Cash Balance Investment	947.59
6389.67	Total - Section B		9445.18	6389.67	Total	9445.18

APPENDIX-III
(Refer : Paragraph 1.4; Page 3)

SOURCES AND APPLICATION OF FUNDS

(Rupees in crore)

2001-2002	Sources		2002-2003
9839.29		Revenue Receipts	10968.42
12.95		Recoveries of Loans and Advances	15.58
3133.65		Increase in Public debt	2663.45
- 420.31		Net Receipts from Public Account -	761.81
	59.61	Increase in Small Savings, Provident Funds, etc.	195.07
	178.77	Increase in Deposits and Advances	494.87
	67.00	Increase in Reserve funds	12.35
	- 665.45	Net effect of Suspense and Miscellaneous transactions	101.81
	-60.24	Net effect of Remittance transactions	- 42.29
		Decrease in cash balance	
12565.58		Total	14409.26
2001-2002	Application		2002-2003
11159.35		Revenue expenditure	12255.13
533.71		Lending for development and other purposes	747.19
742.48		Capital expenditure	969.74
130.04		Increase in cash balance	437.20
12565.58		Total	14409.26

Explanatory Notes for Statements I, II and III :

1. The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts.
2. Government accounts being mainly on cash basis, the deficit on Government account, as shown in Appendix-I, indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures etc. do not figure in the accounts.
3. Remittance, Suspense and miscellaneous balances include cheques issued but not paid, payments made on behalf of other states and other transactions pending settlement etc.
4. In terms of the Bihar Reorganisation Act, 2000 (No.30 of 2000) the apportionment of assets and liabilities of the composite State of Bihar immediately prior to the appointed day (15 November 2000) as also other financial adjustments has so far been made in respect of Public Debt and cash balance only.
5. There was a difference of Rs 37.19 crore (debit) between the figures reflected in the accounts and that intimated by the RBI under "Deposits with Reserve Bank".

APPENDIX-IV

(Refer : Paragraph 1.4; Page 3)

TIME SERIES DATA ON STATE GOVERNMENT FINANCES

(Rupees in crore)

	1998-99	1999-00	2000-01	2001-02	2002-03
Part A. Receipts					
1. Revenue Receipts	9296	10659	11177	9839	10968
(i) Tax Revenue	2862(29)	3085(29)	2809(25)	2319(24)	2761(25)
Taxes on Sales, Trade, etc.	1822(68)	2068(67)	1821(65)	1413(61)	1648(60)
State Excise	240(9)	278(9)	243(9)	239(10)	242(9)
Taxes on Vehicles	165(6)	178(6)	224(8)	142(6)	178(6)
Stamps and Registration Fees	279(10)	326(11)	302(11)	304(13)	348(13)
Land Revenue	25 (1)	29(1)	34(1)	34(2)	36(1)
Other Taxes	151(6)	206(7)	185(7)	187(8)	309(11)
(ii) Non-Tax Revenue	1146(12)	1166(11)	712(6)	287(3)	261(2)
(iii) State's share in Union taxes and duties	4441(48)	4962(46)	6576(59)	6177(63)	6549(60)
(iv) Grants-in-aid from Government of India	1027(11)	1446(14)	1080(10)	1057(11)	1397(13)
2. Misc. Capital Receipts	-	-	-	-	-
3. Total Revenue and Non debt capital receipt (1+2)	9296	10659	11177	9839	10968
4. Recoveries of Loans and Advances	10	12	11	13	16
5. Public Debt Receipts	3543	3473	3528	3758	4190
Internal Debt (excluding Ways & Means Advances and Overdrafts)	734	427	2045	2681	2935
Net transactions under Ways and Means Advances and Overdraft	-	-	237	-	-
Loans and Advances from Government of India ¹	2809	3046	1246	1077	1255
6. Total Receipts in the Consolidated Fund (3+4+5)	12849	14144	14716	13619	15174
7. Contingency Fund Receipts	-	3	-	-	-
8. Public Accounts receipts	35744	31087	10462	7719	5584
9. Total receipts of the State (6+7+8)	48593	45234	25178	21329	20758
Part B. Expenditure					
10. Revenue Expenditure	11563(89)	14362(86)	13507(89)	11159(90)	12255(88)
Plan	1737(15)	1541(11)	839(6)	867(8)	1354(11)
Non-plan	9826(85)	12821(89)	12668(94)	10292(92)	10901(89)
General Services (including Interests payments)	5309(46)	6505(45)	6983(52)	6323(57)	6574(54)
Economic Services	2240(19)	2326(16)	1713(13)	1302(12)	1763(14)
Social Services	4012(35)	5483(38)	4809(35)	3532(31)	3916(32)
Grants-in-aid and contributions	2.21	48.06	1.96	1.82	1.82
11. Capital Expenditure	824	1233	1076	742	970
Plan	818(100)	1233(100)	1076(100)	742(100)	970(100)
Non-plan	6	Negligible	Neg.	Neg.	Negligible
General Services	10(1)	11(1)	9(1)	19(2)	81(8)
Economic Services	665(81)	1125(91)	983(91)	680(92)	747(77)
Social Services	149(18)	97(8)	84(8)	43(6)	142(15)
12. Disbursement of Loans and Advances	579	1072	680	534	747
13. Total (10+11+12)	12966	16667	15263	12435	13972
14. Repayments of Public Debt	511	799	807	624	1526
Internal Debt (excluding Ways and Means Advances and Overdrafts)	15	240	71	96	145
Net transactions under Ways and Means Advances and Overdraft	-	-	186	-	-
Loans and Advances from Government of India	497	559	550	528	1381
15. Appropriation to Contingency Fund	-	-	-	-	-
16. Total disbursement out of Consolidated Fund (13+14+15)	13467	17466	16070	13059	15498
17. Contingency Fund disbursements	-	-	-	-	-
18. Public Accounts disbursements	35887	27533	8966	8060	4822
19. Total disbursement by the State (16+17+18)	49354	44999	25036	21119	20320
Part C. Deficits					
20. Revenue Deficit (1-10)	2267	3703	2330	1320	1287

¹ Includes Ways and Means Advances from GOI.

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	1998-99	1999-00	2000-01	2001-02	2002-03
21. Fiscal Deficit (3+4-13)	3660	5996	4075	2583	2988
22. Primary Deficit (-)/surplus (+) (21-23))	1248	3129	933	(-) 46	(-) 34
<i>Part D. Other data</i>					
23. Interest Payments (included in revenue expenditure)	2412	2867	3142	2629	3022
24. Arrears of Revenue(Percentage of Tax & non-tax Revenue Receipts in brackets)	1616 (42)	2211 (52)	1012 (29)	2629 (47)	3022 (86.91)
25. Financial Assistance to local bodies etc.	859	705	634	1237	NA
26. Ways and Means Advances (WMA)/Overdraft availed (days)	NIL	117	188	229	1
27. Interest on WMA/Overdraft	NIL	NIL	12	12	negligible
28. Gross State Domestic Product (GSDP)	66253	72083	49383	50987	56688
29. Fiscal liability (year end)	28826	30612	28444	31883	35249
30. Outstanding guarantees including interest (year end)	190	172			
31. Maximum amount guaranteed (year end)	NA	NA	NA	NA	NA
32. Number of incomplete projects	23	23	23	22	22
33. Capital blocked in incomplete projects	86	136	116	30	NIL

Note : Figure in brackets represent percentage (rounded) to total of each subheading.

*** Quick estimates figure provided by the Government of Bihar.**

APPENDIX -V
(Refer paragraph 1.4; Page 4)

List of terms used in the Chapter -I and basis for their calculations

Terms	Basis for calculation
Buoyancy of a parameter	$\frac{\text{Rate of Growth of the parameter}}{\text{GSDP Growth}}$
Buoyancy of a parameter (X) with respect to another parameter (Y)	$\frac{\text{Rate of Growth of the parameter (X)}}{\text{Rate of Growth of the parameter (Y)}}$
Rate of Growth (ROG)	$[(\text{Current year Amount}/\text{Previous year Amount}) - 1] * 100$
Trend/Average	Trend of growth over a period of five years (LOGEST (Amount of 1997-98: Amount of 2002-03) - 1)*100
Share shift/Shift rate of a parameter	Trend of percentage shares, over a period of five years, of the parameter in Revenue or Expenditure as the case may be
Development Expenditure	Social Services + Economics Services
Weighted Interest Rate (Average interest paid by the State)	$\text{Interest Payment}/[(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities})/2]*100$
Interest spread	GSDP growth - Weighted Interest rates
Interest received as per cent to Loans Advanced	$\text{Interest Received} [(\text{Opening balance} + \text{Closing balance of Loans and Advances})/2]*100$
Revenue Deficit	Revenue Receipts - Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances - Revenue Receipts - Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit - Interest Payment
Balance from Current Revenue (BCR)	Revenue Receipts <u>minus</u> all Plan grants and Non-Plan Revenue Expenditure excluding debits under 2048 - Appropriation for Reduction or Avoidance of Debt

APPENDIX – VI
(Refer : Paragraph 1.7.2; Page 13)

Utilisation certificates relating to grants-in-aid paid upto March 2003 but not received upto September 2003

Combined State of Bihar upto 14.11.2000

(Rupees in lakh)

Sl. No.	Department	Year to which Grants were paid	Utilisation due		Utilisation received		Utilisation awaited	
			Number	Amount	Number	Amount	Number	Amount
Combined State of Bihar upto 14.11.2000								
1.	Animal Husbandry	upto 2000-2002	511	1533.53	NIL	NIL	511	1533.53
		2002-03	NIL	NIL	NIL	NIL	NIL	NIL
2.	Agriculture	upto 2000-2002	167	4811.84	NIL	NIL	167	4811.84
		2002-03	NIL	NIL	NIL	NIL	NIL	NIL
3.	Co-operative	upto 2000-2002	471	7149.69	NIL	NIL	471	7149.69
		2002-03	NIL	NIL	NIL	NIL	NIL	NIL
4.	Education	upto 2000-2002	56	4214.91	NIL	NIL	56	4214.91
		2002-03	NIL	NIL	NIL	NIL	NIL	NIL
5.	Police	upto 2000-2002	6	559.94	NIL	NIL	6	559.94
		2002-03	NIL	NIL	NIL	NIL	NIL	NIL
6.	Public Works	upto 2000-2002	555	512.12	NIL	NIL	555	512.12
		2002-03	NIL	NIL	NIL	NIL	NIL	NIL
7.	Welfare	upto 2000-2002	1615	2909.22	NIL	NIL	1615	2909.22
		2002-03	NIL	NIL	NIL	NIL	NIL	NIL
8.	Medical	upto 2000-2002	778	2233.09	NIL	NIL	778	2233.09
		2002-03	NIL	NIL	NIL	NIL	NIL	NIL
9.	Urban Development	upto 2000-2002	6852	22915.76	NIL	NIL	6852	22915.76
		2002-03	NIL	NIL	NIL	NIL	NIL	NIL
10.	Industry	upto 2000-2002	2495	33639.88	NIL	NIL	2495	33639.88
		2002-03	NIL	NIL	NIL	NIL	NIL	NIL

(Rupees in lakh)

Sl. No.	Department	Year to which Grants were paid	Utilisation due		Utilisation received		Utilisation awaited	
			Number	Amount	Number	Amount	Number	Amount
11.	Other	upto 2000-2002	6684	30702.84	NIL	NIL	6684	33702.84
		2002-03	NIL	NIL	NIL	NIL	NIL	NIL
	Total		80190	111182.82	NIL	NIL	20190	111182.82
Separated State of Bihar from 15.11.2000								
1.	Animal Husbandry	2001-2002	5	187.75	NIL	NIL	5	187.75
		2002-03	NIL	NIL	NIL	NIL	NIL	NIL
2.	Education	2001-2002	30	7808.03	NIL	NIL	30	7808.03
		2002-03	21	1164.30	15	461.07	6	703.23
3.	Welfare	2001-2002	28	1135.34	NIL	NIL	28	1135.34
		2002-03	6	7736.71	6	7736.71	NIL	NIL
4.	Co-opertive	2001-2002	6	152.25	NIL	NIL	6	152.25
		2002-03	NIL	NIL	NIL	NIL	NIL	NIL
5.	Industry	2001-2002	37	980.74	NIL	NIL	37	980.74
		2002-03	19	891.83	NIL	NIL	19	891.83
6.	Urban Development	2001-2002	207	1909.35	2	100.50	205	1808.85
		2002-03	18	3100.64	6	1577.93	12	1522.71
7.	Others	2001-2002	141	14088.70	NIL	NIL	141	14088.70
		2002-03	6	756.48	3	446.58	3	309.90
	Total	2001-02	454	26262.16	2	100.50	452	26161.66
		2002-03	70	13649.96	30	10222.29	40	3427.67
	Grand Total			151094.94		10322.79		140772.15

APPENDIX-VII

(Refer : Paragraph 1.7.3; Page 13)

Details with status of accounts submitted by Autonomous bodies to State Legislature

Sl. No.	Name of the body	Period of entrustment of audit of accounts to CAG	Year for which accounts due	Year upto which account submitted	Year upto which Audit Report issued	Year upto which Audit Report submitted to State Legislature	Reasons for non-finalisation of Audit Reports
1.	Bihar State Housing Board, Patna	1994-2004	1994-95 to 1998-99	1993-94	1993-94	1993-94	
2.	Bihar Khadi and village Industries Board, Patna	1987-88 to 2002-2003	1987-88 to 2002-03	1986-87	1986-87	1986-87	
3.	Bihar State Legal Service Authority, Patna	2002-03	2002-03	2001-02	2001-02	2001-02	

APPENDIX - VIII
(Refer : Paragraph 1.8.1; Page 14)

List of incomplete irrigation projects where huge capital was blocked

Sl. No.	Name of the project/scheme	Expenditure (In Rupees)		
		Up to 2001-02	2002-03	
1	Western Kosi Canal Project	3,33,42,53,952	NIL	3,33,42,53,952
2	Eastern Kosi Project Phase II	55,99,59,036	NIL	55,99,59,036
3	Gandak Project Phase II	47,49,77,945	NIL	47,49,77,945
4	Intergrated Drainage Project	NA	NIL	NA
5	North Koel Project	3,64,84,27,186		3,64,84,27,186
6	Konar Irrigation Project	70,64,21,627	NIL	70,64,21,627
7	Auranga Reservoir Project	36,52,74,217	NIL	36,52,74,217
8	Kadwan Reservoir	30,40,000	NIL	30,40,000
9	Durgawati Reservoir	52,05,61,397	NIL	52,05,61,397
10	Sone Canal Modernisation Project	74,68,36,314	NIL	74,68,36,314
11	National Water Management Project	NA	NIL	NA
	Total (A)	10,35,97,51,674	NIL	10,35,97,51,674
1	Nakti Reservoir Scheme	14,01,03,285	NIL	14,01,03,285
2	Upper Sankh Reservoir	11,53,52,305	NIL	11,53,52,305
3	Ram Rekha Reservoir	2,95,83,886	NIL	2,95,83,886
4	Pamesh Khera Reservoir Scheme	NA	NIL	NA
5	Kans Reservoir Scheme	8,65,89,490	NIL	8,65,89,490
6	Sonua Reservoir Scheme	24,52,39,163	NIL	24,52,39,163
7	Bhairwa Reservoir Scheme	7,40,57,882	NIL	7,40,57,882
8	Kesso Reservoir Scheme	3,22,10,882	NIL	3,22,10,882
9	Dhansigh Toli Reservoir Scheme	14,82,53,933	NIL	14,82,53,933
10	Katri Reservoir Scheme	33,35,73,432	NIL	33,35,73,432
11	Kamsjore Reservoir Scheme	17,34,77,499	NIL	17,34,77,499
	Total (B)	1,37,84,41,757	NIL	1,37,84,41,757
	Grand Total (A + B)	11,73,81,93,431	NIL	11,73,81,93,431

APPENDIX-IX

(Refer : Paragraph 1.8.4; Page 15)

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	December 1948
2	Regional Poultry Farm, Bhagalpur	1	December 1959
3	Regional Poultry Farm, Muzaffarpur	1	October 1971
	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-X*(Refer : Paragraph 1.8.4; Page 15)**Departmentally managed commercial/quasi-commercial undertakings, the proforma accounts of which are in arrears*

Sl. No.	Name of the commercial/quasi-commercial undertakings	Period of proforma account in arrears
	Agriculture Department	
1	State Tractor Organisation, Purnea	1977 onwards (November to October)
	Home (Jail) Department	
2	Manufacturing Department of Central Jail, Bhagalpur	1981 to 2002 (January to December)
3	Manufacturing Department of Central Jail, Buxar	1987 to 2002 (January to December)

APPENDIX-XI

(Refer : Paragraph - 2.3.1 ; Page 26)

Cases where entire budget provision exceeding Rs one crore under Central Sponsored/Central Plan Scheme and State Plan Schemes remained un-utilised

Sl. No.	Grant No and Name	Head of account/ subhed/schemes	Entire budget provision not utilised due to non-sanction of scheme due to reduction in plan outlay
1.	2.	3.	4.
(A)	Centrally sponsored schemes		(Rupee in lakh)
1.	1- Agriculture Department	2401- Crop Husbandry 0613 -Technical Mission Accelerated Maize Development Programme	1,50.00
2.	1- Agriculture Department	2402- Soil & Water Conservation 0608- National Pulse Development Project	2,25.00
3.	1- Agriculture Department	0611- Oil Seed Development Programme.	2,58.00
4.	1- Agriculture Department	0113- Agriculture Engineering 0614- Promotion of Agriculture Workshop	9,90.00
5.	1- Agriculture Department	0119- Horticulture and Vegetable Crops 0615- Scheme for use of Plastic in Agriculture	3,60.00
6.	1- Agriculture Department	0616- Horticulture Development Cum Beefarming	3,60.00
7.	1- Agriculture Department	2402 Soil and water conservation 0602- N.W.D.PRA	2,63.25
8.	1- Agriculture Department	0604- Acidic and Basic Soil	1,08.00
9.	1- Agriculture Department	0610- Coir Development Scheme	1,08.00
10.	1- Agriculture Department	2415- Agriculture Reserch and Education 01- Crop Husbandry 004- Reserch 0601- Diara Development Scheme	1,35.00
11.	10 Energy Department	6801- Loans for Power Project 204- Rural Electrification 0701- Loans for Bihar State Electricity Board for rural electrification under Pradhan Mantri Gramodaya Yojna	23,58.64
12.	18	3456- Civil Supplies 800- Other expenditure 0601- Public Distribution System (consumer protection) Annapurna Scheme	11,16.21
13.	19	2406- Forestry and wild life 01 - Forestry 110- Wild life preservation 0605- Development of Sanctuaries	1,50.00

Sl. No.	Grant No and Name	Head of account/ subhed/schemes	Entire budget provision not utilised due to non-sanction of scheme due to reduction in plan outlay
14.	19	0613- Eco Development	1,00.00
15.	20	2211- Family Welfare 200- Other Services and Supplies 0601- Other Services and Supply Post breeding Programme in District	5,71.18
16.	20	0602- Other Services and Supply post breeding programme in sub-divisions and Referral Hospital (C.S.S)	4,84.94
17.	41	5054- Capital outlay on Roads and Bridges 03- State Highway 337- Road works 0105- State Share for Centrally Sponsored Scheme	100.00
18.	49	4711- Capital Outlay on Flood Control Projects 01- Flood Control 001- Direction and Administration 0601- Scheme for Heightening and strengthening of champaran embankment (25% share of State)	6,78.00
19.	49	4711- Capital Outlay on Flood Control Projects 01- Flood Control 001- Direction and Administration 0601- Scheme for Heightening and Strengthening of Champaran Embankment (25% Share of state)	6,78.00
20.	49	0602- Construction of Tinmuhani Kuresaila Embankment (25% Share of State)	14,70.00
21.	49	0604- Extension, Heightening and Strengthening of Kamla River	10,00.00
22.	49	0609- Extension and Strengthening of River Bagmati	15,00.00
23.	51	2225- Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes 0602- Special Integrated Scheme for Harizans for multiferrous Development - Special Central Assistance	5,00.00
24.	51	03- Welfare of Backward Classes 277- Education 0602- Pre-matric Scholarships	1,25.00
25.	51	0607- Hostel for students Major Construction Works	2,30.00
26.	51	0607- Hostel for Girl students Major Construction works	2,30.00
27.	51	103- Womens's Welfare 0602- Indira Women Scheme	2,50.15

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Sl. No.	Grant No and Name	Head of account/ subhed/schemes	Entire budget provision not utilised due to non-sanction of scheme due to reduction in plan outlay
		(Grants-in-aid)	
28.	51	0605- Balika Samiridhi Yojna (Grants-in-aid)	10,24.46
		Total	1,55,23.83
(B)	Central Plan Scheme		
1.	4.	3454- Census, Survey and Statistics 01- Census 001- Direction and Administration 0401- Conduct of Cattle Census	1,42.50
2.	44	4202- Capital Outlay on Education Sports, Arts and Culture 01- General Education 201- Elementary Education 0402- Buildings	5,05.08
		Total	647.58
(C)	State Plan		
1.	1	2401- Crop Husbandary 001- Direction and Administration 0105- Strengthening of Agricultural extension- State Share	1,22.50
2.	1	113- Agricultural Engineering 0104- Promotion of Agriculture Workshop	1,10.00
3.	3	4059- Capital Outlay on Public works 80- General 051- Construction 0107- Heritage protect, Construction and renovation of museum and art buildings and maintenance and preservation of archeological monuments (11th Finance Commission)	1,35.00
4.	10	2801- Power 80- General 800- Other Expenditure 0603- Pradhan Mantri Gramodaya Yojna- Grants to Bihar State Electricity Board for rural electrification	10,10.84
5.	10	6801- Loans for Power Project 201- Hydel Generation 0105- Bihar State Hydel Corporation (NABARD)	10,00.00
6.	9	6425- Loans for Co-operation 107- Loans for credit Co-operative 0105- NABARD Sponsored R.I.D.F lons to Five Processing Co-operative Sciences for Construction of godowns	4,90.00

Sl. No.	Grant No and Name	Head of account/ subhed/schemes	Entire budget provision not utilised due to non-sanction of scheme due to reduction in plan outlay
7.	9	0106- Special Integrated Scheme for Scheduled Castes NABARD Sponsored by R.I.D.F loans to fire processing Co-operative societies for construction of Godowns	2,10.00
8.	9	0107- Special Integrated Scheme for Backward Classes NABARD sponsored by R.I.D.F. loans to five processing Co-operative Societies for construction of Godowns	3,00.00
9.	20	4210- Capital Outlay on Medical and Public Health 80- General 800- Other expenditure 0702- Construction of incomplete Building for Referral Hospital	6,02.76
10.	22	2055- Police 800- Other expenditure 0103- Standardisation of Administration levels Recommended by 11th Finance Commission	259.75
11.	22	2070- Other Administrative Services 108- Fire Protection and Control 0102- Fire Protection Service on recommendation of 11th Finance Commission	298.65
12.	40	2029- Land Revenue 104- Management of Government Estates 0701- Expenditure on the recommendation of 11th Finance Commission (Plan)	11,95.00
13.	40	800- Other expenditure 0101- Consolidation of Holding	266.22
14.	40	0102- Purchase of land for the construction of roads linked over main road dwelling houses for homeless people	2,00.00
15.	42	2515- Other Rural Development Programmes 102- Community Development 0101- Post-stage Block Buildings	5,50.00
16.	42	4515- Capital Outlay on other Rural Development Programmes 103- Rural Development 0101- Minimum Needs Programme Major Works	2,40.95
17.	42	0101- Minimum Needs Programmes NABARD (R.I.D.P)	73,68.00
18.	42	0111- Pradhan mantri Gramodaya	1,50,00.00

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Sl. No.	Grant No and Name	Head of account/ subhed/schemes	Entire budget provision not utilised due to non-sanction of scheme due to reduction in plan outlay
		Yojana Road Construction	
19.	44	2202- General Education 01- Elementary Education 800- Other expenditure 0109- Bihar Education Project	4,00.00
20.	44	2205- Art and Culture 105- Public Liabraries 0701- Under recommendation of the 11th Finance Commission Public Liabraries (Grant-in-aid)	2,40.00
21.	46	5452- Capital Outlay on Tourism 80- General 800- Other expenditure 0101- Construction of road in tourist spots	2,00.0
22.	48	2217- Urban Development 80- General 800- Other Expenditure 0115- Grants-in-aid for Swarna Jayanti Urban Employment Scheme.	4,14.00
23.	48	6217- Loans for Urban Development 60- Other Urban Development Schemes 119- Loans to Local Bodies Corporation etc. 0102- Loans to Urban Local bodies for transport	1,16.67
24.	49	4711- Capital Outlay on Flood Control Projects 01- Flood Control 001- Direction and Administration 0111- Flood Control Embankment road scheme works by NABARD	15,00.00
25.	49	0112- Drainage Project works by NABARD	10,00.00
26.	50	4702- Capital Outlay on Minor Irrigation 102- Loans from NABARD for completion of incomplete work of medium irrigation schemes	15,00.00
		Total	Rs. 3,47,30.34
		Total A+B_C	Rs. 5,09.02Crore

APPENDIX-XII

(Refer : Paragraph - 2.3.1; Page 26)

Cases where expenditure fell short of budget provision by more than Rs two crore and also by more than 10 per cent of the total provision

Sl. No.	Number and name of the grants/ appropriation	Amount of savings (Rupees in crore) (Percentage of provision in bracket)	Main reasons of saving as furnished by the Government
Revenue - Voted Section			
1.	1- Agriculture Department	89.07 (39.10)	Reasons for the anticipated saving of Rs 89.07 crore have not been intimated.
2.	2- Animal Husbandry and Fisheries Department	31.21 (32.38)	Mainly due to non-sanction of scheme for Rs 0.29 crore, less release of fund by Central Government for Rs 0.05 crore and post kept vacant and reasons for the balance amount of saving of Rs 32.76 crore and excess of Rs 1.89 crore have not been stated.
3.	3- Building Construction and Housing Department	10.73 (12.03)	Reasons for the saving of Rs 10.73 crore have not been intimated.
4.	6- Election	8.44 (24.06)	Reasons for the saving of Rs 8.44 crore have not been intimated.
5.	9- Co-operative Department	8.11 (21.61)	Reasons for the saving Rs 8.11 crore have not been intimated.
6.	10-Energy Department	78.18 (62.28)	The reasons for the balance Rs 78.18 crore have not been intimated.
7.	11-Excise and Prohibition Department	2.75 (16.52)	Reasons for entire savings of Rs 2.75 crore have not been intimated.
8.	12- Finance Department	314.30 (85.93)	Mainly due to non-drawal of fund for Rs 0.66 crore, non-payment of D.A. and Bonus for Rs 0.63 crore, non performance of tour (Rs 0.03 crore), non-receipt of Government sanction order, post kept vacant (Rs 1.12 crore). The reasons for the balance of saving of Rs 311.86 crore have not been intimated.
9.	18-Food Supply and Commerce Department	20.14 (29.70)	Mainly due to delay in printing of Ration Card (Rs 2.00 crore) and restriction imposed on drawal of arrear by F.D. The reasons for the final saving of Rs 18.14 crore have not been intimated.
10.	19-Forest and Environment Department	14.89 (32.67)	The reasons for the savingt of Rs 14.89 crore have not been intimated.

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Sl. No.	Number and name of the grants/ appropriation	Amount of savings (Rupees in crore) (Percentage of provision in bracket)	Main reasons of saving as furnished by the Government
11.	20-Health, Medical, Education and Family Welfare Department	207.48 (27.40)	The reasons for excess expenditure of Rs 63.17 crore and saving for Rs 270.65 crore have not been intimated.
12.	21-Higher Education Department	46.44 (11.60)	The reasons for the final saving of Rs 46.44 crore have not been intimated.
13.	22-Home Department	262.02 (22.18)	Mainly due to transfer/posting of employees (Rs 0.40 crore) economy measures (Rs 0.12 crore), restriction imposed on expenditure (Rs 2.58 crore), non-revision of pay and non-payment of salary (Rs 0.96 crore) non-fixation of rates and firms (Rs 0.8 crore), non passing of bills by the treasury (Rs 0.78 crore) and non-supply of material intime (Rs 0.4 crore). The reasons for the balance amount of Rs 255.18 crore have not been furnished.
14.	23-Industries Department	16.43 (28.90)	The reasons for the balance saving of Rs 16.43 crore have not been stated.
15.	26-Labour Employment and Training Department	45.44 (24.13)	Mainly due to transfer to E.S.I. Hospital Phulwarisharif to Central Government (Rs 1.48 crore) and non-holding of meeting of Purchase Committee (Rs 0.54 crore) and no tangible reasons for the final saving of Rs 43.42 crore have been furnished.
16.	27-Law Department	31.73 (24.41)	The saving of Rs 0.44 crore occurred due to keeping the post vacant and the reasons for the saving of Rs 31.29 crore have not been intimated.
17.	32-Legislature	3.44 (10.74)	Mainly due to stopping of increment and promotion (Rs 0.78 crore), journey by the committee (Rs 0.05 crore), economy measures (Rs 0.02) and non-purchase of uniform in time and retirement (Rs 0.55 crore). The reasons for the balance saving of Rs 2.04 crore have not been intimated.
18.	33-Personnel and Administrative Reforms Department	31.42 (87.20)	Mainly due to vacant post (Rs 0.33 lakh) and reasons for final saving of Rs 31.09 crore have not been stated.
19.	35-Planning and Development Department	9.94 (38.15)	The reasons for the saving of Rs 9.94 crore have not been stated.

Sl. No.	Number and name of the grants/ appropriation	Amount of savings (Rupees in crore) (Percentage of provision in bracket)	Main reasons of saving as furnished by the Government
20.	36-Public Health and Engineering Department	28.05 (18.96)	Mainly due to restriction imposed on drawal in minor works (Rs 1.39 crore) and the reasons for the balance amount of saving amounting to Rs 26.66 crore have not been stated.
21.	39-Relief and Rehabilitation Department	85.66 (46.22)	Mainly due to Demands for Grants for net amounts instead of gross amount i.e. due to defective budgeting (Rs 57.97 crore) for Calamity Relief Fund and the reasons for the balance amount of saving of Rs 27.69 crore have not been stated.
22.	40-Revenue and Land Reforms Department	47.39 (21.48)	No tangible reasons for saving of Rs 47.39 crore have been furnished.
23.	41-Road Construction Department	32.98 (14.65)	The reasons for the saving of Rs 32.98 crore have not been intimated.
24.	42-Rural Development Department	152.00 (16.11)	Mainly due to non-release of Central Share Rs 6.95 crore, posts kept vacant Rs 28.40 crore, less expenditure by some district under D.P.A.P. Rs 1.62 crore restriction imposed on payment of arrear Rs 23.32 crore. The reasons for the remaining saving of Rs 91.71 crore have not been stated.
25.	43-Science and Technology Department	18.23 (53.30)	The reasons for the saving was non-execution of M.O.U (Rs 7.00 crore), Fund transferred to capital outlay (Rs 3.00 crore) and revision of plan outlay (Rs 1.32 crore) and the reasons for the remaining amount of Rs 6.98 crore have not been furnished.
26.	44- Secondary, Primary and Adult Education Department	494.28 (17.56)	Mainly due to restriction imposed on arrear by Finance Department Rs 119.93 crore, less payment of D.A. Rs 140.35 crore, non-receipt of demand letter, Rs 3.99 crore, post kept vacant Rs 2.50 crore, non-availing of LTC Rs 0.07 crore. The reasons for saving of remaining amount of Rs 227.44 crore have not been furnished.
27.	46-Tourism Department	2.58 (47.39)	The reasons for final saving of Rs 2.58 crore have not been stated.
28.	48-Urban Development Department	35.70 (26.11)	No tangible reasons for the entire saving of Rs 35.70 crore have been stated.

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Sl. No.	Number and name of the grants/ appropriation	Amount of savings (Rupees in crore) (Percentage of provision in bracket)	Main reasons of saving as furnished by the Government
29.	49-Water Resource Department	38.36 (15.68)	Mainly due to restriction imposed on drawal of fund by Finance Department (Rs 6.16 crore) and the reasons for the balance amount of Rs 32.20 crore have not been stated.
30.	50-Minor Irrigation Department	24.42 (15.35)	Saving was mainly due to less provision of fund (Rs 12.64 crore), non-disposal of tender (Rs 1.02 crore), non receipt of electric and telephone bill (Rs 0.05 crore) and the reasons of the balance amount of Rs 10.71 crore have not been stated.
31.	51-Welfare Department	109.80 (37.62)	No tangible reasons for the entire saving of Rs 109.80 crore have been furnished by Government.
32.	52-Youth, Art and Culture Department	5.47 (28.07)	The reasons for the saving of Rs 5.47 crore have not been furnished.
Capital-Voted Section			
1.	3- Building Construction and Housing Department	7.57 (23.06)	Tangible reasons have not been intimated for final excess of Rs 5.00 crore and saving was mainly due to slow progress of work (Rs 2.00 crore) and the reasons for the balance amount of saving of Rs 10.57 crore have not been furnished.
2.	9- Co-operative Department	9.86 (32.25)	Reasons for the final excess have not been intimated (Rs 0.54 crore) and the reasons for the balance Rs 10.40 crore have not been stated.
3.	10-Energy Department	119.45 (15.93)	The reasons for the final excess of Rs 159.62 crore have not been furnished. The reasons for the saving was due to transfer of fund from C.S.S to State Plan (Rs 23.59 crore), non-release of loans by NABARD (Rs 10.00 crore) and non-release of Central share (Rs 61.01 crore) and non-provision of Plan out lay (Rs 6.92 crore). The reasons for the balance amount of Rs 177.55 crore have not been intimated.
4.	12- Finance Department	7.86 (60.58)	The reasons for the entire saving of Rs 7.86 crore have not been furnished.
5.	20- Health, Medical Education and Family Welfare Department	7.34 (28.58)	The reasons for entire savings of Rs 7.34 crore have not been stated.

Sl. No.	Number and name of the grants/ appropriation	Amount of savings (Rupees in crore) (Percentage of provision in bracket)	Main reasons of saving as furnished by the Government
6.	36-Public Health and Engineering Department	70.79 (49.78)	Mainly due to reduction in plan out lay (Rs 0.42 crore), delay in purchase of C.I. pipe (Rs 3.65 crore) belated sanction of scheme from GOI (Rs 28.92 crore) non-deposit of fund in civil deposit (Rs 8.47 crore) and less sanction of fund (Rs 0.53 crore). The reasons for the balance amount of saving of Rs 28.80 crore have not been stated.
7.	41-Road Construction Department	39.08 (30.56)	No tangible reasons for the entire saving of Rs 39.08 crore have been furnished by Government.
8.	42-Rural Development Department	233.43 (40.73)	No tangible reasons for the entire saving of Rs 39.08 crore have been furnished by Government.
9.	44-Secondary, Primary and Adult Education Department	43.08 (54.39)	The reasons for saving was due to reduction in plan-out lay (Rs 18.61 crore) and the reasons for the balance amount of saving of Rs 24.47 crore have not been furnished.
10.	46-Tourism Department	2.00 (100.00)	The saving of Rs 2.00 crore was due to reduction in plan outlay by Government.
11.	48-Urban Development Department	8.07 (31.67)	The saving of Rs 3.98 crore was due to reduction in plan out lay (Rs 2.18 crore) and non receipt of sanction order (Rs 1.79 crore). The reasons for the balance of Rs 2.30 crore have not been stated.
12.	49-Water Resource Department	331.96 (52.23)	The reasons of saving stated by Govt. were reduction in plan outlay (Rs 39.77 crore), non sanctions of scheme from NABARD (Rs 8.79 crore), post kept vacant (0.48 crore), non-release of D.A. (Rs 0.98 crore), non sanction of fund for payment (Rs 1.04 crore) and postponment payment of work (Rs 0.50 crore). The reasons for the balance saving of Rs 280.40 crore have not been furnished by Government.
13.	50-Minor Irrigation Department	30.19 (84.61)	Mainly due to reduction in plan out lay and non sanction of fund (Rs 1.18 crore), belated sanction of fund (93.02 crore). The reasons for saving of Rs 15.99 crore have not been stated.
14.	52-Youth, Art and Culture Department	2.21 (58.47)	No tangible reasons for the entire saving of Rs 2.21 crore have been furnished by Govt.

Sl. No.	Number and name of the grants/ appropriation	Amount of savings (Rupees in crore) (Percentage of provision in bracket)	Main reasons of saving as furnished by the Government
	Revenue	Charged Section	
1.	13- Interest payment	523.53 (14.77)	The reasons for the excess of Rs 76.76 crore have not been stated and the reasons for the entire saving of Rs 600.29 crore have not been furnished.
2.	28-High Court of Bihar	7.09 (32.30)	The saving of Rs 7.09 crore was due to posts kept vacant (Rs 6.04 crore), non payment of bonus (Rs 0.14 crore), non receipt of bills from the suppliers (Rs 0.36 crore) and non submission of bills from the concerned department and firms (Rs 0.06 crore). The reason of the saving of Rs 0.49 crore not furnished.
3.	34-Bihar Public Service Commission	2.53 (33.02)	No tangible reasons for the entire saving of Rs 2.53 crore have been stated.
	Capital-Charged Section		
1.	14-Repayment of Debt	Capital 1272.27 (45.35)	The reasons for the expenditure without Budget Provision of Rs 132.96 crore have not been intimated and no tangible reasons for the entire saving of Rs 1405.23 crore have not been stated by Government.

APPENDIX -XIII
(Refer: Paragraph - 2.3.1 ; Page 26)

Statement showing non-utilisation of entire provision (exceeding Rs 10.00 lakh in each case)

Sl. No.	No. of Grants	Grants Appropriation Number/ Head of Account	Total Provision	Actual Expenditure	Savings
(Rupees in lakh)					
1	1	2401 Crop Husbandary 103 Seeds 0104 Manures and plant protection consolidated cereal development (CSS) (Plan)	12.40	Nil	12.40
2	1	2402 Soil and Water conservation 102 soil conservation 0103 N.W.D.P.R. (Plan)	11.25	Nil	11.25
3	1	0602 N.W.D.P.R.A. (CSS)	1,01.25	Nil	101.25
4	2	2403 Animal Husbandry 102 Cattle and Buffalo Development 0104 Grants to small Marginal Farmers and agricultural labourers (Plan)	29.25	nil	29.25
5	3	2059 Public Works 80 General 052 Machinery and equipment 0002 Machinery and equipment (non plan)	21.98	Nil	21.98
6	3	53 Maintenance and Repairs 0006 Corporation and municipal tax (non plan)	49.49	Nil	49.49
7	3	4059 capital outlay on public works 80 General 051 Construction 0107 Heritage protection Construction and renovation of museum and art buildings etc. (Plansd (11th Finance Comms)	19.50	Nil	19.50
8	9	2425 Co-operation 107 Assistance to credit co- operatives 0136 special integrated scheme for S.C. Grants to State Crop Insurance fund for compensation to farmers (Plan)	45.00	Nil	45.00

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Sl. No.	No. of Grants	Grants Appropriation Number/ Head of Account	Total Provision	Actual Expenditure	Savings
(Rupees in lakh)					
9	13	2049 Interest payments 01 Interest on internal Debt 200 Interest on laon from National Agriculture and Rural Developemnt Bank (Non-plan)	583.25	Nil	583.25
10	13	0002 Interest on laons fromt he National Co-operative Development Corporation and Central Ware housing (Non-Plan)	491.06	Nil	491.06
11	13	0005 Interest on laons from General Insurance Corporation of India (Non Plan)	44.32	Nil	44.32
12	13	0008 Interest on loans from Housing and Urban Development Corporation (Non-plan)	13.57	Nil	13.57
13	13	03 Interest on small savings, provident funds etc. 108 interest on insurance and pension fund 0001 interest on insurance and pension fund	2000.00	Nil	2000.00
14	13	60 Interest onother obligations 701 miscellaneous 0001, Adinterium payment (non plan)	477.86	Nil	477.86
15	13	0003 Expenditure in the light of miscellaneous judgements (Non plan)	38.84	Nil	38.84
16	14	6003 Internal of the State Govt. 102, market loans 00308.75% Bihar State Development loan, 2000 (Non bearing interest) (Non plan)	131.03	Nil	131.03
17	14	6004 Loans and Advances from the Central Govt. 03 Loans for Central Plan schemes 800 other laons 0002 Loans for co-operative (Non plan)	25.00	Nil	25.00
18	15	2075 miscellaneous general services 104 pensions and awards in consideration of distinguiusted services 0001 pensions and awards in consideration of distinguished services (Non-plan)	42.70	Nil	42.70
19	20	2210 Medical and Public Health Alloathy 200 Other Health Schemes 0602 other Health services Leprosy control programme (CSS)	95.66	Nil	95.66

Sl. No.	No. of Grants	Grants Appropriation Number/ Head of Account	Total Provision	Actual Expenditure	Savings
(Rupees in lakh)					
20	20	05 Medical Education, Training and Research 101 Ayurveda 0001 Ayurvedic College Begusarai (Non plan)	80.87	Nil	80.87
21	20	103 Unani 0001 T.B.College (Non Plan)	119.00	Nil	119.00
22	20	105 Allopathy 0103 Sri Krishna Medical College, Muzaffarpur (KPlan)	51.17	Nil	51.17
23	20	0110 Nurses Training (Plan)	57.51	Nil	57.51
24	20	0114 Indira Gandhi Cariac Institutie, Patna (Plan)	36.75	Nil	36.75
25	20	200 Otgher systems 0102 State HBelath and Family Welfare Institute (Plan)	42.80	Nil	42.80
26	20	06 Public Health 102 Prevention of food adulteration (Non Plan) 0001 Public Health and Sanitation Programme prevention of food adulteration (Non Plan)	32.71	Nil	32.71
27	20	0101 Prevention of food adulteration (Plan)	41.86	Nil	41.86
28	20	0601 Prevention of food adulteration (CSS)	28.49	Nil	28.49
29	20	4210 Capital outlay on medical and public health 80 General 800 Other expenditure 0702 construction of incomplete Building for Referral Hospital (Plan)	602.76	Nil	602.76
30	23	2851 Village and Small Industries 103 Handloom Industries 0115 Establishment of Craft Village (Plan)	30.00	Nil	30.00
31	23	0116 Estantblishment of Appatrel park	20.00	Nil	20.00
32	23	0117 Dindayal Encouragement Scheme (Grants-in-aid) (Plan)	25.00	Nil	25.00
33	23	2852 Industries 80 General 001 Direction and Administration 0004 Strengthening of Statistical Cell (Non Plan)	27.78	Nil	27.78

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Sl. No.	No. of Grants	Grants Appropriation Number/ Head of Account	Total Provision	Actual Expenditure	Savings
(Rupees in lakh)					
34	39	2235 Social Security and Welfare 01 Rehabilitation 200 other Relief Measures 0003 Safety measures for cold wave	39.89	Nil	39.89
35	40	2029 Land Revenue 102 Survey and Settlement Operations 0102 Implementation of Tenent's accounts book (Plan)	20.00	Nil	20.00
36	40	800 Other expenditure 0003 Consolidatation of Holding (Non Plan)	103.62	Nil	103.62
37	40	0101 Consolidation of Holding (KPlan)	266.22	Nil	266.22
38	40	0102 Purchase of land for the construction of roads linked over main Road/ dwelling houses for homeless people (Plan)	200.00	Nil	200.00
39	42	2515 Other Rural Development Programme 001 Direction and Administration 0102 District panchayat Establishment	31.79	Nil	31.79
40	42	0701A Expenditure on training of non-official members fo Panchayat Raj Institutions	24.54	Nil	24.54
41	42	4515 Capital outlay on other Rural Development Programmes 103 Rural Development 0101c minimum Needs Programme (Major works) (Plan)	240.95	Nil	240.95
42	45	2852 Industries 08 Consumer Industries 201 Sugar 0001 Expenditure Connected with Bihar Sugar Factory Act 1937	34.07	Nil	34.07
43	48	2217 Urban Development 01 State Capital Development 001 Direction and Administration 0001 Executive Officers of municipalities (Non Plan)	10.50	Nil	10.50
44	49	2701 Major and medium Irrigation 80 General 005 Survey and Investigation 0001 Survey and investigation establishment	113.20	Nil	113.20
45	49	190 Assistance to public Sector and other Undertakings 0001 Grants in aid to water and Land Management Institute (Non Plan)	66.05	Nil	66.05
46	49	0001 A Grants-in-aid to Water and Land Management Institutional Works (Non-Plan)	58.10	Nil	58.10

Sl. No.	No. of Grants	Grants Appropriation Number/ Head of Account	Total Provision	Actual Expenditure	Savings
(Rupees in lakh)					
47	49	4701 Capital outlay on major and medium irrigation 80 General 800 other Expenditure 0119 Underthan Irrigation project (Plan)	52.23	Nil	52.23
48	49	0120 North Bihar Irrigation Project (NABARD) (Plan)	43.67	Nil	43.67
49	49	0124 Leelaganj Irrigation Project (Plan)	55.64	Nil	55.64
50	49	0613 Done Canal Project (Under Gandak Project) (CSS)	32.00	Nil	32.00
51	50	4702 Capital outlay on minor Irrigation 102 loans from NABARD for completion of incomplete work of medium irrigation scheme (Plan)	210.95	Nil	210.95
52	51	2225 Welfare of schedule Castes, Schedule Tribes and other Backward Classes 03 Welfare of Backward Classes 2202 Education 0602 Prematric Scholatrships (CSS)	11.60	Nil	11.60
53	51	0606 Hostel for students major construction work (CSS)	16.93	Nil	16.93
54	51	0607 Hostel for Grils Students major construction work (CSS)	114.96	Nil	114.96
55	51	2235 Social Security and Welfare 103 Women's Welfare 0602 Indira Women Scheme Grnats-in-aid (CSS)	86.30	Nil	86.30
56	51	0605 Balika Samridhi Yojana Grnats-in-aid (CSS)	715.65	Nil	715.65
57	51	104 Welfare of Aged, Infirm and Destitute 0001 State hosue and Protection Ashram Home (Non Plan)	28.30	Nil	28.30
58	51	106 Correctional services 0001 Remand Homes (Non Plan)	78.88	Nil	78.88
	58 cases	Total	8086.15	Nil	8086.15

APPENDIX-XIV

(Refer : Paragraph - 2.3.1 ; Page 26)

Statement of excesses requiring regularisation

(In Rupees)

Sl. No.	Number and name of grant/appropriation	Total grant/appropriation	Expenditure	Amount of excess (+)	Reasons for excess
1	15- Pension - Revenue- Voted	20395589360	20492405986	(+)96816626	Not received
2	47- Transport Department Capital - Voted	228156840	232872840	(+)4716000	Not received
	Total	20623746200	20725278826	101532626	

APPENDIX-XV

(Refer: Paragraph - 2.3.2; Page 26)

Cases of persistent saving exceeding Rs two crore in each case

Sl. No.	Number and name of Grant/ Appropriation	Saving (Amount in crore of rupees and its percentage to provision in bracket)		
		2000-2001	2001-02	2002-03
REVENUE VOTED				
1	1- Agriculture Department	64.75(28)	66.47(32)	89.07(39)
2	2-Animal Husbandry and Fisheries Department	39.31(31)	47.65(43)	31.21(32)
3	3-Building Construction and Housing Department	24.41(20)	43.99(45)	10.73(12)
4	6-Election	3.31(30)	3.03(36)	8.44(24)
5	9-Co-operative Department	17.08(21)	14.85(34)	8.11(22)
6	10-Energy Department	8.23(41)	11.72(32)	78.18(62)
7	11- Excise and Prohibition Department	2.68(14)	3.52(20)	2.75(17)
8	12-Finance Department	19.39(26)	321.65(87)	314.30(86)
9	18-Food Supply and Commerce Department	14.02(30)	4.91(11)	20.14(30)
10	19-Forest and Environment Department	64.43(56)	13.07(31)	14.89(33)
11	20-Health Medical Education and Family Welfare Department	321.94(32)	234.25(31)	207.48(27)
12	21-Higher Education Department	56.71(13)	33.61(10)	46.44(12)
13	22-Home Department	229.43(17)	262.70(22)	262.02(22)
14	23-Industries Department	39.23(51)	21.41(46)	16.43(29)
15	26-Labour, Employment and Training Department	67.41(38)	53.47(37)	45.44(24)
16	27-Law Department	25.23(18)	31.68(25)	31.73(24)
17	32-Legislature	5.58(15)	6.52(20)	3.44(11)
18	35-Planning and Development Department	72.98(52)	9.92(38)	9.94(34)
19	36-Public Health Engineering Department	23.95(12)	34.79(25)	28.05(19)
20	39-Relief and rehabilitation department	32.90(2)	67.19(37)	85.66(46)
21	40-Revenue and Land Reform Department	70.97(20)	40.71(20)	47.39(21)
22	41-Road Construction Department	42.84(17)	90.30(42)	32.98(15)
23	42-Rural Development Department	430.98(41)	252.67(34)	152.00(16)
24	43-Science and Technology Department	12.86(34)	5.08(25)	18.23(53)
25	44-Secondary, Primary and Adult education department	676.82(19)	511.08(19)	494.28(18)
26	46-Tourisism Department	5.61(62)	3.37(57)	2.58(47)
27	48-Urban Development Department	13.80(27)	46.40(55)	35.70(26)
28	49-Water Resources Department	37.99(14)	55.81(22)	38.36(16)
29	50-Minor Irrigation Department	31.59(20)	30.34(20)	24.42(15)
30	51-Welfare Department	235.04(65)	106.64(37)	109.80(32)
31	52-Art, Culture and youth Department	7.31(33)	7.00(34)	5.47(28)
	Total	2698.78	2435.80	2275.66
CAPITAL - VOTED				
1	3-Building Construction and Housing Department	21.62(66)	24.85(69)	7.57(23)
2	9-Co-operative Department	11.75(23)	14.45(39)	9.86(32)
3	10- Energy Department	114.05(16)	107.41(18)	119.45(16)

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Sl. No.	Number and name of Grant/ Appropriation	Saving (Amount in crore of rupees and its percentage to provision in bracket)		
		2000-2001	2001-02	2002-03
4	12-Finance Department	4.16(18)	6.94(50)	7.86(61)
5	36-Public Health Engineering Department	78.93(75)	84.27(86)	70.79(50)
6	41-Road Construction Department	211.44(65)	52.35(61)	39.08(31)
7	42-Rural Development Department	165.31(30)	277.07(45)	233.43(41)
8	49- Water Resources Department	347.11(45)	351.02(55)	331.96(52)
9	50-Minor Irrigation Department	20.23(53)	85.59(88)	30.19(85)
10	52- Youth, Art and Culture Department	3.01(100)	3.61(100)	2.21(58)
	TOTAL	977.61	1007.56	852.40s
	Revenue Charged Section			
1.	13- Interest Payment	347.28(12)	121.38(4)	523.53(15)
2.	28- High Court of Bihar	2.75(11)	9.76(42)	7.09(32)
3.	34- Bihar Public Service Commission	3.44(38)	2.39(32)	2.53(33)
	TOTAL	353.47	133.53	533.15
	GRAND TOTAL	4029.86	3576.89	3661.21

APPENDIX-XVI

(Refer : Paragraph - 2.3.3 ; Page 26)

Excesses for the years 1977-78 to 2002-03

Year	No. of grants/ appropriation	Grants/appropriation number	Amount of excess	Amount for which explanation not furnished to PAC
			(Rupees in crore)	
1977-78	4	4, 5, 9, 24	14.51	14.51
1978-79	4	4, 9, 17, 27	31.11	31.11
1979-80	4	3, 4, 6, 17	34.50	34.50
1980-81	7	4, 6, 8, 10, 12, 16, 17	27.92	27.92
1981-82	14	1, 3, 4, 8, 9, 10, 11, 12, 13, 15, 16, 17, 21, 24	80.30	80.30
1982-83	5	6, 8, 12, 16, 22	5.25	5.25
1983-84	4	6, 9, 11, 12	227.36	227.36
1984-85	4	3, 4, 8, 14	2.66	2.66
1985-86	4	4, 8, 10, 13	15.17	15.17
1986-87	3	4, 6, 13	87.43	87.43
1987-88	13	1, 4, 5, 9, 12, 14, 18, 19, 25, 31, 38, 42, 48	420.66	420.66
1988-89	6	4, 9, 12, 18, 25, 38	166.92	166.92
1989-90	6	4, 18, 25, 27, 38, 45	228.65	228.65
1990-91	8	12, 18, 36, 37, 38, 42, 43, 47	330.07	330.07
1991-92	8	1, 4, 6, 11, 12, 18, 38, 43	1228.67	1228.67
1992-93	6	1, 4, 12, 18, 25, 38	1462.10	1462.10
1993-94	4	12, 18, 25, 37	702.17	702.17
1994-95	2	12, 37	318.23	318.23
1995-96	5	4, 12, 25, 36, 37	405.08	405.08
1996-97	4	4, 12, 20, 23, 36, 37	256.38	256.38
1997-98	4	4, 7, 12, 15	12.19	12.19
1998-99	1	30	0.33	0.33
1999- 2000	5	10, 13, 14, 40, 50	196.23*	196.23
2000- 2001	5	5, 13, 15, 25, 32	712.34	712.34
2001- 2002	1	15	491.24	491.24
Total			7457.47	7457.47
2002- 2003	2	15, 47	10.15	10.15
Grand Total			7467.62	7467.62

* Adjusted figure of 1999-2000.

APPENDIX-XVII

(Refer: Paragraph - 2.3.4 ; Page 26)

Expenditure in excess of the budget provision

SI. No.	Number of Grant / Appropriation/ Head of Account	Provision	Actual Expenditure	Excess
(Rupees in lakh)				
1	3-6216 Loans for Housing 02-Urban Housing 201- Loans to Housing Boards 0002-Payment of arrear interest against the bonds issued by housing board (Non-plan)	162.49	662.49	+500.00
2	9-4425-Capital outlay on Co-operation 190-Investment in Public Sector and other undertakings 0607-Contribution in share capital to Central Cooperative Banks for Consolidated Co-operative Development Project (CSS) (Plan)	512.90	567.03	+54.13
3.	10-6801-Loans for Power Projects 800-Other loans to Electricity Boards 0003-Loans to Electricity Board against the direct deduction made by Central Govt. against the arrears of Bihar Electricity Board (Non Plan)	3365.00	19327.00	15962.00
4.	12-2013 Council of Minister 800-Other expenditure 0002-State Ministers (Non-Plan)	55.67	129.96	+74.29
5.	13-2049-Interest payments 01-Interest on Internal Debt 115-Interest on Ways and Means advances from Reserve Bank of India 0001-Ways and Means advances from Reserve Bank of India (Non Plan)	0.13	325.61	+325.48
6.	01-Interest on Internal Debt 305-Management of Debt 0001-Expenditure connected with old loans (Non Plan)	117.46	338.79	+221.33
7.	04-Interest on Loans and Advance from Central Govt. 101-Interest on Loans for State/Union Territory plan schemes 0001-15-Years consolidated block loans, 1990 (Non Plan)	2241.00	4556.50	+2315.50
8.	103-Interest on Loans for CSS 0001-Interest on Loans for CSS (Non Plan)	553.37	2882.71	+2329.34
9.	104-Interest on Loans for Non-Plan scheme 0002-Interest on modernisation of police force (Non-Plan)	938.40	3424.23	+2485.83
10.	14-6004-Loans and Advances from Central Government 01-Non-Plan loans 102-Share of small savings collections 0002-Pre-1984-85 Loans (Non-Plan)	18415.74	92273.56	+73857.82

Sl. No.	Number of Grant / Appropriation/ Head of Account	Provision	Actual Expenditure	Excess
(Rupees in lakh)				
11.	17-2040-Taxes on Sales, Trade etc. 001-Direction and Administration 0001-Superintendence (Non-Plan)	186.15	487.20	+301.05
12.	20-2210-Medical and Public Health 06-Prevention and control diseases 101-Prevention and control of disease 0602-National Malaria Eradication Programme- including Kalajar (CSS)	545.90	767.21	+221.31
13.	26-2230-Labour and Employment 03-Training 101-Industrial Training Institutes 0001-Administration of Industrial Training Institutes-State Council (Non-Plan)	915.53	1615.32	+699.79
14.	38-2030-Stamps and Registration 01-Stamps-Judicial 101-Cost of stamps	22.41	36.66	+14.25
15.	38-2030-Stamps and Registration 02-Stamps Non Judicial 101-Cost of stamps 0002-Cost of stamps received from security Hyderabad (Non-Plan)	52.70	151.07	+98.37
16.	03-Registration 001-Direction and Administration 0001-Superintendence (Non Plan)	58.35	136.90	+78.55
17.	42-2505-Rural Employment 01-National Programmes 702-Jawahar Gram Smridhi Yojana 0110B-Overall Rural Employment Programmes-Special Integrated scheme for scheduled caste (Plan)	3619.01	4516.15	+897.14
18.	47-7055-Loans for Road Transport 800-Other expenditure 0003-Payment of arrears on Bonds issued by the Bihar State Road Transport Corporation (Non-Plan)	353.92	579.92	+226.00
	Total	32116.13	132778.31	100662.18

APPENDIX-XVIII

(Refer: Paragraph - 2.3.4 ; Page 26)

Expenditure without budget provision

SI. No.	Number of Grant / Appropriation/ Head of Account	Provision	Actual Expenditure	Excess
(Rupees in lakh)				
1	2-2404-Dairy Development 102-Dairy Development Projects 0003-Maintenance of Building (Non-Plan)	Nil	189.30	+189.30
2.	14-6003-Internal Debt of the State Govt. 101-Market loans 0006-11% Bihar State Development loan, 2002 (Not bearing interest) (Non Plan)	Nil	13296.44	+13296.44
3.	20-2211-Family Welfare 109-Reproductive and Child Health project 0001-Cost of supplies of vaccines and Drug-it (Non-Plan)	Nil	6074.97	+6074.97
4.	20-2211-Family Welfare 200-Other Services and Supplies 0603-Other Services and Supply Supply of family planning, materials- supply of Nirodh, oral pills etc. (Non Plan)	Nil	20.40	+20.40
	Total		19581.11	19581.11

APPENDIX-XIX

(Refer: Paragraph - 2.3.7 ; Page 26)

Cases where supplementary provision proved unnecessary

Sl. No.	Number and name of grant/appropriation	Supplementary grant/appropriation	Saving
		(Rupees in lakh)	
	A - Revenue Section (Voted)		
1	1- Agriculture Department	1645.14	8907.06
2	2- Animal Husbandry and Fisheries Department	208.60	3120.89
3	3- Building Construciton and Housing Department	38.44	1072.82
4	7- Vigilance	20.25	102.79
5	8- Civil Aviation Department	22.84	29.35
6	9- Co-operative Department	182.73	811.40
7	12- Finance Department	615.95	31430.37
8	19- Forest and Environment Department	671.16	1489.19
9	20- Health, Medical Education and Family Welfare Department	2335.48	20748.23
10	21- Higher Education Department	3104.09	4644.13
11	22- Home Department	2274.48	26201.51
12	23- Industries Department	1293.97	1643.23
13	25- Institutional Finance and Programme Implementation Department	32.47	193.24
14	27- Law Department	129.38	3173.27
15	29- Mines and Geology Department	63.06	101.83
16	30- Minorities Welfare Department	17.32	30.15
17	32- Legislature	44.27	343.97
18	33- Personnel and Administrative Reforms Department	3083.91	3141.92
19	35- Planning and Development Department	201.65	994.39
20	36- Public Health and Engineering Department	926.90	2805.67
21	37- Rajbhasha Department	1.50	191.48
22	38- Registration Department	15.00	168.40
23	40- Revenue and Land Reforms Department	1082.86	4739.47
24	41- Road Construction Department	14.33	3297.86
25	42- Rural Development Department	9528.53	15199.76
26	43- Science and Technology Department	800.06	1822.61
27	44- Secondary, Primary and Adult Education Department	11643.82	49428.02
28	46- Tourism Department	19.20	258.11
29	47- Transport Department	2.99	120.91
30	49- Water Resosurces Department	0.60	3835.78
31	51- Welfare Department	4495.48	10980.35
32	52- Youth, Art and Culture Department	106.15	546.95
	Total	44622.61	201575.11
	B - Capital - Voted Section		
1	9- Co-operative Department	880.82	985.87
2	30- Minorities Welfare Department	7.50	20.00
3	36- Public Health and Engineering Department	2004.62	7079.19
4	42- Rural Development Department	200.00	23342.70

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Sl. No.	Number and name of grant/appropriation	Supplementary grant/appropriation	Saving
		(Rupees in lakh)	
5	44- Secondary, Primary and Adult Education Department	3756.35	4308.31
6	48- Urban Development Department	598.00	806.69
7	49- Water Resources Department	5553.12	33195.99
	Total	13000.41	69738.75
	C - Capital - Charged Section		
1	14- Repayment of Debt	3833.21	127226.92
	Grand Total	61456.23	398540.78

APPENDIX-XX

(Refer: Paragraph - 2.3.7 ; Page 27)

*Cases where supplementary provision proved excessive
(exceeding Rs 10 lakh in each case)*

Sl. No.	Number and name of grant/appropriation	Supplementary grant/appropriation	Saving
		(Rupees in lakh)	
	Revenue Section		
1	6 - Election	3122.42	844.35
2	10 - Energy Department	10143.49	7818.23
3	16- National Savings	29.67	28.11
4	18 - Food Supply and Commerce Department	2186.92	2014.92
5	24- Information and Public Relation Department	127.12	117.98
6	26- Labour Employment and Training Department	4940.35	4544.27
7	31- Parliament Affairs Department	163.77	42.10
8	39- Relief and Rehabilitation Department	10147.00	8566.41
9	45- Sugarcane Department	1944.70	196.06
10	48- Urban Development Department	7669.40	3569.86
11	50- Minor Irrigation Department	3377.92	2441.87
	Total	43852.76	30184.16
	Capital - Voted Section		
1	3- Building Construction and Housing Department	1360.87	757.09
2	20- Health Medical Education and Family Welfare Department	2158.83	733.98
3	23- Industries Department	3689.71	183.55
	Total	7209.41	1674.62
	Grand Total	51062.17	31858.78

APPENDIX-XXI

(Refer: Paragraph - 2.3.7 ; Page 27)

Cases where supplementary provision was insufficient

(Rupees in lakh)

Sl. No.	Grant No.	Head of account/sub-head/schemes	Supplementary provision	Final excess
1	9	4425 - Capital outlay on co-operation 190 - Investment in public sector and other undertankings 0607 - Contribution in share capital to control co-operative banks for consolidated Co-operative Development Project (CSS)	512.90	(+)54.13
2	13	2049 - Interest payment 103 - Interest on loans for Centrally Sponsored Plan Schemes 0001 - Interest on loans for Centrally Sponsored Plan Schemes (Non-plan)	332.51	(+)2329.34
3	13	104 - Interest on loans for Non-Plan Scheme 0002 - Interest on modernisation of Police Force (Non-Plan)	938.40	(+)2485.83
4	17	2040 - Taxes on sales, Trade etc. 001 - Direction and Administration 0001 - Superintendence (Non-Plan)	2.20	(+)301.05
5	22	2025 - Police 109 - District Police 0001 - District Executive Force (Non-Plan)	927.86	(+)11.17
6	38	2030 - Stamps and Registration 03 - Registration 001 - Direction and Administration 0001 - Superintendence (Non-Plan)	4.04	(+)78.55
7	38	0002 - District charges (Non-Plan)	10.97	(+)61.74
8	47	7055 - Loans for (Plan) Road Transport 800 - Other expenditure 0003 - Payment of arrears on bonds issued by the Bihar State Road Corporation (Non-plan)	353.92	(+)226.00
9	15	15 - Pension (Revenue - Voted)	80.00	(+)968.17
10	47	47 - Transport Department (Capital - Voted)	1573.73	(+)47.16
		Total	4736.53	6563.14

APPENDIX-XXII

(Refer: Paragraph - 2.3.8 ; Page 27)

Surrender in excess of actual savings in grants

Sl. No.	Number and name of Grant/ Appropriation	Total Grant	Savings	Amount surrendered	Amount surrendered in excess
(Rupees in crore)					
(A) REVENUE VOTED SECTION					
1	17- Finance Department	21.97	0.55	3.55	3.00
2	26- Labour Employment and Training Department	188.33	45.44	49.79	4.35
3	38- Registration Department	19.25	1.68	3.70	2.02
	Total	229.55	47.67	57.04	9.37
(B) CAPITAL VOTED SECTION					
1	3- Building Construction and Housing Department	32.84	7.57	13.11	5.54
2	10- Energy Department	749.79	119.45	279.07	159.62
3	47- Transport Department	22.82	+0.47	1.79	2.26
	Total	805.45	126.55	293.97	167.42
(C) CAPITAL CHARGED SECTION					
1	14- Repayment of Debt	2805.74	1272.27	2005.97	733.71
	(A+B+C)	3840.74	1446.49	2356.98	910.50

APPENDIX-XXIII

(Refer: Paragraph - 2.3.8 ; Page 27)

(a) Statement of unjustified/excessive surrenders

Sl. No.	Grant/ Appropriation No.	Major head/ sub-head/ schemes	Provision (original (o) + Supplementary (s))	Surrender (Re-approp)	Total	Expenditure	Excess (+)
(Rs in lakh)							
1.	2.	3.	4.	5.	6.	7.	8.
1.	2	2404- Diary Development 102- Diary Development Projects 0003-Maintenance of Building (Non-Plan)	0.40	(-) 0.40	Nil	189.30	(+) 189.30
2.	3	6216-Loan for Housing 02-Urban Housing 201 Loans for Housing Boards 0002-Payment for arrear interest against the bonds issued by housing board (Non-Plan)	419.36	(-) 256.87	162.49	662.49	(+) 500.00
3.	10	6801-Loans for Power Projects 800-Other Loans to Electricity Board 0003-Loans to Electricity Board against the direct deduction made by Central Govt. against the arrears of Bihar Electricity Board (Non-Plan)	13460.00	(-)10095.00	3365.00	19327.00	(+) 15962.00
4.	11	2039- State Excise 001-Direction and Administration 0002-District Charges (Non- Plan)	1460.41	(-) 261.75	1198.66	1246.97	(+) 48.31
5.	12	2013-Council of Ministers 800-Other expenditure 0002-State Ministers (Non- Plan)	130.60	(-) 81.93	48.67	129.96	(+) 81.29
6.	13	2049-Interest Payment 01-Interest on Internal Debt 115-Interest on ways and means Advances from Reserve Bank of India 0001-Ways and Means Advances from R.B.I. (Non-Plan)	1000.00	(-) 999.87	0.13	325.61	(+) 325.48
7.	17	2040-Taxes on Sales, Trade etc. 001-Direction and Administration 0001-Superintendance (Non- Plan)	197.47 2.20	(-) 13.52	186.15	487.20	(+) 301.05
8.	22	2055-Police 109-District Police 0001-District Executive Force (Non-Plan)	52782.86 927.86	(-) 10097.11	43613.61	43624.78	(+) 11.17
9.	26	2230-Labour and Employment 03- Training 101-Industrial Training Institutes 0001-Administration of Industrial Training Institutes- State Council (Non-Plan)	1247.46	(-) 331.93	915.53	1615.32	(+) 699.79

Sl. No.	Grant/ Appropriation No.	Major head/ sub-head/ schemes	Provision (original (o) + Supplementary (s))	Surrender (Re- approp)	Total	Expend- iture	Excess (+)
(Rs in lakh)							
10.	38	2030-Stamps and Registration 01-Stamps -Judicial 101-Cost of stamps 0001-Lost of Stamps (Non-Plan)	50.00	(-) 27.59	22.41	36.66	(+) 14.25
11.	38	2030-Stamps and Registration 02-Stamps Non-Judicial 101-Cost of Stamps 0002-Cost of Stamps received from security Hyderabad (Non-Plan)	70.00	(-) 17.30	52.70	151.07	(+) 98.37
12.	38	03-Registration 001-Direction and Administration 0001-Superintendence (Non-Plan)	65.89 4.04	(-) 11.58	58.35	136.90	(+) 78.55
13.	38	0002-District Charges (Non-Plan)	1563.77 10.97	(-) 267.24	1307.50	1369.24	(+) 61.74
14.	42	2505-Rural Employment 01-National Programmes 702-Jawahar Gram Smridhi 0110B-Overall Rural Employment Programmes - Special Intgerated Scheme for Scheduled Caste (Plan)	3870.00	(-) 250.99	3619.01	4516.15	(+) 897.14
15.	44	2202-General Education 01-Elementary Education 101-Govt. Primary Schools 0001-Govt. Primary and Middle School (Non-Plan)	180671.88	(-) 26057.69	154614.19	154885.60	(+) 271.41
Total 15 cases			257935.17	(-) 48770.77	209164.40	228704.25	19539.85

APPENDIX-XXIV

(Refer: Paragraph - 2.3.9 ; Page 27)

**Anticipated savings not surrendered
(Exceeding Rs one crore)**

SI. No	Number and name of the Grant/ Appropriation	Savings	Unsurrendered savings (percentage to total savings in bracket)
		(Rupees in crore)	
(A) REVENUE SECTION - VOTED			
1	1- Agriculture Department	89.07	25.39 (29)
2	3-Building Construction and Housing Department	10.73	1.46 (14)
3	9- Co-operative Department	8.11	1.81 (22)
4	12- Finance Department	314.30	3.96 (13)
5	19-Forest and Environment Department	14.89	1.35 (9)
6	20-Health, Medical Education and Family welfare Department	207.48	68.26 (33)
7	22-Home Department	262.02	4.28 (2)
8	23- Industries Department	16.43	4.67 (28)
9	26- Labour, Employment and Training Department	45.44	4.34 (10)
10	27- Law Department	31.73	11.16 (36)
11	33-Personnel and Administrative Reforms Department	31.42	30.37 (97)
12	36- Public Health and Engineering Department	28.06	8.61 (31)
13	39-Relief and Rehabilitation Department	85.66	58.65 (68)
14	40- Revenue and Land Reform Department	47.39	10.59 (22)
15	41-Road Construction Department	32.98	2.98 (9)
16	42- Rural Development Department	152.00	16.49 (11)
17	44- Secondary, Primary and Adult Education Department	494.28	11.05 (2)
18	48-Urban Development Department	35.70	10.99 (31)
19	49-Water Resources Department	38.36	9.11 (24)
20	50-Minor Irrigation Department	24.42	2.28 (9)
21	51- Welfare Department	109.80	47.88 (44)
22	52- Youth, Art and Culture Department	5.47	1.32 (24)
	Total	2085.74	337.00 (16)
REVENUE SECTION (CHARGED)			
1.	13- Interest Payment	523.53	512.87 (98)
CAPITAL SECTION - VOTED			
1	12-Finance Department	7.86	1.82 (23)
2	20-Health, Medical Education and Family Welfare Department	7.34	7.34 (100)
3	36-Public Health and Engineering Department	70.79	22.18 (31)
4	41-Road Construction Department	39.08	14.58 (37)
5	44-Secondary, Primary and Adult Education Department	43.08	18.49 (43)
6	48-Urban Development Department	8.07	2.19 (27)
7	49-Water Resources Department	331.96	71.48 (22)
8	50- Minor Irrigation Department	30.19	5.36 (18)
	Total	538.37	143.44 (26)
	Grand Total	3147.64	993.31 (32)
	31 cases		

APPENDIX-XXV

(Refer: Paragraph - 2.3.9 ; Page 27)

Amount surrendered on the last day of March 2003

Sl. No	Number and name of the Grant/ Appropriation	Amount surrendered on the last day of March 2003 (Percentage of surrendered in bracket) (Rupees in crore)
REVENUE SECTION - VOTED		
1	1- Agriculture Department	63.68 (67)
2	2-Animal Husbandry & Fisheries Department	31.51 (0.30 crore excess surrender)
3	3-Building Construction and Housing Department	9.27 (86)
4	4- Cabinet Secretariat and Co-ordination Department	0.84 (65)
5	6- Election	8.00 (95)
6	7-Vigilance	0.93 (91)
7	8-Civil Aviation Department	0.28 (96)
8	9- Co-operative Department	6.31 (78)
9	10-Energy Department	78.09 (100)
10	11-Excise and Prohibition Department	3.22 (0.48 crore excess surrender)
11	12-Finance Department	310.35 (99)
12	15- Pension	0.05 (surrendered without saving)
13	16- National savings	0.26 (93)
14	Finance (Commercial Taxes) Department	3.55 (3.00 crore excess surrendered)
15	18- Food Supply and Commerce Department	19.61 (95)
16	19- Forest and Environment Department	13.54 (91)
17	20- Health, Medical Education and Family Welfare Department	139.22 (67)
18	21- Higher Education Department	0.18 (39)
19	22-Home Department	257.73 (98)
20	23- Industries Department	11.76 (72)
21	24- Information and Public Relation Department	0.99 (84)
22	25- Institutional Finance and Programme Implementation Department	1.73 (90)
23	26- Labour, Employment and Training Department	49.79 (4.34 crore excess surrender)
24	27- Law Department	20.57 (65)
25	29- Mines and Geology Department	0.93 (91)
26	30- Minorities Welfare Department	0.27 (89)
27	31- Parliamentary Affairs Department	0.18 (42)
28	32-Legislature	2.87 (83)
29	33- Personnel and Administrative Reforms Department	1.05 (3)
31	35- Planning and Development Department	9.46 (95)
32	36- Public Health and Engineering Department	19.45 (69)
33	37-Raj Bhasha Department	1.81 (95)
34	38- Registration Department	3.70 (2.02 crore excess surrendered)
34	39-Relief and Rehabilitation Department	27.01 (32)
35	40- Revenue and Land Reform Department	36.81 (78)
36	41-Road Construction Department	30.00 (91)
37	42- Rural Development Department	135.51 (89)
38	43- Science and Technology Department	18.08 (99)
39	44- Secondary, Primary and Adult Education Department	483.23 (98)
40	45-Sugarcane Department	1.56 (80)

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SI. No	Number and name of the Grant/ Appropriation	Amount surrendered on the last day of March 2003 (Percentage of surrendered in bracket) (Rupees in crore)
41	46- Tourism Department	2.45 (95)
42	47-Transport Department	1.20 (99)
43	48-Urban Development Department	24.71 (69)
44	49-Water Resources Department	29.25 (76)
45	50-Minor Irrigation Department	22.14 (91)
46	51- Welfare Department	61.93 (56)
47	52- Youth, Art and Culture Department	4.15 (76)
	(A) Total	1949.21
	(B) REVENUE CHARGED SECTION	
1	5- Secretariat of the Governor	0.33 (40)
2	13- Interest Payment	10.66 (2)
3	28- High Court of Bihar	6.66 (94)
4	34- Bihar Public Service Commission	2.42 (96)
	(B) Total	20.15
	(C) CAPITAL VOTED SECTION	
1	1- Agriculture Department	0.48 (100)
2	3- Building Construction and Housing Department	13.11 (5.54 crore excess surrendered)
3	9- Co-operative Department	10.40 (0.54 crore excess surrendered)
4	10-Energy Department	279.07 (159.62 crore surrendered in excess of actual savings)
5	12- Finance Department	6.05 (77)
6	23-Industries Department	1.84 (100)
7	25- Institutional Finance and Programme Implementation Department	1.22 (82)
8	30- Minorities Welfare Department	0.08 (38)
9	36-Public Health Engineering Department	48.61 (69)
10	40- Revenue and Land Reforms Department	0.04 (100)
11	41- Road Construction Department	24.49 (63)
12	42-Rural Development Department	228.74 (98)
13	44-Secondary, Primary and Adult Education Department	24.59 (57)
14	45- Sugarcane Department	0.44 (100)
15	46- Tourism Department	2.00 (100)
16	47-Transport Department	1.79 (Surrendered without any savings)
17	48- Urban Development Department	5.88 (73)
18	49-Water Resources Department	260.48 (78)
19	50- Minor Irrigation Department	24.83 (82)
20	52-Youth, Art and Culture Department	3.09 (0.88 crore surrendered in excess of actual savings)
	(C) Total	937.23
	(D) CAPITAL- CHARGED SECTION	
1	14- Repayment of Debt	2005.97 (733.71 crore surrendered in excess)
	Grand Total	4912.56

APPENDIX-XXVI
(Refer: Paragraph - 2.4 ; Page 27)

Statement of unreconciled expenditure

Sl. No.	Name of the Department	Units	Un-reconciled amount upto 01/03	Head of account (Rupees in crore)
1.	Human Resources Development	195	2746.92	2202- General 2203 -T.Education 4202 -Capital out
2.	Finance Department	62	724.03	2013 - Council of Mine 2092 - Security General Service
3.	Rural Development Department	180	772.40	2505-Rural 2515-O.R.D.Project 4515-CO on O.R.D
4.	Medical and Public Health	80	416.55	2210-Medical and Public Health 4910- C.O. on MPH
5.	Water Resourch (M.I)	30	367.52	4711- Flood Control
6.	Panchayti Raj	03	336.96	2711- Road construction
7.	Social Welfare	332	280.65	2235 - Social Security
8.	Public Works Divisions	22	191.53	2059- P.W.D. 4059 C.O. on PWD
9.	Revenue & Land Reforms	58	106.55	2059 - Land Revenue
10.	Labour & Employment	48	74.50	2506 - Land Reform 1230 - Labour and employment
11.	Personnel & Admn. Reforms	35	73.32	2052- General Secretary
12.	Agriculture	105	73.47	2415-Agriculture
13.	Urban Development	13	74.01	2217 - Urban Development
14.	A.I.I & Fisheries	60	55.11	2405 - Fisheries
15.	Natural Calamities	17	52.37	2245 - Relief on Natural Calamities
16.	Food Supply & Comm	11	40.20	3451-Secretariate Economic Services
17.	Police (Home)	08	58.81	2055- Police
18.	Cabinet Secretariat	12	34.45	2052 - Security General service
19.	Election Department	10	28.19	2015-Election
20.	Co-operative Department	86	23.39	2425- Co-operation
21.	Stamp & Registration	54	17.61	2052 - Security General Service
22.	Mines & Geology	70	5.05	2853-Mines and Geology
23.	Information & Publicity	06	5.07	2030 - Stamp and Registration
24.	Dairy Dev	18	1.59	2404- Dairy Development
25.	Tourism Department	05	2.79	3452-Tourism

Sl. No.	Name of the Department	Units	Un-reconciled amount upto 01/03	Head of account
				(Rupees in crore)
26.	Electricity	01	0.43	2801 - Power
27.	Transport Department	01	0.18	2041- Major Vehicle Transport
28.	Housing Department	01	0.26	2216-Housing
29.	Forest and Environment	01	0.15	3451-Secretariate Economic Services
30.	Law Department	28	0.31	2014-Administrative Justice
	Total	1552	6567.37 (42 per cent of the total expenditure)	38 number

APPENDIX -XXVII
(Refer: Paragraph - 2.5 ; Page 27)

Rush of expenditure during March 2003

Treasury Month	Total Expenditure upto	Quarterly expenditure	Percentage of expenditure in each quarter	Percentage of expenditure in march
4	4289560476			
5	6778085425			
6	5591062406	1668708307.30	16	
7	7881008326			
8	7043934946			
9	5516793390	20441736661.49	19	
10	10596903416			
11	7375024964			
12	9399210792	27371139170.98	25	
1	10101345697			
2	7513937710			
3	25091423870	42706707278.09	40	23
Total	107178281417.86	107178291417.86	100	

APPENDIX-XXVIII
(Refer: Paragraph - 2.6 ; Page 28)

Lapse of funds awaiting sanction of schemes due to reduction in plan outlay

			<i>(Rupees in lakh)</i>
Sl. No.	Number of grants	Head of account/ Sub-head/Schemes	Lapse of funds awaiting sanction of scheme due to reduction in plan outlay
1.	1	2401 - Crop Husbandry 103 - Seeds 0110 - Accelerated maiz development programme (Plan)	50.00
2.	1	0601 - Seed Production Programme (C.S.S.)	90.00
3.	1	0613 - Technical Omission Accelerated Maiz Development Programme (C.S.S.)	150.00
4.	1	105 - Manure and Fertilizers 0402 - Bio-control laboratory (C.P.S.)	30.00
5.	1	108 - Commercial crops 0104 - Oil Seeds Production Programme (Plan)	86.00
6.	1	0106 - National Pulse Production Programme (Plan)	75.00
7.	1	0608 - National Pulse Development Project (C.S.S.)	225.00
8.	1	0611 - Oil Seeds Development Programme (C.S.S.)	258.00
9.	1	0614 - Development Scheme in Tal Area (C.S.S.)	67.50
10.	1	113 - Agricultural Engineering 0104 - Promotion of Agriculture Workshop (Plan)	110.00
11.	1	0614 - Promotion of Agriculture Workshop (C.S.S.)	990.00
12.	1	119 - Horticulture and vegetable crops 0105 - Scheme for use of Plastic in agriculture (Plan)	40.00
13.	1	0601 - Mashroom Development Scheme (C.S.S.)	46.35
14.	1	0609 - Scheme for development of flowers (C.S.S.)	22.50
15.	1	0615 - Scheme for use of plastic in agriculture (C.S.S.)	360.00
16.	1	2402 - Soil and Water Conservation 102 - Soil conservation 0103 - N.W.D.P.R.A. (Plan)	29.25
17.	1	0601 - Soil and Water Conservation in the rainfed areas (Punpun and Kosi) (CSS)	81.45
18.	1	0602 - N.W.D.P.R.A. (CSS)	263.25
19.	1	0604 - Acidic and Basic Soil (CSS)	108.00
20.	1	0610 - Coir Development Scheme (CSS)	108.00
21.	1	2415 - Agricultural Research and Education 01 - Crop Husbandry 004 - Research 0601 - Diara Development Scheme (CSS)	135.00
22.	1	6401 - Loans for Crop Husbandry 190 - Loans to Public Sector and other undertakings 0101 - Loans to Bihar State Seed Corporation	20.15

<i>(Rupees in lakh)</i>			
Sl. No.	Number of grants	Head of account/ Sub-head/Schemes	Lapse of funds awaiting sanction of scheme due to reduction in plan outlay
23.	1	0102 - Loans to Bihar State Agriculture Industrial Development Corporation (Plan)	20.50
24.	2	2403 - Animal Husbandry 102 - Cattle and Buffalo Development 0104 - Grants to small marginal farmers and agricultural labourers (Plan)	82.82
25.	2	2404 - Dairy Development 102 - Dairy Development (C.P.S.)	67.76
26.	10	6801 - Loans for Power Projects 800 - Other loans to Electricity Boards 0104 - Loans to B.S.E.B. (Plan)	2360.00
27.	10	0105 - Loans to B.S.E.B. under M.N.P. (Plan)	692.30
28.	10	6801 - Loans for Power Project 201 - Hydel Generation 0105 - Bihar State Hydel Corporation (NABARD)	1000.00
29.	10	204 - Rural Electrification 0701 - Loans to B.S.E.B. for rural electrification under Pradhan Mantri Gramodaya Yojna (C.S.S.)	2358.64
30.	9	2425 - Co-operation 0137 - Special integrated scheme for backward classes Grants to crop insurance fund for compensation to farmers for insured crops under N.A.I. Fund	93.30
31.	9	190 - Assistance to Public Sector and Other Undertakings 0102 - Grants-in-aid to Central Co-operative Banks for Consolidated Co-operative Development Project (Plan)	54.13
32.	9	2425 - Co-operation 107 - Assistance to credit co-operatives 0136 - Special integrated scheme for S.C. to State crop insurance (Plan)	68.00
33.	9	109 - Agriculture Credit Stabilisation Fund 0601 - Grants-in-aid to Bihar State Co-operative Bank Limited Patna for Agricultural establishment fund	30.00
34.	9	6425 - Loans for co-operation 107 - Loans to credit co-operative 0105 - NABARD Sponsored R.I.D.F. Loans to Five Processing Co-operative Societies for construction of Godowns (Plan)	490.00
35.	9	0106 - Special Integrated Scheme for S.C. NABARD sponsored by R.I.D.F. loans to five processing co-operative societies for construction of godowns (Plan)	210.00
36.	9	0107 - Special Integrated Scheme for Backward classes NABARD sponsored R.I.D.F. loans to five processing co-operative societies for construction of Godowns	300.00
37.	17	2040 - Taxes on Sales, Trade etc. 0101 - District charges	60.00

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(Rupees in lakh)

Sl. No.	Number of grants	Head of account/ Sub-head/Schemes	Lapse of funds awaiting sanction of scheme due to reduction in plan outlay
38.	18	3456- Civil Supplies 0601 - Public Distribution System Annapurna Scheme (C.S.S.)	1116.21
39.	19	2406 - Forestry and Wild Life 800 - Other expenditure 0103 - Rehabilitation of degraded forest	178.69
40.	19	0608 - Fire Protection of Forest by Modern Technique (100% C.S.S.)	45.69
41.	19	2406 - Forestry and Wild Life 02 - Environmental Forestry and Wild Life 110 - Wild Life Preservation Sanjay Gandhi Jaivick Udyan	16.00
42.	19	0602 - Minor Forest Produce Medicinal Plants (C.S.S.)	50.00
43.	19	0603 - Elephant Project (C.S.S.)	66.00
44.	19	0605 - Development of Sanctuaries (C.S.S.)	150.00
45.	19	0606 - Cover Lake (C.S.S.)	30.00
46.	19	0611 - Other Parks Sanjay Gandhi Jaivik Udyan (50:50) (C.S.S.)	16.00
47.	19	0613 - Eco Development (C.S.S.)	100.00
48.	19	0615 - Valmiki Nagar, Tiger PProject Eco-Development (100%) (C.S.S.)	40.00
49.	19	0616 - Rehabilitation of Degraded Forest (C.S.S.)	20.00
50.	20	2211 - Family Welfare 602 - Other Services and Supply Post Breeding Programme in Subdivisions and Referral Hospital (C.S.S.)	484.94
51.	20	200 - Other Services and Supplies 601 - Other services and supply post breeding programme in district	571.18
52.	22	2055 - Police 800 - Other expenditure 0103 - Standarisation of Administration levels recommended by 11th Finance Commission (Plan)	259.75
53.	36	4215 - Capital outlay on water sply and sanitation 0102 - Assistance to Water Pollution and Preventions Board Special Integrated Scheme for Scheduled castes in rural area/sub-urban up to the population of 20,000 (Plan)	187.92
54.	36	0111 - Prime Minister's Rural Upliftment Water Conservation under ground water recharge and rain water harvesting (Plan)	30.00
55.	41	5054 - Capital Outlay on Roads and Bridges 0104 - Boarder Area Development Scheme Road Works	263.00
56.	41	0105 - State share for Centrally Sponsored Scheme	100.00
57.	42	2505 - Rural Employment 01 - National Programmes 702 - Jawahar Gram Samridhi Yojna 0107 - I.W.A. Scheme for General (Plan)	2091.74

<i>(Rupees in lakh)</i>			
Sl. No.	Number of grants	Head of account/ Sub-head/Schemes	Lapse of funds awaiting sanction of scheme due to reduction in plan outlay
58.	42	0107 - A Special Integrated Scheme for S.C. (Plan)	996.46
59.	42	0109 - Ensured Employment Programmes Pradhan Mantri Gramodaya Yojana Primary Scheme for General	827.37
60.	42	0109 - A Ensured Employment Programmes Special Integrated Scheme for S.C.	354.59
61.	42	0110 - Overall Rural Employment Programmes - Carriage and Handling of foodgrains (Plan)	760.25
62.	42	4515 - Capital Outlay on Other Rural Development Programmes 103 - Rural Development 0101E Minimum Needs Programmes by NABARD (R.I.D.P.)	7368.00
63.	42	0111 - Pradhan Mantri Gramodaya Yojna Road Construction (Plan)	15000.00
64.	44	2202 - General Education 01 - Elementary Education 800 - Other Expenditure 0109 - Bihar Education Project	400.00
65.	44	4202 - Capital outlay on Education, Sports, Arts and Culture 01 - General Education 0701 - Under recommendation of the 11th Finance Commission - Building Construction of Elementary School (Plan)	1736.89 462.40
66.	44	4202 - Capital outlay on Education, Sports, Arts and Culture 01 - General Education 201 - Elementary Education 0402 - Building (C.P.S.)	505.08
67.	46	3452 - Tourism 01 - Tourism Infrastructures 101 - Tourist Centre 0101 - Computerisation and renovation of Tourist Information Centre (Plan)	237.79
68.	46	5452 - Capital outlay on Tourism 80 - General 800 - Other expenditure 0101 - Construction of road in tourist spots	200.00
69.	47	5055 - Capital outlay on Road Transport 190 - Investments in Public Sector and other undertakings 0101 - Share of Bihar State Road Transport Corporation 2215 - Water Supply and Sanitation	178.84
70.	48	0102 - Grants-in-aid to Urban Local Bodies for construction of drains and sewerage	54.50
71.	48	0101 - Grants-in-aid to Bihar State Waste Board	466.25
72.	48	0102 - Grants-in-aid to Urban Local Bodies for construction of drains and sewerage (Plan)	54.50
73.	49	4701 - Capital outlay on Major and Medium Irrigation 80 - General	2728.49

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<i>(Rupees in lakh)</i>			
Sl. No.	Number of grants	Head of account/ Sub-head/Schemes	Lapse of funds awaiting sanction of scheme due to reduction in plan outlay
		0118 - Irrigation Project of North Bihar (AIBP) works	
74.	49	0121 - South Bihar Irrigation Project (NABARD)	5192.08
75.	49	0610 - Anti Erosion Work on River Ganga (C.S.S.)	2258.28
76.	49	0120 - North Bihar Irrigation Project (NABARD)	2000.00
77.	49	4711 - Capital outlay on Flood Control Projects 01 - Flood Control 0111 - Flood Control Embankment Road Scheme	1500.00
78.	49	0112 - Drainage Project (NABARD) Works (Plan)	1000.00
79.	50	102 - Ground Water 0101 - Loans from NABARD for completion of incomplete work of medium schemes (Plan)	1500.00
80.	50	102 - Ground Water 0101 - Loans from NABARD for completion of incomplete work of tubewell schemes	1150.29
	Total		63982.08

ANNEXURE - XXIX
(Refer: Paragraph - 3.1.6 ; Page 35)

Component-wise physical progress of AIDS Control Programme:(April 1998 to March 2003)

Components	Item of work	Planned	Actual	Short-fall	Percentage of shortfall
1. Targeted intervention of groups at high risk	1. Mapping of high risk groups (HRG)	1 Unit	-	1	100
	2. Selection of NGOs for the group	55 Units	9	46	84
	3. Counselling of persons through NGO's (HRG)	3.61 lakh persons	1.13	2.48	69
	4. Opening of STD clinics in District Hospitals/ Medical College Hospitals	42 Units	25	17	40
	5. Condom Promotion	49.49 lakh Units	43.92 units	5.57	11
II. Prevention of HIV/AIDS among low risk group	1. Opening of Blood Banks in District Hospitals (D.H.) Medical College Hospital	36 Units 6 Units	4 6	32 -	89 -
	2. Licensing of Blood Banks	36 Units	4	32	89
	3. Modernisation of Blood Banks	21 Units	4	17	81
	4. Blood Component separation facility in Medical College Hospitals	6 Units	1	5	83
	5. Voluntary donation of blood in Blood Banks	1.40 lakh units of blood	0.58	0.82	59
	6. IEC activities in schools	1100 schools	178	922	84
	7. Voluntary Testing & Counselling Centres	59 centres	34 (opened)	25	42
III. Low cost AIDS care		Nil	Nil	Nil	-
IV. Institution strengthening	1. Training of Medical & para Medical Officials (2000-03)	24880 personnel	11307	13573	55
	2. Sentinel Surveillance sites	47 sites	45	2	4
	3. Blood collected & tested during sentinel surveillance	16450 Units	14713	1737	11
V. Inter sectoral collaboration	Nil	Nil	Nil	Nil	Nil
VI Family Health Awareness campaign	1. Increase of awareness	3.48 crore persons	0.95 crore	2.53 crore	73
	2. Formation of District AIDS Control Society	39	Nil	39	100

APPENDIX-XXX
(Refer: Paragraph - 3.3.10 ; Page 61)

List of handicapped person benefited

Sr. No.	Name of NGOs	Year	Amount sanctioned	Amount released	Amount utilised	Short-fall	PWD to be covered	PWD actually covered	Short-fall
			(Rs in lakh)				(in number)		
1	Bhartiya Biklang Sangh, Patna	1998-03	35.01	33.49	25.56	7.93	170	130	40
2	Bihar Institute of Speech and Hearing		19.53	33.65	33.65	-	NA	NA	NA
3	Bihar Rehabilitation & Welfare Institute, Patna		181.32	109.95	96.04	13.91	940	871	69
4	Tripolia Hospital, Patna		7.05	5.26	5.26	-	NA	NA	NA
5	Physical Medicine rehabilitation, -Patna-		81.85	115.97	115.97	-	520	374	146
6	JM Institute of Speech & Hearing Patna		33.07	67.78	54.63	13.15	584	500	84
7	Ashadeep, Patna		1.38	1.38	1.38	-	453	60	393
8	Baba Baidyanath Balika Mukh Badhir, Munger		15.46	17.61	17.61	-	249	250	+1
9	Girija Shankar Drishtee Bihin, Bhagalpur		18.09	18.94	11.46	7.48	140	140	-
10	Red Cross Society, Muzaffarpur		9.94	9.94	9.94	-	NA	NA	NA
11	Nehru Yuvak Kendra Sangathan, Gaya		22.19	Nil	Nil	-	NA	NA	NA
12	Koshi Kshetriya Biklang Vidhwa, Bridha Kalyan Samiti, Saharsa		131.05	79.16	51.67	27.49	1207	899	308
13	Prakartik Arogaya Ashram, Rajgir, Nalanda		39.90	27.20	Nil	27.20	NA	NA	NA
		Total	596.84	520.33.	423.17	97.16	4263	3224	1039