



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

**For the year ended 31 March 2008**

**(CIVIL)**

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**GOVERNMENT OF BIHAR**

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# *Preface*

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1. **T**his Report has been prepared for submission to the Governor of Bihar under Article 151 of the Constitution of India.
2. Chapter I and II of this Report contain Audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government respectively for the year ended 31 March 2008.
3. The remaining three chapters deal with the findings of performance audit, audit of financial transactions in the various departments including internal control system in Government Department.
4. The Report containing the observations arising out of audit of Statutory Corporations, Boards and Governments Companies and the Report containing such observations on Revenue Receipts are presented separately.
5. The cases mentioned in the Report are among those which came to notice during the course of test audit for the year 2007-2008 as well as those which had come to notice in earlier years but were not included in previous reports.





## *OVERVIEW*





## OVERVIEW

This Report includes two chapters containing observations on Finance Accounts and Appropriation Accounts of the Government of Bihar for the year 2007-08 and three other chapters containing performance audit of three selected programme/schemes, 23 paragraphs relating to financial transaction of the Government and one performance audit review on internal control system in Urban Development and Housing Department.

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

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

### Finances of the State Government

The state experienced improvement in its fiscal position during 2007-08 in terms of key fiscal parameters (Revenue, Fiscal, Primary deficit/Surplus) in relation to their values in 2006-07. In comparison to Gross State Domestic Product (GSDP), the fiscal deficit has declined from 3.05 *per cent* in 2006-07 to 1.62 *per cent* during the current year which was well within the norm of the Fiscal Responsibility and Budget Management (FRBM) Act and/or Twelfth Finance Commission (TFC) target to be achieved. The improvement in the fiscal position of the State should however be considered keeping in view the fact that a significant share (between 74 and 81 *per cent*) of the revenue receipts of the State is contributed by central transfers comprising of States' share of taxes and duties and grants-in-aid during the period 2003-08.

The increasing fiscal liabilities due to continued prevalence of fiscal deficit accompanied with negligible rate of return on government investments might lead to a situation of unsustainable debt in the medium to the long run unless suitable measures are initiated to compress the non-plan revenue expenditure and to mobilise additional resources both through the tax and non-tax sources in the coming years.

### Allocative priorities and Appropriation

Against the total budget provision of Rs 43,004.44 crore, expenditure of Rs 31,614.65 crore was incurred during 2007-08. The overall saving of Rs 11,389.79 crore was the net result of saving of Rs 11,391.72 crore and excess of Rs 1.93 crore against total provision of Rs 43,004.44 crore. The excess expenditure of Rs 7,026.64 crore for the years 1977-78 to 2007-08 would require regularisation by the State Legislature under Article 205 of the Constitution of India.



### **Nutritional Support to Primary Education (Mid-day Meal Scheme)**

Nutritional Support to Primary Education (NSPE), a Centrally sponsored Scheme, popularly known as Mid-day Meal Scheme (MDM) was launched in August 1995 with the objective of boosting universalisation of primary education by increasing enrolment, attendance, retention and simultaneous improvement in the nutritional status of students of primary classes.

There was increase in enrolment and retention of students in urban as well as rural schools which was a positive indication of the scheme. Absence of norms for providing funds and foodgrains to schools resulted in delay and interruptions in smooth implementation of scheme. Accounts of foodgrains were not reconciled and correctness of data reported were not ensured. Quality and quantity of mid-day meal was never checked. Kitchen shed, Kitchen devices, cooking and serving utensils were not adequately provided in spite of availability of fund with DSEs.

### **Swarnjayanti Gram Swarozgar Yojana**

The Swarnjayanti Gram Swarozgar Yojana was launched by Government of India from 1 April, 1999 as a single holistic programme to cover all aspects of self employment for the rural poor. The scheme suffered adversely due to inadequate credit mobilization and non-disposal of loan applications by banks, poor utilisation of funds, diversions and misutilisation of fund, etc. Proper selection of target groups, their training requirement for skill upgradation and monitoring upto sustainable income generation was not ensured. None of the special projects taken up under the scheme were completed by the target date. The programme was not monitored regularly.

### **Accelerated Irrigation Benefit programme**

Accelerated Irrigation Benefit Programme (AIBP) was launched in 1996-97 by Government of India to accelerate the completion of ongoing irrigation projects which remained incomplete due to financial constraints and were expected to create additional irrigation potential.

As against targeted irrigation potential of 4,30,137 hectare (ha), only 3,22,070 ha could be created and overall implementation of the scheme/programme suffered due to non-compliance with pre-project activities. The unplanned execution of works further marred utilisation of the irrigation potential which was created, all this resulted in manifold increase in cost of projects under AIBP. As against requirement of 4195.37 acres of land for Western Kosi Canal, the land acquired was only 883.13 acre as of March 2008.

### **Internal Controls in Urban Development and Housing Department**

Internal Control System is a process meant to ensure that departmental operations are carried out according to applicable laws, regulations and approved procedure in an economical, efficient and effective manner.



An evaluation of the internal control system in the Urban Development and Housing Department disclosed non-compliance with Bihar Financial Rules, Budget Manual, Bihar Treasury Code and Municipal Accounts Rules which resulted in weak financial and expenditure control at every stage, which resulted in unrealistic budget and seven to 51 *per cent* savings during the year 2005-2008. There was absence of departmental manuals and lack of regular monitoring. Complaint redressal mechanism was not adequate.

### **Audit of Transaction**

Audit of financial transactions, subjected to test-check, in various departments of the Government and their field functionaries revealed instances of irregular payment, misappropriation, loss, excess, idle, avoidable expenditure and misutilisation of Rs 42.92 crore as mentioned below:

In seven cases misappropriation, fraudulent payment and loss to the government amounting to Rs 12.94 crore were noticed in Water Resources Department (Rs 11.23 crore), Rural Development Department (Rs 83.56 lakh), Building Construction Department (Rs 32.92 lakh), Road Construction Department (Rs 30.98 lakh) and Rural Works Department (Rs 23.32 lakh).

*(Paragraph 4.1.1 to 4.1.7)*

Four cases of excess payment and unauthorised expenditure of Rs 5.84 crore were noticed in Agriculture Department (Rs 4.38 crore), Human Resources Development (Higher Education) Department (Rs 1.46 crore).

*(Paragraph 4.2.1 to 4.2.4)*

Avoidable expenditure of Rs 1.82 crore was noticed in Public Health Engineering Department (Rs 1.27 crore) and Water Resources Department (Rs 55.89 lakh).

*(Paragraph 4.3.1 and 4.1.7)*

Idle expenditure, blocking/misutilisation of funds of Rs 18.68 crore was noticed in five departments i.e. Social Welfare Department (Rs 11.82 crore), Rural Development Department (Rs 3.55 crore), Human Resources Development (Higher Education) Department (Rs 2.56 crore), Agriculture Department (Rs 49.40 lakh) and Health & Family Welfare Department (Rs 26.24 lakh)

*(Paragraph 4.4.1 to 4.4.8)*

Irregular expenditure Rs 3.64 crore were noticed in Building Construction Department, Road Construction Department and Water Resources Department due to non-adherence to the instructions of the Government

*(Paragraph 4.5.1)*





***CHAPTER-I***

***FINANCES OF THE STATE GOVERNMENT***





# CHAPTER-I

## FINANCES OF THE STATE GOVERNMENT

### 1.1 Introduction

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

#### 1.1.1 Summary of Receipts and Disbursements

**Table No. 1** summarizes the finances of the Government of Bihar for the year 2007-08 covering revenue receipts and expenditure, capital receipts and expenditure and public accounts receipts/disbursements as emerging from Statement-1 of Finance Accounts and other detailed statements.

**Table No. 1**  
**Summary of Receipts and Disbursements for the Year 2007-08**

(Rupees in crore)

2006-07	Receipts	2007-08	2006-07	Disbursements	2007-08		
Section-A: Revenue					Non-Plan	Plan	Total
23,083.19	I. Revenue Receipts	28,209.72	20,585.05	I. Revenue Expenditure	18,758.89	4,803.98	23,562.87
4,033.08	Tax revenue	5,086.17	8,643.03	General Services	8,965.58	286.39	9,251.97
511.28	Non-tax revenue	525.59	7,917.21	Social Services	7,066.71	2,801.28	9,867.99
13,291.72	Share of Union Taxes/ Duties	16,766.29	4,020.81	Economic Services	2,721.59	1,716.31	4,437.90
5,247.11	Grants from Government of India	5,831.67	4.00	Grants-in-aid / Contributions	5.01	-	5.01
Section-B: Capital							
-	II. Miscellaneous Capital Receipts		5,211.13	II. Capital Outlay	113.06	5,990.72	6,103.78
7.40	III. Recoveries of Loans and Advances	26.16	315.32	III. Loans and Advances disbursed	77.94	194.76	272.70
2,357.86	IV. Public Debt receipts*	1,611.90	1,024.98	IV. Repayment of Public Debt			1,631.85
	V. Contingency Fund			V. Contingency Fund			-
9,224.07	VI. Public Account receipts	12,837.48	8,016.04	VI. Public Account disbursements			10,333.58
1,887.58	Opening Cash Balance	1,407.58	1,407.58	Closing Cash Balance			2,188.06
36,560.10	Total	44,092.84	36,560.10	Total			44,092.84

\* Excluding Ways and Means Advances and Overdraft

Following are the significant changes during 2007-08 over previous year;

- Revenue receipts grew by Rs 5,127 crore (22.21 per cent) over the previous year. The increase is mainly contributed by State's share of Union Taxes and Duties (Rs 3,475 crore), Grants from Government of India (Rs 585 crore) and Tax revenue (Rs 1,053 crore).
- The recovery of loans and advances increased from Rs 7.40 crore in 2006-07 to Rs 26.16 crore (253.51 per cent) in 2007-08. As against the



decrease in disbursement of loans and advances by Rs 42.62 crore (13.52 per cent) during the year.

- The total expenditure of the State has increased by Rs 3,828 crore (14.67 per cent) during 2007-08 over the previous year, of which capital expenditure contributed Rs 893 crore (23.33 per cent), revenue expenditure shared Rs 2,978 crore (77.79 per cent) but the increase was offset by decrease in disbursement of loans and advances by Rs 43 crore (1.12 per cent) during the year.
- Public Debt receipts decreased by Rs 746 crore (31.64 per cent) over previous year mainly due to decrease in Internal Debt by Rs 1,211 crore which was offset by increase in Loan from GOI by Rs 465 crore. Repayment of public debt on the other hand has increased by Rs 607 crore (59.22 per cent) over the previous year level of Rs 1,025 crore.
- Public Account disbursements increased by Rs 2,318 crore (28.91 per cent) over previous year as against the increase of Rs 3,613 crore (39.17 per cent) in Public Account receipts during the year.
- The net impact of the above fiscal transactions of the State was reflected in terms of increase of Rs 780 crore (55.45 per cent) in its cash balances as on 31 March 2008 from the level of opening balance of Rs 1,408 crore in the beginning of the current year.

### 1.1.2 State Fiscal Position by Key Indicators

The fiscal position of the State Government as reflected by the key fiscal indicators during the current year as compared to the previous year is given in Table No. 2.

**Table No. 2**  
**Fiscal Position of State Government**

(Rupees in crore)

2006-07	Sl. No.	Major Aggregates	2007-08
23,083	1.	<b>Revenue Receipts (2+3+4)</b>	28,210
4,033	2.	Tax Revenue (Net)	5,086
511	3.	Non-Tax Revenue	526
18,539	4.	Other Receipts	22,598
7	5.	<b>Non-Debt Capital Receipts</b>	26
7	6.	Of Which Recovery of Loans	26
23,090	7.	<b>Total Receipts (1+5)</b>	28,236
16,714	8.	<b>Non-Plan Expenditure (9+11+12)</b>	18,950
16,520	9.	On Revenue Account	18,759
3,416	10.	Of which Interest Payments	3,707
78	11.	On Capital Account	113
116	12.	On Loans disbursed	78
9,397	13.	<b>Plan Expenditure (14+15+16)</b>	10,989
4,065	14.	On Revenue Account	4,804
5,133	15.	On Capital Account	5,991
199	16.	On Loans disbursed	194
26,111	17.	<b>Total Expenditure (13+8)</b>	29,939
(+) 2,498	18.	Revenue Deficit (-)/ Surplus (+) (1-9-14)	(+) 4,647
(-) 3,021	19.	Fiscal Deficit (-)/ Surplus (+) (7-17)	(-) 1,703
(+) 395	20.	Primary Deficit (-)/ Surplus (+) (10-19)	(+) 2,004



**Table No. 2** shows that revenue receipts increased by Rs 5,127 crore (22.21 *per cent*) during 2007-08 while revenue expenditure increased by Rs 2,978 crore (14.47 *per cent*) over the previous year resulting in an increase of Rs 2,149 crore in revenue surplus during 2007-08 over the previous year level of Rs 2,498 crore. Given the increment of Rs 2,149 crore in revenue surplus during 2007-08 and an increase of Rs 19 crore under non-debt capital receipts accompanied with an increase of Rs 850 crore in capital expenditure together with disbursement of loans and advances resulted in decline of Rs 1,318 crore in fiscal deficit during 2007-08 from Rs 3,021 crore in 2006-07. The decline in fiscal deficit alongwith an increase of Rs 291 crore in interest payments led to a steep increase in primary surplus of Rs 2,004 crore in 2007-08 from the surplus of Rs 395 crore in 2006-07.

## 1.2 Methodology adopted for the assessment of Fiscal position

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

The revised GSDP series with 1999-00 as base, published by the Directorate of Economics and Statistics of the State Government, have been used in estimating these percentages and buoyancy ratios. The trends in growth and composition of GSDP for last five years are presented in **Table No. .3**.

**Table No. - 3**  
**Trends in Growth of GSDP**

(Rupees in crore)

Estimates	2003-04	2004-05	2005-06	2006-07	2007-08
Gross State Domestic Product (GSDP)	66,253	73,221	80,157	98,957(P)	1,05,148 (Q)
<b>Rates of Growth (<i>per cent</i>)</b>					
GSDP	1.93	10.52	9.47	23.45	6.26

Source: Directorate of Economics and Statistics, Government of Bihar revised all GSDP figures in August 2008.

P-Provisional

Q-Quick



The buoyancy coefficients for tax revenues, non-tax revenues, revenue expenditure etc. with reference to the base represented by GSDP have also been worked out to assess whether the mobilization of resources, pattern of expenditure etc. are keeping pace with the change in the base or these fiscal aggregates are also affected by factors other than GSDP. The key fiscal aggregates for the purpose are grouped under four major heads: (i) Trends of aggregate receipts and disbursement, (ii) Application of Resources, (iii) Assets and Liabilities and (iv) Management of Deficits (**Appendix 1.2 to 1.4**). The overall financial performance of the State Government as a body corporate has been presented by the application of a set of ratios commonly adopted for the relational interpretation of fiscal aggregates. The definitions of some of the selected terms used in assessing the trends and pattern of fiscal aggregates are given in **Appendix 1.1-Part C**.

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

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

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

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

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

The State Government has evolved its Own Fiscal Correction Path indicating the actuals for 2004-05 and 2005-06 and the projections for the period from 2006-07 to 2009-10 for the selected outcome indicators (**Appendix 1.2**). The State Government projected the revenue surplus at Rs 1,310 crore and Fiscal Deficit at Rs 4,159 crore in its FCP for the year 2007-08.



### 1.2.2.1 Fiscal Policy Statement

As required under Para 5 of FRBM Act, Fiscal Policy Statement for 2007-08 along with the working plan of fiscal policy was prepared and laid before the house by the State Government (March 2007) wherein revenue surplus of Rs 3,483 crore (BE) and fiscal deficit of Rs 3,159 crore was projected for 2007-08.

### 1.2.2.2 Mid-term Review of Fiscal Situation

In compliance to section 11.1 of FRBM Act 2006, Finance Department is required to review every quarter the trends in receipts and expenditure in relation to the budget and place the outcome of such reviews before the Legislative Assembly. The State Government submitted the performance Fiscal Policy Report for the first and second quarter before the house in December 2007 while the review up to third quarter was placed before the house in March 2008. The performance of the State against the original budget estimates in terms of key fiscal parameters indicated in the Mid-Term review up to third quarter is summarized in the following Table.

**Table No. 4**  
**Performance of the State in terms of key Fiscal Parameters**

Key fiscal variables	BE for 2007-08	Performance (up to third quarter)	(Rupees in crore)
			Achievement of BE up to 3 <sup>rd</sup> quarter (in per cent)
Revenue Expenditure	21,291.21	18,983.04	89.16
Non-plan Revenue Expenditure	18,543.41	13,365.04	72.07
Plan Revenue Expenditure	5,414.32	4,921.08	90.89
Revenue Receipt	27,441.03	16,238.26	59.17
Own Tax Receipt	4,969.97	3,177.01	63.92
Non Tax Receipt	396.25	164.02	41.39
Loans and Advances disbursed	279.67	10.23	3.66

### 1.2.2.3 Fiscal Performance

The performance of the State in terms of key fiscal variables vis-à-vis targets laid down in FRBM/TFC as well as in Fiscal Correction Path (FCP) and Mid Term Fiscal Policy Statement (MTFPS) is given in Table No. 5.

**Table No. 5**  
**Performance of the State in terms of key Fiscal variables**

Key fiscal variable	Targets for 2007-08 laid in			Actual
	FRBM/TFC	FCP	MTFPS	
Revenue Deficit (-) / Revenue Surplus(+) / GSDP#	0.00 (31.3.09)	(+)1.54	(+)3.31	(+)4.42
Fiscal Deficit (-) / GSDP#	Not more than 3% (31.3.2009)	(-) 4.48	(-) 3.40	(-) 1.62
Non Plan Revenue Expenditure	17,006*	18,665	18,543.41	18,759
State Own Tax Revenue	6,430*	5,020	4,969.97	5,086
State Own Non Tax Revenue	1,162*	353	396.25	526
Fiscal Liabilities/GSDP# Ratio	30.80	61.52	53.78	48.49

\* TFC Assessment/Norms

# GSDP at current prices is adopted to estimate the deficit indicators in MTFPS.



The trends in major fiscal parameters/ variables vis-à-vis projections made in FRBM Act/TFC as well as in State's FCP and the budget for the 2007-08 present in the above table reveals that the State has achieved the targets for revenue and fiscal deficits as laid down in State's FRBM Rules, 2007 as well as in its projections for the year 2007-08. The State has achieved deficit targets as laid down in the FRBM Act/Rules and TFC much before the timeline indicated in them with the current year ending in a revenue surplus of Rs 4,647 crore and Fiscal deficit at Rs 1,703 crore which was 1.62 *per cent* of GSDP. However, in terms of fiscal variables such as the State's own tax and Non-tax revenue as well as debt-GSDP ratio, its performance remained far below the assessment /norms of TFC although it exceeded the State's own projections made in FCP and MTFP for the year 2007-08.

### 1.3 Trends and Composition of Aggregate Receipts

The aggregate receipts of State Government consist of revenue receipts and capital receipts. Revenue receipts consist of tax revenues, non-tax revenues, State's share of union taxes and duties and grants-in-aid from the Government of India (GOI). Capital receipts comprise mainly of miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GOI as well as accruals from Public Account. **Table No. 6** shows that the total receipts of the State Government for the year 2007-08 were Rs 42,685 crore. Of these, the revenue receipts were Rs 28,210 crore, constituting 66.09 *per cent* of total receipts. The balance came from capital receipts (3.84 *per cent*) and receipts from Public Account (30.07 *per cent*).

**Table No. 6**  
**Trends in Growth and Composition of Aggregate Receipts**

(Rupees in crore)					
Sources of State's Receipts	2003-04	2004-05	2005-06	2006-07	2007-08
<b>I Revenue Receipts</b>	<b>12,456</b>	<b>15,714</b>	<b>17,837</b>	<b>23,083</b>	<b>28,210</b>
<b>II Capital Receipts</b>	<b>5,079</b>	<b>7,637</b>	<b>3,821</b>	<b>2,365</b>	<b>1,638</b>
Recovery of Loans and Advances	10	15	51	7	26
Public Debt Receipts	5,069	7,622	3,770	2358	1,612
Miscellaneous Capital Receipts	--	--	--	--	--
<b>III Contingency Fund</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>IV Public Account Receipts</b>	<b>7,440</b>	<b>4,093</b>	<b>5,694</b>	<b>9,224</b>	<b>12,837</b>
a. Small Savings, Provident Fund etc	987	1,198	1,087	1,012	1,084
b. Reserve Fund	--	189	440	--	392
c. Deposits and Advances	3,154	3,129	1,886	3,014	4,484
d. Suspense and Miscellaneous	2,079	(-)1,661	211	160	190
e. Remittances	1,220	1,238	2,070	5,038	6,687
<b>Total Receipts</b>	<b>24,975</b>	<b>27,444</b>	<b>27,352</b>	<b>34,672</b>	<b>42,685</b>

The total receipts of the State increased from Rs 24,975 crore in 2003-04 to Rs 42,685 crore in 2007-08. The Public Debt (capital receipts) which create future repayment obligation decreased from Rs 5,069 crore in 2003-04 to Rs 1,612 crore in 2007-08. Public Account receipt also increased from Rs 9,224 crore in 2006-07 to Rs 12,837 crore in 2007-08. Sharp increase in public account receipts during the year was mainly attributed to increase in Deposits and Advances from Rs 3,014 crore to Rs 4,484 crore and Remittances from Rs 5,038 crore to Rs 6,687 crore. However if the receipts



under these heads are deducted from the disbursements, the net increase during the year amounts to Rs 1,700 crore under Deposits and Advances and Rs 618 crore under remittances.

### 1.3.1 Revenue Receipts

Statement-11 of the Finance Accounts details the revenue receipts of the Government. Overall revenue receipts, its annual rate of growth, ratio of these receipts to the GSDP and its buoyancies are indicated in **Table No. 7**.

**Table No. 7**  
**Revenue Receipts - Basic Parameters**

(Rupees in crore and percentages in bracket)

	2003-04	2004-05	2005-06	2006-07	2007-08
Revenue Receipts (RR)	12,456	15,714	17,837	23,083	28,210
Own Taxes	2,890 (23)	3,347 (21)	3,561 (20)	4,033 (17)	5,086 (18)
Non-Tax Revenue	320 (3)	418 (3)	522 (3)	511 (2)	526 (2)
Central tax Transfers	7,628 (61)	9,117 (58)	10,421 (58)	13,292 (58)	16,766 (59)
Grants-in-aid	1,618 (13)	2,832 (18)	3,333 (19)	5,247 (23)	5,832 (21)
Rate of Growth of RR ( <i>per cent</i> )	13.57	26.16	13.51	29.41	22.21
Revenue Receipt/GSDP ( <i>per cent</i> )	18.80	21.46	22.25	23.33	26.83
Revenue Buoyancy (ratio) <sup>1</sup>	7.03	2.49	1.43	1.25	3.55
State's own resources Buoyancy (ratio)	3.22	1.64	0.89	0.48	3.75
Revenue Buoyancy with reference to State's own taxes (ratio)	2.91	1.65	2.13	2.23	0.85
GSDP Growth ( <i>per cent</i> )	1.93	10.52	9.47	23.45	6.26

### General Trends

The revenue receipts have shown a progressive increase over the period 2003-08. Within its own sources, the share of tax revenue revealed a declining trend while share of non-tax revenue remained almost static during the period. Similarly, within the central transfers, the share of grants-in-aid gradually increased and though the share of central tax transfers contributed a lion's share in State receipts it exhibited relative stability during the period. Revenue receipts and State's own buoyancy ratios with reference to GSDP have increased sharply, primarily due to decline in rate of growth of GSDP from 23.45 *per cent* in 2006-07 to a moderate rate of 6.26 *per cent* in 2007-08. Revenue buoyancy with reference to state own tax revenue however sharply declined to 0.85 *per cent* during the current year.

**Tax Revenue:** The Tax Revenue has increased by 26.11 *per cent* during the current year (Rs 5,086 crore) over previous year (Rs 4,033 crore). **Table No. 8** presents the trends in Tax Revenue during 2003-08. Sales tax (49.84 *per cent*) was the major source of the State tax revenue followed by Stamp and Registration fees (12.86 *per cent*), taxes on State Excise (10.33 *per cent*) and

<sup>1</sup> Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance revenue buoyancy at 0.852 during 2007-08 implies that revenue receipts tend to increase by 0.85 percentage points if the GSDP increases by one *per cent*.



taxes on vehicle (5.37 per cent). Percentage realization on Land Revenue remained same.

A steep increase in revenue from sales tax was on account of additional sales tax levied on specific items for their sale amounting to Rs 250 crore and in case of excise duties it was on account of implementation of the Minimum Guaranteed Quota (MGQ) system for sale of alcohol in the State.

**Table No. 8**  
**Tax Revenue**

(Rupees in crore)

	2003-04	2004-05	2005-06	2006-07	2007-08
Land Revenue	34	33	55	75	82
Stamps and Registration	418	429	505	455	654
State Excise	240	272	319	382	525
Sales Tax	1,637	1,891	1,734	2,081	2,535
Taxes on Vehicles	209	213	302	181	273
Other Taxes *	352	509	646	859	1,017
<b>Total</b>	<b>2,890</b>	<b>3,347</b>	<b>3,561</b>	<b>4,033</b>	<b>5,086</b>

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

**Non Tax Revenue:** The Non-Tax Revenue which constituted 1.86 per cent of total revenue receipts increased by Rs 15 crore over the previous year. Non-Tax-Revenue of Rs 526 crore in 2007-08 comprises mainly of income from Non-Ferrous Mining and Metallurgical Industries (Rs 178.66 crore: 34.03 per cent), Interest realized on investment of cash balance, Dividends and Profits (Rs 170.71 crore: 32.70 per cent). During 2007-08, major increases were noticed under major heads non-ferrous metallurgical industries (Rs 51 crore) and Police (Rs 12.94 crore) which were partly offset by decreases under the major heads 'Miscellaneous General Services ( Rs 17.86 crore), Social Security and Welfare (Rs 16.04 crore), Other Administrative Services (Rs 8.28 crore) and Education, Sports and Culture (Rs 6.69 crore) during the year.

The actual Revenue receipts in the year vis-à-vis assessments made by TFC/State Government are given in **Table No. 9**.

**Table No. 9**  
**Actual Revenue receipts /assessment by TFC/State Government**

(Rupees in crore)

	Assessments made by TFC	Assessments made by State Government in Fiscal Correction Path	Actuals
	(1)	(2)	(3)
Tax Revenue	6,430	5,020	5,086
Non-Tax Revenue	1,162	353	526

Tax revenue/Non-Tax Revenue of the State was far below the normative projections made by TFC. Although Non-Tax Revenue was merely 45 per cent of the TFC projection for the year it exceeded the State's own projection made in FCP.



**Central Tax Transfers:** The Central Tax Share transfers increased by Rs 3,474 crore over the previous year and constituted 59 *per cent* of revenue receipts. The increase was mainly under corporation tax (Rs 1,172.73 crore), Taxes on Income other than Corporation Tax (Rs 1,052.35 crore) Customs Duties (Rs 576.66 crore), Service tax (Rs 399.02 crore) and Union Excise Duty (Rs 272.51 crore)

**Grants-in-aid:** The Grants-in aid from GOI increased from Rs 5,247 crore in 2006-07 to Rs 5,832 crore in the current year. The increase was mainly under State Plan Scheme (Rs 468.59 crore), Centrally Sponsored Schemes (Rs 385.33 crore), with decrease in Non-Plan grants & other grants (Rs 178.34 crore) and Central Plan Scheme (Rs 91.03 crore). The increase in centrally sponsored schemes during 2007-08 was mainly on account of enhanced grants under Elementary Education (Rs 357.87 crore) and Soil and Water Conservation (Rs 279.16 crore) which were partly offset by decrease in General Education (Rs 231.47 crore). A fall in central plan schemes was observed due to release of lower grants under the residual head 'others' from Rs 115.09 crore in 2006-07 to Rs 13.63 crore in 2007-08. Details of Grants in aid from GOI are given in **Table No. 10**

**Table No 10**  
**Grants-in-aid from GOI**

(Rupees in crore)

	2003-04	2004-05	2005-06	2006-07	2007-08
Grants for State plan schemes	1,169.28	1,642.90	1,555.66	2,445.24	2,913.83
Non Plan grants	151.56	683.99	1,201.08	1,683.41	1,505.08
Grants for Central Schemes	45.95	10.33	89.99	144.29	53.26
Grants for Central and Centrally Sponsored Schemes	250.83	494.61	485.99	974.17	1,359.50
<b>Total</b>	<b>1,617.62</b>	<b>2,831.83</b>	<b>3,332.72</b>	<b>5,247.11</b>	<b>5,831.67</b>
Percentage of increase over previous year	15.77	75.06	17.69	57.44	11.14

As per the recommendations of TFC Sector Specified non-plan grants of Rs 532.36 crore for Education, Rs 359.66 crore for Health, Rs 89.90 crore for Buildings (public works) and Rs 77.34 crore for Roads and Bridges were to be released by GOI during the years. However, only 50 *per cent* as first installment for education, health and buildings was released during the year as State Government failed to fulfill the requisite conditions for the release of subsequent installments of grants under these sectors. Pre-condition for release of grants-in-aid under these sectors was that B.E. under NPPE for 2007-08 and actual of 2005-06 for NPPE of the relevant head should not be less than the projected normal expenditure as prescribed plus actual release of the grants for 2005-06. As there was short fall in actual of 2005-06 for NPPE of Education, Health and Building Sector for Rs 43.55 crore, Rs 31.78 crore and Rs 9.75 crore respectively, the subsequent installment of the grants-in-aid for 2007-08 was withheld by GOI.



**Revenue Arrears:** As on 31 March 2008 Rs 1,596.08<sup>2</sup> crore were pending for realization of revenue out of which Rs 673.85 crore were outstanding for more than five years.

## 1.4 Application of Resources

### 1.4.1 Growth of Expenditure

Statement 12 of the Finance Accounts depicts the detailed revenue expenditure by minor heads and capital expenditure by major heads. States raise resources to perform their sovereign functions, maintain delivery of social and economic services, to extend the network of these services through capital expenditure and investments and to discharge their debt service obligations. The total expenditure of the State increased from Rs 16,829 crore in 2003-04 to Rs 29,939 crore in 2007-08. Total expenditure, its annual growth rate and ratio of expenditure to the State GSDP and to revenue receipts and its buoyancy with respect to GSDP and revenue receipts are indicated in **Table No. 11**.

**Table No. 11**  
**Total Expenditure - Basic Parameters**  
(Rupees in crore and other figures in per cent)

	2003-04	2004-05	2005-06	2006-07	2007-08
Total Expenditure (TE)** Rupees	16,829	16,971	21,588	26,111	29,939
Rate of Growth	20.45	0.84	27.21	20.95	14.66
TE/GSDP Ratio	25.40	23.18	26.93	26.39	28.47
Revenue Receipts/TE Ratio	74.02	92.59	82.62	88.40	94.22
<b>Buoyancy of Total Expenditure with</b>					
GSDP (ratio)	10.60	0.08	2.87	0.89	2.34
Revenue Receipts (ratio)	1.51	0.03	2.01	0.71	0.66

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

The total expenditure during the current year has increased by Rs 3,828 crore over the previous year of which revenue expenditure shared Rs 2,978 crore, capital expenditure Rs 893 crore accompanied with a decrease in disbursement of loans and advances by Rs 43 crore during the year. In terms of Plan and Non-plan, the Non-plan expenditure (Revenue and Capital) increased by Rs 2,236 crore and Plan expenditure by Rs 1,592 crore during the year. Non-plan expenditure mainly increased under Health and Family Welfare (Rs 162 crore), Education, Sports, Art and Culture (Rs 557 crore), Water supply, Sanitation, Housing and Urban Development (Rs 132 crore), Social Welfare and Nutrition (Rs 646 crore) and Agriculture and Allied activities (Rs 170 crore). The increases in plan expenditure during 2007-08 over the previous year were observed mainly under Transport (capital: Rs 638 crore); Rural

<sup>2</sup> Taxes on sales trades etc. Rs 916.08 crore, Taxes on Vehicle Rs 112.56 crore, Land Revenue Rs 133.94 crore, State Excise Rs 14.34 crore, Taxes on Duties on Electricity Rs 3.69 crore, Entry Tax Rs 40.75 crore, Entertainment Tax Rs 3.31 crore, Taxes on Sugarcane Rs 15.34 crore, Water Rates Rs 190.68 crore and Mines and Minerals Rs 165.39 crore.



Development (revenue: Rs 304 crore, Capital: Rs 207 crore). During the current year, 94.22 *per cent* of total expenditure was met from revenue receipts and the remaining from capital receipts and borrowed funds. The buoyancy of total expenditure to GSDP ratio stood at 2.34 in 2007-08 indicating a tendency to spend more than the increase in income and higher elasticity of total expenditure with respect to GSDP.

**Trends in Total Expenditure by Activities:** In terms of the activities, total expenditure could be considered as being composed of expenditure on general services including interest payments, social and economic service, grants-in-aid and loans and advances. Relative share of these components in total expenditure is indicated in **Table No. 12**.

**Table No.12**  
**Components of Expenditure – Relative Share**

*(Figures in per cent)*

	2003-04	2004-05	2005-06	2006-07	2007-08
General Services	42.77	46.38	39.81	33.70	31.64
Of which Interest Payments	46.59	44.52	42.81	38.83	39.13
Social Services	24.93	29.06	33.31	32.60	35.63
Economic Services	17.01	17.89	18.76	32.48	31.80
Loans and Advances	15.27	6.65	8.10	1.21	0.91
Grants-in-aid	0.02	0.02	0.02	0.02	0.02

The movement of relative shares of these components of expenditure indicate that while the share of social services in total expenditure increased from 24.93 *per cent* (2003-04) to 35.63 *per cent* (2007-08), except 2006-07, the relative share of Economic services increased from 17.01 *per cent* to 32.48 *per cent* with minor decrease of 0.68 *per cent* during the year 2007-08. Disbursement of loans and advances decreased from 15.27 *per cent* to 0.91 *per cent* during the year. Relative shares of Grants-in-aid almost remained the same (0.02 *per cent*) during the period. Share of General Services which was a dominating portion of total expenditure (46.38 *per cent*) in 2004-05 showed diminishing trend and was only 31.64 *per cent* of the total expenditure during 2007-08.

#### **1.4.2 Incidence of Revenue expenditure**

Revenue expenditure had the predominant share in the total expenditure. Non-revenue expenditure is incurred to maintain the current level of services and payment, for the past obligations and as such does not result in any addition to the State's infrastructure and service network. The overall revenue expenditure, its rate of growth, ratio of revenue expenditure to GSDP and to revenue receipts and its buoyancy are indicated in **Table No. 13**



**Table No. 13**  
**Revenue Expenditure - Basic Parameters**

*(Rupees in crore)*

	2003-04	2004-05	2005-06	2006-07	2007-08
Revenue Expenditure (RE) Of which	12,711	14,638	17,756	20,585	23,563
Non-Plan Revenue Expenditure (NPRE)	11,627 (91)	12,642 (86)	15,020 (85)	16,520 (80)	18,759 (80)
Plan Revenue Expenditure (PRE)	1,084 (9)	1,996 (14)	2,736 (15)	4,065 (20)	4,804 (20)
Rate of Growth ( <i>per cent</i> )					
R. E.	3.72	15.16	21.30	15.93	14.47
NPRE	6.66	8.73	18.81	9.99	13.55
PRE	(-)19.94	84.13	37.07	48.57	18.18
RE/TE <i>per cent</i>	76	86	82	79	79
NPRE/GSDP ( <i>per cent</i> )	17.55	17.27	18.74	16.69	17.84
NPRE as <i>per cent</i> of TE	69.09	74.49	69.58	63.27	62.66
NPRE as <i>per cent</i> of RR	93.34	80.45	84.21	71.57	66.50
<b>Buoyancy of Revenue Expenditure with</b>					
GSDP (ratio)	1.93	1.44	2.25	0.68	2.31
Revenue Receipts (ratio)	0.27	0.58	1.58	0.54	0.65

(Total Expenditure includes Loan & Advances)

Revenue expenditure of the State increased from Rs 12,711 crore in 2003-04 to Rs 23,563 crore in 2007-08. The share of Non-Plan Revenue Expenditure indicated a declining tendency during 2003-07 but continued to occupy a dominant proportion of revenue expenditure (80 *per cent*) during 2007-08. Of the total increase of Rs 2,978 crore in revenue expenditure over the previous year, the increase under Non-Plan Revenue Expenditure and Plan Revenue Expenditure was Rs 2,239 crore and Rs 739 crore respectively during the year. Major increase in NPRE was observed under drinking water (Rs 459 crore) and assistance to flood affected areas (Rs 322 crore); Elementary Education (Rs 815.62 crore), partly offset by decrease in expenditure for maintenance of school building (Rs 331.50 crore). The increase under PRE was attributed to mainly expenditure on repairs and reconstruction of houses due to natural calamities (Rs 422 crore) and Rural Development Programmes (Rs 304 crore).

Non-plan revenue expenditure (Rs 18,759 crore) exceeded not only the TFC assessment (Rs 17,006 crore) by Rs 1,753 crore but also the projections made in FCP (Rs 18,665 crore) and the Budget (Rs 18,543 crore) by Rs 94 crore and Rs 216 crore respectively during the current year.



### 1.4.3 Committed expenditure

#### 1.4.3.1 Expenditure on Salaries

The trends in expenditure on salaries both under plan and non-plan heads are presented in **Table No. 14**

**Table No. 14**  
**Expenditure on salaries**

(Rupees in crore)

Heads	2003-04	2004-05	2005-06	2006-07	2007-08
Expenditure on salaries of which	5,019.88	5,005.36	5,783.35	6,016.21	6,469.53
Non-Plan Head	4,467.59	4,564.16	5,152.79	5,538.57	5,914.81
Plan Head	552.29	441.20	630.56	477.64	554.72
As a percentage of GSDP	7.58	6.48	7.22	6.08	6.15
As a percentage of RR	40.30	31.85	32.42	26.06	22.93
As a percentage of RE	39.49	34.19	32.57	29.23	27.46

Salary alone accounted for nearly 22.93 *per cent* of the Revenue Receipt of the State. Salary expenditure under Non-Plan head increased from Rs 4468 crore in 2003-04 to Rs 5,915 crore in 2007-08 whereas under Plan head it oscillated between Rs 441 to Rs 631 crore during the period. An increase of Rs 453 crore (7.53 *per cent*) in salary expenditure during 2007-08 was mainly due to enhancements in various allowances of Government employees. Total salary bill under non-plan heads as compared to non-plan revenue expenditure net of interest payments and pension was 48.23 *per cent* which was significantly more than the norms of 35 *per cent* as recommended by TFC.

#### 1.4.3.2 Pension Payments

**Table No. 15**  
**Expenditure on Pensions**

(Rupees in crore)

Heads	2003-04	2004-05	2005-06	2006-07	2007-08
Expenditure on Pensions	2,269	2,325	2,456	2,497	2,789
Rate of growth	10.74	2.47	5.63	1.67	11.69
As <i>per cent</i> of GSDP	3.42	3.18	3.06	2.52	2.65
As <i>per cent</i> of RR	18.22	14.80	13.77	10.82	9.89
As <i>per cent</i> of RE	17.85	15.88	13.88	12.13	11.84

Pension payment increased from Rs 2,269 crore in 2003-04 to Rs 2,789 crore in 2007-08, which was well within the projected expenditure Rs 3,259 crore in its fiscal correction path for 2007-08 as well as assessment made by TFC (Rs 3,239.81 crore). The State Government has also implemented new contributory pension scheme on the Central pattern to reduce the long term liabilities on pension account which was applicable to the employees joining on or after 1 September 2005. The increase in pension payment (Rs 292 crore)

during 2007-08 over previous year was attributed mainly due to end of two years moratorium on date of retirement (March 2007) declared by the Government.

### 1.4.3.3 Interest payments

The trends of expenditure on interest payments, in terms of revenue receipts and revenue expenditure during 2003-08 are presented in **Table No. 16**

**Table No. 16**

#### Interest Payments

Year	Total Revenue Receipts	Total Revenue Expenditure	Interest payments	Percentage of interest payment with reference to	
	(Rupees in crore)			Revenue Receipts	Revenue Expenditure
2003-04	12,456	12,711	3,343	26.84	26.30
2004-05	15,714	14,638	3,474	22.11	23.73
2005-06	17,837	17,756	3,649	20.46	20.55
2006-07	23,083	20,585	3,416	14.80	16.59
2007-08	28,210	23,563	3,707	13.14	15.73

In absolute terms, interest payments increased from Rs 3,343 crore in 2003-04 to Rs 3,707 crore in 2007-08. The main component of interest payment include the internal debt (Rs 2475.22 crore), interest on small savings, provident fund etc. (Rs 579.64 crore) and interest on loan advances from Central Government (Rs 640.62 crore). Interest payments remained lower than the projections made in FCP (Rs 4,400 crore) and TFC (Rs 4,536.10 crore) for the year 2007-08. Interest payments relative to revenue receipts were also less than the norm of 15 *per cent* prescribed by TFC.

## 1.5 Expenditure by Allocative Priorities

### 1.5.1 Quality of Expenditure

The availability of better social and physical infrastructure in the State reflects its quality of expenditure. Therefore ratio of capital expenditure to total expenditure as well as to GSDP and proportion of revenue expenditure being spent on running efficiently and effectively the existing social and economic services would determine the quality of expenditure. Higher the ratio of these components to total expenditure and GSDP better is quality of expenditure. **Table No. 17** gives these ratios during 2003-08.



**Table No. 17**  
**Indicators of Quality of Expenditure**

(Rupees in crore)

	2003-04	2004-05	2005-06	2006-07	2007-08
<b>Capital Expenditure</b>	1,549	1,205	2,084	5,211	6,104
<b>Revenue Expenditure</b>	12,711	14,638	17,756	20,585	23,563
Of which Social and Economic Services with	7,058	7,968	11,241	16,994	20,187
(i) Salary Component	3,824 (54)	3,699 (46)	4,304 (38)	4,110 (24)	4,378 (22)
(ii) Non Salary Component	3,234 (46)	4,269 (54)	6,937 (62)	12,884 (76)	15,809 (78)
<b>As per cent of total expenditure (excluding loan and advances)</b>					
Capital Expenditure	11	8	11	20	21
Revenue Expenditure	89	92	89	80	79
<b>As per cent of GSDP</b>					
Capital Expenditure	2.34	1.65	2.60	5.27	5.81
Revenue Expenditure	19.19	19.99	22.15	20.80	22.41

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

Revenue expenditure of the State constituted a dominant share of the total expenditure ranging between 79 to 92 *per cent* during 2003-08 thus restricting the share of expenditure on capital account from eight to 21 *per cent*. The revenue expenditure incurred on social and economic services increased from Rs 7,058 crore in 2003-04 to Rs 20,187 crore in 2007-08, within the revenue expenditure, the share of salary component has gradually declined from 54 *per cent* in 2003-04 to 22 *per cent* in 2007-08 while the share of non-salary component has correspondingly increased from 46 to 78 *per cent* during this period. Assuming that capital expenditure is incurred on creating physical and social infrastructure and non salary component of revenue expenditure on efficient running and maintenance of social and economic services, then trends presented in the table would tend to indicate improvement in quality of development expenditure in state during the period.

### 1.5.2 Expenditure on Social Services

Given the fact that human resources development indicators such as access to basic education, health services and drinking water and sanitation facilities etc have a strong linkage with eradication of poverty and economic progress, it would be prudent to make an assessment with regard to the expansion and efficient provision of these services in the State. **Appendix 1.5** summarizes the expenditure incurred by the State Government in expanding and strengthening of social services in the State during 2003-08.

The allocation to social sector increased from Rs 4,197 crore in 2003-04 to Rs 10,667 crore in 2007-08 indicating the Government commitment to improve social well being of the society. Expenditure on Social Sector during current year (Rs 10,667 crore) accounted for 35.96 *per cent* of total



expenditure and 52.84 *per cent* of developmental expenditure<sup>3</sup>. Under Social sector expenditure on Education, Sports, Art and Culture was Rs 5,553.27 crore (52.06 *per cent*), Health and Family Welfare Rs 1,387.03 crore (13 *per cent*), Water Supply, Sanitation, Housing and Urban Development Rs 1,052.72 crore (9.87 *per cent*) and on other Social Services Rs 2,673.89 crore during the year. Expenditure on education has increased by Rs 194 crore (16.82 *per cent*) over previous year while the expenditure on health and family welfare has shown an increase of Rs 234 crore (20.32 *per cent*) over previous year. Recognising the need to improve the quality of education and health services, TFC recommended that the non-plan salary expenditure under education and health and family welfare should increase only by five to six *per cent* while non-salary expenditure under non-plan heads should increase by 30 *per cent* per annum during the award period. However, trends in expenditure revealed that increase in salary expenses on Education was 1.30 and 4.57 *per cent* during 2006-07 and 2007-08 over the corresponding previous years while in Health sector it was (-) five and two *per cent* during the same period. Similarly increase in non-salary expenses was 40 and four *per cent* in education and 54 and 35 *per cent* in health sector during the year 2006-07 and 2007-08. The unevenness in expenditure pattern of these priority sectors might affect the development in these sectors if continued to persist in future.

### **1.5.3 Expenditure on Economic Services**

The expenditure on economic services includes all such expenditure as to promote directly or indirectly, productive capacity within the States' economy. The expenditure on Economic Services (Rs 9,520 crore) accounted for 32.09 *per cent* of the total expenditure and 47.16 *per cent* of developmental expenditure (**Appendix 1.6**). Agriculture and Allied Activities, Irrigation and Flood Control, Energy and Transport accounted for nearly 60.47 *per cent* of the Economic Services expenditure.

The trends in revenue and capital expenditure on Economic services indicate that capital expenditure increased by 278.74 *per cent* from Rs 1,364 crore (47.65 *per cent* of total expenditure) in 2003-04 to Rs 5,082 crore (53.38 *per cent*) in 2007-08 except a dip in 2004-05. On the other hand revenue expenditure increased steadily by 196.22 *per cent* from Rs 1,498 crore (52.35 *per cent*) in 2003-04 to Rs 4,438 crore (46.62 *per cent*) in 2007-08. An increase of Rs 622 crore (13.95 *per cent*) during 2007-08 over previous year under capital expenditure led to the increase in its share in total expenditure incurred on economic services from 52.59 *per cent* in 2006-07 to 53.38 *per cent* in 2007-08 suppressing the share of revenue expenditure to 47.41 *per cent* and 46.62 *per cent* respectively. Within the revenue expenditure, the share of salary component consistently decreased from 53 *per cent* in 2003-04 to 22 *per cent* during 2007-08 and the share of non salary component has correspondingly increased from 46 *per cent* to 78 *per cent* during the period.

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<sup>3</sup> Development expenditure is defined as the total expenditure made on social and economic services.



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

The quantum of assistance provided by way of the grants and loans to local bodies and others during the five years period 2003-08 is presented in **Table No. 18**

**Table No. 18**  
**Financial Assistance to local bodies and other institutions**

(Rupees in crore)

	2003-04	2004-05	2005-06	2006-07	2007-08
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	545.94	564.99	803.65	845.17	808.58
Municipal Corporations and Municipalities	83.71	117.91	277.56	141.13	209.40
Zila Parishads and other PR Institutions	133.92	2.63	3.75	6.50	13.16
Development Agencies	3.87	110.15	18.56	3.20	1.88
Hospital and Other Charitable Institutions	--	5.00	3.00	--	5.00
Other Institutions	20.99	12.68	3.92	21.23	95.35
<b>Total</b>	<b>788.43</b>	<b>813.36</b>	<b>1,110.44</b>	<b>1,017.23</b>	<b>1133.37</b>
Assistance as per percentage of Revenue Expenditure	6.20	5.56	6.25	4.94	4.81

Assistance given by the State marginally varied within the range of 4.80 to 6.20 *per cent* of revenue expenditure during the period 2003-08. It is observed that major proportion of financial assistance was given to education institutions including aided schools, colleges and universities primarily for the salary and other allowances for the teachers and other employees. It was also observed that assistance given to other institutions have steeply increased from Rs 21.23 crore in 2006-07 to Rs 95.35 crore in 2007-08. Amongst the others, Industrial Area Development Authority was the major beneficiary of the enhanced assistance during the current year especially for the land acquisition for setting up industries in the State.

### 1.5.5 Delay in furnishing utilization certificates

Of the 21,206 utilization certificates (UCs) due in respect of grants aggregating to Rs 4,849.23 crore paid upto 2007-08, 21,176 UCs (99.86 *per cent*) for an aggregate amount of Rs 4,627.20 crore (95.43 *per cent*) were in arrears. Details of outstanding UCs are given in **Appendix 1.7**.

### 1.5.6 Abstract of performance of the autonomous bodies

The audit of accounts of Bihar State Housing Board and Bihar Khadi and Village Industries Board, has been entrusted to the Comptroller and Auditor General of India. The status of entrustment of audit, rendering of accounts to audit, issuance of Separate Audit Report and its placement in the Legislature indicated in **Appendix 1.8**.

**1.6 Assets and Liabilities**

In the Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. **Appendix 1.9** gives an abstract of such liabilities and the assets as on 31 March 2008, compared with the corresponding position on 31 March 2007. While the liabilities in this Appendix consist mainly of internal borrowings, loans and advances from the GOI, receipts from the Public Account and Reserve Funds, the assets comprise mainly of the capital outlay, loans and advances given by the State Government and cash balances. In real terms the assets grew by Rs 7,919 crore (18.20 *per cent*) and liabilities increased by Rs 3,272 crore (6.48 *per cent*) over previous year. **Appendix 1.10** depicts the time series data on State Government finances for the period 2003-08.

**1.6.1 Incomplete capital works**

26 capital works, detailed in Appendix – IV of Finance Accounts, were taken up during 2006-08 at the cost of Rs 8,325.87 crore were to be completed during 2007-08 were left incomplete even after incurring an expenditure of Rs 3,271.20 crore (39.29 *per cent*) during the year.

**1.6.2 Investments and returns**

As of 31 March 2008, Government had invested Rs 828.68 crore (Rs 105.63 crore in Statutory Corporations, Rs 349.17 crore in Government Companies, Rs 3.88 crore in Joint Stock Companies and Rs 370 crore in Co-operative Banks & Societies).

Return from these investments was merely Rs 0.04 crore per annum against investment between Rs 700.01 crore and Rs 821.10 crore in 2003-07 and Rs 3.19 crore against investment of Rs 828.68 crore in 2007-08 which was merely 0.38 *per cent* while the Government paid interest at the average rate of 7.15 to 9.59 *per cent* on its borrowings during 2003-08. Earning from investment made in these Companies/Corporations and/or their accumulated losses could not be assessed as their accounts were not finalised and information on same was not provided by Government.

**1.6.3 Loans and advances by State Government**

Government has been providing loans and advances to Government Servants, institutions/organizations. The total outstanding loans and advances as on 31 March 2008, was Rs 14,128 crore (**Table No. 19**).



**Table No. 19**  
**Average Interest Received on Loans Advanced by the State Government**

(Rupees in crore)

	2003-04	2004-05	2005-06	2006-07	2007-08
Opening Balance	8,205.21	10,763.68	11,876.69	13,573.65	13,881.57
Amount advanced during the year	2,568.92	1,127.84	1,747.82	315.32	272.70
Amount repaid during the year	10.45	14.83	50.86	7.40	26.16
Closing Balance	10,763.68	11,876.69	13,573.65	13,881.57	14,128.10
Net addition	2,558.47	1,113.01	1,696.96	307.92	246.54

Major recipients of Government loan of Rs 272.70 crore during 2007-08 was power projects (Rs 237.23 crore) consumed 87 *per cent* of total loans and advances paid by the Government during 2007-08. Government was making loans and advances to power sector without ensuring there refund and interest payments obligations thereon. No repayment of loan from power sector was received during the year 2007-08. Loans amounting to Rs 11,853 crore was pending with Power Sector against total outstanding loan of Rs 14,128 crore.

#### **1.6.4 Management of cash balances**

It is generally desirable that the State's flow of resources should match its expenditure obligations. However, to take care of any temporary mismatches in the flow of resources and the expenditure obligations, a mechanism of Ways and Means Advances (WMA) ordinary and special from the Reserve Bank of India has been put in place. The operative limit for Normal Ways and Means Advances is reckoned on the three year average of revenue receipts and the operative limit for Special Ways and Means Advances is fixed by Reserve Bank of India from time to time depending on the holding of Government securities. Bihar had the WMA limit of Rs 425 crore from April 1, 2007. Special WMA limit oscillated between Rs 19.01 crore to Rs 589.85 crore during the year against securities of the Government of India held by the State Government. State have to avail Special ways & means advances at the rate one *per cent* below Bank rate before availing Normal ways and means advances.

No Ways and Means Advance and Overdraft was availed by the Government during last three years (2005-08).

### **1.7 Undischarged Liabilities**

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



### 1.7.1 Fiscal Liabilities – Public Debt and Guarantees

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

**Table No. 20** gives the fiscal liabilities of the State, its rate of growth, ratio of these liabilities to GSDP, to revenue receipts and to own resources as well as buoyancy of fiscal liabilities with respect to these parameters.

**Table No. 20**

#### Fiscal Liabilities- Basic Parameters

(Rupees in crore and ratios in per cent)

	2003-04	2004-05	2005-06	2006-07	2007-08
Fiscal Liabilities <sup>4</sup>	37,453	42,483	46,495	49,089	50,989
Rate of Growth	6.25	13.43	9.44	5.58	3.87
<b>Ratio of Fiscal Liabilities to</b>					
GSDP	56.53	58.02	58.00	49.61	48.49
Revenue Receipt	300.68	270.35	260.67	212.66	180.75
Own Resources	1,166.76	1,128.37	1,138.75	1,080.30	908.57
<b>Buoyancy of Fiscal Liabilities with reference to</b>					
GSDP	3.24	1.28	1.00	0.24	0.62
Revenue Receipt	0.46	0.51	0.70	0.19	0.17
Own resources	1.01	0.78	1.12	0.49	0.16

Overall fiscal liabilities of the State increased from Rs 37,453 crore in 2003-04 to Rs 50,989 crore in 2007-08. Fiscal Liabilities of the State comprised Consolidated Fund liabilities and Public Account liabilities. The Consolidated Fund liability (Rs 35,045 crore) comprised of market loan (Rs 26,769 crore) and loan from Government of India (Rs 8,276 crore). The Public Account liabilities (Rs 15,944 crore) comprise of Small Savings, Provident Funds (Rs 9,429 crore) and other obligation (Rs 6,515 crore). The rate of growth of fiscal liabilities decreased from 5.58 (2006-07) to 3.87 per cent during 2007-08 and the ratio of GSDP increased from 56.53 per cent in 2003-04 to 58.02 per cent in the year 2004-05 but it decreased to 48.49 per cent during the year 2007-08. These liabilities stood at 1.81 times the revenue receipts and 9.09 times of states own resources at the end of 2007-08.

<sup>4</sup> Includes internal debt, Loans and advances from GOI, Debt from Small savings, Provident fund and other obligations (excludes Ways and Means Advance and Contingency Fund).



The buoyancy of these liabilities with respect to GSDP during the year was 0.62 *per cent*. Government has not constituted any fund like "Sinking Fund" for amortization of loans raised by the Government.

### 1.7.2 Status of Guarantees – Contingent liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended. The Government has not fixed any explicit ceiling on guarantees given upon the Security of the Consolidated Fund of the State. No fund like "guarantee redemption fund" has been created so far. As per the Statement 6 of the Finance Accounts, the maximum amount for which guarantees were given by the State and outstanding guarantees at the end of year since 2003-04 is given in **Table No.21**.

**Table No. 21**

#### **Guarantees given by the Government of Bihar**

(Rupees in crore)

	2003-04	2004-05	2005-06	2006-07	2007-08
Maximum amount guaranteed	1,531.08	1,531.08	1,531.08	1,537.73	1537.73
Outstanding guarantees	470.72	473.44	604.87	607.76	516.31
Revenue receipts	12,456	15,714	17,837	23,083	28210
Percentage of maximum amount guaranteed to Revenue Receipt	12.29	9.74	8.58	6.66	5.45

The amount of guarantees outstanding increased from Rs 470.72 crore during 2003-04 to Rs 607.76 crore in the year 2006-07 but decreased to Rs 516.31 crore during the year. Major recipients of such guarantees were Co-operative Bank & Societies (Rs 170 crore), Bihar State Financial Corporation (Rs 128 crore) and Bihar State Electricity Board (Rs 139 crore). The decline in outstanding guarantees (Rs 92 crore) was on account of fall in sum of guarantees given to Bihar State Financial Corporation for repayment of loans/overdrafts etc and the payment of interest thereupon during the current year.

## **1.8 Debt Sustainability**

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

### 1.8.1 Debt Stabilization

A necessary condition for stability states that if the rate of growth of economy exceeds the interest rate or cost of public borrowings. The debt-GSDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate - interest rate) and quantum spread (Debt  $\times$  rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would be constant or debt would stabilize eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling. Trends in fiscal variables indicating the progress towards the debt stabilization are indicated in **Table No. 22**.

**Table No. 22**

#### Debt Sustainability-Interest Rate and GSDP Growth

(Figures in per cent)

	2003-04	2004-05	2005-06	2006-07	2007-08
Average Interest Rate (per cent)	9.00	9.59	8.20	7.15	7.15
GSDP Growth (per cent)	1.93	10.52	9.47	23.45	6.26
Interest spread (per cent)	-7.07	+0.93	+1.27	+16.30	-0.89
Quantum Spread (Rs in crore)	-2647.93	+395.09	+590.49	+8001.51	-453.80
Primary Deficit (-)/ Surplus(+) (Rs in crore)	-1,020.00	+2,232.00	-51.00	+395.00	+2,004

It is evident from the Table No. 22 above that there is large fluctuation in Primary deficit as well as in quantum spread during 2003-08. The debt-GSDP ratio remained almost static around 57-58 per cent till 2005-06 despite the huge primary surplus as well as positive quantum spread during the year. However, during 2006-07 and 2007-08, emergence of large amounts of primary surplus suppressed the debt-GSDP ratio to around 49 per cent during these years. In view of the large fluctuations in the trends of fiscal and primary deficits as well as in ratio of fiscal deficit with GSDP during the period 2003-08, it would be premature to infer about the debt stability of the State as well as about its capacity to sustain higher debt in the ensuing years.

### 1.8.2 Sufficiency of Non-debt Receipts

Another indicator for debt stability and its sustainability is the adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure. **Table No 23** indicates the resource gap as defined for the period 2003-08.



**Table No. 23**  
**Incremental revenue receipts and expenditure**

(Rupees in crore)

Period	Incremental				Resource Gap
	Non-Debt Receipts	Primary Expenditure	Interest Payments	Total Expenditure	
1	2	3	4	5 (3+4)	6 (2-5)
2003-04	1,482	2,536	321	2,857	-1,375
2004-05	3,263	11	131	142	3,121
2005-06	2,159	4,442	175	4,617	-2,458
2006-07	5,202	4,756	-233	4,523	679
2007-08	5,146	3,537	+291	3,828	1,318

The persistent negative resource gap indicates the non-sustainability of debt while the positive resource gap strengthens the capacity of the State to sustain the debt. **Table No. 23** reveals that incremental receipts were not adequate to cover even the incremental primary expenditure during the year 2003-04 and 2005-06. Thus the State experienced the negative resource gap during the year while non debt receipts increased steeply but the incremental primary expenditure as well as interest payments were marginal resulting in huge positive resource gap in 2006-07 as well as in the current year, mainly due to either marginal increase (7.07 per cent) in 2006-07 or decrease (25.63 per cent) in 2007-08 in primary expenditure. These trends indicate the unstable position of the State with regard to its debt sustainability which is corroborated by the high fiscal liabilities to GSDP ratio during the period 2003-08.

### 1.8.3 Net Availability of Funds

The debt sustainability of the State also depends on (i) the ratio of the debt redemption (Principal + Interest payment) to total debt receipts and (ii) application of available borrowed funds. The ratio of debt redemption to debt receipts indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds. The solution to the Government debt problem lies in application of borrowed funds, i.e. they are (a) not being used for financing revenue expenditure; and (b) being used efficiently and productively for capital expenditure which either provides returns directly or results in increase productivity of the economy in general which may result in increase in government revenue.

**Table No. 24** gives the position of the receipt and repayment of internal debt and other fiscal liabilities of the State over the last five years.

Table No. 24

## Net Availability of Borrowed Funds

(Rupees in crore)

	2003-04	2004-05	2005-06	2006-07	2007-08
<b>Internal Debt</b>					
Receipt	4,249	5,969	3,769	2,355	1,144
Repayment (Principal + Interest)	1,766	2,047	2,485	3,168	3,679
Net Fund Available	2,483	3,922	1,284	(-) 813	(-) 2,535
Net Fund Available ( <i>per cent</i> )	58	66	34	(-) 35	(-) 222
<b>Loans and Advances from GOI</b>					
Receipt	820	1654	2	3	468
Repayment (Principal + Interest)	3894	3881	1512	744	1069
Net Fund Available	(-)3,074	(-)2,227	(-)1,510	(-)741	(-)601
Net Fund Available ( <i>per cent</i> )	(-)375	(-)135	(-)755	(-)247	(-)128
<b>Other obligations</b>					
Receipt	3,119	3,284	2,283	2,956	4,807
Repayment (Principal + Interest)	3,303	3,199	1,431	2,094	3,167
Net Fund Available	(-)184	85	852	862	1,640
Net Fund Available ( <i>per cent</i> )	(-)6	3	37	29	34
<b>Total Liabilities</b>					
Receipt	8,188	10,907	6,054	5,314	6,419
Repayment (Principal + Interest)	8,963	9,127	5,428	6,006	7,915
Net Fund Available	(-)775	1780	626	(-)692	(-)1,496
Net Fund Available ( <i>per cent</i> )	(-)9	16	10.34	(-)13	(-)23

The debt redemption ratio exceeded the Unity in 2003-04 and again in 2006-07 and 2007-08 indicating the fact that repayment of past debt obligations exceeded the fresh debt receipts thereby using even the available resources for past debt obligations. Even during other years under review, the ratio remained 84-90 *per cent* reiterating the fact that major chunk of the fresh debt receipts were being used to discharge the State's past debt obligations. For example, during 2007-08, the net fund available on account of the internal debt, was (-) 2,535 crore whereas under GOI loans and advances net fund available in this account turned to (-) 128 crore during the year. The net funds available on account of the internal debt, loans and advances from Government of India and other obligations after providing for the interest and repayments oscillated from (-) 23 *per cent* to 16 *per cent* during the period 2003-04 to 2007-08. The net fund available was Rs (-) 1,496 crore (23 *per cent*) in 2007-08.

### 1.9 Management of deficits

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



### 1.9.1 Trends in Deficits

The State experienced revenue deficit in 2003-04 which turned into revenue surplus in 2004-05 and since then the State has maintained the surplus (**Table No. 25**) although with wide variations. The revenue surplus has steeply increased from Rs 2,498 crore in 2006-07 to Rs 4,647 crore in 2007-08 due to the fact that the revenue receipts increased by Rs 5,127 crore (22.21 *per cent*) during 2007-08 while revenue expenditure increased by Rs 2,978 crore (14.47 *per cent*) over the previous year resulting in an increase of Rs 2,149 crore in revenue surplus in 2007-08. The consistent increase in revenue surplus during the period 2005-08 may however be keeping in view the fact that 77-81 *per cent* of revenue receipts of the State is contributed by central transfers comprising of States' share in Union pool of taxes and duties and grants-in-aid from the GOI during these. During the current year, around 79 *per cent* of the incremental revenue receipts were contributed by the increase in Central transfers relative to previous year.

Despite an increase of Rs 893 crore (23.33 *per cent*) in capital expenditure during 2007-08 over the previous year, the sharp increase in revenue surplus led to the decrease of Rs 1318 crore (43.60 *per cent*) during the current year. Relative to GSDP, fiscal deficit has declined from 3.05 *per cent* in 2006-07 to 1.62 *per cent* during the current year which was well within the norm of FRBM Act and /or TFC target to be achieved by 2008-09. An improvement in fiscal deficit position accompanied by an increase in interest payments (Rs 291 crore) enhanced the primary surplus from Rs 395 crore in 2006-07 to Rs 2004 crore during the current year.

**Table No. 25**

#### Fiscal Imbalances: Basic Parameters

<i>(Rupees in crore)</i>					
Parameters	2003-04	2004-05	2005-06	2006-07	2007-08
Revenue deficit (-)/ Revenue Surplus (+)	(-)255	(+)1,076	(+)81	(+)2,498	(+)4,647
Fiscal deficit	(-)4,363	(-)1,242	(-)3,700	(-)3,021	(-)1,703
Primary deficit (-)/Primary Surplus (+)	(-)1,020	(+)2,232	(-)51	(+)395	(+)2004
RD-RS/GSDP ( <i>per cent</i> )	(-)0.38	(+)1.47	(+)0.10	(+)2.52	(+)4.42
FD/GSDP ( <i>per cent</i> )	(-)6.59	(-)1.70	(-)4.62	(-)3.05	(-)1.62
PD-PS/GSDP ( <i>per cent</i> )	(-)1.54	(+)3.05	(-)0.06	(+)0.40	(+)1.91
RD-RS/FD ( <i>per cent</i> )	(+)5.84	(-)86.63	(-)2.19	(-)82.69	(-)272.87

The ratio of RD to FD and the decomposition of Primary deficit into primary revenue deficit<sup>5</sup> and capital expenditure (including loans and advances) would indicate the quality of deficit in the States' finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. The ratio of revenue deficit to fiscal deficit was six

<sup>5</sup> Primary revenue deficit defined as gap between non interest revenue expenditure of the state and its non-debt receipts indicates the extent to which the non-debt receipts of the State are able to meet the primary expenditure incurred under revenue account.



per cent in 2003-04 and thereafter State's continuously experience the revenue surplus during 2004-08.

### 1.9.2 Quality of Deficit/Surplus

The bifurcation of the factors resulting into primary deficit or surplus of the State during the period 2003-08 reveals uneven result (Table No. 26).

**Table No. 26**  
**Primary deficit /surplus - Bifurcation of factors**

Year	Non-debt receipts (NDR)	Primary revenue expenditure (PRE)	Capital expenditure	Disbursement of Loans and Advances	Primary Expenditure	NDR vis-à-vis PRE	Primary deficit (-) / surplus (+)
1	2	3	4	5	6(3+4+5)	7 (2-3)	8 (2-6)
2003-04	12,466	9,368	1,549	2,569	13,486	(+) 3,098	(-) 1,020
2004-05	15,729	11,164	1,205	1,128	13,497	(+) 4,565	(+) 2,232
2005-06	17,888	14,107	2,084	1,748	17,939	(+) 3,781	(-) 51
2006-07	23,090	17,169	5,211	315	22,695	(+) 5,921	(+) 395
2007-08	28,236	19,856	6,104	272	26,232	(+)8,380	(+)2,004

Non-debt receipts of the State were enough to meet the primary expenditure<sup>6</sup> requirements in the revenue account and actually left some receipts to meet the expenditure under the capital account. The surplus non debt receipts were however not enough to meet the expenditure requirements under capital account resulting in primary deficit in 2003-04 and 2005-06. However, non-debt receipts exceeded the primary expenditure during 2004-05, 2006-07 and 2007-08 resulting in the primary surplus during these years. This indicates the extent to which the primary deficit has been on account of enhancement in capital expenditure which may be required to improve the productive capacity of the State's economy.

### 1.10 Fiscal Ratios

The finances of a State should be sustainable, flexible and non-vulnerable. *Appendix 1.11* presents a summarized position of Government finances over 2003-08, with reference to certain key indicators that help to assess the adequacy and effectiveness of available resources and their applications, highlights areas of concern and captures its important facets.

The ratios of revenue receipts and State's own taxes to GSDP indicate the adequacy of resources. The buoyancy of the revenue receipts indicates the nature of the tax regime and the State's increasing access to resources. Revenue receipts are comprised not only of the tax and non-tax resources of the State but also the transfers from Union Government. The ratio of revenue receipts to GSDP showed continued improvement year after year and was 26.83 per cent during 2007-08 with an increase of about two and half per cent

<sup>6</sup> Primary expenditure of the State defined as the total expenditure net of the interest payments indicates the expenditure incurred on the transactions undertaken during the year.



over the previous year. The improvement in this ratio was attributable mainly to the fact that around 80 *per cent* of the revenue receipts were contributed by central transfers during the period 2003-08. The ratio of the State's own taxes to GSDP also improved from 4.36 *per cent* in 2003-04 to 4.84 *per cent* in 2007-08 with minor inter-year variations. Despite these improvements, the ratio to GSDP at five was less than the projection in the FCP (6.69 *per cent*) and the Budget (6.49 *per cent*) for the current year.

Various ratios concerning the expenditure management of the State indicate the quality of its expenditure and its sustainability in relation to its resource mobilization efforts. The revenue expenditure as a *per cent* to total expenditure remained dominant and varied within a range of 76 to 86 *per cent* during 2003-08 and stood at 78.70 *per cent* during the current year. The higher buoyancy ratio of total expenditure as compared to that of revenue expenditure with respect to revenue receipts also indicated the propensity of the State Government to create assets by resorting to, inter alia, capital expenditure. Although ratio of capital expenditure to total expenditure remained relatively low during 2003-06 it picked up steeply in 2006-07 and increased to 21 *per cent* during the year. The ratio of revenue receipts to total expenditure indicated an increasing tendency but continued to be less than 100 *per cent* indicating that a part of the total expenditure is met through borrowed funds. This is also reflected by the decreasing ratio of financial liabilities to revenue receipts. Increasing proportion of plan and capital expenditure in the total expenditure also indicates improvement in both development and quality of expenditure.

The fiscal position of the state viewed in terms of fiscal indicators has shown a significant improvement in the current year. A sharp increase in Balance from Current Revenue (BCR) from (+) Rs 2,996 crore (2006-07) to (+) Rs 5,124 crore during 2007-08 indicates the availability of funds for plan and development purposes. The steep increase in revenue surplus as well as in capital expenditure along with significantly high level of loans and advances resulted in a consistent increase in the ratio of assets to fiscal liabilities from 0.72 in 2003-04 to 0.96 in 2007-08 thus leaving only four *per cent* of fiscal liabilities without any asset back up during the current year.

### **1.11 Conclusions**

The state experienced improvement in its fiscal position during 2007-08 in terms of key fiscal parameters (Revenue, Fiscal, Primary deficit/Surplus) relative to their values in 2006-07. Relative to GSDP, the fiscal deficit has declined from 3.05 *per cent* in 2006-07 to 1.62 *per cent* during the current year which was well within the norm of the FRBM Act and/or TFC target to be achieved by 2008-09. The improvement in the fiscal position of the State should however be considered keeping in view the fact that a significant share (varying between 74 to 81 *per cent*) of the revenue receipts of the State is contributed by central transfers comprising of States' share of taxes and duties and grants-in-aid from the GOI during the period 2003-08 and during the current year, around 79 *per cent* of the incremental revenue receipts were contributed by the increase in Central transfers relative to previous year. The

expenditure pattern of the State reveals that the revenue expenditure as a percentage to total expenditure was around 80 *per cent* during the period 2003-08 with inter year variations leaving inadequate resources for expansion of services and creation of assets. Although the share of NPRE in revenue expenditure indicated a declining trend it still continued to account for 80 *per cent* of the revenue expenditure during the current year which at Rs 18,759 crore significantly exceeded the TFC assessment (Rs 17,006 crore) for the year although it only marginally exceeded the State's projections in its FCP (Rs 18,665 crore) and the Budget (Rs 18,543 crore) for the year. Moreover, within the NPRE, salary expenditure, pension and interest payments constituted about 69 *per cent* during 2007-08. These trends in expenditure indicate the need for changing allocative priorities. The increasing fiscal liabilities due to continued prevalence of fiscal deficit accompanied with negligible rate of return on government investments and inadequate interest recovery on loans and advances might lead to a situation of unsustainable debt in the medium to the long run unless suitable measures are initiated to compress the non plan revenue expenditure and to mobilize additional resources both through the tax and non tax sources in the ensuing years. Moreover, fiscal liabilities relative to GSDP at 48.49 *per cent* in 2007-08 appear to be on the high side especially in view of the TFC norms which is required to be contained to 31 *per cent* by the end of 2009.



## ***CHAPTER-II***

### ***ALLOCATIVE PRIORITIES AND APPROPRIATION***





## CHAPTER-II

### ALLOCATIVE PRIORITIES AND APPROPRIATION

#### 2.1 Introduction

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

The objective of Appropriation Audit is to ascertain whether expenditure actually incurred under various Grants was 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 was in conformity with the law, relevant rules, regulations and instructions.

#### 2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2007-08 against 60 Grants and Appropriations was as follows:

**Table No.I**  
**Summary of Appropriation Accounts**

(Rupees in crore)

	Nature of expenditure	Original grant/appropriation	Supplementary grants/appropriation	Total	Actual Expenditure	Saving
Voted	I. Revenue	20,001.96	6,676.06	26,678.02	19,855.65*	6,822.37
	II. Capital	6,388.91	2,926.66	9,315.57	6,104.33*	3,211.24
	III. Loans and Advances	279.67	129.98	409.65	272.70	136.95
<b>Total voted</b>		<b>26,670.54</b>	<b>9,732.70</b>	<b>36,403.24</b>	<b>26,232.68</b>	<b>10,170.56</b>
Charged	IV. Revenue	3,955.81	13.13	3,968.94	3,750.12	218.82
	V. Capital	0.00	0.00	0.00	0.00	0.00
	VI. Loans and Advances	0.00	0.00	0.00	0.00	0.00
	VII. Public Debt.	2,630.73	1.53	2,632.26	1,631.85	1,000.41
<b>Total charged</b>		<b>6,586.54</b>	<b>14.66</b>	<b>6,601.20</b>	<b>5,381.97</b>	<b>1,219.23</b>
<b>Appropriation to Contingency Fund (if any)</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Grand Total</b>		<b>33,257.08</b>	<b>9,747.36</b>	<b>43,004.44</b>	<b>31,614.65</b>	<b>11,389.79</b>
<b>Deduct: Recoveries in reduction of expenditure</b>		<b>--</b>	<b>--</b>	<b>43.45</b>	<b>43.45</b>	<b>--</b>
<b>Net</b>				<b>42,960.99</b>	<b>31,571.20</b>	

\*These are gross figures without taking into account the recoveries adjusted in the accounts as reduction of expenditure Rs 43.45 crore.

Total provision of Rs 43,004.44 crore was made by the Government in the Budget for 2007-08 out of which Rs 31,614.65 crore was utilized during the year which was short of Rs 1,642.43 crore by original provision of Rs 33,257.08 crore. Voted capital expenditure of Rs 6,104.33 crore was merely 65.53 *per cent* of total provision and was short of Rs 284.58 crore from original budget estimate for capital. Total revenue expenditure was also short of Rs 352.00 crore by original budget provision.

The total expenditure was understated to the extent of Rs 9.96 crore for which vouchers were not received from the treasuries during the year 2007-08 ( July 2008) and the expenditure remained unaccounted for in the Consolidated Fund of the State and kept in the Suspense Accounts by the Accountant General (A&E).

## **2.3 Allocative Priorities**

### **2.3.1 Appropriation by Allocative Priorities**

The overall saving of Rs 11,389.79 crore (26.49 *per cent* of the total provision) was the net result of saving of Rs 11,391.72 crore and excess of Rs 1.93 crore (**Table No. III**), against total provision of Rs 43,004.44 crore. Out of the total saving of Rs 11,389.79 crore, Rs 7,041.19 crore (61.82 *per cent*) pertained to Revenue and Rs 4,348.60 crore (38.18 *per cent*) pertained to Capital. The details of savings/excesses were sent to the Government through monthly Expenditure Reports requiring them to explain the significant variations which were not received (August 2008).

### **2.3.2 Major savings**

Departments were required to prepare their estimates keeping in view the relevant factors like trends in the economy, actual expenditure of last three years etc. Non-adherence to the tenets of budget formulation and budget management led to injudicious appropriation of funds resulting in large savings under various heads like, Urban Development, Rural Development, Social Welfare, Disaster Management, Energy, Water Resources etc. In 16 cases, involving appropriation of 15 Grants, substantial savings of Rs 100 crore or more and also by more than 20 *per cent* in each case totaling Rs 8,659.57 crore (76.02 *per cent* of total savings of Rs 11,389.79 crore) were noticed as shown in the **Table No. II**. Savings of Rs 2,048 crore, 98.79 *per cent* of the appropriation (Rs 2,073 crore) occurred mainly under Grant No. 54 of Rural Development Department due to change of grant No. from 54 to 59 and 60.



**Table No. II**  
**Major savings of Rs 100 crore or more and more than 20 per cent**  
*(Rupees in crore)*

Sl No.	Number and Name of Grant / Appropriation	Amount of Grant/ Appropriation	Actual Expenditure	Amount of Savings (Percentage of Provision in brackets)	Main reasons of Savings as furnished by the Government
<b>A. Revenue Voted Section</b>					
1	20 - Health Department	1,325.77	1,033.67	292.10 (22.03)	Rs 66.89 crore could not be spent on account of restriction imposed by FD and Rs 28.61 crore due to non-sanction of fund by GOI. Reasons of saving of Rs 134.89 crore were not intimated.
2	23 - Industries Department	269.05	150.21	118.84 (44.17)	Saving of Rs 99.39 crore was due to non-sanction of schemes. Reasons for savings of Rs. 4.62 crore was not intimated.
3	26 - Labour Resources Department	471.57	303.15	168.42 (35.71)	Reasons for saving of Rs. 163.24 crore was not intimated.
4	35 - Planning and Development Department	653.51	216.94	436.57 (66.80)	Reasons for the saving of Rs 436.53 crore was not intimated.
5	39 - Disaster Management Department	2,175.01	1,220.11	954.90 (43.90)	Reason for Rs. 879.13 crore saving was not intimated.
6	41 - Road Construction Department	410.82	287.67	123.15 (29.98)	Saving of Rs 84.13 crore were due to non-supply of bitumen in time and transfer of works to different schemes. Reasons for saving of balance Rs 29.78 crore was not intimated.
7	42 - Rural Development Department	1,091.01	676.57	414.44 (37.99)	Reason for saving of Rs 410.75 crore was not intimated.
8	48 - Urban Development and Housing Department	1,147.96	556.19	591.77 (51.55)	Saving of Rs 587.63 crore was due to downward revision in planned outlay.
9	51 - Welfare Department	755.28	407.15	348.13 (46.09)	Saving of Rs 322.91 crore was not intimated.
10	54 - Rural Development (REO, PR, MLA/MLC, KK YOJ) Department	904.73	21.65	883.08 (97.61)	Saving of Rs 882.80 crore was due to change of grant number from 54 to 59 and 60.
11	55- Social Welfare Department	912.52	297.43	615.09 (67.41)	Saving of Rs 223.49 crore was due to non-functioning of Anganbari Centres. Reasons for saving of Rs 374.56 crore was not intimated.
<b>B. - Capital Voted Section</b>					
12	10 - Energy Department	919.48	354.33	565.15 (61.46)	Saving of Rs 513.50 crore was due to non-release of fund by GOI. Saving of Rs 50.00 crore was attributed to non-drawal of fund due to non-existence of planned outlay.
13	36 - Public Health Engineering Department	722.83	333.42	389.41 (53.87)	Saving of Rs 306.31 crore was due to non-release of fund by GOI and reasons for saving of Rs 77.44 crore was not intimated.
14	49 - Water Resources Department	1,406.59	813.17	593.42 (42.19)	Saving of Rs 106.03 crore due to less possibility of expenditure. Reasons for saving of Rs 439.69 crore were not intimated..
15	54 - Rural Development (REO, PR, MLA/MLC, KK YOJ) Department	1,168.33	3.64	1,164.69 (99.69)	Entire saving of Rs 1164.69 crore was due to change of grant number from 54 to 59 and 60.
<b>C. - Capital Charged Section</b>					
16	14-Repayment of Loans	2,632.26	1,631.85	1,000.41 (88.01)	Reasons for saving of Rs 1,000 crore were not intimated.
<b>Grand Total: (A+B+C)</b>		<b>16,966.72</b>	<b>8,307.15</b>	<b>8,659.57</b>	

**Table No. II** reveals that the reasons given by the State Government as recorded in the Appropriation Account 2007-08 explain only the savings amounting to Rs 4,386.03 crore (50.65 *per cent*). The saving of Rs 4,273.54 crore (49.35 *per cent*) remained unexplained, i.e, for which no reasons were reported by state Government.

In another 29 cases involving 10 Grants major savings of Rs 1,904.64 crore (Rs 10 crore or more in each case) occurred. Reasons for final savings were not intimated by any department (*Appendix 2.1*).

### 2.3.3 Other cases of savings

In 25 cases (involving 22 grants) expenditure fell short by rupees one crore or more (below Rs 100 crore) and also by more than 20 *per cent* of the total budget provision in each case amounting to Rs 728.15 crore (*Appendix 2.2*). This was indicative of incorrect assessment of demands.

### 2.3.4 Persistent savings

In 18 cases involving 16 Grants and one Appropriation, there were persistent savings of more than Rs five crore and 10 *per cent* or more of the total provisions in each case amounting to Rs 3,288.45 crore as indicated in *Appendix 2.3*.

### 2.3.5 Excess requiring regularisation

#### *Excess over provision requires regularisation*

During the year 2007-08 excess expenditure of Rs 1.93 crore against total provision of Rs 43,004.44 crore was incurred, of which, Rs 1.04 crore in Grant No. 17 and Rs 0.89 crore in Grant No. 42 (**Table No. III**), requires regularisation as per Article 205 of the Constitution of India, which is mandatory for the State Government to get the excess over a Grant or Appropriation regularised by the State Legislature.

**Table No. III**  
**Statement of excesses over Grants requiring regularisation**

*(Rupees in lakh)*

Sl No.	Number and Name of Grant	Total Grant (Original + Supplementary)	Actual Expenditure	Amount of Excess (Percentage of Excess)	Main Reasons
<b>A. Revenue Voted Grant</b>					
1.	17 - Commercial Tax Department	4,170.67	4,274.81	104.14 (2.50)	Not intimated (August 2008)
	<b>Total (A)</b>	<b>4,170.67</b>	<b>4,274.81</b>	<b>104.14 (2.50)</b>	
<b>B. Capital Voted Grants</b>					
2.	42 - Rural Development Department	7,455.62	7,544.37	88.75 (1.19)	Not intimated (August 2008)
	<b>Total (B)</b>	<b>7,455.62</b>	<b>7,544.37</b>	<b>88.75 (1.19)</b>	
	<b>Grand Total (A+B)</b>	<b>11,626.29</b>	<b>11,819.18</b>	<b>192.89 (1.66)</b>	



However, excess expenditure amounting to Rs 7,026.64 crore for the year 1977-78 to 2007-08 had not been regularised so far (September 2008). This was a breach of legislative control over appropriations. The possibility of financial irregularities remaining unexamined due to failure or long delays in furnishing explanations of excess expenditure cannot be ruled out (*Appendix 2.4*).

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

In 10 cases involving eight Grants, expenditure incurred in each case exceeded the approved provision by rupees one crore or more totaling Rs 121.33 crore of which Rs 75 crore pertained to Road Construction Department (*Appendix 2.5*).

### **2.3.7 Expenditure without provision**

Expenditure of Rs 271.40 crore was incurred in nine cases (Rs 20 lakh and above in each case) without any provision in the original estimate or supplementary demand or any re-appropriation order (*Appendix 2.6*). These instances indicate lack of monitoring/control over expenditure and gross violation of financial rules. Out of total expenditure of Rs 271.40 crore a sum of Rs 270.86 crore was under the head Miscellaneous Public Works Advances which constituted 99.33 *per cent* of expenditure incurred without any provision.

### **2.3.8 Original budget and supplementary provisions**

Supplementary provisions of Rs 9,747.36 crore made during the year constituted 29.31 *per cent* of the original budget provision (Rs 33,257.08 crore) as against 16.52 *per cent* in the preceding year.

Total supplementary Grants (other than Public Debt) obtained during the year were Rs 9,745.83 crore while the total savings (other than Public Debt) amounted to Rs 10,389.38 crore. Thus the supplementary grant of Rs 9,745.83 crore was unnecessary.

### **2.3.9 Unnecessary/excessive/inadequate supplementary provisions**

- Supplementary provisions of Rs 1,292.10 crore obtained in 40 cases during August 2007 to March 2008 were wholly unnecessary as the expenditure did not come up in these cases even to the level of original provision (*Appendix 2.7*).
- In 19 cases against actual requirement of only Rs 2,523.59 crore, Supplementary Grants/Appropriations of Rs 4,262.80 crore were obtained resulting in saving of Rs 1739.21 crore (exceeding Rs 20 lakh in each case) (*Appendix 2.8*).

Adequate scrutiny of the proposals of supplementary provisions by the Finance Department was required in the above cases.

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

Re-appropriation is transfer of funds within a Grant from one unit of appropriation where savings are anticipated, to another unit where additional funds are needed. In 12 cases involving eight Grants/Appropriations, re-appropriation of funds proved injudicious due to withdrawal of Rs 159.80 crore through re-appropriation while there was excess expenditure of Rs 106.62 crore. Cases where more than Rs one crore in each case re-appropriated are shown in *Appendix 2.9*.

This indicated that the Controlling Officer (CO) failed to anticipate the amount to be surrendered under rule 135 of Bihar Budget Manual.

### **2.3.11 Anticipated savings not surrendered**

The spending Departments are required to surrender the Grants/Appropriations or portions thereof to the Finance Department as and when savings are anticipated. However, at the close of the year 2007-08 there were 21 cases of Grants/Appropriations in Revenue section and nine cases in Capital section in which savings of Rs 5,391.03 crore, (exceeding rupees one crore in each case) against which Rs 3,436.49 crore only was surrendered by the Departments leaving behind un-surrendered amount of Rs 1,954.54 crore, which ranges between 1.88 and 99.97 per cent (*Appendix 2.10*).

This shows that the COs failed to discharge the basic responsibility of being accountable for the budgetary control.

### **2.3.12 Delay in surrender of savings**

As per Rule 112 of Bihar Budget Manual all anticipated savings should be surrendered to Govt. immediately without waiting till the end of the year. In 85 cases, Rs 9,317.73 crore out of the total savings of Rs 11,389.79 crore were surrendered on the last day of March 2008 indicating inadequate financial control over expenditure. Due to delay in surrender of the savings the funds could not be utilised for other purposes (*Appendix 2.11*).

It was noticed that four departments surrendered 32.84 per cent of the total saving Rs 3,740.69 crore on the last working day of the financial year, which were Disaster Management Department: Rs 574.29 crore, Urban Development and Housing Department: Rs 550.17 crore, Energy Department: Rs 568.46 crore and Rural Development (REO, PR, MLA/MLC, K.K. Yoj.) Department: Rs 2,047.77 crore.

### **2.3.13 Surrender of entire provision**

In 54 cases, involving 18 Grants and Appropriations, the State Government failed to utilize the entire provision of Rs 3,399.31 crore (exceeding Rs five crore in each case). The entire provision was re-appropriated/surrendered (*Appendix 2.12*).



**2.3.14 Surrender in excess of actual savings**

In 11 cases, the amount surrendered was in excess of actual savings. Against the savings of Rs 839.37 crore, the amount surrendered was Rs 929.28 crore resulting in excess surrender of Rs 89.91 crore (*Appendix 2.13*).

**2.3.15 Rush of expenditure**

Uniform flow of expenditure during a financial year is a primary requirement of budgetary control. Rush of expenditure particularly in the closing months of the financial year is regarded as a breach of financial rules. The position in respect of expenditure (Revenue and Capital) for four quarters during 2007-08 and also for the month of March 2008 is depicted in *Appendix 2.14* which shows that the expenditure incurred in the quarter ending March 2008 and only in the month of March 2008 were 48 and 37 per cent of the total expenditure respectively which indicates deficient financial management, lack of effective control over expenditure by the controlling officers and a tendency to utilise the budget only at the fag end of the financial year.

**2.3.16 Unreconciled expenditure**

Financial Rules require that the Departmental controlling officers (CO) should reconcile periodically the Departmental figures of expenditure with those booked in the books of the Accountant General (A&E) on quarterly basis. In respect of 96 major heads, expenditure of Rs 26,799.13 crore pertaining to 2007-08 remained un-reconciled by 199 COs out of 203 COs. While 162 COs partially un-reconciled the expenditure of Rs 22,136.31 crore, 37 COs did not reconcile at all the expenditure of Rs 4,662.82 crore for the whole year (*Appendix 2.15*). The un-reconciled expenditure accounted for 84.77 per cent of the total expenditure (Rs 31,614.65 crore).

**2.3.17 Plan performance**

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

Appropriation Account of the State Government for the year 2007-08 revealed that in 23 cases involving 10 Grants and Appropriations, significant savings exceeding Rs five crore and above in each case aggregating to Rs 1,085.74 crore (37.33 per cent) against the provision of Rs 2,907.80 crore were due to non-implementation or slow implementation of the Plan Schemes by the Bihar Government as shown in *Appendix 2.16*.

**2.3.18 Advances from Contingency Fund**

Contingency Fund of Bihar established under the Bihar Contingency Fund Act, 1950 in terms of the provisions of Article 267(2) and 283(2) of the Constitution of India was enhanced (March 1998) from rupees one crore to

Rs 350.00 crore to meet unforeseen and emergent expenditure not provided for in the budget and which cannot be postponed till the vote of the Legislature.

**Table No. IV**  
**Withdrawals from Contingency Fund**

Items	2003-04	2004-05	2005-06	2006-07	2007-08
1. No. of withdrawals	38	92	181	249	214
2. Total withdrawals (Rs in crore)	151.48	368.60	497.13	732.37	2,376.41
3. Withdrawals as a percentage of total budget provision	0.69	1.39	1.72	2.15	5.53
4. Recoupment of withdrawals	Recouped	Recouped	Recouped	Recouped	Recouped

Use of Contingency Fund as stated in the **Table No. IV** depicts that during the year 2007-08 Government sanctioned 214 withdrawals<sup>1</sup> amounting to Rs 2,376.41 crore, 5.53 per cent of the total budget provision which was Rs 1,644.04 crore more than previous year's withdrawal of Rs 732.37 crore (2.15 per cent of the total budget provision). On 205 occasions expenditure (Rs 2,347.05 crore) incurred were not to meet unforeseen and emergent expenditure but for pay and allowances, TA, LTC, office expenses, purchase of vehicles etc. and were not in tune with the spirit of formation of Contingency Fund provided in the Constitution.

The increasing tendency of sanctioning advances on irregular items from the Contingency Fund has led to sharp rise to the tune of Rs 2,376.41 crore during 2007-08 from Rs 151.48 crore in 2003-04 and also 678.97 per cent of contingency fund amount approved by legislature.

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

### **2.4.1 Non-observance of budgetary procedure**

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

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

Under the system of gross budgeting followed by the Government the demand for grants presented to the Legislature are for gross expenditure excluding all credits and recoveries which are adjusted in the accounts as reduction of

<sup>1</sup> *Emergent nature of expenditure 9 occasion, Rs 29.36 crore; Pay and allowances 8 occasion, Rs 1.16 crore; TA and LTC 3 occasions, Rs 2.76 crore; Office expenses, 15 occasion, Rs 5.41 crore, Purchase of vehicles, 6 occasions, Rs 10.69 crore and other 173 occasion Rs 2,327.03 crore.*



expenditure. The anticipated recoveries and credits should be shown separately in the budget estimates.

During 2007-08 in 59 cases of grants/appropriations, the actual recoveries adjusted in reduction of expenditure amounted to Rs 43.45 crore, though provision of recovery was made only in two cases of Grants and Appropriation of Rs 0.006 crore in the budget estimates. Recoveries if any, under other heads were not reflected in Accounts. Despite having been pointed out in previous Audit Reports, Government could 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. Details are given in Appendix of Appropriation Accounts for the year 2007-08.

#### 2.4.3 Non-adjustment of abstract contingent bills

Bihar Financial Rules provide that advances drawn on Abstract Contingent (AC) bills should be settled by submitting Detailed Contingent (DC) bills to the Accountant General (A&E) not later than 25 of next six months from the date of their drawal from the treasury. In spite of regularly being pointed out by audit regarding adjustment of AC bills, outstanding AC bills were on increasing trend. The total expenditure includes Rs 3,860.47 crore drawn against total No. of 7081 Abstract Contingent bills during the year 2007-08. Of this total No. of 228 Detailed Contingent bills for an amount of Rs 49.63 crore were submitted to the Accountant General (A&E), Bihar leaving the total No. of 6853 unadjusted bills amounting of Rs 3,810.84 crore.

Analysis exhibit that rules were disregarded by the DDOs and the COs. Scrutiny of records revealed that out of total drawal of Rs 11,924.44 crore on AC bills (Total No. 50384), DC bills for only Rs 511.90 crore (Total No. 3495) were submitted to A. G. (A&E), Bihar, Patna and no DC bills for remaining amount of Rs 11,412.54 crore (Total No. of pending DC bills 46,889) during the years from 2002-03 to 2007-08 were submitted despite repeated audit objections as shown in **Table No. V**

**Table No. V**

(Rupees in crore)

Sl. No.	Year	AC bill		DC Bill		Pending DC Bills	
		Number	Amount	Number	Amount	Number	Amount
1.	2002-03	6988	332.22	450	8.02	6,538	324.20
2.	2003-04	12,570	548.41	545	35.13	12,025	513.28
3.	2004-05	10,701	957.72	931	93.55	9,770	864.17
4.	2005-06	6,064	2,376.31	779	194.54	5,285	2,181.77
5.	2006-07	6,980	3,849.31	562	131.03	6,418	3,718.28
6.	2007-08	7,081	3,860.47	228	49.63	6,853	3,810.84
	<b>Total</b>	<b>50,384</b>	<b>11,924.44</b>	<b>3,495</b>	<b>511.90</b>	<b>46,889</b>	<b>11,412.54</b>

The increasing trend of outstanding AC bills needs action and effective measures for adjustment of AC bills.





## ***CHAPTER-III***

### ***PERFORMANCE AUDIT***

**3.1 NUTRITIONAL SUPPORT TO PRIMARY EDUCATION (Mid-day Meal Scheme)**

**3.2 SWARNJAYANTI GRAM SWAROZGAR YOJANA**

**3.3 ACCELERATED IRRIGATION BENEFIT PROGRAMME**





## CHAPTER-III

### PERFORMANCE AUDIT

#### HUMAN RESOURCES DEVELOPMENT DEPARTMENT

##### 3.1 NUTRITIONAL SUPPORT TO PRIMARY EDUCATION (Mid-day Meal Scheme)

###### *Highlights*

*Nutritional Support to Primary Education (NSPE), a Centrally sponsored Scheme, popularly known as Mid-day Meal Scheme (MDM) was launched in August 1995 with the objective of boosting universalisation of primary education by increasing enrolment, retention, attendance and simultaneous improvement in the nutritional status of students.*

*In Bihar, the scheme was extended to all primary schools in January 2005; it is yet to cover all schools. There was increase in enrolment and retention of students in urban as well as rural school which was a positive indication of the Scheme. However, the scheme was suffering from inadequate food grain management and fund transfer mechanism resulting into unsatisfactory implementation of the scheme. There was complete absence of the internal controls, regular monitoring and evaluation of the Scheme as per the guidelines*

The expenditure was reported by the implementing agencies on the basis of funds transferred instead of utilisation.

(Paragraph 3.1. 6.1)

There was increase in enrolment and retention of students in urban as well as rural school which was a positive indication of the Scheme.

(Paragraph 3.1.7.1 and 3.1.7.3)

563.75 MT of rice valuing Rs 90.20 lakh rotted due to poor storage and 50.96 MT of uncooked rice grains (valued at Rs 3.02 lakh) were distributed instead of cooked meals.

(Paragraph 3.1.8.1)

The average number of days on which cooked meal was served ranged between 92 to 108 days and 94 to 106 days in Urban and Rural schools respectively against 200/ 220 days prescribed in the scheme. In 9 to 17 schools no meal was served.

(Paragraph 3.1.9.2)

Against target for construction of 35226 kitchen sheds only 3599 kitchen sheds (10 per cent) were reported complete as of March 2008. In test-checked schools 91 per cent of the schools did not have kitchen sheds and 31 per cent of schools did not have adequate drinking water facilities.

(Paragraph 3.1.11.1)

Steering cum monitoring committee at all levels were not working properly. No records of periodical meetings by these committees at any level were available with the respective offices/ schools. There was no



**Specific arrangement to check the quality and quantity of cooked meals served to students.**

*(Paragraph 3.1.13)*

**3.1.1 Introduction**

The Mid-day Meal (MDM) Scheme was launched as a Centrally Sponsored Scheme on 15 August 1995 with the objective of boosting universalisation of primary education by increasing enrolment, attendance, retention and simultaneous improvement in the nutritional level of students of primary classes (I to V) of Government, local body and Government aided schools. From October 2002, it was extended to children studying in the Centres under Education Guarantee Scheme (EGS) and Alternative and Innovative Education (AIE). The scheme initially provided for distribution of fixed quantities of uncooked food to school children. This was replaced by cooked meals with effect from September 2004 after orders of Supreme Court. In Bihar, cooked meal Scheme was launched in 30 blocks under 10 educationally backward districts<sup>1</sup> (three blocks in each) since September 2003 and extended to all blocks of these districts from September 2004 onwards. From January 2005 onwards the scheme was extended for the entire State covering all primary schools.

The scheme laid (September 2004) special emphasis on disadvantaged groups with the additional objective of providing MDM in drought affected areas during summer vacation also. From September 2006, the caloric value of the meal was increased from 300 calories to 450 calories and protein content from 8-12 grams to 12 grams, while simultaneously providing essential micro-nutrients and de-worming medicines.

Central assistance for cooked MDM was provided by way of food grains at the rate of 100 grams of wheat/rice, transportation cost, cost of cooking, cost of Management, Monitoring and Evaluation (MME) and physical infrastructure such as kitchen-cum-store, adequate water supply, cooking devices and utensils.

**3.1.2 Programme Management Structure**

The scheme was implemented in the State by the Human Resources Development Department (HRDD) headed by the Principal Secretary to the Government. He was assisted by Director (Primary Education) up to March 2007 now Director (MDM) and a Deputy Director (MDM). A Steering cum Monitoring Committee (SMC) under the chairmanship of the Chief Secretary was to monitor the progress of the scheme. The District Magistrates, being the district nodal officers were responsible for implementation of the scheme in the districts with the assistance of District Superintendents of Education (DSE) and Block Education Extension Officers (BEEO). The funds were allocated to DSEs by the HRDD. Since April 2005, the funds were routed through Bihar

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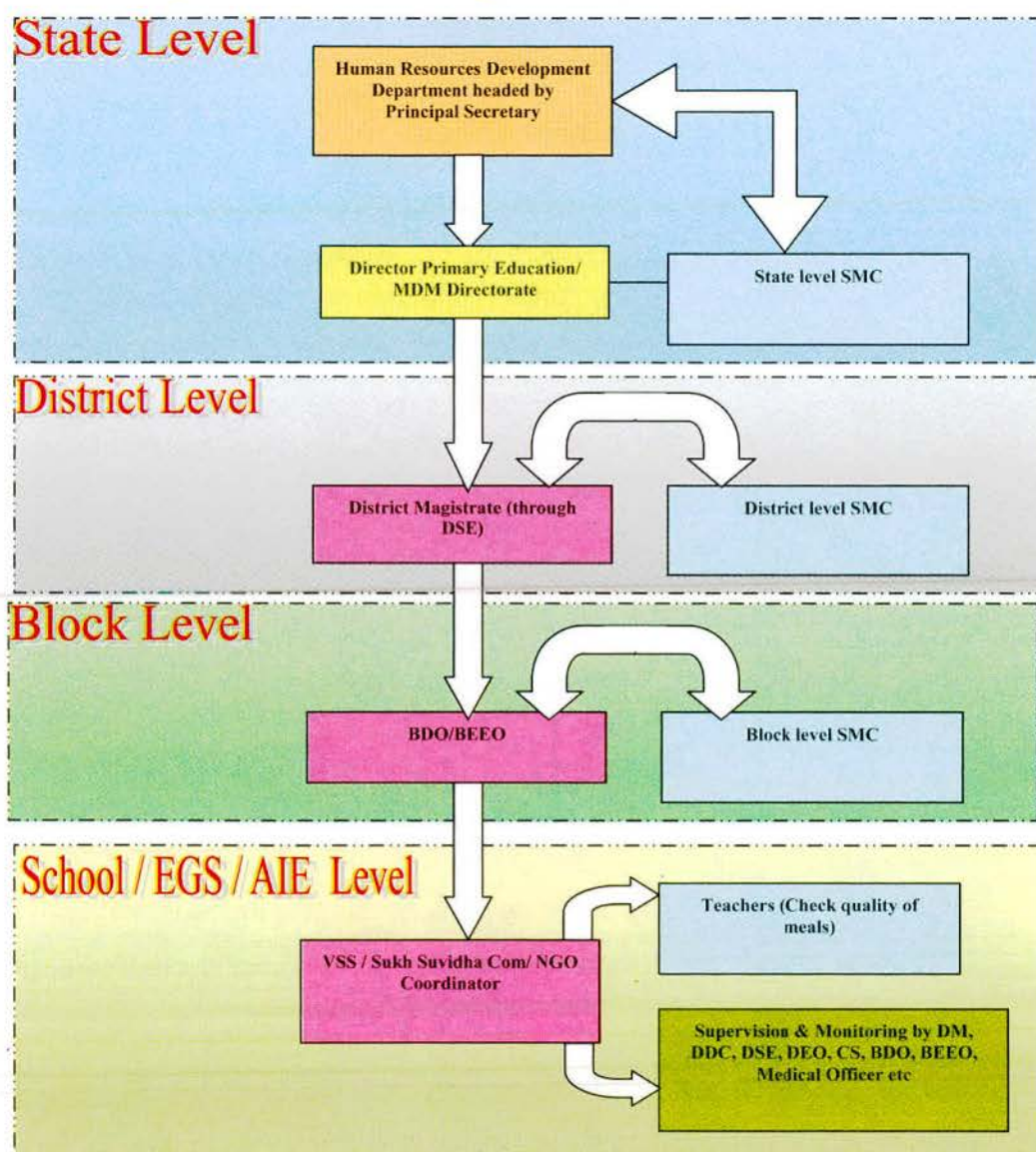
<sup>1</sup> Araria, East Champaran, Katihar, Kishanganj, Madhepura, Purnea, Saharsa, Sheohar, Sitamarhi and Supaul.



Education Project Council (BEPC)<sup>2</sup> a body constituted for implementation of Sarva Shiksha Abhiyan.

At district level, the scheme was to be overseen by SMC consisting of government officials and chaired by District Magistrate. Similar committees were also to be formed at Block level to supervise and monitor the scheme. The scheme at school level was to be implemented by Vidyalaya Shiksha Samiti (VSS), a body of parents constituted under the VSS Act, 2000 for development of schools and for ensuring community participation.

## Programme Management Structure



<sup>2</sup> BEPC- is an agency under the Human Resources Development Department through which the government executes the Sarva Shiksha Abhiyan in the State. The MDM funds were routed through this agency for accounting purposes only.

### **3.1.3 Scope of Audit and Methodology**

Implementation of the Programme for the period 2003-08 was reviewed between July and September 2007 and between April and July 2008 through test check of records of Directorate of Primary Education/ MDM Directorate, 10 (out of 38) districts<sup>3</sup>. In each selected district, records of 20 schools<sup>4</sup> (Urban: 6; Rural: 14) were test-checked. Selection of districts and schools was done on Circular Systematic Sampling Method. Blocks (52) covering selected schools were also test-checked. The audit objective/ criteria were discussed with the Principal Secretary, Human Resources Development Department in entry conference held in July 2007. Audit findings and recommendations were communicated to the Government for their comments and also discussed during the exit conference (October 2008). Replies/ views furnished by Department/ Government have been incorporated at appropriate places.

### **3.1.4 Audit objectives**

The objectives of the performance audit were to assess whether:

- data base/ base line survey, reports/ returns on enrolment, attendance and retention of children was reliable ;
- adequate funds were released and utilized properly;
- implementation of the scheme was as per guidelines of the scheme monitoring mechanism and internal controls were adequate and in place ; and
- implementation of the scheme did not have any unintended adverse impact on primary education.

### **3.1.5 Audit criteria**

The audit criteria used were:

- Norms and conditions specified in the scheme guidelines;
- Financial rules and instructions issued by the Government of India (GOI) and Government of Bihar (GOB) ;
- Annual work plan and budget proposals and
- Review, monitoring and evaluation reports as prescribed in scheme guidelines and by the Government.

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<sup>3</sup> Banka, Begusarai, Buxar, Khagaria, Kishanganj, Madhepura, Nawada, Patna, Purnea and Vaishali.

<sup>4</sup> In addition, in 32 schools of Patna supply of cooked meals and in 55 schools in Buxar supply of food grains was also test-checked.



### 3.1.6 Financial management

#### 3.1.6.1 Expenditure incurred

##### State-Level

The scheme provided for (i) free supply of food grains by GOI through the Food Corporation of India (FCI)/State Government to the implementing agencies, (ii) transportation cost of food grains from the nearest FCI godown to the schools (iii) conversion cost of ingredients such as pulses, vegetables, cooking oil, condiments etc. and (iv) Management, Monitoring and Evaluation (MME) component.

Details of funds released by GOI/GOB and expenditure there against in the State during 2003-08 were as shown in **Table No 1:**

**Table No. 1**  
**Statement of funds received/ released and Expenditure**

Year	Funds received as		Fund Released by State Government		Total release	Expenditure
	Central assistance	State share	Central share	State share		
2003-04	13.51	-	13.51*	-	13.51	13.51
2004-05	132.86	33.51	132.86	33.51*	166.37	166.37
2005-06	120.30	126.09	120.30	126.09	246.39	246.39
2006-07	370.64	161.77	364.64	161.77	526.41	526.41
2007-08	590.34	303.82	453.11	202.52	655.63	655.63
<b>Total</b>	<b>1227.65</b>	<b>625.19</b>	<b>1084.42</b>	<b>523.89</b>	<b>1608.31</b>	<b>1608.31</b>

(Source: HRD Department)

(\*Rs 13.51 Crore of Central share and Rs 24.17 crore out of Rs 33.51 Crore of State Share relate to PMGY fund)

**Table No. 1** and scrutiny of related records disclosed the following:

- The GOB did not release any fund during 2003-04 and short released its own share by Rs 101.30 crore in 2007-08. Reasons for short release were attributed to short release of Central share. However, reasons for short release of Central share by Rs 6.00 crore in 2006-07 and Rs 137.23 crore in 2007-08 were not available on record.
- The expenditure of Rs 1608.31 crore reported was not realistic (as shown in **Table No. 2** also) as Rs 1500.93<sup>5</sup> crore released between April 2005 and March 2008 to BEPC for subsequent transfer to districts was shown as expenditure.
- The GOI allotted an additional amount of Rs 48.32 crore (September 2007) and 36238.83 MT rice (October 2007) for extending the scheme to children of class VI to VIII in educationally backward blocks of the state during October 2007 to March 2008. But Rs 56.84 crore (Central: Rs 48.32 crore and State: Rs 8.52 crore) was released only in March 2008 though the scheme was to be implemented from October 2007. Thus, late release of fund and non-lifting of food grains during October

<sup>5</sup> Rs 1500.93 crore includes Rs 62.11 crore drawn by Director, Primary Education on 31 March 2005, Rs 0.39 crore of state fund for monitoring of MDM Scheme during 2006-07 and Rs 10.00 crore reimbursement of transportation cost by GOI during 2007-08.

2007 to March 2008 deprived 19.97 lakh children of class VI to VIII from cooked meal.

- Central share of conversion cost was revised from Rupees one to Rs 1.50 per student per school day since June 2006 and funds were released by GOI accordingly. The GOB revised the rate of conversion cost from Rs 1.64 (Central: Rs 1.00 and State: Rs 0.64) to Rs 2.14 (Central: Rs 1.50 and State: Rs 0.64) in November 2006 and further revised it to Rs 2.50 (Central: Rs 1.50 and State: Rs 1.00) in March 2007 but did not release fund corresponding to revisions. Funds for revised conversion cost (Rs 2.50 per meal per school day) were released in August 2007 and were transferred to districts in October 2007. Thus, schools / implementing agencies (NGOs) received less conversion cost up to September 2007. The records of test-checked schools however showed expenditure at the rate of Rs 2.14 from January 2007 and at the rate of Rs 2.50 from April 2007.

#### District Level

Fund routing agencies delayed in providing funds to schools

- Director, Primary Education (upto March 2007), and thereafter Joint Secretary/ Director (MDM) withdrew funds and transferred these funds to BEPC for onward transfer to districts. The BEPC transferred the funds to district offices of Sarva Shiksha Abhiyan which provided funds to offices of DSEs for onwards transfer to BEEOs/ VSS. Thus the complicated procedure of fund transfer resulted in delay ranging from 52 days to 148 days besides retention of Rs 72.11 crore by BEPC (Table No. 2) in all the test-checked districts. Reasons for delay were non-fixing of a prescribed schedule for transfer of funds by the Government/ BEPC and districts.

The details of available funds and expenditure incurred in test-checked districts are shown in Table No 2:

**Table No. 2**  
**Available fund and expenditure in test-checked districts**  
(Rupees in crore)

Sl. No	Districts	Year	Drawn by Director (PE/ MDM) and disbursed to BEPC	Received by districts (SSA/ DSE)	Balance with BEPC	Expenditure (DSE/ SSA)	Balance with DSE/SSA
1.	Banka	2004-08	32.14	26.73(83)	5.41	11.26 (42)	15.47
2.	Begusarai	2004-08	43.46	34.80(80)	8.66	32.29 (93)	2.51
3.	Buxar	2004-08	28.40	23.02(81)	5.38	20.42 (89)	2.60
4.	Khagaria	2004-08	27.07	15.84(59)	11.23	11.61 (73)	4.23
5.	Kishanganj	2003-08*	29.03	25.92(89)	3.11	14.69 (57)	11.23
6.	Madhepura	2003-08*	34.41	30.26(88)	4.15	14.77 (49)	15.49
7.	Nawadah	2004-08	32.15	26.03(81)	6.12	10.58 (41)	15.45
8.	Patna	2004-08	67.69	53.73(79)	13.96	40.33(75)	13.40
9.	Purnea	2003-08*	47.04	39.87(85)	7.17	25.66 (64)	14.21
1.	Vaishali	2004-08	54.29	47.37(87)	6.92	26.18 (55)	21.19
	<b>Total</b>		<b>395.68</b>	<b>323.57 (82)</b>	<b>72.11</b>	<b>207.79 (64)</b>	<b>115.78</b>

(Percentage in bracket)

(Source: DSE offices)

(\*Note: During 2003-04 the cooked meal scheme was operational in three blocks each in ten educationally backward districts of which three districts were selected for test check.)



Rs 1.76 crore conversion cost was diverted towards transportation cost

Funds were transferred on lump sum basis instead of actual requirement

- From **Table No. 2** it is seen that expenditure of Rs 207.79 crore was only 52.51 *per cent* of total amount of Rs 395.68 crore distributed to BEPC and reported as expenditure. Balance of Rs 187.89 crore was available with the BEPC/ DSEs at state, district level (March 2008).
- In five districts,<sup>6</sup> Rs 1.76 crore relating to conversion cost was diverted by DSEs between December 2006 and March 2008 to transportation cost. Out of Rs 1.76 crore, Rs 87.24 lakh was recouped upto March 2008 leaving an amount of Rs 89.25 lakh unadjusted.
- In four districts<sup>7</sup>, Rs 46.97 crore was provided by DSEs to BEEOs/schools based on lump sum requirement submitted by schools though as per guidelines funds required to be provided on the basis of enrolment of students. Providing funds on lump sum basis resulted in blocking of Rs 4.36 crore with 21 test-checked BEEO's in the districts of Banka (Rs 2.80 crore), Kishanganj (Rs 0.18 crore) and Nawadah (Rs 1.38 crore).
- Bank interest of Rs 2.67 crore accrued on MDM funds in eight DSEs<sup>8</sup> was not taken into account while in two districts (Begusarai and Khagaria) bank statement / pass book was not available and in Vaishali bank statement for partial period was only available resulting into understatement of unutilised balance.
- Bank reconciliation was not done by DSE offices in all test-checked districts. Cash balance as on 31 March 2008 appearing in bank column of cash books were short by Rs 9.02 crore<sup>9</sup> against balance appearing in bank statement in seven out of 10 test-checked districts. Begusarai, Khagaria and Vaishali did not furnish bank statements. Non-reconciliation of bank balances with the balances in the cash book was fraught with the risk of fraud and misappropriation.
- The scheme guidelines prescribed provision of funds to schools one month in advance. There was abnormal delay of one month to 12 months in transfer of funds to test-checked schools (**Appendix-3.1.1**). The delay resulted in students being either not provided meals or provided meals for less than the prescribed number of days.
- In test-checked districts, though utilisation certificate for Rs 110.44 crore only was available, the entire amount of Rs 207.79 crore advanced by DSEs to BEEOs/VSS was shown as expenditure. A similar pattern of reporting expenditure on the basis of transfer of

Expenditure figures were reported on the basis of fund transferred instead of utilization

<sup>6</sup> Begusarai: Rs 47.28 lakh; Buxar :Rs 12.96 lakh; Khagaria: Rs 13.12 lakh; Kishanganj: Rs 62.62 lakh and Nawadah: Rs 40.51 lakh.

<sup>7</sup> Banka: Rs 10.76 crore; Kishanganj :Rs 13.48 crore; Madhepura: Rs 13.05 crore and Nawadah: Rs 9.68 crore

<sup>8</sup> Banka: Rs 0.40 crore; Buxar: Rs 0.12 crore; Kishanganj: Rs 0.30 crore; Madhepura: Rs 0.42 crore ; Nawadah: Rs 0.53 crore; Patna: Rs 0.54 crore; Purnea: Rs 0.02 crore and Vaishali: Rs 0.34 lakh.

<sup>9</sup> Banka: Rs 3.85 crore; Buxar :Rs 0.75 crore;Kishanganj: Rs 0.31 crore;Madhepura: Rs 0.88 crore; Nawadah: Rs 2.15 crore; Patna: Rs0.65 crore and Purnea: Rs 0.43 crore

funds without seeking its utilisation cannot be ruled out in other districts in respect of reported expenditure of Rs 1,608.31 crore.

### 3.1.7 Enrolment, Attendance and retention of children

One of the primary objectives of the scheme was to improve enrolment, attendance and retention of children at primary level to boost the national objective of universalisation of primary education. The scheme guidelines envisaged that the MDM authority would furnish to the GOI the number of children enrolled in class I to V to release the food grains and cash components of the scheme. The GOI directed (December 2004) that a base line study be conducted for 2004-05 in respect of enrolment for capturing a realistic picture of enrolment of children. Records in respect of survey though called for was neither produced to audit nor was available on record.

#### 3.1.7.1 Enrolment

The details of enrolment during 2003-08 are shown in **Table No.3** and (**Appendix-3.1.2, 3.1.3 and 3.1.4**)

**Table No. 3**  
**Difference noticed in enrolment of students**

*(Figures in lakh)*

Year	2004-05	2005-06	2006-07	2007-08
Enrolment as reported to GOI for food grain allocation	97.92	126.38	134.93	126.38
Enrolment as per fund release order	96.10	96.10	126.38	126.38
Difference	1.82	30.28	8.55	Nil

*(Source: HRD Department)*

Reliability of data was not checked at any level. Scrutiny of records revealed that different enrolment data were used/ reported for different purpose e.g. release of fund and release of food grains as shown in **Table No. 3**.

- Records of test-checked districts disclosed that enrolment data furnished by DSEs to MDM Directorate were not based on school level records and there were variations between the enrolment data as reported to GOI and those collected by Audit from DSEs. The enrolment data appearing in the records of DSEs in 10 test-checked districts was cross verified with the corresponding enrolment records of MDM Directorate and it was found that in three districts the enrolment data was inflated by 0.71 lakh while it was understated by 10.10 lakh in the remaining seven districts during 2005-08 (**Appendix-3.1.2**)
- Position of enrolment in test-checked schools (**Appendix-3.1.3**) indicate that though the overall enrolment has increased; but in urban schools under Banka, Kishanganj, Madhepura and Patna enrolment decreased during 2005-07, Begusarai and Purnea during 2007-08, Buxar during 2006-08, and Nawada during 2004-06. In rural schools



under Nawada and Begusarai enrolment decreased during 2007-08, Patna during 2005-07, Khagaria, Madhepura during 2004-05.

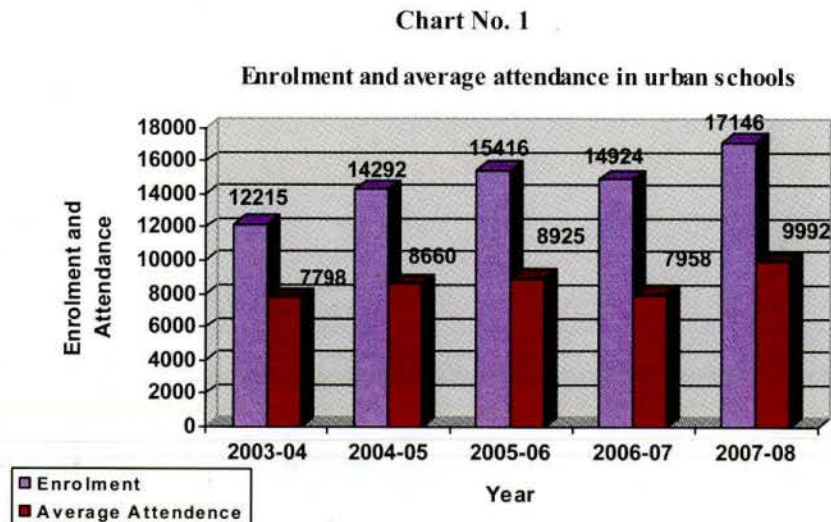
- Out of 200 schools selected for test check, differences were noticed (152 schools) in actual number of students enrolled and that reported to audit. The reported numbers of students enrolled were excess by 4222 students in 47 schools while it was less by 6451 in 105 schools in eight<sup>10</sup> test-checked districts. Enrolment data of 40 schools in Kishanganj and Madhepura districts were not furnished by DSEs. In remaining eight schools the enrolment data were same as per schools and DSEs records. The details are given in **Appendix-3.1.4**.
- Specific data for enrolment of children belonging to disadvantaged sections was not maintained in any schools/ districts test-checked.

Proper system of reporting of enrolment not followed

From the facts narrated above, it would be seen that a proper system for reporting of enrolment of children from schools to BEEOs, from BEEOs to DSEs and to apex level was not followed. The DSEs obtained figures of enrollment from BEEOs without any supporting school level records though scheme guidelines provided for various forms like *Ka, Kha and Ga* for recording the same. Non-adherence to the reporting mechanism with regard to enrolment resulted in communication of incorrect / unreliable figures at each level including the figures reported to GOI by the MDM Directorate.

### 3.1.7.2 Attendance

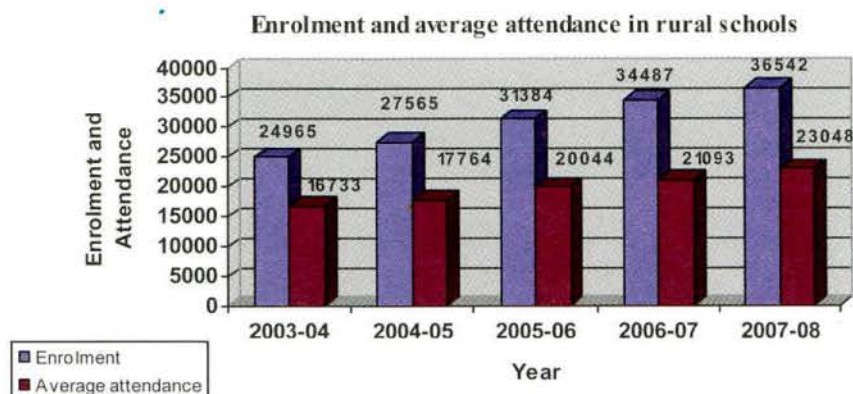
The details of enrolment and average attendance of students their against in 200 test-checked schools were as shown in chart No.1 and 2



<sup>10</sup>

Banka, Begusarai, Buxar, Khagaria, Nawada, Patna, Purnea and Vaishali.

Chart No. 2



(Source: School Records)

Chart No.-1 and 2 and test check of school records disclosed the following:

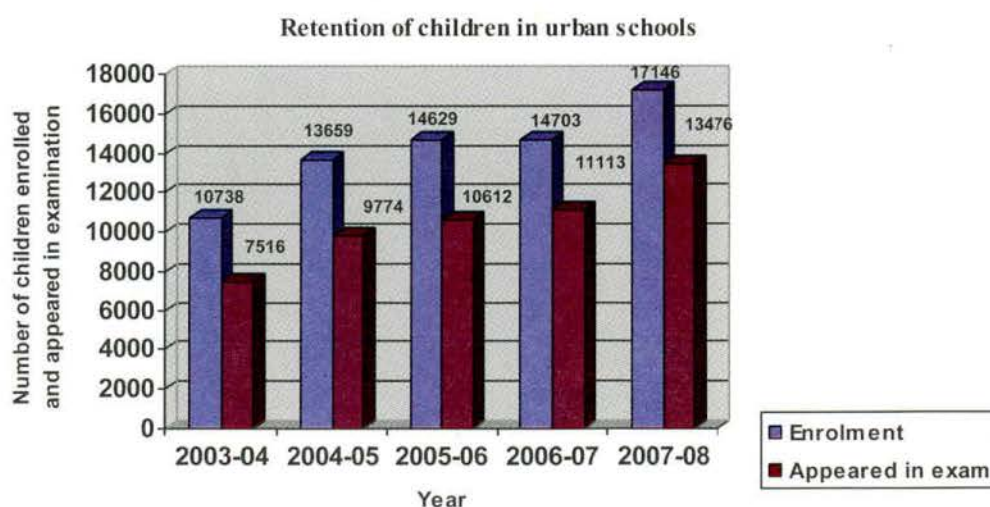
Average attendance decreased though enrolment were reported to have increased

- There was no system of reporting of attendance by the schools to higher authority and therefore records relating to attendance were not available at any level other than schools.
- In contrast to the yearly increase in enrolment, the average attendance declined from 64 per cent (2003-04) to 58 per cent (2007-08) in urban schools and from 67 per cent (2003-04) to 63 per cent (2007-08) in rural schools.

### 3.1.7.3 Retention of students

The system for recording/ reporting retention of children in primary schools was not prescribed by the State Government. Further norms for evaluating retention of students were also not defined. Therefore average retention rate of students in test-checked districts was tallied with enrolment and the number of students appearing in examination as shown in Chart No. 3 and 4.

Chart No-3

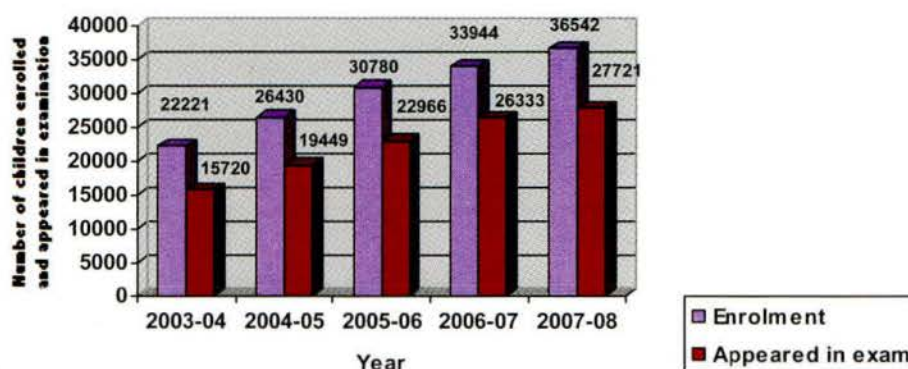


(Source: School Records)



Chart No.-4

## Retention of children in rural schools



(Source: School Records)

(Note: Enrolment in 167 schools during 2003-07 and 188 schools during 2007-08 for which results were available were taken as basis for chart No.3 and 4)

Average retention of students was 74 and 75 per cent in urban and rural schools respectively

The retention of students increased from 70 per cent (2003-04) to 79 per cent (2007-08) in urban schools and from 71 per cent (2003-04) to 76 per cent (2007-08) in rural schools.

Records relating to number of students present in the school after having meals were also not maintained. As per existing practice there was provision of only one time attendance at beginning of the school every day and no other records of students depicting that students were staying full time in the school or up to the time of mid-day meal were maintained by the state/school. Hence, year wise and class wise data were not available in any schools test-checked.

However, information furnished by headmasters of test-checked schools revealed that students ranging between 10 per cent and 80 per cent leave the schools after getting mid-day meal in 47 urban schools and 108 rural schools. This indicated that though the scheme was able to provide nutritional support to children, but boosting education by retaining the enrolled children after the meal could not be ensured.

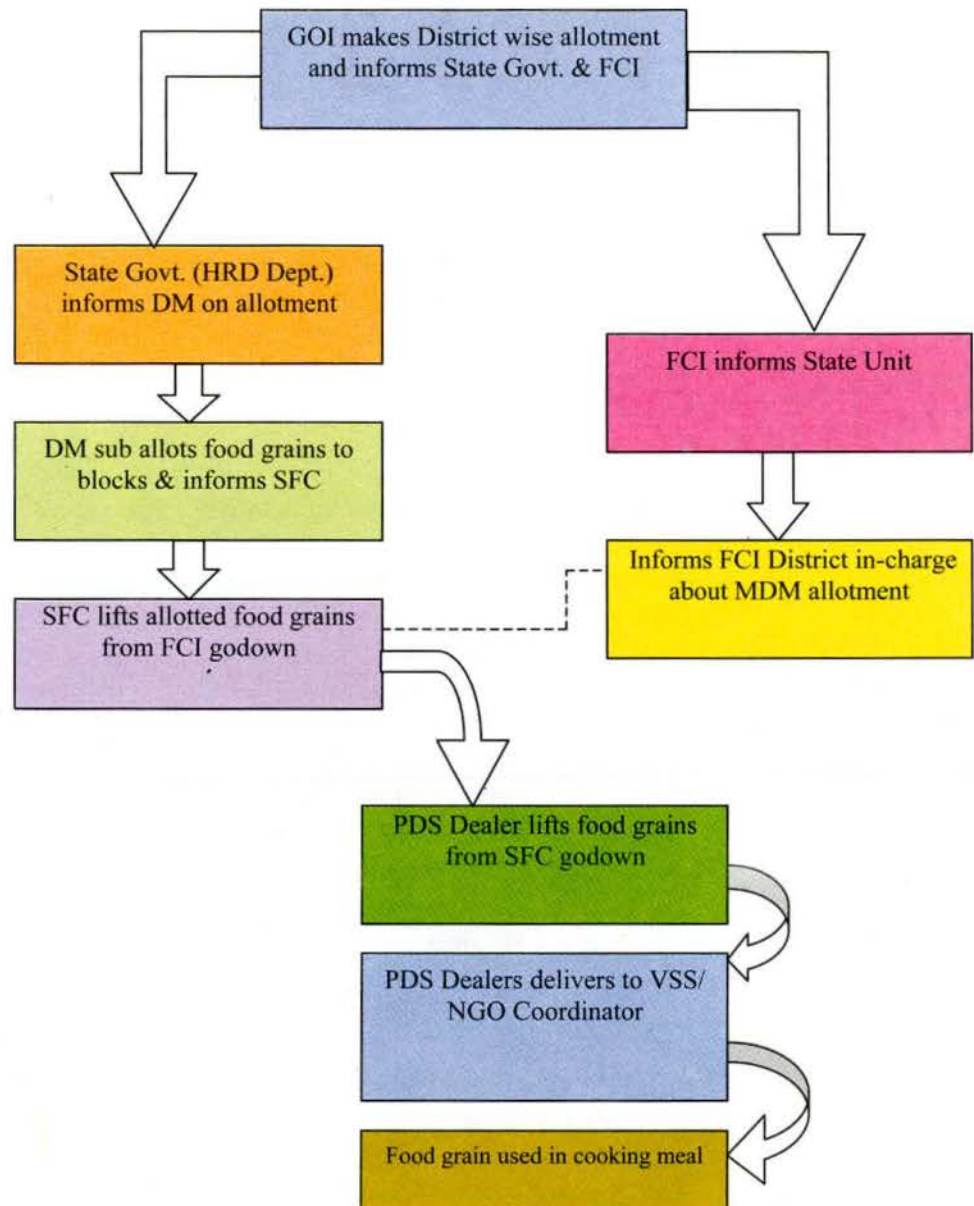
### 3.1.8 Food grains management

The MDM scheme provided for supply of food grain free of cost by GOI at the rate of three kg per month per child for ten months in a year under the uncooked food grains scheme and 100 gm per child per school day under the cooked meal scheme. Allocation of food grain by GOI / FCI was to be made as per the annual work plan. The nodal agency had logistical responsibility to ensure accurate projection of requirement, timely lifting of food grain allocated from nearest FCI depot, monitoring of their distribution to each primary schools besides ensuring fair average quality of food grains.

In Bihar, State Food Corporation (SFC) was appointed (March 2005) as nodal transporting agency for lifting of food grains from nearest FCI godown and its distribution to schools through Fair Price Shops (FPS). Initially (March 2005),

SFC distributed food grains through BDOs and later on distribution was done on different dates through FPS in the test-checked districts. However, from February 2008, lifting from SFC and distribution to schools was done through BEEOs.

### FLOW CHART OF FOOD GRAINS





The details of allocation and lifting of food grains by the State were as shown in **Table No. 4**

**Table No. 4**  
**Allotment and Lifting of food grain at state level**  
(Quantity in MT)

Year	Allocation	Lifting/Percentage
2003-04	245300	169906 (69)
2004-05	195835	158435 (81)
2005-06	218070	158673 (73)
2006-07	248030	113381 (46)
2007-08	184367	96615 (52)
<b>Total</b>	<b>1091602</b>	<b>697010 (64)</b>

(Source: HRD Department and SFC)

The **Table No. 4** above and scrutiny of records disclosed the following:

#### **3.1.8.1 Lifting and utilisation of the food grains**

During 2003-08, food grains in range of 46 *per cent* to 81 *per cent* of allocated quantity were lifted. Reasons for short lifting of food grains was not available on record. The details of food grains allotted, lifted and supplied to test-checked districts are shown in **Appendix- 3.1.5**.

- The utilisation certificates for the food grains received by the districts to State Government and by the State Government to GOI were not submitted on a regular basis. The account of actual lifting and utilisation of food grains was to be monitored through submission of information in prescribed form ("Ka", "Kha" and "Ga") by school level, block level and district authorities respectively. It was seen that information in prescribed forms were not compiled hence quantity of food grains lifted by these authorities from SFC/ FCI could not be ascertained.
- Lifting of food grains by SFC against allotted quantity in 10 test-checked districts ranged between 36 *per cent* (Madhepura) and 74 *per cent* (Patna) during 2005-08 as shown in **Appendix- 3.1.5**. However, no data for the the same for period prior to 2005 was on record. The SFC supplied 88 *per cent* of lifted quantity of food grains during 2003-08. This resulted in retention of 11946.24 MT rice valuing Rs 7.09 crore by SFC. Less lifting of food grain at Madhepura during 2006-08 was due to non-attachment of Fair Price Shops (FPSs) to schools. Reasons for less lifting of food grain in other test-checked districts was not available on record.
- 116.51<sup>11</sup> MT rice valuing Rs 6.91 lakh diverted under the orders of District Magistrate (November 2006) to flood relief work was not recouped (July 2008).

<sup>11</sup>

Buxar:78.22MT and Begusarai:38.29 MT

- 50.96 MT uncooked rice (valuing Rs 3.02 lakh) instead of cooked meals was distributed by 33 VSS during March 2005 to October 2005 in three districts<sup>12</sup> due to receipt of more than one months requirement at a time.
- 393.70 MT rice lifted by SFC during August 2006 to March 2007 remained undistributed in Madhepura district because FPSs were not attached with schools during May 2006 to March 2007. Rs 4.86 crore advanced to schools on this account remained blocked and therefore the Programme was not implemented in Madhepura district during May 2006 to March 2007. The adjustment/refund of such advance was not shown to audit (July 2008). This indicated lack of co-ordination between the executing authorities and agencies involved in providing cooked meal to the children of the concerned schools.

As per BEEOs and school report, 563.75 MT rice valuing Rs 90.20 lakh<sup>13</sup> rotted during July 2005 to March 2008 at various schools in four test-checked districts (10 BEEOs and 136 schools). The reasons given for rotting of rice was due to its storage on earthen floor. After enquiry a committee was set up by DSE Buxar where in 15 quintal rotten rice (cost Rs 0.24 lakh) was disposed of without recovery of cost or write off. At other places no enquiry or recovery was done (July 2008).



*Primary School, Haspura, Patna.*



*Primary School, Adappa, Patna.*

- As per orders of GOB, all EGS centres (3682) were closed in September 2006 but allotment of food grains in seven districts<sup>14</sup> was not reduced by the districts authority. Thus 2519.29 MT excess rice valuing Rs 1.49 crore was lifted during October 2006 to March 2007.

<sup>12</sup> Begusarai: 30.28 MT; Khagaria: 13.30 MT and Kisanganj: 7.38 MT.

<sup>13</sup> Calculated @ Rs 16,000 per MT as fixed by GOB.

<sup>14</sup> Banka: 89.08 MT; Buxar: 174.26 MT; Khagaria: 205.10 MT; Madhepura: 518.31 MT; Nawada: 625.70 MT; Purnea: 836.10 MT and Vaishali: 70.74 MT.



In other three districts<sup>15</sup> records of lifting of food grain by EGS Centres were not made available to audit.

- Rupees 38.11 lakh was advanced (during January to December 2005 Rs 37.62 lakh and during August 2006 Rs 0.49 lakh) to 1221 EGS Centres by DSEs in three districts<sup>16</sup> which remained unutilised due to closure (October 2006) of EGS centres. The unutilised fund and utensils (Rs 4.48 lakh) of these EGS centers remained with Panchayat concerned till July 2008 though it was required to be transferred to nearest schools as per MDM guidelines.

### 3.1.8.2 Supply of food grains to schools

Against the requirement of 2865.77 MT food grains during 2005-08, only 997.50 MT food grains was supplied by the DSEs concerned to 547 schools. Therefore, 1868.27 MT food grains was supplied less than the required quantity by the DSEs as shown in **Table No. 5**

**Table No. 5**  
**Requirement and receipt of food grain in test-checked schools**  
(Quantity in MT)

Year	Urban/ Rural	No. of schools	No. of students enrolled	Food grain required per year	Actually received	Less supplied
2005-06	Urban	58	15214	304.28	98.60	205.68
	Rural	135	30598	611.96	257.46	354.50
2006-07	Urban	59	14813	296.26	113.89	182.37
	Rural	135	33853	677.06	251.33	425.73
2007-08	Urban	46	14154	311.39	92.26	219.13
	Rural	114	30219	664.82	183.96	480.86
<b>Total</b>	<b>Urban</b>	<b>163</b>	<b>44181</b>	<b>911.93</b>	<b>304.75</b>	<b>607.18</b>
	<b>Rural</b>	<b>384</b>	<b>94670</b>	<b>1953.84</b>	<b>692.75</b>	<b>1261.09</b>

(Source: school records)

(Note: - During 2003-05, the scheme was launched on pilot basis in 30 blocks of 10 educationally backward districts only)

Reasons for short supply of food grains by the district level executing authorities were not available on record. Less supply of food grains had the effect of interruption in supply of cooked meals to children.

### 3.1.8.3 Disposal of empty bags

The scheme guidelines issued (December 2004) by GOI envisaged that empty jute bags should be disposed of by the VSS/ School Management in a transparent manner so as to fetch the best possible price and their sale proceeds are utilised for further enrichment of MDM scheme. During 2005-08, 18.29 lakh empty jute bags (of 50 kg capacity) valuing Rs 91.45 lakh was available on supply of 91449.37 MT rice by SFC. These bags were retained by the VSS/ Schools and were not disposed of as per scheme guidelines. Non

<sup>15</sup> Begusarai, Kisananj and Patna.

<sup>16</sup> Banka:Rs 0.49 lakh; Madhepura:Rs 30.22 lakh and Purnia:Rs 7.40 lakh.



disposal of empty bags was fraught with loss of government money as the bags are perishable article (*Appendix- 3.1.6*).

#### **3.1.8.4 Food grains accounting**

The Scheme guidelines provide for maintenance of food grains records by the implementing agencies. It was, however, observed that proper and effective accounting procedure for recording of food grains was not enforced by implementing agencies from schools level to directorate level resulting in acceptance of the data furnished by the FCI and SFC. Audit appraisal revealed the following:

- As per records of BEEO, Buxar 463.72 quintal rice was shown as distributed to 12 schools during January 2005 to March 2008 where as only 391.74 quintal were shown received as per school records. Thus availability of 71.98 quintal rice (Rs 1.15 lakh) was not accounted for as per records. Scrutiny of BEEO's records further revealed that distribution figures were manipulated by overwriting the existing figures (*Appendix- 3.1.7*). Similar manipulation in distribution figures in respect of 527.96 quintal of rice by two BEEOs (Buxar 336.28 quintal and Chausa 191.68 quintal) valued at Rs 8.45 lakh was noticed in the records of BEEOs concerned. Further, 39 schools (Buxar: 23 and Chousa: 16) out of 57 schools test-checked (Buxar: 34 and Chousa: 23) had accounted for less quantity of rice by 628.71 quintal (Buxar: 446 quintal and Chousa: 182.71 quintal) valued at Rs 10.06 lakh) during January 2005 to March 2008. (*Appendix- 3.1.8*)
- In 105 out of 200 schools test-checked, the headmasters concerned intimated that there was shortage of five to 15 kg rice in each bag (50 kg). A test check by audit in two schools<sup>17</sup> revealed that out of 11 bags each bag contained an average of only 32 kg. rice as against requirement of 50 kg. rice per bag. However, for less receipt of rice neither the school authorities lodged any complaint nor the MDM authorities have taken any action to stop/check the practice.
- The BEEO (Itadhi) supplied 51 quintal rice for 225 enrolled students for period between August and November 2007 on 29 February 2008 to Primary School, Jaipur (Itadhi), Buxar having no storage facility. The requirement of school was 4.5 quintal per month. This indicated that the implementing agencies were not able to ensure periodic supply of food grains as per actual requirement resulting in dumping of excess quota in advance since the schools lacked proper/ adequate storage facility, the food grains stored was fraught with the risk of misappropriation/ rotting.

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<sup>17</sup> Primay Schools Jhuggi Jhopari, Beur, Patna and Rajkiya Buniyadi Vidyalaya, Buxar.



### 3.1.9 Cooked meal management

The MDM scheme guidelines envisaged provision of mid day meal with prescribed calorific value and protein content to each student of all primary schools on each school day for a minimum of 200/220 days in a year.

#### 3.1.9.1 Coverage of schools for MDM

Details of coverage of MDM in the state are shown in **Table No. 6**

**Table No. 6**

#### Coverage of schools for MDM at State level

Year	Total number of schools/EGS	Covered under MDM	Percentage of coverage
2004-05	61495	28170	46
2005-06	61495	56295	92
2006-07	65250	53209	82
2007-08	66793	48903	73

*(During 2003-04, the scheme was operational in three blocks of 10 districts only)*

The table No 6 indicates that since 2005-06 though there was increase in the number of schools and new schools were opened, however, the extent of coverage of the MDM scheme decreased from 92 per cent (2005-06) to 73 per cent (2007-08).

Records in 10 test-checked districts also disclosed that 481 schools and 1283 EGS/ AIE centers were not covered for MDM during 2006-08. Thus 0.83 lakh students were deprived from availing cooked meals, though the scheme intended to cover all primary schools/ EGS/ AIE centres since January 2005 onwards.

New schools were not covered under scheme

After closure of EGS centres (September 2006) in 10 test-checked districts 3708 new schools were opened in October 2006 under MDM Scheme. However, the scheme was not implemented in any new schools till date of audit (July 2008). Reasons for non-implementation of scheme were attributed to lack of infrastructure and non-formation of VSS. The non-implementation of the scheme deprived 3.32 lakh children enrolled in these new schools of cooked meals. This indicated that the implementing agencies were not able to keep pace in organizing/arranging cooked meal for the all students/schools in the State.

#### 3.1.9.2 Meals for prescribed number of days

The MDM directorate did not have any consolidated record to indicate the number of days on which mid day meals were supplied in schools during a year. Records in test-checked schools however revealed that the average number of days on which cooked meal was served ranged between 92 to 108 days and 94 to 106 days in Urban and Rural schools respectively. Out of 200 schools test-checked no meal was served in nine to 17 schools during 2005-08. The details are given in **Appendix- 3.1.9**.



The reasons for not providing cooked meal for prescribed number of days as per scheme guidelines were mainly attributed by the schools to non-availability of food grain/conversion cost at school level. The reasons provided were indicative of failure of state level/ district level authorities in implementation/monitoring and utilisation of available resources.

### **3.1.9.3 Payment for inflated number of meals**

Scrutiny of records of 33 out of 52 test-checked schools (20 selected and 32 additional) at Patna where supply of cooked meal was entrusted (May 2007) to an NGO (SWERA) revealed that the number of meals received by schools concerned during July 2007 to March 2008 was inflated by 31220 meals in NGO's copy by addition/ manipulation which was not verified by DSE at the time of payment, resulting into excess payment of Rs 1.28 lakh (Rs 0.78 lakh of conversion cost and Rs 0.50 lakh for cost of rice) to SWERA, Patna.

### **3.1.10 Quality and quantity of cooked meals**

**Quality of cooked meals were never checked**

The scheme guidelines stipulate provision of cooked meals with minimum 300 calories (450 calories from September 2006) and 8-12 gm (12 gm from September 2006) of protein to each student for each school day (minimum 200 revised to 220 days from September 2006). The meal menu with revised calorific value was initiated by the GOB in November 2006 (delayed by four months after GOI revised the menu in July 2006), however, the same could be implemented from April 2007 onwards. Thus there was delay of 10 months in implementation and providing meal as per revised menu.

- No monthly inspection of cooked meal was done by any medical officer in the test-checked schools during 2003-08. This indicated absence of monitoring of cooked meal provided to students.
- Identification of under-weight children and regular health check up at school level was never done.
- De-worming medicines etc was also not provided at any time though required six monthly.

Thus, the MDM authority could not ensure cooked meal supplied to students have adequate calories, protein content etc as per guidelines.

- In test-checked schools, no records were available which would indicate that quality and quantity of food was ever checked at school level (weighing machines were not available) or by any other authority. This indicated that quality and quantity of served cooked meal was not ensured.
- No provision of extra nutrient in form of gram/ gur/ vegetable/ fruit etc. were noticed in any school till date of audit (July 2008) though expenditure of Rs 59.87 crore was incurred on providing extra nutrient to 166.31 crore students during July 2007 to March 2008 in the State. Thus indicating that benefit of providing extra nutrient did not reach the targeted students.



### 3.1.11 Infrastructure

The scheme guidelines envisaged that kitchen sheds should be constructed in each school to facilitate cooking in schools itself so that fresh and hot cooked meal is served to children. Each school was required to have proper drinking water facility apart from keeping the kitchen area hygienic. 61 schools (Urban: 28 and Rural: 33) (31 *per cent*) of 200 schools test-checked had no clean drinking water facility. The details are mentioned in **Appendix-3.1.10**.

#### 3.1.11.1 Construction of Kitchen sheds

Only 10 *per cent* kitchen sheds were constructed though funds were available

During 2004-2008, Rs 207.24 crore was provided for construction of 35226 Kitchen sheds in all districts of the State. Of this, only 3599 Kitchen sheds (10 *per cent*) were reported as completed.

Following observations made:

- Against available fund of Rs 29.67 crore, Rs 13.23 crore was advanced to 2653 VSS in 10 test-checked districts for construction of 2653 kitchen sheds. Of this only 297 kitchen sheds (11 *per cent*) were actually completed upto 2007-08 and Rs 1.49 crore adjusted leaving unutilised balance of Rs 11.74 crore blocked with VSS on incomplete work. Thus, against actual completion of only 297 kitchen shed, a wrong information about completion of 933 kitchen sheds was reported (March 2008) to GOI. Scrutiny further revealed that out of 2356 incomplete kitchen sheds, advance of Rs 57 lakh was given to 44 landless schools, 12 schools having land dispute and 65 schools having VSS dispute which caused delay in completion. The details are given in **Appendix-3.1.11**.
- 182 schools (91 *per cent*) ( Urban: 52 and Rural: 130) out of 200 schools test-checked had no Kitchen shed though Rs 29.67 crore was available in these districts during 2005-08.

#### 3.1.11.2 Utensil and Kitchen devices

Scrutiny revealed that in 186 schools (93 *per cent*) (Urban: 56 and Rural: 130) of 200 test-checked schools did not have adequate cooking and serving utensils though Rs 2.98<sup>18</sup> crore was available with DSEs in these districts but the DSEs did not provide funds to schools during 2003-08. Gas/ smokeless *chullah* were not available in any schools test-checked. The details are mentioned in **Appendix-3.1.10**.

<sup>18</sup> Banka: Rs 30.47 lakh, Begusarai: Rs 22.44 lakh, Buxar: Rs 21.73 lakh, Khagaria: Rs 15.21 lakh, Kishanganj: Rs 25.27 lakh, Madhepura: Rs 19.89 lakh, Nawada: Rs 26.98 lakh, Patna: Rs 68.25 lakh, Purnea: Rs 29.36 lakh and Vaishali: Rs 38.15 lakh.

Teaching time was lost in scheme implementation

### **3.1.11.3 Teaching time used for cooking/ distribution of meal**

GOI had instructed (April 2003) that teaching time should not be used for the cooking and serving meals. This was reiterated by the State Government in August 2005. The MDM Programme was to be implemented through VSS/ Mata Samiti and NGOs but in practice it was observed that the scheme was actually implemented by the teachers of the schools concerned which took an average time of 13-18 out of 30 teaching hours in a week in test-checked schools. Thus, the implementation of the Scheme was affected due to decrease in teaching hour during implementation of Scheme.

This indicated that there was lack of efforts/ initiative on the part of MDM authorities/ implementing agencies in creating the required infrastructure for overall success of the Programme.

### **3.1.12 Internal control / internal audit**

- Internal control is a management tool used to provide reasonable assurance that the objectives are being achieved in an economical, efficient and effective manner. The deficiencies noticed in test-checked districts were as under:
- The stock register of food grains, ingredients, meal cooked and served was not maintained in any test-checked schools.
- Periodic physical verification was not conducted at school level though instructions for inspections at the time of cooking, tasting and serving meals were issued by HRD. Records in this regard were not maintained in any test-checked schools.
- Accounting records of food grains as well as funds were not maintained properly at school, blocks and district levels. Separate cash book for MDM funds was not maintained in three test-checked districts (Banka, Begusarai and Nawadah).
- The department did not have internal audit wing and no manual for the same was prepared and enforced.

### **3.1.13 Management, Monitoring and Evaluation**

SMCs were to be set up at State, District and Block level to provide guidance, monitoring, co-ordination and for taking proper remedial action to overcome deficiencies/complaints in its periodical meetings.

SMCs were not able to provide desirable value addition to the scheme

In test-checked districts, though such committee/ SMCs were constituted but its meetings were seldom held. The attendance of children and quality of the meal, its regularity, non-discrimination against children of weaker sections, cleanliness in cooking, serving and consumption of meal, implementation of varied menu etc. were not monitored by any state level committee as per guidelines of the scheme. The minutes of meetings of SMCs in this regard were not on record. The GOI instructed (March 2007) strict adherence of 25 per cent inspection of schools in every quarter which was not complied at all.



A MDM monitoring cell was created (December 2006) with a view to monitor and evaluate the scheme from Block level to State level. The cell consisting of 625 Resource Persons<sup>19</sup> (headquarters: 16 and field: 609) was to be appointed on contract basis by March 2008.

Monitoring and accounting through RPs were yet to take off

Test check revealed that against 154 posts of Resource Person (RP) in 10 districts including blocks, only 126 RPs (82 *per cent*) were appointed between July 2007 and February 2008 and Rs 18.77 lakh was paid against available fund of Rs 1.09 crore. Delay in appointment of RPs has an effect on non preparation of information in Form 'Ka, Kha & Ga' from school level to district level resulting in delayed and unreliable progress reports to MDM Directorate.

Rupees 2.07 crore was earmarked during 2006-08 for annual evaluation of the scheme by an external agency but no such evaluation was undertaken which resulted in lack of identification of cases of malnutrition, assessment of nutritional status of children and identification of weak areas in functioning of scheme.

### 3.1.14 Action taken on previous Audit Reports

Paragraph 3.4 of the Report of Comptroller and Auditor General of India for the year ending March 1999 on a similar topic was placed in Public Accounts Committee (PAC) of the Bihar Legislative Assembly. Deficiencies pointed out in the earlier Audit Report relating to budget allocation, expenditure, scheme implementation etc. persisted during 2003-08 (*Appendix-3.1.12*). Action Taken Report was not issued till July 2008 though Recommendation Report of PAC was presented in the State Assembly on 22 March 2004.

### 3.1.15 Conclusion

The MDM scheme was characterised by delays in providing funds and food grains to schools resulting in interruptions in the smooth running of the scheme. Accounts of food grains were not reconciled resulting in short receipt of food grains in the schools. Reporting of facts and figures by the districts was without any credible data as availability of basic information in proforma prescribed were not ensured. There was absence of norms for timely release of fund to implementing agencies. The steering and monitoring committee was not functional and the quantity and quality of food was never checked. Kitchen shed, Kitchen device, Cooking and serving utensils were not adequately provided to schools though funds were available with DSEs, Drinking water facility was also not available to all schools. However, increase in retention and learning level was a positive indication of the Programme.

<sup>19</sup> Resource Person is a computer skilled contractual appointed person for 11 months (two in each district) and 10 months (one in each block) on fixed honorarium of Rs 3500/- per month for monitoring and evaluation work of the scheme and also for preparation and submission of different report/ returns.

### **3.1.16 Recommendations**

The Government may examine and consider the following:

- effective mechanism for ensuring timely supply of food grains and providing funds at school level should be devised.
- system of monitoring and inspection of quality, nutrients of cooked meal should be strengthened.
- accounts of food grains should be maintained as per guidelines and reconciled at all levels to prevent diversion/misappropriation of food grains.
- maintenance of separate accounting records on regular basis for funds from school level to Directorate level should be ensured.



## RURAL DEVELOPMENT DEPARTMENT

### 3.2 SWARNJAYANTI GRAM SWAROZGAR YOJANA

#### *Highlights*

*The Swarnjayanti Gram Swarozgar Yojana was launched by Government of India from 1 April 1999 as a single holistic programme to cover all aspects of self employment for the rural poor. The programme was launched by integrating all components of erstwhile rural employment and poverty eradication programmes. The scheme suffered adversely due to poor utilisation of fund, large scale diversions and misutilisation of fund, inadmissible/ doubtful payments, injudicious selection of NGOs etc. None of the special projects taken up could be completed by the target date. The operational aspects of the scheme such as marketing support, infrastructure development and skill upgradation were not adequately strengthened as per target. The programme was also inadequately monitored and the implementation on important issues lacked the initiative for upliftment of poor families.*

The central funds were short released by Rs 213.60 crore due to poor utilization of funds.

(Paragraph 3.2.6)

Rupees 4.06 crore were diverted for inadmissible expenses and Subsidy of Rs 62.82 lakh was given by banks in excess of prescribed limit.

(Paragraph 3.2.6.1 & 3.2.7.1)

Rupees 13.52 crore meant for bridging small gaps in infrastructure was spent on creation of new infrastructure of general nature against the provision of scheme guidelines.

(Paragraph 3.2.7.2)

Against the target of covering at least 30 per cent of BPL families in five years, since inception (1999-2000) the coverage was only 5.83 lakh BPL families against the total number of 60.26 lakh BPL families till March 2008.

(Paragraph 3.2.8.2)

Double/ Multiple payments of Rs 9.80 lakh was made to the Individual Swarozgaries having same BPL number and 81 Self Help Groups had same BPL family in more than one SHG.

(Paragraph 3.2.8.4)

Against target for credit mobilization of Rs 2,191.87 crore achievement was Rs 1,016.30 crore (46 per cent). The credit mobilization suffered due to lack of co-operation by the banks and non-disposal of loan applications by bank.

(Paragraph 3.2.8.5)

Monitoring and evaluation was inadequate.

(Paragraph 3.2.13)



### **3.2.1 Introduction**

Swarnjayanti Gram Swarozgar Yojana (SGSY) is a self-employment programme. It was launched on 1<sup>st</sup> April, 1999. The programme aimed to be holistic programme for micro-enterprises development in rural areas. It also aimed to address deficiencies of earlier self employment programmes through the integration of various agencies *i.e.* District Rural Development Agencies (DRDAs), Banks, line Departments, Panchayati Raj Institutions (PRIs), Non-Government Organisations (NGOs) and other organisations which were to work together. The programme envisaged monitoring through the SGSY committees at Central, State, District and Block levels. The SGSY envisaged target of covering at least 30 *per cent* of the below poverty line (BPL) rural families in each block of five years since inception.

### **3.2.2 Organisational set-up**

At state level, Principal Secretary of Rural Development Department assisted by Additional Secretary and Joint Secretary, at district level, District Magistrates (DMs) / Deputy Development Commissioners (DDCs) through DRDAs and at block level, Block Development Officers (BDOs) were responsible for the implementation of the programme.

### **3.2.3 Audit Objectives**

The audit objectives were to assess whether:

- selection of key activities was appropriate and best suited for the beneficiaries;
- the programme was focused on poor at the grass root level and the vulnerable groups among the rural;
- funds provided for SGSY were economically, efficiently and effectively utilised;
- flow of credit and other institutional support to the beneficiaries were smooth and adequate.
- the programme was monitored closely at various levels and evaluated from time to time.

### **3.2.4 Audit Criteria**

The criteria used for performance audit of the scheme were:

- the guidelines issued by GOI for implementation of SGSY;
- Bihar Financial Rules;
- circulars and orders issued by State/Central Governments from time to time;
- target, fixed and achievement thereagainst.



### 3.2.5 Scope of Audit and Methodology

Performance Audit for implementation of SGSY for the period 2003-08 was conducted during March 2008 to December 2008 through test check of records in the Rural Development Department, 10<sup>1</sup> out of 38 DRDAs and 38 out of 151 Blocks covered by these DRDAs besides banks<sup>2</sup> and line departments<sup>3</sup> concerned. The DRDAs and Blocks were selected by applying Simple Random Sampling without Replacement (SRSWOR) method. The audit objectives and audit criteria were discussed with the Principal Secretary, Rural Development Department in Entry Conference held in June 2008. Exit Conference was held in November 2008 to discuss the audit findings. Replies/ views of the department have been incorporated at appropriate places.

### 3.2.6 Provision and utilisation of fund

Funds to be shared between the Centre and the State in the ratio of 75:25 were to be released directly to DRDAs in two instalments *i.e.* in the month of May and December of each year. Devolution of fund by DRDA to the blocks was to be based on incidence of poverty and other local factors. For special projects, 15 *per cent* of the funds under SGSY were to be set aside by the Ministry of Rural Development Department.

The scheme fund consists of four components *i.e.* Central share, State share, other receipts *i.e.*, interest on amounts deposited in bank and unspent balances under erstwhile programmes.

The details of fund allocated, released and expenditure incurred are shown in table No.-1:

**Table No.-1**  
**Allocation, release and expenditure of fund during 2003-08**

Year	Allocation of fund			OB# (Percent age of allocated fund)	Fund released			OR#	Total available funds	Expendi- ture (per cent)	Unspent balance (per cent)
	Central	State	Total		Central	State	Total				
2003-04	100.85	33.62	134.47	75.60 (56)	56.66	13.35	70.01	8.92	154.53	112.09 (73)	42.44 (27)
2004-05	126.24	42.08	168.32	42.44 (25)	82.03	14.34	96.37	14.16	152.97	134.43 (76)	18.54 (12)
2005-06	126.24	42.08	168.32	18.54 (11)	124.98	52.99	177.97	1.21	197.72	158.75 (65)	38.97 (20)
2006-07	139.98	46.66	186.64	38.97 (21)	124.46	36.00	160.46	3.11	202.54	155.23 (55)	47.31 (23)
2007-08	213.63	71.20	284.83	47.31 (17)	105.21	44.75	149.96	2.11	199.38	151.74 (47)	47.64 (24)
<b>Total</b>	<b>706.94</b>	<b>235.64</b>	<b>942.58</b>	<b>-</b>	<b>493.34</b>	<b>161.43</b>	<b>654.77</b>	<b>29.51</b>	<b>759.88*</b>	<b>712.24</b>	<b>47.64</b>

(#OB: Opening Balance, OR: Other Receipts)

(Source: Rural Development Department).\*(Rs 759.88 crore includes opening balances, funds released and other receipts as per progress report during 2003-08)

Note: OBs have been taken from unspent balances of previous years (2003-04 to 2006-07), as OBs intimated by RDD were inconsistent.

<sup>1</sup> Bhagalpur, East Champaran, Gaya, Jehanabad, Kishanganj, Munger, Patna, Saharsa, Samastipur and Siwan.

<sup>2</sup> State Bank of India, Bhagalpur Gaya and Jehanabad, UCO Bank, Bhagalpur Kishanganj and Patna Indian Bank, Bhagalpur, Punjab National Bank, Gaya.

<sup>3</sup> Animal Husbandry, Social Welfare and Industries Department.

The Table no.-1 indicates that:

Short release of  
Rs 213.60 crore  
Central share

- The department could not ensure optimal utilization of the GOI allocation of Rs 706.94 crore and hence GOI short released Rs 213.60 crore (30 per cent) during 2003-08.

### 3.2.6.1 Diversion of fund

Rupees 4.06 crore  
diverted from SGSY  
fund not recouped

During 1999-2009 in seven out of 10 test-checked DRDAs, SGSY fund of Rs 4.06 crore was diverted for other schemes/purposes<sup>4</sup> not permissible under the SGSY guidelines. Diverted amounts were not recouped till the date of audit (July 2008) (*Appendix –3.2.1*).

On being pointed out, the department stated (November 2008) that districts have been directed for recoupment.

### 3.2.6.2 Erstwhile Scheme balances not transferred to SGSY

- In two out of 10 test-checked DRDAs, unutilised old scheme fund (prior to April 1999) of Rs 79.66 lakh<sup>5</sup> were not transferred to present SGSY scheme against the instructions of department. In its reply the concerned DRDA stated (August 2008) that instructions to deposit erstwhile scheme balances to SGSY fund have been given to concerned blocks.
- A sum of Rs 10.26 lakh under TRYSEM and IRDP schemes was kept in civil deposit March 1992 by DRDA Bhagalpur though scheme guidelines provided for utilizing it for SGSY.

### 3.2.6.3 Misutilisation of fund

SGSY fund Rs 1.42  
crore misutilised for  
other purposes.

In all 10 test-checked DRDAs, Rs 1.42 crore of SGSY fund was misutilised on purchase of furniture/mobile phones/ books, providing lunch, hiring vehicles/ generator/tent-house items, printing, stationery and payment on account of corporation tax, advertisement etc. during 2003-08 (*Appendix – 3.2.2*).

### 3.2.6.4 Unadjusted outstanding advance

In eight out of 10 test-checked DRDAs, it was seen that advance of Rs 26.53 lakh made to persons/agencies during the year 2003-08 were not adjusted /recovered till the date of audit (December 2008) (*Appendix-3.2.3*).

On being pointed out, the concerned DRDAs stated (December 2008) that outstanding advances would be recovered.

<sup>4</sup> General election, SGRY handling, DRDA administration, transporting mid day meal food grains, BPL survey and Block strengthening.

<sup>5</sup> Patna- R. 35.79 lakh and Munger-Rs 43.87 lakh.



### 3.2.6.5 *Improper maintenance of cash book*

In four test-checked DRDAs, cash book balances were in excess by Rs 10.81 crore<sup>6</sup> as compared to pass book balance of banks. On the contrary in Jehanabad pass book bank balance was in excess by Rs 58.49 lakhs as compared to cash book figure (31st March 2008).

### 3.2.7 *Components of expenditure under SGSY*

In seven<sup>7</sup> out of 10 test-checked DRDAs, it was seen that separate accounts of fund for each component under SGSY was not maintained. Therefore, the correctness of fund available and excess/savings of fund in each component could not be ascertained.

The available SGSY funds were to be utilised for providing subsidy on economic activities (60 per cent), expenditure on infrastructure (20 per cent), training (10 per cent) and revolving fund (10 per cent). The overall position of component wise resource utilization during 2003-08 is given in table No.-2.

**Table No.-2**  
**Components of expenditure under SGSY during 2003-08**

(Rupees in crore)

Year	Total available fund	Subsidy	Infrastructure development fund	Revolving fund	Training	NGO/ Facilitators	Risk fund	Total expenditure
2003-04	154.53	84.22	16.09	5.47	4.57	1.72	0.02	112.09
2004-05	152.97	101.54	17.77	7.17	5.41	2.54	0.00	134.43
2005-06	197.72	110.64	26.82	10.14	8.50	2.65	0.00	158.75
2006-07	202.54	107.35	22.49	12.28	9.38	3.57	0.16	155.23
2007-08	199.38	95.53	29.34	12.80	10.21	3.81	0.05	151.74
<b>Total</b>	<b>759.88*</b>	<b>499.28</b>	<b>112.51</b>	<b>47.86</b>	<b>38.07</b>	<b>14.29</b>	<b>0.23</b>	<b>712.24</b>

(Source: Rural Development Department) \*(Rs 759.88 crore From Table No.1)

Test check of records revealed the following:

#### 3.2.7.1 *Subsidy*

##### (a) *Subsidy claimed by bank was in excess of the norms*

Under the scheme the banks were required to initially provide loan to the beneficiaries and report it to the DRDA concerned to claim subsidy through their monthly report. The DRDA in turn was required to credit the amount to bank account and debit the account of subsidy in their cash book.

- It was seen that Rs 455.93 crore (60 per cent) of fund was available for payment of subsidy. Against this, the subsidy claimed by banks during 2003-08 was Rs 499.28 crore. As the claims of the banks were not scrutinized either at state or district level, banks disbursed excess

<sup>6</sup> Munger -Rs 455.00 lakh, Kishanganj -Rs 133.00 lakh, Siwan -Rs 86.71 lakh and Samastipur - Rs 406.26 lakh.

<sup>7</sup> Bhagalpur, Munger, Jehanabad, Kishanganj, E. Champaran, Samastipur and Siwan.

subsidy (Rs 43.35 crore) over prescribed limit of 60 per cent of available fund.

- Rupees 6.14 lakh was paid during 2003-07 as subsidy to the individual Swarozgaris having no BPL numbers in Gaya district.

(b) In three out of 10 test-checked DRDAs, it was seen that banks credited subsidy amount of Rs 20.19 crore<sup>8</sup> to their own account without submitting monthly reports to the concerned DRDA. The DRDAs were in turn maintaining the cash book on the basis of pass book entries. Where as para 4.15 of guide lines depicts that cash book should be maintained on the basis of subsidy deducted by bank and intimated to DRDA/Block through their monthly reports. In the absence of monthly reports, the DRDAs were not in a position to ascertain the correctness of amount debited and details of actual amount of loan and subsidy released to the beneficiaries. This resulted in subsidy of Rs 3.39 crore refunded by bank during 2003-08 in five<sup>9</sup> DRDAs. This practice further indicated that subsidy was paid to banks during 2003-08 without ensuring disbursement of loan to the beneficiaries.

(c) *Subsidy payment norms not adhered by DRDAs*

- It was observed that four DRDAs had given Rs 5.66 crore<sup>10</sup> to banks/institutions out of subsidy fund but these institutions kept the amount unutilised with them for one to nine years, which resulted in loss of interest of Rs 17.83 lakh<sup>11</sup>. The department stated (December 2008) that concerned district have been directed to take corrective action.
- The guidelines prescribed payment of subsidy at the rate of 50 per cent of project cost subject to Rs 10,000 per beneficiary or Rs 1.25 lakh per SHG, whichever is less. In seven out of 10 test-checked DRDAs, Rs 62.82 lakh<sup>12</sup> was given by banks out of subsidy account to 258 SHGs during 2003-08 in excess of prescribed limit of Rs 10,000 per beneficiary and Rs 1.25 lakh per SHG.

3.2.7.2 *Infrastructure Fund*

(a) 20 per cent of SGSY fund for each DRDA was to be set aside for providing infrastructure in a separate bank account. The infrastructure created should be fully utilised by the Swarozgaris. The funds available for providing infrastructure support under SGSY are primarily to bridge small gaps in

<sup>8</sup> Bhagalpur -Rs 12.31crore during 2003-08, Jehanabad- Rs 4.33 crore during 2003-08 and Patna -Rs 3.55 crore during 4/04 to 12/05.

<sup>9</sup> Bhagalpur -Rs 244.65 lakh, E. Champaran -Rs 17.51 lakh, Jehanabad- Rs 38.87 lakh, Patna - Rs 24.95 lakh, and Siwan - Rs 13.07 lakh.

<sup>10</sup> Bhagalpur(Bank)-2.75 crore, Munger(Bank)- Rs 2.07 crore, Patna(COMFED)-0.82 crore and Saharsa(Animal Husbandry)-0.02 crore.

<sup>11</sup> Bhagalpur-4.57 lakh, Munger-3.84 lakh, Patna-9.14 lakh and Saharsa-0.28 lakh

<sup>12</sup> Bhagalpur -Rs 20.15 lakh(68SHGs), Gaya -Rs 12.55 lakh(47SHGs), Kishanganj - Rs 16.02 lakh(72SHGs), Munger -Rs 2.39 lakh(19SHGs), Patna -Rs 0.65 lakh(3 SHGs), Saharsa-Rs 5.90 lakh(30SHGs), and Siwan Rs - 5.16 lakh(19SHGs).



infrastructure and not for creation of a new/general infrastructure facility in the area.

Out of Rs 151.98 crore (20 *per cent*) of total available fund for development of infrastructure, Rs 112.51 crore (14.81 *per cent*) was spent leaving the remaining Rs 39.47 crore (5.19 *per cent*) of fund unspent.

The irregularities noticed in utilisation of the fund were as follows:-

**(b) Misutilization of infrastructure fund**

Records of nine out of 10 test-checked DRDAs revealed that Rs 10.09 crore of SGSY infrastructure fund was misutilised on construction/repair and maintenance etc. of buildings/ roads/ ponds/ pathology centre/ water supply facility/ drainage and culvert etc. during the year 2003-08 (*Appendix –3.2.4*).

The construction work for infrastructure was to be completed within three month from the date of inception. In two out of 10 test-checked DRDAs, records revealed that construction work like training-cum-production centre and workshop-cum-godown taken up during 2000-06 remained incomplete till date (July 2008) though expenditure of Rs 2.22 crore<sup>13</sup> was incurred. Besides delay, construction of these facilities was not covered under para 2.1 of programme guidelines also.

**(c) Irregular expenditure**

During 2003-08, expenditure of Rs 3.43 crore was incurred in three out of 10 test-checked DRDAs on construction of production-cum-sales centre, training centre and artificial insemination centre out of SGSY fund. It was, however, seen that buildings were used as offices of other Government departments instead of facilitating SHGs. (*Appendix – 3.2.5*).

**3.2.7.3 Revolving fund**

- Against the norms of 10 *per cent* (Rs 75.9 crore), only 6.30 *per cent* (Rs 47.86 crore) of fund was spent under revolving fund and the total no. of SHGs which started economic activity during 2003-08 was 25 *per cent* (Refer table No.4). This indicated that capacity building mechanism for SHGs were less effective.
- Revolving Fund at the rate of Rs 25 thousand per SHG was not provided by banks to 562 numbers of SHGs in five blocks<sup>14</sup> of Patna district. This led to deprivation of the *Swarozgaris* from capacity building.

<sup>13</sup> Bhagalpur - 8 schemes Rs 21.76 lakh and Gaya - 9 schemes Rs 200.25 lakh.

<sup>14</sup> Athmalgola -Rs 2.50 lakh, Barh -Rs 3.94 lakh, Danapur – Rs 18.28 lakh, Dhanarua - Rs 3.21 lakh, Khushrupur –Rs 2.95 lakh.

### 3.2.7.4 Training

Development of technical and managerial skills in *Swarozgaris* are essential for their success for which SGSY guidelines emphasised on two types of training; basic orientation (after formation of SHG) and minimum skill development (before disbursement of loan). The skill development training is to be given after selection of key activity and clearing grade-I of groups. The duration of skill development training was to be decided by State Government. It was seen that against 10 per cent available fund (Rs 75.9 crore) for training of *Swarozgaris*, only five per cent (Rs 38.07 crore) was utilised (**Table No.2**). This indicated that *Swarozgaris* were not adequately trained.

Scrutiny of records in test-checked DRDAs revealed:

- Expenditure of Rs 1.66 crore<sup>15</sup> incurred in six blocks of Bhagalpur district on skill development programmes during 2003-08 became unfruitful as the training programme was taken up without identification of key activities and grading of groups as per scheme guidelines (Para No. 1.4 and 3.11).
- Loan of Rs 12.81 crore was distributed to 520 SHGs during 2003-08 without skill development training in seven<sup>16</sup> out of 10 test-checked DRDAs. On being pointed out, the department stated (December 2008) that more emphasis is being given on training component from this year onwards.
- An excess payment of Rs 9.70 lakh was made on training programmes in six blocks<sup>17</sup> of Patna district and in five blocks<sup>18</sup> of Kishanganj district during 2003-08. The expenditure was in excess of the prescribed limit<sup>19</sup> on account of honorarium, boarding/lodging and materials.

<sup>15</sup> Nathnagar - Rs 17.05 lakh, Bihpur - Rs 63.07 lakh, Sabour - Rs 24.84 lakh, Pirpaiti - Rs 10.54 lakh, Goradih - Rs 29.45 lakh, Jagdishpur - Rs 21.50 lakh.

<sup>16</sup> Patna - Rs 417.30 lakh, (187 SHGs), E. Champaran - Rs 15.07 lakh (8 SHGs), Kishanganj - Rs 606.31 lakh (239 SHGs), Munger - Rs 28.98 lakh (17 SHGs), Saharsa - Rs 56.45 lakh (23 SHGs), Gaya - Rs 47.40 lakh (16 SHGs) and Siwan - Rs 109.26 lakh (30 SHGs).

<sup>17</sup> Athmalgola - Rs 0.12 lakh, Barh - Rs 0.85 lakh, Danapur - Rs 3.68 lakh, Dhanarua - Rs 0.83 lakh, Khushrupur - Rs 0.66 lakh and Masaurhi - Rs 1.39 lakh.

<sup>18</sup> Bahadurpur - Rs 0.13 lakh, Kishanganj - Rs 0.29 lakh, Dighal Bank - Rs 0.75 lakh, Kochadhaman - Rs 0.38 lakh, Pothiya - Rs 0.62 lakh.

<sup>19</sup> Institutional training center Rs 15/- per day per trainee, Rs 35/- per day per trainee, in case the institution provides boarding and lodging with training, Rs 25/- per trainee per day to meet the cost of boarding and lodging if the institution does not provide boarding and lodging, one time to and fro traveling cost from place of residence to the institution (fixed by the DRDA), Rs 200/- per trainee per month to master craftsman and as honorarium Rs 100/- per month per trainee for raw material.



- In addition, no training was imparted to 1.14 lakh<sup>20</sup> (20 per cent) *Swarozgaris*. As such sustainability of all assisted *Swarozgaris* for self employment was not ensured.

### 3.2.8 Programme performance

#### 3.2.8.1 Planning and Selection

Non-preparation of project report for each activity for block

Guidelines of SGSY lay stress on the cluster approach. Instead of funding diverse activities, each block is required to concentrate on a few selected activities known as key activities and attend to all aspects of these activities. The Block level SGSY Committee has very important role in selection of key activity. The choice of key activity should be based on the local resources, the aptitude as well as the skill of the people and the products that have ready market.

It was noticed that key activities were not selected during the period of 2003-08 in any of the 10 test-checked DRDAs. Project reports were also not prepared for each activity for each block separately.

#### 3.2.8.2 Coverage of BPL families

The SGSY envisaged a target of covering 30 per cent of BPL family in five years of its operation which translates to 18.08 lakh families in Bihar.

Only 9.68 per cent of BPL family benefited

Information provided by the department revealed that only 5.83 lakh families could be covered (assisted) during the period 2003-08, constituting only 9.68 per cent of the total 60.26 lakh BPL families which was insignificant, as shown in the table No.-3.

**Table No.3**  
**Swarozgaris assisted, trained and brought above BPL**

Year	BPL families	Swarozgaris assisted	Swarozgaris imparted training	Swarozgaris assisted (Percent)	(In number)
					Swarozgaris brought above BPL
2003-04	60,25,631	1,11,492	65,876	1.85	NA
2004-05	60,25,631	1,28,075	93,740	2.13	NA
2005-06	60,25,631	1,31,033	1,06,781	2.17	NA
2006-07	60,25,631	1,09,350	92,591	1.81	NA
2007-08	60,25,631	1,03,560	1,10,039	1.72	6076
<b>Total</b>		<b>5,83,510</b>	<b>4,69,027</b>	<b>9.68</b>	

(Source: Rural Development Department)

- No information of *Swarozgaris* who were brought above BPL under the scheme as of March 2008 was available except 6076 families for the year 2007-08 in 20 districts.

#### 3.2.8.3 Assistance to SHG

Only 25 per cent SHGs formed given assistance

The scheme focused on formation of SHGs, rather than individual beneficiaries. Accordingly, as per departmental instructions (November 2006)

<sup>20</sup> Assisted 583510 - trained 469027 = untrained 114483.

not more than 25 per cent individual swarozgaris should be assisted under the scheme. The SHGs were to pass through three stages: first stage comprised of group formation, second stage linked to capacity building and third/ final stage being the income generating stage. The purpose of stage-wise evolution of SHGs was to ensure their development into groups fit to undergo grading exercise to be conducted six monthly by BDO and bank.

SHGs formed and Status of there grading in the State was shown in table No-4

**Table No.-4**  
**Position of SHG formed and grading thereof during 2003-08**

Year	No. of SHGs formed	No. of SHG passed grading stages		No. of SHGs taking up economic activity and received assistance
		Grade I	Grade II	
	During the year			
2003-04	19,801	8,944	2,693	2,052
2004-05	15,765	9,946	4,533	2,486
2005-06	20,692	10,299	4,201	4,017
2006-07	17,977	10,843	6,567	6,540
2007-08	13,936	10,826	6,559	6,786
<b>Total</b>	<b>88,171</b>	<b>50,858</b>	<b>24,553</b>	<b>2,1881</b>

(Source: Rural Development Department)

The table No.4 indicated that out of 88,171 SHGs formed during 2003-08, 50,858 (58 per cent) and 24,553 (28 per cent) SHGs passed grade I and grade II stage respectively. The economic assistance was, however, given to only 21,881 (25 per cent) of the SHGs formed. The department attributed this shortage to lack of cooperation by the lending banks. This indicated that the efforts to achieve the target of converting the identified beneficiaries into economically viable and sustainable enterprises were not adequate.

- Records of DRDA, Siwan for the year 2007-08 revealed that subsidy of Rs 1.34 crore was provided to 1,544 (44 per cent) individual *Swarozgaris* while Rs 1.01 crore was paid as subsidy to 99 SHGs having 1,937 members. This indicated that focus was more on individual *Swarozgaris* against the departmental instruction to focus on SHGs.

#### 3.2.8.4 Identification of Swarozgaris/ formation of SHGs

The beneficiaries of SGSY known as *Swarozgaris* could be either individual or Self Help Group. In all cases BPL families for assistance were to be identified by team consisting of BDO or his representative, the bankers and the concerned Sarpanch (Mukhiya).

Test check of records revealed the following:

- Team for identification of *Swarozgaris* was not constituted in any test-checked DRDAs during 2003-08 by concerned BDO.



- Achievement of credit disbursement to 459 SHGs was low (14.32 per cent) against target of 3,205 SHGs during 2003-08 in East Champaran district. Records in respect of other test-checked districts were not provided.
- District level report is prepared on the basis of block level reports. The block reports of Kishanganj district for the year 2007-08 depicted that block figure of SHGs was 1,643 where as the report shown by district was 3,442. The discrepancy in the reporting of number of SHG in the district was attributed to inclusion of names of beneficiaries of district literacy mission as SHGs.
- It was seen that out of subsidy of Rs 17.50 lakh, double/ multiple payments of Rs 9.80 lakh<sup>21</sup> by concerned BDO and bank during 2003-07 was made to the individual *Swarozgaris* having same BPL number. In reply the concerned DRDA stated (November 2008) that information of double payment was being sought from BDO and bank.
- Though only one member from each BPL family was to be selected for formation of SHG, 81 SHGs formed during 2004-07 in three<sup>22</sup> districts contained beneficiaries having same BPL member in more than one SHG. Besides 40 SHGs<sup>23</sup> possessed office bearers from APL family which is not permissible as per SGSY guidelines.

### 3.2.8.5 Credit mobilizations by banks

SGSY is credit driven and subsidy supported programme. Against the targets for credit mobilization of Rs 2,191.87 crore during 2003-08, the credit mobilization was Rs 1,016.30 crore (46 per cent). Thus *swarozgaris* were not supported adequately. The department stated that credit mobilization was affected due to non-cooperation of banks.

Scrutiny of records revealed as under:-

- Less distribution of loan by bank to 93 SHGs (Rs 1.20 crore) under three blocks<sup>24</sup> of Patna district against sanctioned loan of Rs 2.55 crore during 2003-08 resulted in delay in completion of projects. In reply the concerned BDOs stated that instruction had been given to bank for full payment of sanctioned loan.
- In four blocks<sup>25</sup> of Patna district loan of Rs 1.32 crore sanctioned by banks between December 2005 and May 2007 was not released to 49 SHGs despite the fact that subsidy of Rs 51.50 lakh was paid. In reply, DRDA stated that despite reminders bank had not given loan to the SHGs.

Loan amount of Rs 131.50 lakh not released to SHGs despite availability of Rs 51.50 lakh in subsidy Account

<sup>21</sup> E. Champaran - Rs 0.96 lakh and Gaya - Rs 8.84 lakh.

<sup>22</sup> Gaya - 31 SHGs, Jehanabad - 25 SHGs and Saharsa - 25 SHGs.

<sup>23</sup> Gaya-35 SHGs and Jehanabad - 5 SHGs.

<sup>24</sup> Athmalgola - 6.19 lakh, Danapur- 90.35 lakh and Dhanarua - 23.24 lakh.

<sup>25</sup> Athmalgola -Rs 17.50 lakh, Barh -Rs 55.25 lakh, Dhanarua - Rs 21.00 lakh, Khushrupur -Rs 37.75 lakh.



- Loan paid to SHGs were recoverable in five, seven and nine years depending upon the project from the date of sanction. The records of State Bank of India (Gaya Bazar) in Gaya district revealed that all 359 loanee SHGs/Individuals were defaulters during 2003-07 while in case of Punjab National Bank, Gaya out of 7,028 loanee (SHGs/Individuals), 5,077 SHGs/Individuals (72.23 per cent) were not benefited upto March 2008.

### 3.2.8.6 *Physical verification of assets*

#### Physical verification of assets not conducted

Under the scheme, assets will be procured by the *Swarozgaris* within one month from the date of release of loan amount by bank and the fact of procurement of quality assets will be informed to the BDO and the Bank by submitting the receipt of the items purchased. The assets were to be verified physically by the bank authorities and maintained by BDO/DRDA etc. In case of failure to procure assets, civil as well as criminal proceeding may be initiated by the bank in consultation with the BDO.

In all 10 test-checked DRDAs, no such physical verification was conducted either by bank or by concerned BDO/DRDA. In reply the department stated that due to non cooperation of banks, physical verification of assets was not conducted. The reply is not tenable as the guidelines (para no. 10.7) prescribed for 10 to 40 field visits and verification of assets of beneficiaries by different officers.

### 3.2.8.7 *Processing of loan applications by Banks*

The loan applications of *Swarozgaris* forwarded by blocks were required to be disposed of by the banks within 15 days from the receipt of application. The applications on which loans were not provided were to be returned stating reasons for rejection of loan.

It was seen that out of 54 thousand loan applications received from SHGs were forwarded during 2003-08 in the state, 24 thousand applications (44 per cent) were pending for disposal by banks. Similarly, 7.79 lakh loan applications received from individual *Swarozgaris*, 4.27 lakh applications were pending (55 per cent) with banks upto March 2008 for disposal (*Appendix-3.2.6*).

Reasons for non- disposal of loan applications were not intimated by banks either to the applicants or to the DDO/DRDAs concerned.

### 3.2.9 *Marketing research and Development*

The SGSY guidelines (Para No.9.2) envisaged that amount up to Rs five lakh may be spent by each DRDA from the funds available on marketing research, value addition etc. to facilitate marketing of the produce so that beneficiaries generate additional income. It was noticed that no marketing research was conducted in eight out of ten test-checked DRDAs. In Kishanganj and Jehanabad DRDAs, Rs 0.25 lakh and Rs 2.15 lakh respectively was spent on this account during 2007-08. This indicated that adequate attention was not



paid towards marketing and research to facilitate the beneficiaries to generate additional income.

### 3.2.10 Risk fund for weaker section

To render support to weaker section of the society *i.e.* small and marginal farmers, landless agriculture workers, carpenter, barber, washer man, one *per cent* of the SGSY fund was to be allocated for creation of a risk fund. This fund was intended to enable bank to initially provide consumption loan not exceeding Rs 2,000/- *per Swarozgaries*. Against the requirement of Rs 7.60 crore only Rs 0.23 crore was incurred for risk fund.

Test-checked of records of ten DRDAs revealed that total SGSY fund received during 2003-08 was Rs 163.03 crore. Out of this, one *per cent* *i.e.* 1.63 crore<sup>26</sup> were to be allocated for creation of risk fund but no such fund for weaker section of society was created. Failure to create Risk Fund indicated that the weaker section of the society were denied the benefit of this fund. On being pointed out, all test-checked DRDA stated that efforts were being made to create the risk fund (July 2008).

### 3.2.11 Role of NGO

Considering the experiences of the NGOs involved in the development of SHGs, the scheme guidelines (Para No. 3.2.1) provided for payment of Rs 10 thousand for facilitating formation of each group and development of SHG. The payment was to be staggered in four instalments; 20 *per cent* at the beginning for group formation and opening bank account of the group so formed; 30 *per cent* after the group qualifies for Revolving Fund, 40 *per cent* after economic activity and remaining 10 *per cent* after commencement of economic activity by the group and adherence to repayment schedule of loan.

In three (Bhagalpur, Jehanabad and Munger) out of 10 test-checked DRDAs and two blocks (Sabour and Goradih), the following deficiencies were noticed:

#### 3.2.11.1 Irregularities in payments to NGOs

- An NGO<sup>27</sup> claimed Rs 9.10 lakh as incentive for formation of 91 SHGs<sup>28</sup> during 2003-04 which had reached the last stage *i.e.* generation of economic activities. The DDC directed (February 2004) the concerned BDOs Sabour and Goradih for payment of the amount and accordingly the BDOs made the payment (March 2004). It was, however, seen that the monthly progress reports in respect of SHGs sent by BDOs to the DRDA, Bhagalpur had no indication of existence of such SHGs. The BDO offices or DRDA, Bhagalpur could not

<sup>26</sup> Bhagalpur-Rs 23.96 lakh, E. Champaran - Rs 21.08 lakh, Gaya-Rs 23.52 lakh, Jehanabad- Rs 9.03 lakh, Kishanganj - Rs 10.94 lakh, Munger-Rs 8.68 lakh, Patna-Rs 21.82 lakh, Saharsa-Rs 8.63 lakh, Samastipur - Rs 24.23 lakh and Siwan-Rs 11.49 lakh.

<sup>27</sup> Srijan Mahila Vikas Sahyog Samiti Ltd. Sabour, Bhagalpur.

<sup>28</sup> 47 SHGs in Sabour Block and 44 SHGs in Goradih Block.



furnish any evidence for SHGs formed and having achieved the final stage of income generation, though called for. It was also seen that payment to the NGO was made in one installment instead of staggered payment as prescribed in the scheme guidelines. This indicated that formation of SHGs were not ensured by BDOs before release of payment.

- Records of DRDA Munger and BDO Dharahara revealed that payments of Rs 10.77 lakh on account of providing training to SHGs during 2007-08 was made to six<sup>29</sup> NGOs. The records of training programme i.e. venue, time schedule, faculty members, supervision and vouchers in support of expenditure were not maintained either in DRDA or in blocks. In absence of proper records proper utilisation of fund for the purpose for which it was released could not be ensured.
- Double payment of Rs 0.12 lakh was made (2006-07) to an NGO<sup>30</sup> in Jehanabad for formation six groups. On being pointed out the concerned DRDA stated that amount will be recovered immediately (December 2008). Further irregular payment of Rs 0.69 lakh was made to three NGOs<sup>31</sup> on account of incentive for capacity building of 30 SHGs to enable them to receive revolving fund. The records however indicated that the 24 SHGs had not reached the required stage.

#### **3.2.11.2 Misutilization of subsidy fund**

- The DRDA, Bhagalpur released funds of Rs 2.05 crore as subsidy and Rs 14.60 lakh as revolving fund respectively to Indian Bank, Bhagalpur for payment of subsidy for projects run by SHGs formed by an NGO<sup>32</sup> during 2005-06. On scrutiny of bank records, it was noticed that the bank had transferred Rs 2.05 crore as subsidy and Rs 14.60 lakh as revolving fund in the different accounts of the NGO during March 2004 to March 2006. The projects run by the said NGO were, however, closed by DM, Bhagalpur in April 2006 with direction to refund the amount. The bank, however refunded Rs 1.58 crore only in April 2006. The balance amount of Rs 62.30 lakh of the funds was not refunded till the date of audit (November 2008).
- In another case, the BDOs of Sabour and Goradih blocks made payment of subsidy of Rs 16 lakh to Indian Bank, Bhagalpur in February 2004 for three projects undertaken by an NGO (Rs 10 lakh for two projects by BDO, Sabour in March 2004 and Rs Six lakh for one project by BDO, Goradih) in March 2004. Subsequently, the bank refunded (October 2004) Rs four lakh to BDO, Sabour but retained the rest amount of Rs 12 lakh. The monthly progress reports

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<sup>29</sup> Gayatri SHG-27000/-, Jagdamba SHG-27000/-, Mira Kumari Asha Mission- 2000/-, Adharshila Gramin Vikas Sansthan- 451030/-, Resource Development Sansthan, Monger-452159 and Pankaj Kr. Singh-117504/-.

<sup>30</sup> Gram Swaraj Samittee .

<sup>31</sup> Jyoti Kalyan Kendra- Rs 0.30 lakh and Puja Mahila Seva Sansthan - Rs 0.30 lakh and Gram Swaraj Samittee - Rs 0.09 lakh.

<sup>32</sup> Srijan Mahila Vikas Sahyog Samiti Ltd., Sabour .



(2003-04) furnished by the BDOs concerned to DRDA had no indication of such projects. Since the projects were not in existence, amount of Rs 12 lakh also stood recoverable from the Indian bank, Bhagalpur. This also indicated that existence of projects was not ensured before payment of subsidy.

### 3.2.12 Special Projects

Special Project is a time bound programme for bringing a specific number of BPL families above poverty line through self employment. As per the programme guidelines, at least 80 *per cent* of the beneficiaries under special project were required to be from BPL family. In order to take up such projects 15 *per cent* of the funds under SGSY were to be set apart by the Ministry of Rural Development Department, Government of India. State Government was required to send proposal of special project to Central Government for approval.

It was seen that 11 Special Projects (costing to Rs 111.85 crore ) were taken up by Rural Development Department, Government of Bihar during the period 2003-08. Of which, one project remained incomplete upto June 2008, one sanctioned in March 2007, was in progress, another one was ordered to be closed (by GOI, March 2008), the reports of eight projects were not available despite the fact that Rs 5.92 crore was incurred on one project as detailed in *Appendix-3.2.7*.

In remaining two projects, the following points were noticed.

**Expenditure of  
Rs 9.37 crore  
incurred on Tea  
Processing Unit was  
unfruitful**

- In Kishanganj district a special project (Tea Processing and Packing Unit) was under-taken by Project Director (DRDA Kishanganj) in November 2003. The Central Government while sanctioning the project (Rs 14.56 crore) in July 2002 stipulated that project be completed in three years and management of the project be given to a co-operative society with adequate representation of BPL family. However, the Department did not ensure formation of co-operative society with adequate representation of BPL families. The unit was meant for production of CTC, Orthodox and green tea in first and second phase respectively. The 1<sup>st</sup> phase completed in October 2004 and 2<sup>nd</sup> was completed in July 2006. The production of tea had not commenced due to the fact the project was not propagated through adequate representation of BPL family and hence the project was not operational till the date of audit (November 2008). Thus purpose of Special Project was not served as benefit to BPL members did not reach even after expenditure of Rs 9.37 crore<sup>33</sup>. The department in their reply stated that the project machinery are in good condition. The reply of department is not tenable as the project was not in operation.

<sup>33</sup> Advertisement-0.70 lakh, Land acquisition-5.23 lakh, Consultancy-5.00 lakh, Registration-0.64 lakh, Marshal jeep- 4.56 lakh, Construction of shop (at silliguri)-17.55 lakh, Insurance of factory & vehicle-7.68 lakh, Factory inspection- 0.05 lakh, Electricity board- 5.63 lakh and Vikram India Ltd.- 889.91 lakh.



- To uplift the livelihood of women a special project under SGSY for “Livelihood of Rural Women” (Jeevika Sadan) was sanctioned for Rs 5.09 crore by Government of India in December 2004 to be completed in four years. The 1<sup>st</sup> instalment of Rs 22.78 lakh was released by GOI in December 2004 to Managing Director of Women Development Corporation Ltd, Bihar which was authorised to implement the project through Sewa Bharat, an NGO. In March 2008, the GOI, however, directed for closure of the project and refund the amount of Rs 22.78 lakh along with interest as the performance of the project was not satisfactory. The amount was not refunded till the date of audit (July 2008). Thus neither the project took off, though to be completed within four years nor was the amount refunded. This resulted in denial of benefits to women for whom the project was initiated. Besides blocking of government fund of Rs 22.78 lakh.

### 3.2.13 *Monitoring and evaluation*

#### **Absence of proper monitoring**

The State level Monitoring Committee was responsible for quarterly monitoring of the implementation of programme at State level. It had to provide a forum for a meaningful dialogue between the policy makers at the State level and the implementers at the field level as well as the bankers apart from reviewing the district wise progress and suggesting remedial action. Officers dealing with SGSY at the State headquarters were required to visit districts regularly to ascertain the extent to which the programme had been satisfactorily implemented. Similar monthly monitoring was required to be done by the district and block level committees. The details of committees are given in **Appendix-3.2.8**. The block level officers were required to visit, verify the assets and ensure that qualitative assets were procured by SHG and also ensured income generation by SHG/Individual.

Test check of agenda/minutes of meeting, meeting register, asset register at the State level as well as field level revealed that despite the elaborate monitoring mechanism, monitoring and periodical review of the programme was ineffective and inadequate as evident from poor coverage of BPL beneficiaries. Action taken as per minutes of meetings were not ensured and field inspections were not conducted. The Department was only compiling data on physical and financial achievements based on the progress report sent by the DRDAs which in turn were preparing their reports on the basis of data received from field offices. During test check it was observed that against the actual closing balance of Rs 9,29,350/- in the cash book of BDO, Sabour as on March 2008, the closing balance as per the monthly progress report was shown Rs 1,47,650/- indicating that reporting of expenditure was inflated to the extent of Rs 7,81,700/-.

Similarly, DRDA, Munger exhibited (March 2008) expenditure of Rs three lakh under the head marketing, research and development though the amount was spent on training.

These indicated that accuracy in reporting mechanism was not ensured. On being pointed out the department stated (November 2008) that concerned DRDAs were directed to review the audit objections and send the report.



**Vikas Patrika:** - As a measure of follow up the projects undertaken by Swarozgaris, each *Swarozgari* was to be provided with *Vikas Patrika* containing details of health of the project, income generated, a copy of which was to be kept by the block office.

It was however, observed that *Vikas Patrika* were not prepared by DRDA during 2003-08 despite the fact that the *vikas patrika* would be kept up-dated which will state the health of project. Concerned DDC in their reply stated that arrangement to prepare *Vikas Patrika* is being taken up.

**Evaluation Studies:** - No evaluation studies on the implementation of the scheme either by State Government or by reputed institution and organisation was conducted till May 2008. Since the evaluation studies were not conducted the remedial action could not be ascertained which hamper the smooth propagation of scheme as well as the beneficiaries.

The monthly progress reports of March 2008 in three blocks<sup>34</sup> of Patna district indicated formation of 716 SHGs while the records of NGO/ LEO/EO<sup>35</sup> indicated formation of 414 SHGs only. This indicated that report was incorrect in respect of formation of SHG.

### 3.2.14 Technology

Recognizing the need for appropriate technologies for the sustainable development of micro enterprises, the scheme sought to ensure technology up gradation for the identified activity clusters. This included identification of appropriate institutions, use of local resources etc.

In test check districts, it was observed that no efforts were made to identify and upgrade technologies required for specific key activities selected for *Swarozgaris* for their early upliftment. The department in their reply stated (December 2008) that wherever necessary, suitable technology is being adopted by the SHGs/ Swarozgaris, as traditional activities are in-built with local technology.

### 3.2.15 Action taken by Government on earlier Audit Report

Mention was made in Paragraph 3.4 of the Report of the Comptroller and Auditor General of India for the year ended 31st March 2002 regarding SGSY in the State. The Report was laid on the table of legislative assembly on 23<sup>rd</sup> March 2004 and presented to PAC for discussion in November 2008 but could not be discussed due to postponement of meeting. The system deficiencies pointed out in the earlier Audit Report such as misutilisation of funds, incomplete works and non-maintenance of asset register etc. persisted during 2003-08 (**Appendix-3.2.9**).

<sup>34</sup> Athmalgola - 117 SHGs, Barh -137 SHGs and Khushrupur - 160 SHGs.

<sup>35</sup> NGO (Non Government Organisation), LEO (Lady Extension Officer), EO (Extension Officer).

### **3.2.16 Conclusion**

Implementation of SGSY Programme during 2003-08 was not satisfactory. The Central fund allocated could not be utilized by DRDAs optimally due to poor implementation of the scheme. Target for credit mobilisation also could not be achieved as the implementing agencies failed to pursue the loan applications forwarded by them to the banks. Selection of groups, their training for skill upgradation and monitoring upto sustainable income generation was not ensured. Expenditure on infrastructure was also beyond the norms of scheme guidelines resulting in misutilisation of infrastructure funds besides the scheme fund were diverted, misutilised. Physical verification of assets of *Swarozgaris* was not done. In the absence of proper monitoring, assurance regarding reliable data and gainful utilisation of fund under SGSY could not be ensured.

### **3.2.17 Recommendations**

The Government may examine and consider the following which may provide impetus to implementation of scheme:

- Selection of suitable key activities should be made for *Swarozgaris* as per local needs, skill availability and meaningful support to rural poor;
- Smooth flow of credit and subsidy to *Swarozgaris* must be ensured;
- Adequate infrastructure, training, technology and marketing support should be provided to *Swarozgaris*;
- Implementation of the programme should be monitored closely at various level and evaluated properly from time to time for corrective measures;
- Synergy in efforts of programme implementers and Banks/institution should be ensured to achieve the aims of the scheme.



## WATER RESOURCES DEPARTMENT

### 3.3 Accelerated Irrigation Benefit Programme

#### *Highlights*

*Accelerated Irrigation Benefit Programme (AIBP) was launched in 1996-97 by Government of India to accelerate the completion of ongoing irrigation projects which remained incomplete due to financial constraints. Implementation of the programme during 2003-08 was reviewed to assess its effectiveness.*

*Against targeted irrigation potential of 4,30,137 hectare (ha), 3,22,070 ha has been created but the implementation of the programme suffered due to non-compliance with pre-project activities as envisaged in the guidelines, misutilisation and diversion of funds, unplanned execution of works and unauthorised expenditure which led to manifold increase in cost of projects under AIBP. Further, utilisation of irrigation potential was not in proportion to irrigation potential created and investment made.*

*Against the targeted completion of projects within four agricultural seasons, none of the projects taken up under AIBP could be completed even after 10 to 12 years.*

*(Paragraph 3.3.7)*

*The utilisation of irrigation potential as compared to total available potential ranged between 20 to 65 per cent.*

*(Paragraph 3.3.8)*

*The construction of Western Parallel Link Canal remained incomplete despite expenditure of Rs 17.53 crore. As a result, additional need of 8000 cusec water could not be fulfilled.*

*(Paragraph 3.3.9.2)*

*As against requirement of 4195.37 acres of land for Western Kosi Canal, the land acquired was only 883.13 acre as of March 2008.*

*(Paragraph 3.3.9.3)*

*There was an inadmissible expenditure of Rs 72.20 crore on road works in violation of AIBP guidelines.*

*(Paragraph 3.3.10.4)*

#### *3.3.1 Introduction*

Bihar has a geographical area of 93.6 lakh hectares with 59.36 per cent of cultivable land. More than 90 per cent of the total population (8.3 million) live in rural areas in Bihar hence this area is heavily dependent upon agriculture for survival of agricultural based families. For agriculture to prosper, irrigation is a key factor determining its health and prosperity.

Government of India (GOI) launched Accelerated Irrigation Benefit Programme (AIBP) during 1996-97 to provide Central Loan Assistance (CLA) for Major and Medium irrigation Projects to accelerate the completion of ongoing projects on which substantial progress had been made. AIBP was for projects which were beyond the resource capability of the State and were at an



advanced stage of completion and were expected to yield irrigation benefits in the next four agriculture seasons. Irrigation Projects receiving any other form of financial assistance were not to be included under AIBP.

In Bihar, five projects<sup>1</sup> received assistance under AIBP during 2003-08. Out of five projects, four projects<sup>2</sup> had been started in 1996-97 while Sone Canal Modernisation Project was started in 1998-99. The work on Durgawati Reservoir Project is stopped for want of forest clearance. Four minor projects received allotment of Rs 3.55 crore Central share and Rs 0.43 crore State share at the fag end of the financial year (2007-08) (February 2008) and no expenditure was incurred as of March 2008. These projects envisaged providing irrigation in districts as indicated in the map.



### 3.3.2 Organisational set-up

The Secretary, Water Resources Department (WRD) is responsible for implementation of AIBP in the State. He is assisted by two Engineers-in-Chief and one Chief Engineer (CE) at Secretariat level. Five Chief Engineers and 16 Superintending Engineers (SE) supervise the execution of work of 67 Executive Engineers (EE) at Division level. (*Appendix-3.3.1, Organisational chart*)

<sup>1</sup> Durgawati Reservoir Project (DRP), Orhni Reservoir Project (ORP), Sone Canal Modernisation Project (SCMP), Upper Kiul Reservoir project (UKRP) and Western Kosi Canal (WKC) Project.

<sup>2</sup> Durgawati Reservoir Project, Orhni Reservoir Project, Upper Kiul Reservoir project and Western Kosi Canal Project.



### 3.3.3 Scope of Audit

Implementation of AIBP during 2003-08 was reviewed between December 2007 to August 2008 through test check of records of four Chief Engineers<sup>3</sup> and 18 Divisions<sup>4</sup> out of 67 covering two Major Projects<sup>5</sup> out of three and two Medium<sup>6</sup> Irrigation Projects.

### 3.3.4 Audit Objective

*The audit objectives were to assess whether:*

- planning for projects and prioritisation for funding and execution of work of ongoing projects was done in a systematic manner
- adequate funds were released in time and the same were utilised properly
- the programme achieved its objectives of creating adequate and targeted irrigation potential
- the potential created was utilised fully and effectively
- projects were executed in an economic, efficient and effective manner; and
- monitoring mechanism was adequate and effective.

### 3.3.5 Audit criteria and Methodology

The implementation of AIBP was benchmarked against the following criteria:

- AIBP Guidelines issued by Ministry of Water Resources (MoWR), Government of India.
- Guidelines issued by Central Water Commission (CWC) for preparation of Detailed Project Report (DPR).
- Provisions of Bihar Public Works Code, Bihar Financial Rules and Bihar Treasury Code.
- Other circulars, instructions issued by MoWR, GOI and Government of Bihar (GOB).

The audit methodology involved different forms of evidence, information and data collection as also scrutiny of DPRs, CWC monitoring reports, impact assessment/evaluation and other reports detailing physical and financial achievements. Field visits, photographs, personal discussions with the executing officers of the project were also part of audit methodology.

<sup>3</sup> Chief Engineer, Aurangabad, Chief Engineer, Darbhanga, Chief Engineer, Bhagalpur and Chief Engineer, Dehri.

<sup>4</sup> Sone Canal Division Ara, Sone modernisation Division, Piro, Nasriganj, Ramgarh Camp-Nuaow, Dehri Division Dehri, Sone Uchhastriya Canal Division Sasaram, Bhabua, Sone Barrage Division Indrapuri, Upper kiul Reservoir Project :- Irrigation Division Garhi, Irrigation Division No. 3 Jamui, Western Koshi Canal Division Keoti, NO.1 Jainagar, Jhanjarpur, Benipatti, Khutauna, Baheri, No.-2 Madhubani.

<sup>5</sup> Sone Canal Modernisation Project and Western Kosi Canal Project.

<sup>6</sup> Orhni Reservoir Project and Upper Kiul Reservoir Project.

An Entry conference was held in May 2008 with Secretary, WRD in which the modalities for review were discussed. The Exit conference was held in November, 2008 and replies furnished by the Government have been incorporated at appropriate places.

### 3.3.6 Financial Management

As per AIBP guidelines, the Central Loan Assistance (CLA) for Major/medium projects was to be given in the form of loan in the ratio of 2:1 (Centre: State) till March 2005. Revised guidelines effective from April 2005 specified that the Central Assistance was to be in the form of grant in the ratio of 2:1(Centre: State). From December 2006 onwards only 25% of the project cost was provided by GOI as grant and the balance was to be met through State's own resources. The sanctioned grant for schemes was to be released in two installments, the first based on project outlay and second after confirmation of 70 per cent expenditure from the first installment and receipt of its utilisation certificates.

The project wise CLA/Grant received from GOI, State Share required, the fund made available by the State and the expenditure during 2003-08 are given in **Table No 1**. The Finance Department and WRD did not have separate figures for Central and State share released during 2003-08. The State share required has been arrived at by audit on the basis of CLA/grant figure and the funding pattern for AIBP. Year wise and project wise breakup has been given in **Appendix-3.3.2**.

**Table No. – 1**

#### Available Resources and Expenditure during 2003-08

(Rupees in crore)

Name of the Project	CLA/ Grant received	State Share required	Funds allotted by State	Total Funds released by the State	Expenditure		Saving (-)/ Excess(+)
					Central	State	
1	2	3	4	5	6	7	8
<b>MAJOR PROJECTS</b>							
Western Kosi Canal Project (WKC)	82.36	99.98	387.61	305.25	82.36	302.77	(-)2.48
Sone Canal Modernisation Project (SCMP)	75.42	110.51	324.54	249.12	75.42	231.44	(-)17.68
<b>MEDIUM PROJECTS</b>							
Upper Kiul Reservoir Project (UKRP)	3.49	1.74	15.04	11.55	3.49	10.39	(-)1.16
Orhni Reservoir Project (ORP)	-	-	0.70	0.70	-	1.99	(+)1.29
<b>Total :-</b>	<b>161.27</b>	<b>212.23</b>	<b>727.89</b>	<b>566.62</b>	<b>161.27</b>	<b>546.59</b>	<b>(-)21.32 (+)1.29</b>

(Source: - Column: - 2: CWC, Column: - 4, 6, &7: WRD, Column: - 3, 5&8 by Audit)

Table No.-1 above disclosed the following:

- Rs 212.23 crore was required against State share for the schemes however Rs 566.62 crore were released by the State during 2003-08 where as year wise CLA/grant released by GOI was Rs 56.58 crore, Rs 37.22 crore, Rs 14.82 crore and Rs 49.41 crore respectively.



- Rs 21.32 crore is shown as saving, the Department failed to spend the amount assigned for the Major, Medium Projects between 2003-08 due to delay in execution of work.
- An amount of Rs 1.29 crore as excess expenditure was made without allotment during 2003-08 in Orhni Reservoir Project.

### 3.3.7 Physical Performance of different Projects upto March 2008.

Component wise physical progress of major/medium projects is given in Table No. 2.

**Table No. 2**

#### Physical performance of projects upto March 2008

Name of Project/ Taken up in AIBP / Stipulated date of completion	Dam/ Head works	Main and branch Canal	Distri- butaries	Water Courses	Structures <sup>7</sup>	
					Completed	Proposed
Western Kosi Canal Project/ 1996-97 / March 2009 (Revised)	100	99.50	70.00	32	2098	1404
Sone Canal Modernisation Project/ 1998-99 /December 2008 (Revised)	100	96.53	88.12	Nil	10733	6750
Upper Kiul Reservoir Project/ 1996-97/Completed (March 2007)	100	99.00	95.00	Nil	624	642
Orhni Reservoir Project/ 1997-98/Completed (March 2007)	100	99.95	95.00	60	327	341

(Source: - CWC) Numbers are in terms of percentage except structures

AIBP envisaged the completion of irrigation projects within four agricultural seasons. However, none of the projects were completed even after 10 to 12 years. In medium projects, although completion report of UKRP and ORP had been sent by the department in March 2007, the physical progress (as per CWC Monitoring Report) revealed that five *per cent* work of distributaries was still to be completed. Factors delaying the completion of the Major projects have been analysed in the succeeding paragraphs.

In case of medium projects, the physical achievements were not in line with the targets set. As against target for construction of 642 structures in UKRP and 341 in ORP, only 624 and 327 structures respectively were constructed despite these schemes declared as completed in 2006-07.

In case of ORP, 60 *per cent* and in case of WKC Project, 32 *per cent* of watercourses have been completed, while in SCMP and UKRP, work of watercourses has not been taken up. Thus, due to non-completion of distributaries, required irrigation potential could not be created and created IP could not be utilised by the intended beneficiaries due to non-completion of watercourses.

<sup>7</sup> Structures include Single lane bridge, Double lane bridge, cross drainage, head regulator, escape channel etc.

### 3.3.8 Irrigation Potential created and its utilisation

The creation of irrigation potential targeted in four test-checked projects, vis-a-vis potential created up to March 2008 and utilisation of irrigation are given in Table No. 3.

**Table No. – 3**

#### **Irrigation potential created and utilisation in four projects during 2003-08**

Name of the Project	Targeted		Created		Available I.P. during 2003-08 (hectare)	Utilization during 2003-08 (hectare)
	Ultimate on completion	Under AIBP	Upto 2002-03	Under AIBP (2003-08)		
	1.	2.	3.	4.	5.	6.
Western Kosi Canal Project	234800	205320	29480 (13)	147070 (72)	503540	101268 (20)
Sone Canal Modernisation Project	900000	218600	681420 (76)	169000 (75)	3889100	2530754 (65)
Upper Kiul Reservoir Project	19500	3000	16500 (85)	3000 (100)	96500	54214 (56)
Orhni Reservoir Project	9717	3217	6500 (98)	3000 (93)	47500	10249 (22)
Total:-	1164017	430137	733900 (63)	322070 (74)	4536640	2696485 (59)

(Irrigation Potential in hectare and figures in bracket indicate percentage) (For details refer: Appendix-3.3.3)

**Irrigation potential created was only 74 per cent as against the target of 4.30 lakh ha**

The Table No.-3 indicates that under AIBP only 74 per cent of targeted irrigation potential was created. As compared to the irrigation potential available (pre AIBP + under AIBP), only 20 to 65 per cent could be utilized for irrigation.

The scrutiny of records of Chief Engineer, WKC Project, Darbhanga disclosed that out of five branch canals, four (downstream canals) could not be made operational due to delayed completion (June 2008) and non-operation of Kamala Syphon. In the fifth (upstream) canal of Jhanjharpur, water reaches upto 100 RD only out of total length 137 RD. However, irrigation potential of the latter could not be utilised due to siltation, ongoing construction of Dhauri syphon (since 1997-98) and delayed completion and operation (June 2008) of Kamla Syphon.

Thus the IP (1.77 lakh ha) created in WKC was under-utilised due to non-completion of desiltation work in upstream which badly affected the water carrying capacity of canals. In downstream of WKC Project, the IP created could not be treated as actual creation since neither the source of water was ensured (October 2008) nor was the canal system upto the water course level completed.

Work was delayed due to non-acquisition of land (3312.24 ha) and public protest (September 2006) which resulted in delayed completion of project.



Similarly in SCMP the reported IP created under AIBP (1.69 ha) was also unrealistic as the source of water through Western Parallel Link Canal (WPLC) was not ensured due to non-completion of WPLC as discussed in paragraph.3.3.9.2.

### 3.3.9 Planning

#### 3.3.9.1 Planning/Project formulation/Cost and time over-run

##### Deficient Planning

Adequate planning is the key factor for effective implementation and timely completion of projects. As per guidelines issued by MoWR, the project investment clearance involves a preliminary project survey at the formulation stage and a detailed survey/investigation and design at project planning stage. Pre requisites such as acquisition of land, forest and environment clearance etc. were to be completed before taking up execution of the projects. The aforesaid guidelines issued by MoWR were not followed by the State Government in any of the projects reviewed.

The deficiencies at planning stage resulted in delay in completion of projects and time and cost overruns as shown in Table No. 4.

**Table No. – 4**  
**Time and cost overrun**

*(Rupees in crore)*

Name of Project	Estimated cost	Latest revised cost	Cost over-run	Due date of completion	Revised date of completion	Time over-run
WKC Project	326.61	830.69	504.08	2001	2009	8 Yrs
SCMP	493.17	745.75	252.58	2006	2008	2 Yrs

WKC Project remained incomplete and is still awaiting approval for fourth revised estimate at Rs 1115.71 crore which may result in further cost over-run. The execution of work in WKC was badly affected due to inherent locational problems like non-acquisition of land, siltation etc. The construction of the parallel link canal in SCMP has been delayed due to non-receipt of clearance for road cutting from the Road Construction Department (RCD) and non-shifting of electric poles by the State Electricity Board.

#### 3.3.9.2 Project taken up without proper survey and investigation

The construction of Western Parallel Link Canal (WPLC) (10 KM) of SCMP was taken up (December 2001) parallel to the existing Western Link Canal to create an additional irrigation potential of 2,18,600 ha. This link canal aimed to carry additional 8000 cusecs water required in consequence of the completion of existing Sone canal network.

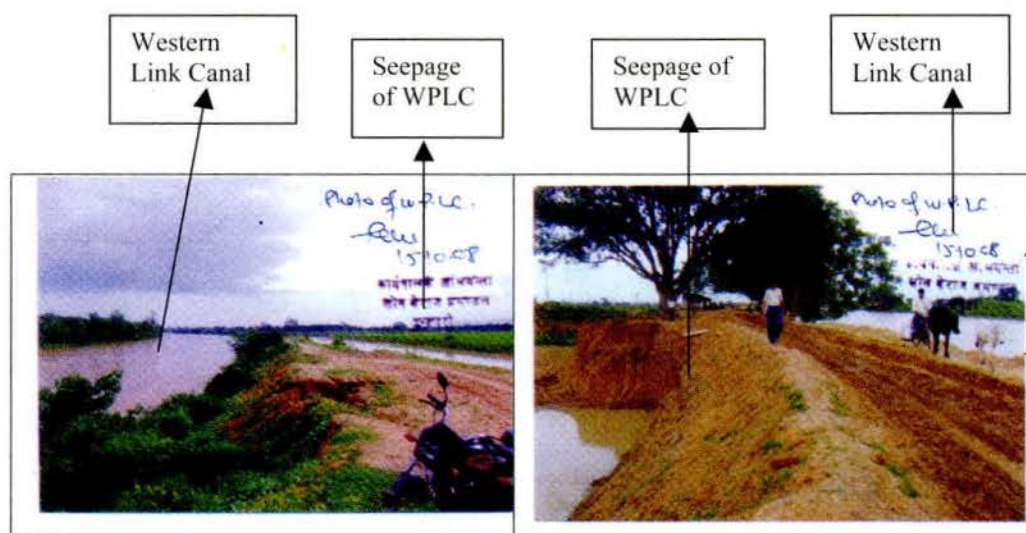
Despite expenditure of Rs 17.53 crore WPLC remained incomplete due to improper estimate

The earthwork of WPLC from 0.09 KM to 10.04 KM (divided into five groups) was allotted to contractors in January 2002 at an agreement value of Rs 20.30 crore with due date of completion by March 2003. Though, Rs 17.53

crore has already been spent as of March 2008, 27 per cent work remained incomplete as of July 2008.

Scrutiny of records revealed that no test of geographical strata was carried out by the divisions and provision for dewatering was also not included in the estimate. In the absence of provision for dewatering, heavy seepage of water via the sandy strata found during digging hindered the work of groups II and III. The progress of work in WPLC was also hindered due to delay in obtaining clearance from RCD for road cutting. The Secretary attributed the delay to RCD.

The reply was not acceptable since the letter for obtaining permission from RCD was sent in May 2008, six years after the award of work (January 2002). The second head regulator to augment the capacity of canal by 8000 cusecs has been in place since 1978 despite this, the irrigation potential created in SCMP under AIBP remains un-utilised due to non completion of WPLC.



Incomplete Western Parallel Link Canal under Sone Canal Modernisation project.

### 3.3.9.3 Acquisition of land

Acquisition of land was only 21 per cent of target set

As per AIBP guidelines, any work of canal system should be started only after acquisition of land to ensure smooth progress of work. Scrutiny of records disclosed that in contravention of the above, in WKC the Chief Engineer submitted a demand of 4195.37 acres of land between 1997 and 2007. Of this, possession of only 883.13 acre land could be obtained as of March 2008 in WKC Project.

During the period 2003-04 to 2006-07 in seven test-checked divisions of WKC 2206.77 acres of land was requisitioned. Of this only 380.48 acre could be acquired mainly due to lack of pursuance from the department and poor response of the Special Land Acquisition Officers (SLAOs).

Thus, the slow and tardy efforts of land acquisition authorities contributed in slow progress of work, non-completion of tendered work and non-achievement of targets of irrigation potential creation.



### 3.3.10 Execution

In a number of cases, AIBP fund was used for ineligible and unapproved components of the project as discussed below:

#### 3.3.10.1 Payment on Extra Work

Payment of Rs. 7.35 crore beyond the scope of approved estimate

Scrutiny of records of Executive Engineer, Western Kosi Canal Division, Khutauna during April 2008 disclosed that 107 regulators, one fall, 60 cross drainages and 37 bridges were constructed at a cost of Rs 7.35 crore with the approval of Chief Engineer Darbhanga during 2003-08. These structures were neither included in the third revised estimate (1999) nor approval for the same was obtained from CWC and MoWR resulting in payment of Rs 7.35 crore by the Division on extra item of works. Execution of these works has been banned by the Secretary (WRD). The Secretary replied that the extra structures constructed by unauthorised approval of the then Chief Engineer, Darbhanga which were not included in 3<sup>rd</sup> revised estimate.

#### 3.3.10.2 Inclusion of new projects

AIBP guidelines also do not allow inclusion of new project without completion of previous one.

Submission of completion report without actual completion in order to include new Project

Scrutiny revealed that the Chief Engineer sent the completion report of UKRP without its actual completion (February, 2007) in order to include Bateshwarsthan project under AIBP. Gideshwar pyne which was a part of the UKRP Project remained incomplete (August 2008). The CE accepted the finding and replied that it had been done on the orders of the Secretary, WRD.

#### 3.3.10.3 Expenditure on desiltation work

Slow implementation of desiltation work

Kosi is the second highest silt depositing river in the world. Therefore, removal of silt is a crucial part of the WKC project. AIBP guidelines, however, do not provide for expenditure on desiltation being made from AIBP fund.

In contravention to this, the tender for desiltation work (removal of one to two metre deep silt) in WKC from 0.00 RD to 86 RD was finalised on 7.3.2008 at an agreement value of Rs 12.22 crore with stipulated date of completion by 15 June 2008. Although, irrigation through the canal system was stopped in November 2007 for early completion of desiltation work, the work could actually start only in April 2008. Earth work of 7.44 M<sup>3</sup> was completed upto October 2008 against total required earthwork of 13.86 M<sup>3</sup>. Payment of Rs 4.10 crore was made as of October 2008. Taking up desiltation work out of AIBP fund violated its guidelines.

Further, scrutiny showed that the contractor could not complete work within stipulated period for which no action was initiated. Slow implementation of desiltation work substantially reduced the water carrying capacity of the canals.

### 3.3.10.4 Diversion of Fund

#### *Expenditure on Road Works*

As per the AIBP guidelines, fund made available under AIBP should be used for creation/restoration of irrigation potential.

Scrutiny of records disclosed that during 2003-04 metalling of service roads (939 KM at estimate cost of Rs 200.07 crore) was included under the Sub-head 'Earthwork' in the estimate of SCMP was approved by CWC in April 2003.

**Inadmissible expenditure of Rs 72.20 crore on road works by diversion of AIBP fund**

Against this, Rs 72.20 crore was spent upto March 2007 on metalling of 621 KM service road (268 KM completed and 353 KM partially completed). The second revised estimate for SCMP was submitted to CWC in 2005-06 which also included these road works. However, the Secretary, WRD excluded the road works from annual works plan for 2007-08 realising its wrong inclusion. The fact of wrong inclusion was also pointed out (October 2007) by CWC while considering the second revised estimate.

Thus expenditure of Rs 72.20 crore was incurred on works (metaling of roads) which was not covered under the scope of AIBP.

#### *Expenditure on Motor boats*

WRD purchased four motor boats for surveillance during flood in 2005-06 at an expenditure of Rs 26.44 lakhs from AIBP fund though not covered under the AIBP guidelines and included in the approved estimates. It did not in any way contribute towards creation of irrigation potential also.

#### *Blockage of fund*

**Unauthorised diversion of fund Rs 1.15 crore for unintended purpose**

Sone Barrage Division, Indrapuri advanced Rs 1.15 crore to Bihar State Hydel Power Corporation (BSHPC) in March 2004 for facilitating smooth functioning of (4 x 1.65) MW hydel electricity production unit by constructing mechanised tilting gate (fall cum regulator gate). The work had not started (July 2008) and Rs 1.15 crore remained blocked.

### 3.3.11 Participatory Irrigation Management

**Non formation of PIM Committees**

As per Government order (1997) Participatory Irrigation Management was to be ensured through formation of Water User's Associations (WUA) and the canal system was to be handed over for operation and maintenance to these Associations as envisaged under National Water Policy. These Associations were also responsible for collection of water rent. Thirty *per cent* of water rent realised by the Association was to be deposited in government account and the rest was to be spent on operation and maintenance.

It was seen that by August 2008 no WUA except one in Khutauna was formed in WKC Project while only 13 WUAs could be formed in SCMP against the required 144.



Annual targets for revenue collection were not fixed by the divisions despite order of the department (July 2005). Rs 56.76 lakh was required to be deposited by the WUAs on realisation of water rent but only 22.48 lakh was deposited in Government account as of March 2008. Besides, Rs 10.60 lakh (Ara Division, SCMP) and Rs 1.19 lakh (Dehri division, SCMP) were unauthorisedly spent by the divisions on repair and maintenance of canals already handed over to these Associations.

### 3.3.12 *Monitoring*

#### **Inadequate monitoring system**

The AIBP guidelines envisage a two tier detailed monitoring mechanism, one at the state level and another at Project level. The Monitoring committee at the state level was to meet quarterly while the committee at project level was to meet every month. Reports of meetings held at project level were to be submitted to state committee. The committee members were also required to visit sites of projects at least twice in a year to monitor physical progress of the projects.

Scrutiny showed that no such committees were formed either at State or Project level. A monitoring cell at Secretariat level was in place but, its role was confined to compilation of information furnished by the divisions. There was no system to verify the authenticity of the information compiled. The Chief Engineer, Dehri conducted 48 field inspections during 2003-08 but the Chief Engineer intimated that with the limited infrastructure proper records have not been maintained. In the absence of proper records and follow up action the very purpose of conducting inspections was defeated.

Further, CWC was also responsible for monitoring progress through field visits as per AIBP guidelines but the monitoring report prepared for each year were based on the information furnished by WRD. The cases of diversion of AIBP fund in violation of guidelines indicated inadequate monitoring by CWC.

### 3.3.13 *Conclusion*

Despite significant investment under AIBP, utilisation of targeted irrigation potential was not achieved and potential created ranged between 20 to 65 *per cent* of available IP. The under utilisation of irrigation potential created was mainly attributable to non-construction of Sone Parallel Link Canal to feed the need of water discharge and slow and tardy implementation of incomplete work of distribution system due to non acquisition of land. Cases of diversion of fund for unintended purposes showed poor monitoring of the AIBP schemes. The unsystematic and unplanned execution of projects also marred the utilisation of irrigation potential already created. No project could be completed in four agricultural seasons as envisaged under the scheme.

### 3.3.14 *Recommendations*

The Government may examine and consider the following:

- Efforts need to be made towards desiltation work for optimum utilisation of irrigation potential created;

- Land acquisition should be completed in a time bound manner;
- Ensure completion of SPLC on priority basis to increase IP and its utilization;
- Ensure completion of distributaries and water courses to step up utilisation of irrigation potential;
- Comprehensive long term modalities need to be worked out for intended benefits to flow, to the targeted beneficiaries;
- The state government should provide funds for the completion of the partially constructed roads;
- Effective monitoring and evaluation system should be ensured as envisaged in the AIBP guidelines.



## **CHAPTER-IV**

### **AUDIT OF TRANSACTIONS**

- 4.1 Fraud/misappropriation/embezzlement/losses**
- 4.2 Infuctuous/wasteful expenditure and overpayment**
- 4.3 Violation of contractual obligation/undue favour to contractors/avoidable and unfruitful expenditure**
- 4.4 Irregular / Idle expenditure, blocking / misutilisation of funds**
- 4.5 Regularity issues and others**





## CHAPTER-IV

### AUDIT OF TRANSACTIONS

#### 4.1 Fraud/ misappropriation/ embezzlement/ losses

#### BUILDING CONSTRUCTION DEPARTMENT

##### 4.1.1 Loss due to interest payment

***Delay in finalizing the estimate, non-payment and non-obedience of court order resulted in loss due to payment of interest amounting to Rs 32.92 lakh.***

The district administration of Purnea directed (11/12.10.1984) the Building Construction Division, Purnea (Division) to repair the approach road to helipad, extend the helipad and to construct a stage and fence at the Rangbhum ground in view of the Prime Minister's visit (17.10.1984). The division submitted (13.10.1984) an estimate of Rs 9.75 lakh to Superintending Engineer (SE), Building Circle, Purnea for administrative approval and technical sanction and simultaneously got the work executed through a contractor<sup>1</sup>. However, payment could not be made to contractor for want of administrative approval/ technical sanction and release of funds.

Scrutiny of records (November 2007) of the Division disclosed that after a year of the execution of work, the Chief Engineer (CE) issued instruction (letter no. 1272 dated 25.11.1985) to the SE along with a copy to the Division to submit a revised estimate as per actual work done. Accordingly, Division submitted the revised estimate to SE for Rs 9.71 lakh on 5.12.1985 and SE approved the estimate for Rs 9.15 lakh and forwarded it (7.12.1985) to CE for administrative approval and allotment of funds. But, neither the administrative approval was accorded nor was the fund allotted for thirty two months (October 1984 to May 1987). The reasons for inaction were neither intimated nor available on record. As such, the contractor moved to the court and a notice was issued (May 1987) to the department for payment of his claim. On receipt of the judicial notice, the SE approved (September 1987) the rates of Bill of Quantity (BOQ) (Rs 7.77 lakh) and forwarded the case to CE for his approval but CE returned (May 1989) the estimate to SE with the remarks that SE is himself competent to dispose the tender. In the meantime, contractor served two more judicial notices (August 1988 and September 1988) to the Division and ultimately filed (December 1988) a suit for Rs 16.45 lakh in the District Court of Purnea against the Department. After filing of the money suit, the Building Construction Department (BCD) accorded administrative approval (March 1990) for Rs 5.46 lakh only against the estimated amount of Rs 9.71 lakh and released the funds (March 1990). The Division did not make

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<sup>1</sup> M/s Satnam Das.



payment to contractor and diverted Rs 5.34 lakh towards other payments<sup>2</sup>. As a result, the District Court of Purnea awarded decree (January 1991) in favour of contractor for Rs 15.97 lakh with interest at the rate of 10 *per cent* and costs. The department neither complied with the orders of the district court nor filed an appeal in the higher court. The division made a part payment of Rs 3.29 lakh after 20 months (October 1992) from date of decree order. The court issued warrant of attachment (February 2007) against the Division for non-obedience of court order and ultimately, the Division made payment (July 2007) for Rs 40.46 lakh including interest of Rs 32.92 lakh<sup>3</sup>.

The Division stated (November 2007) that the payment could not be made for want of allotment and interest was paid as per orders of the court while Secretary, BCD replied (September 2008) that the then Executive Engineer was fully responsible for the loss as he did not make payment of Rs 5.46 lakh to the contractor. The replies were not acceptable as interest was paid due to delay made by the Department at various stages resulting in non-compliance of court order dated 31.1.1991. As regard allotment of funds, the department failed to sanction the estimate and release the funds as per revised estimate which resulted in delay in release of funds for five years and five months.

Thus, delayed action by the department at the level of CE etc. resulted in non-payment of sanctioned amount of Rs 5.46 lakh by division and non-obedience of court order which resulted in payment of Rs 32.92 lakh as avoidable interest payment and loss to Government.

## ROAD CONSTRUCTION DEPARTMENT

### 4.1.2 Loss due to excess payment of carriage

*Transportation of materials by contractor from nearby quarries/outlets but payment made on the basis of (specified) far off quarry/outlet resulted in loss of Rs 30.98 lakh.*

The IRQP<sup>4</sup> work of NH 80 from Km 1(P) to Km 11 under NH Division (Division), Lakhisarai was awarded (November 2006) to a contractor at a cost of Rs 1.99 crore. The work was to be completed within six months from date of agreement (February 2007). However, work was completed in January 2008 and payment of Rs 1.99 crore was made to the contractor (March 2008). The construction materials were to be procured and transported from specified quarries/outlets<sup>5</sup> as per estimate.

<sup>2</sup> Rs 1.50 lakh (Returned to DM advance for work in connection with P.M. visit 5/4/1989 and 18/5/1989) + 3.84 lakh (Transferred to Bihar State Marketing Board for material).

<sup>3</sup> Rs 533596.00 (Interest upto 22/12/1988) + Rs 2758801.25 (Interest from 23/12/1988 to 21/01/2006).

<sup>4</sup> Improvement in Riding Quality of Pavement.

<sup>5</sup> Stone metals from Shekhpura: carriage rate-Rs 392.99/Cum, Stone aggregates/chips from Mirzachauki(Jharkhand): carriage rate Rs 1074.31/Cum, Bitumen from Barauni: carriage rate Rs 145.71/MT and Bitumen emulsion from Haldia (WB): carriage rate Rs 1715.09/MT.



Scrutiny (March 2008) of the division records disclosed that 4501.8 cum stone aggregates/chips and 19.471 MT bitumen emulsion were used in the work. As per estimate the contractor was required to transport stone aggregates/chip from Mirza chauki and bitumen emulsion from Haldia. However, the contractor procured and transported the stone aggregates/chips from Shekhpura quarry (lead 58 Km) instead of Mirzachauki (lead 187 Km). The division allowed lead payment from Mirzachauki despite the fact that contractor submitted affidavit and certificate of Shekhpura quarry. The Mining Officer, Shekhpura also intimated the Division that required quantity of stone aggregates/chips was procured and lifted from Shekhpura quarry. This resulted in excess payment of lead for Rs 30.67 lakh<sup>6</sup> to the contractor by the division.

Similarly, lead for bitumen emulsion was provided from Haldia (WB) (lead 448 Km). The contractor procured bitumen from Barauni (lead 24 Km) and utilized as bitumen emulsion. A total quantity of 19.471 MT bitumen emulsion was utilized in the work. However, lead for bitumen procured in place of bitumen emulsion was allowed from Haldia (448 Km) in stead of Barauni (24 Km) which resulted in excess payment on carriage for Rs 0.31 lakh<sup>7</sup>.

Thus, Division favoured the contractor by allowing excess payment on account of carriage of materials from places other than those specified in the estimate without checking whether the materials were actually procured and transported from those quarries/outlets. This resulted in loss to Government for Rs 30.98 lakh.

The matter was reported to Government (April 2008); their reply had not been received (December 2008).

## RURAL DEVELOPMENT DEPARTMENT

### 4.1.3 Misappropriation of Government money

***Lack of internal control mechanism, failure of the BDO to check the cash balances and do physical verification of cash led to misappropriation of Rs 65.45 lakh.***

Rule 86 of Bihar Treasury Code provides that a Government servant receiving money on behalf of Government is required to maintain a cashbook in a prescribed form to record transactions as soon as they occur and the head of the office is required to attest each and every entry in the cashbook on daily basis. The cashbook should be closed and balanced daily. The head of the office should verify the total of cashbook and physically verify the cash balance at the end of each month and record a certificate to that effect.

Scrutiny (December 2007) of records of Block Development Office; Mahishi, Saharsa for the period April 2004 to March 2007 disclosed that against the total outstanding advances of Rs 6.63 crore (March 2007) granted for various purposes during March 1996 to March 2007, the records for Rs 4.93 crore

<sup>6</sup>  $4501.8 \text{ cum} \times \text{Rs } 681.32 (\text{Rs } 1074.31 - 392.99) = \text{Rs } 30,67,166.37.$

<sup>7</sup>  $19.471 \text{ MT} \times \text{Rs } 1569.38 = \text{Rs } 30,557.39.$



The matter was referred to Government (June 2008); their reply had not been received (December 2008).

## **WATER RESOURCES DEPARTMENT**

### **4.1.6 Misappropriation of Temporary Advance**

***Temporary advances of Rs 1.15 crore paid to AEs/JEs remained unrecovered/unadjusted.***

Bihar Public Works Account Code read with instructions of the Cabinet (Vigilance) Department (December 1983), provides that when a disbursing officer makes remittances to a subordinate officer to enable him to make a number of specific petty payments on a muster roll or other vouchers which has already been passed for payments, the amount remitted should be treated as temporary advance. The subordinate officer, to whom the advance was paid, is responsible for its accounting and should submit the account of advance within a month to Executive Engineer (EE). The EE in turn, should inform the officer concerned within 15 days regarding adjustment of advance or decision taken on the account submitted. No subsequent temporary advance should be granted without adjustment of previous advance.

Scrutiny of monthly accounts and vouchers of Bagmati Division No. I, Sitamarhi and Rural Works Department, Works Division, Buxar disclosed that temporary advance amounting to Rs 1.15 crore<sup>10</sup> paid to AEs/JEs during the years 1996 to 2000 remained unadjusted or un-recovered till June 2008. The advance was paid without adjusting the previous advances and retained by the AEs/JEs for years together. The outstanding amount of advances was also not recorded in the LPC of AEs/JEs transferred from the Division.

However, Ex. Engineers of Bagmati Division No. 1 had published notices in the newspaper (June 2003 and August 2005) but could not initiate further action against defaulters. No action was taken by the Rural Works Department, Works Division, Buxar either to adjust or to recover the amount of advance.

The matter was reported to the Government (July 2008); their reply had not been received (December 2008).

### **4.1.7 Loss due to injudicious decision of SRC and incomplete work**

***Injudicious decision to construct bed bars and non-approving the anti soil erosion work resulted in loss of Rs 10.08 crore and avoidable expenditure of Rs 55.89 lakh to the Government.***

The expert committee appointed (November 2006) by the Water Resources Department (WRD) to suggest the modalities of anti erosion work had recommended for boulder revetment in the left embankment of river Ganga near Khairpur, Raghapur and Akidatpur village under Flood Control Division,

<sup>10</sup> Bagmati Division No.I: Rs 33.63 lakh and RWD (W) division, Buxar: Rs 81.43 lakh.



Naugachhia. But, ignoring the recommendation of the expert committee, the Scheme Review Committee (SRC) approved the work for construction of boulder bed bars (December 2006). The Chief Engineer, WRD, Bhagalpur accorded technical sanction (February 2007) of Rs 12.79 crore for construction of 72 boulder bed bars with apron. The work was awarded to a contractor (March 2007) for Rs 9.45 crore followed by a post facto sanction of Rs 1.40 crore (February 2008) for carriage charge of boulders from changed lead and extra provision of earth work. Thus, total value of work was raised to Rs 10.85 crore. The time frame for any work in the river Ganga was stipulated up to May 2007. However, work was carried out up to June 2007 but could not be completed even then.

Scrutiny of records (April 2008) of the division disclosed that work on only 63 (1 to 63) bed bars was started of which, 36 bed bars (1 to 36) could be completed by June 2007 and in balance 27 bed bars, provision of geo-textile filter, boulder crating in apron and bed bars could not be made. A total expenditure of Rs 10.08 crore<sup>11</sup> was incurred in execution of the aforesaid work. Therefore insufficient bed bars and incomplete structures failed to withstand the flood of 2007 and were washed away in the flood completely. The SRC, after washing out the newly constructed structures accepted<sup>12</sup> the recommendation of the expert committee and approved boulder revetment work in six kilometer length at the same site. The Division replied that only 36 bed bars out of 63 were completed by June 2007 which failed to protect the embankment from erosion. As regard execution of work on 63 bed bars only instead of 72, the Division stated that execution of work in 72 bed bars was not possible at a time. However, division was silent regarding circumstances under which only 36 bed bars could be completed despite continuance of work beyond stipulated completion period. The division could not reply as to why the bed bars failed or about inadequate number of bed bars. In this regard, it is important to state that as per circular of the River Valley Project (November 1990) bed bars were not effective in major rivers like Ganga due to fine sand in bed material and steep gradient.

(b) The Chief Engineer, WRD, Samastipur accorded technical sanction (October 2003) of Rs 5.08 lakh for restoration of damaged bed bar and empty cement bag slope pitching in 15 meter length as anti erosion work at Chainpura village between K.M 11.89 to 12.20 in Left Burhi Gandak Embankment as per recommendation (October 2003) of the TAC under Flood Control Division-I, Khagaria. The work was to be executed before flood of 2004. However, proposed work was not approved by the SRC and therefore could not be executed. As a result, slope and top of the embankment (20 meter length) was eroded in the flood of 2004. Hence, a safety bandh was constructed (August 2004) thrice as part of flood fighting measure to save the densely populated large area at a cost of Rs 8.16 lakh. After flood of 2004, the TAC again recommended anti erosion work on the same site which was approved by SRC (January 2005) for Rs 50 lakh. The work was awarded (March 2005) to an agency for Rs 44 lakh with stipulated date of completion

<sup>11</sup> Material cost: Rs 2.30 crore and paid to contractor: Rs 6.38 crore + Rs 1.40 crore.

<sup>12</sup> Agenda No. 94/15 for Rs 23.58 crore (Administratively approved in February 2008).



libraries, Rs 193.75 lakh under recurring expenditure (preparation of text books, practical manuals, Under Graduate and Post Graduate practical contingencies, Computer Lab, Seminars, training, work shops etc.) and Rs 2.00 lakh for National Talent Scholarship. Purchase of any equipment and execution of any civil works from this grant was prohibited.

Scrutiny (March 2008) of records of RAU disclosed that university and its four units spent Rs 52.10 lakh on purchase of vehicles (Rs 28.04 lakh), computers (Rs 24.06 lakh) for administrative block of the university.

Thus, contrary to the instructions of ICAR, the RAU unauthorisedly spent Rs 52.10 lakh of grant on purchase of new equipments and on new construction work for which, neither responsibility for lapses was fixed nor expenditure was got regularized from the ICAR.

The University replied (August 2008) that expenditure Rs 28.30 lakh was incurred on organising students education tour and study, faculty amenities, strengthening and development of education by Dean. But, the expenditure vouchers did not justify expenditure on above items because the University purchased three Ambassador Cars, three Boleros and one ambulance all for official use.

The matter was reported to the Government (July 2008 and December 2008); their reply has not been received (December 2008).

#### 4.2.3 *Excess payment due to irregular fixation of pay*

***Excess Payment of Rs 1.21 crore due to irregular fixation of pay to teachers/scientists of Rajendra Agricultural University (RAU), Pusa, Samastipur.***

The Department of Agriculture, Government of Bihar implemented (October 2002) the career package (including revised pay scale) approved by the Indian Council of Agricultural Research (ICAR) for teachers/ scientists of Rajendra Agriculture University (RAU) with effect from 01.01.1996. Accordingly, pay of teachers/ scientists of the University were fixed in the year 2002-03.

Out of 381 cases made available to audit, scrutiny (February, 2008) of 134 cases disclosed that basic pay on 01.01.1996 was fixed at higher stage as follows:

- Interim relief (IR) at the rate of Rs 100/- plus 10 per cent of the basic pay in the pre-revised emoluments as on 01.01.1996 was added though, it was not admissible to teachers/scientists of RAU in pre-revised UGC pay scale.
- Two incentive increments were added for Ph. D. degree in the pre-revised emoluments as on 01.01.1996 to such teachers/scientists who had obtained Ph. D. degree prior to 01.01.1996. The provisions of the approved package of ICAR were effective from 01.01.1996. So, two incentive increments were admissible only to such teachers/scientists



who obtained their Ph.D. degree on 01.01.1996 and thereafter as provided under clause 4 (ii) (d) of the package.

- In case of bunching of pay (allowing one increment in new scale of pay for every three increments in pre-revised scale and fixation of basic pay at the stage of Rs 14940 to Sr. Scientist-cum-Associate Professor after attaining five years of service as on 01.01.1996 and thereafter in the pre-revised scale of Rs 3700-5700), the Date of Next Increment (DNI) should have been reckoned after completion of one year of service from the date of bunching. But, DNI was allowed on the basis of previous DNI which was irregular.

Due to these discrepancies in fixation of admissible basic pay as on 01.01.1996, the basic pay of 134 teachers/scientists were fixed at a higher stage which resulted in excess payment of salary amounting to Rs 1.21 crore from January 1996 to December 2007 which was contrary to section 25 (ii) of the Bihar Agricultural University Act, 1987 under which any increase in the pay and allowances of the staff without prior sanction of the State Government was prohibited. No responsibility for this lapse was fixed on the erring officials.

On being pointed out by audit (February 2008), the University replied (August 2008) that committee has been formed to check the pay fixation of teachers/scientists of RAU.

The matter was referred to Government (July 2008); their reply had not been received (November 2008).

## **HUMAN RESOURCE DEVELOPMENT DEPARTMENT (HIGHER EDUCATION)**

### **4.2.4 Payment of inadmissible pay scale**

#### ***Inadmissible payment of Rs 1.46 crore to non-teaching staff of Patna University.***

The State Government revised (October 2004) the pay scales of non-teaching staff of the Universities and colleges with effect from 1 January, 1996 in view of the recommendation of the committee set up for revision of pay. The Government specifically laid down the condition that salaries should be paid to non-teaching staff of the Universities and colleges only after fixation of their pay in the scales provided under these orders.

Scrutiny (January 2008) of salary bill register and pay fixation statement of non-teaching employees of Patna University disclosed that the Vice Chancellor allowed (May 2006) higher pay scales than the admissible rate to Assistant Internal Auditors and Assistants in violation of the Government orders. As per the provisions of section 35 (ii) of the Patna University Act, 1976, which provides that no pay or allowances attached to any post shall be increased by the University without prior approval of the State Government. Therefore enhancement of pay scale by the Vice Chancellor resulted in excess



payment of Rs 1.46 crore to four Assistant Internal Auditors and 75 Assistants during April 1997 to October 2008 as shown in the table below:

Sl No.	Name of post	Revised pay scale	Scale allowed	No. of staff	Excess paid amount (Rs in lakh)
1.	Asstt. Internal Auditor	4000-6000	6500-10500	4	6.55
2.	Assistants	4000-6000	5500-9000	75	139.36
<b>Total -</b>				<b>79</b>	<b>145.91</b>

Thus, allowing higher pay scales without approval of the State Government led to inadmissible payment of Rs 1.46 crore.

The matter was reported to the Government (July 2008); their reply had not been received (December 2008).

#### **4.3 Violation of contractual obligations, undue favour to contractors, avoidable/ unfruitful expenditure**

### **PUBLIC HEALTH ENGINEERING DEPARTMENT**

#### **4.3.1 Avoidable expenditure**

#### **Undue favour and injudicious decision led to avoidable expenditure of Rs 1.27 crore.**

The Public Health Engineering Department (PHED), Bihar floated an NIT (November 2005) for procurement of 11.15 lakh meter (40 mm light class galvanized mild steel tubes) pipe. The tender was valid for 180 days and materials were to be supplied within 60 days of supply order.

Scrutiny (September 2007) of records of Engineer-in-Chief (EIC), PHED disclosed that out of five firms which participated in the bid<sup>17</sup>, M/s Bhawani Industries Ltd., Punjab was the lowest one and quoted rate of Rs 113 per meter. However, M/s Shakti Tubes Ltd, Patna quoted fourth lowest (L4) rate. The Purchase Committee decided (18.1.2006) to procure entire quantity of tubes from M/s Shakti Tubes Ltd at negotiated rate of Rs 120.85/meter as it was a State based firm though, negotiation was allowed with lowest bidder only vide rule 164 of the Bihar Public Works Department (BPWD) Code. However, Member, Vigilance of the purchase committee viewed that awarding the entire purchase order to higher bidder was injudicious. Hence, purchase committee on its own reviewed its decision (2.3. 2006) and split the purchase in the ratio of 3:1:6 among L1, L2 and L4 bidder. The quantity of

<sup>17</sup> M/s Bhawani Industries Ltd., Punjab: L1= Rs 113/meter, M/s BMW Industries Ltd., Kolkata: L2=Rs 114/meter, M/s Bhushan Ltd., Chandigarh: L3= Rs 118/meter, M/s Shakti Tubes Ltd., Patna: L4=Rs 128/meter and M/s Rawalwasia Ispat Udyog, Hisar: L5=Rs 144/meter .



procurement was reduced to 8.17 lakh meter<sup>18</sup> due to delay in finalisation of tender. The delivery schedule was also reduced to 18 days. Accordingly, supply orders were placed (13.3.2006) to L1 and L2 bidder at Rs 113/meter and to M/s Shakti Tubes Ltd (L4) at Rs 120.85/meter. The supply quantity of M/s Shakti Tubes Ltd was further reduced (29.3.2006) to 2.79 lakh meter from 6.57 lakh meter on request of the firm (11.3.2006) owing to hike in steel price and reduction in supply period. The L1 bidder refused to supply due to reduction in supply period, changing the inspection agency and hike in steel price. As a result, procurement of only 3.89 lakh meter<sup>19</sup> tubes could be materialized against initial requirement of 11.15 lakh meter. The Department invited fresh tender (June 2006) for 7.97 lakh meter (including balance quantity of 7.26 lakh meter) and placed purchase order for procurement of 7.38 lakh meter to M/s Bhushan Power & Steel Ltd, Chandigarh at the rate of Rs 142/meter.

In this regard, it was further observed that credentials of M/s Shakti tubes were not satisfactory in respect of quality of material and observance of the supply schedule. A vigilance case was also pending against the firm for substandard supply. But, ignoring the poor credentials of the firm, the purchase committee favoured this firm by deciding to procure entire quantity from this firm which resulted in revision of the decision and delay in placing the purchase orders for 54 days (18.1.2006 to 12.3.2006). The decision to reduce the supply period despite validity of tender up to 19.6.2006 was also injudicious. Further, instead of ensuring the procurement of tubes from the bidders within validity period of tender, the Department wasted 80 days (1.4.2006 to 19.6.2006) and procured the balance material through fresh tender. Thus, procurement of the material at higher rate from M/s Bhushan Power & Steel Ltd, Chandigarh led to avoidable expenditure of Rs 1.27 crore<sup>20</sup>.

The EIC, stated (November 2007) that tender was decided by the purchase committee in presence of representative of Industries department. The reply was not acceptable as credentials of the bidder, views of the Member, Vigilance, provisions of the BPWD Code and terms and conditions of the NIT should have been considered prior to finalization of tender.

The matter was referred to Government (May 2008); their reply had not been received (December 2008).

<sup>18</sup> M/s Bhawani Industries, Punjab: 3.28 lakh meter (P.o.No.-1551 dated 13.3.2006), M/s BMW Industries Ltd., Kolkata: 1.10 lakh meter (P.o.No.-1530 dated 13.3.2006) and M/s Shakti Tubes, Patna: 2.79 lakh meter (P.o.No.-1976 dated 30.3.2006).

<sup>19</sup> M/s Shakti Tubes Ltd: 2.79 lakh meter and M/s BMW Industries Ltd.: 1.10 lakh meter.

<sup>20</sup> (520030 meter pipe procured in 13 divisions for Rs 71429620) – (supply of 520030 meter pipe at Rs 113/meter = Rs 58763390) = Rs 12666230.



#### 4.4 Irregular/ idle expenditure, blocking/ misutilisation of funds

### SOCIAL WELFARE DEPARTMENT

#### 4.4.1 Denial of nutritional aid under NNM

***Nutritional aid to adolescent girls, expectant and nursing mothers could not be provided despite availability of funds and Rs 11.82 crore remained blocked for two to four years with FCI/SFC/DWO.***

A pilot project named Nutritional Programme for Adolescent Girl (NPAG) under National Nutrition Mission (NNM) was launched (August 2002) in two districts (Aurangabad and Gaya) of the State. As per guidelines of the programme, free foodgrains at the rate of 6 Kg per beneficiary per month was to be provided to adolescent girl (age group: 11-19 years and weight below 35 kg) and expectant and nursing mothers (weight below 40 kg) belonging to below poverty line families initially for a period of three months in order to reduce/eliminate malnutrition, micronutrient deficiencies and chronic energy deficiencies in the backward districts where malnutrition in girl/women prevailed. Beneficiaries, who achieved said cut off weight of 35 and 40 kg respectively would not receive foodgrains after three months. But, in case of beneficiary who remained underweight would continue to receive the foodgrains. The scheme was to be implemented through Child Development Project Officer (CDPO) at block level and by the District Programme Officer/District Welfare Officer (DWO) at district level.

Scrutiny (January 2008) of records of DWO, Aurangabad and information collected (November 2008) from DWO, Gaya disclosed that Government of India (GOI) provided Rs 12.41 crore<sup>21</sup> as special additional Central Assistance to DWOs of both district through Directorate, ICDS, Social Welfare Department, Bihar for implementation of NPAG (March 2004 and March 2006). Of the above, the DWOs of both district advanced (June 2005) Rs 6.58 crore (Rs 3.29 crore each) to Food Corporation of India (FCI), Gaya for procurement of 11100 MT foodgrains and Rs 20.53 lakh to State Food Corporation (SFC) of each district to meet transportation cost of foodgrains from FCI to their godowns. The SFC Aurangabad lifted 530.12 MT<sup>22</sup> and SFC, Gaya lifted 1274.16 MT foodgrains (wheat) from FCI up to November 2008.

During audit it was observed that 31959 beneficiaries in Aurangabad and 73116 beneficiaries in Gaya were identified under this programme which require 191.8 MT and 365.6 MT food grains per month respectively. Against the advance for 5550 MT and requirement of aforesaid quantity of foodgrains, the CDPOs Aurangabad lifted only 64.23 MT foodgrains (rice: 43.72 MT and wheat: 20.51 MT) which was inadequate even for a month while, CDPO, Gaya lifted 1007.89 MT (wheat) during last two years i.e. 2005-07. The SFC,

<sup>21</sup> Rupees 7.15 crore in March 2004 and Rs 5.26 crore in March 2006.

<sup>22</sup> 233MT rice (June 2005) and 297.12MT wheat (March 2006).



Aurangabad reported (September 2005) that quality of food grain was deteriorating due to long storage but DWO Aurangabad did not take necessary steps for lifting the food grains from SFC to implement the scheme. DWO Gaya had also not lifted the balance foodgrains.

Thus, implementing authorities of both the districts failed to implement the programme despite availability of funds and only Rs 60 lakh (4.83 per cent) could be spent against allocation/sanction of Rs 12.42 crore made available by GOI as special additional assistance. As a result, Rs 11.82 crore<sup>23</sup> remained blocked with FCI/ SFC and DWOs for two to four years resulting in denial of intended benefit of NPAG to the beneficiaries, thus leading to complete failure in achieving the desired objective of National Nutrition Mission Scheme.

The matter was reported to Government (April 2008); their reply had not been received (December 2008).

## HUMAN RESOURCES DEVELOPMENT DEPARTMENT (HIGHER EDUCATION)

### 4.4.2 Idle investment

*Failure of the University in not obtaining the approval of the State Government before entering into agreement with LIC resulted in idle investment of Rs 2.56 crore besides, interest payment of Rs 23 lakh on FDR loan.*

The Tilka Manjhi Bhagalpur University (TMBU), entered (March 2003) into an agreement with the Life Insurance Corporation of India (Corporation) for linking 1499 employees of the University and colleges under Employees Group Gratuity Assurance Scheme with a view to reduce the liability of University/State Government on account of payment of gratuity to employees retiring after March 2003. The University did not seek approval of the State Government nor made any budget estimate before entering into the agreement.

As per term and conditions of the agreement, the Corporation demanded an initial contribution of Rs 7.48 crore from the University for coverage of the scheme right from the beginning of services of the employees. Besides, the Corporation also demanded an annual contribution of Rs 33 lakh and One Year Renewal Term Assurance (OYRT) premium of Rs three lakh. It however, agreed to accept the initial amount of Rs 1.36 crore<sup>24</sup> for immediate

<sup>23</sup> *Aurangabad: FCI- Rs 329.25 lakh - Rs 31.45 lakh (cost of food grains supplied to SFC) = Rs 297.80 lakh, SFC: Rs 20.53 lakh + Rs 31.45 lakh - Rs 1.96 lakh (transportation cost) - Rs 3.91 lakh (cost of food grains issued to CDPOs) = Rs 46.11 lakh and DWO: Rs 550.34 lakh- Rs 329.25 lakh-Rs 20.53 lakh = Rs 200.56 lakh; Total = Rs 544.47 lakh.*

*Gaya: FCI- Rs 329.25 lakh -48.92 lakh (cost of food grains supplied to SFC) = Rs 280.33 lakh; SFC: Rs 20.53 lakh - Rs 4.19 lakh = Rs 16.34 lakh; DWO- Rs 690.64 lakh - Rs 329.25 lakh- Rs 20.53 lakh = Rs 340.86 lakh; Total = Rs 637.53 lakh.*

<sup>24</sup> *First instalment of initial contribution: Rs one crore + Annual premium for the year 2002-03: Rs 33 lakh + OYRT premium: Rs three lakh.*



implementation of the scheme. Owing to financial crunch, the University resorted to borrowing of an amount of Rs 1.36 crore from the Bank by pledging FDR<sup>25</sup> of Pension and Gratuity account and Standing Committee on Vocational Education (SCOVE) account. Further, annual contribution was to be determined by the Corporation on the basis of evaluation of the benefits to be made on time to time basis. But, corporation never evaluated the benefits and increased the annual premium on adhoc basis by 20 per cent from the year 2004-05 onwards in anticipation of hike in the pay scale of the employees. Hence, the amount of annual premium increased from Rs 33 lakh to Rs 47 lakh in four years and on this account, the University paid Rs 1.20 crore<sup>26</sup> for the period from 2003-04 to 2005-06. Further, Bank charged Rs 23 lakh as interest on loan amount and deducted from encashed value of FDR.

The University apprised the Government (February 2006) about the policy and requested to release grants to run the policy. But the Government did not reply till February 2008. The scheme could not take off due to non-remission of annual premium after 2005-06 and short payment of initial contribution to Corporation. The University surrendered the policy (June 2008) as it could not get the government grants to finance the policy. It also requested the Corporation to refund the due amount with interest. The refund of due amount is pending with Corporation (November, 2008).

Thus, failure of the University in assessing the fund requirement before entering into agreement and not obtaining the approval of the State Government resulted in management surrendering the scheme midway. This resulted in idle investment of Rs 2.56 crore\* besides interest payment of Rs 23 lakh on FDR loan.

The matter was referred to Government (May 2008 and December 2008); their reply had not been received (December 2008).

## AGRICULTURE DEPARTMENT

### 4.4.3 Nugatory expenditure and blockage of funds

***Lack of monitoring led to non-implementation of the programme despite availability of funds causing nugatory expenditure of Rs 37.23 lakh besides, blockage of Rs 12.17 lakh.***

The Government of India (GOI) accorded administrative approval and provided (November 1994) grants-in-aid of Rs 50 lakh<sup>27</sup> to Agriculture Department, Bihar for establishment of Jaivik Niyantran Prayogshala at Patna under Integrated Pest Management (IPM) Programme. The scheme objective was to restrict the unfair use of pesticides, encourage awareness among farmers regarding fair pest management and to identify favourable and

<sup>25</sup> Fixed Deposit Receipts.

<sup>26</sup> 2003-04: Rs 32.89 lakh; 2004-05: Rs 39.47 lakh; 2005-06: Rs 47.36 lakh.

\* Rs 1.36 crore + Rs 1.20 crore.

<sup>27</sup> Rs 30 lakh: Construction of building for proposed laboratory, Rs 16.50 lakh: For equipment and Rs 3.50 lakh: For purchase of vehicle.



unfavourable pests and their proper utilisation in production of poison-free food items and to identify, inseminate and preserve favourite pests. Viruses were also to be produced in laboratory to control pests through viruses.

Of the above, the State Government sanctioned (April 1997) Rs 30 lakh<sup>28</sup> for construction of laboratory-building through Bihar State Agriculture Marketing Board (BSAMB) and Rs 20 lakh<sup>29</sup> for procurement of machine/equipments and vehicle through Joint Agriculture Director (Plant protection).

Scrutiny of records (September 2007) of Joint Agriculture Director (Plant protection), Bihar disclosed that the directorate released Rs 20 lakh after delay of 28 months in April 1997 to BSAMB for construction of building and Rs 10 lakh after nine years in October 2003 for construction of boundary wall, garage, approach road and electrification. The building was completed in November 2005 after 11 years of receipt of funds from GOI. Further, Department released Rs 20 lakh for machine/equipments and vehicle after nine years and four months and that too, could not be utilized by the directorate as only two equipments (Rs 4.75 lakh) and vehicle (Rs 2.48 lakh) were purchased so far (July 2008). The balance amount of Rs 12.77 lakh was lying in current account in bank despite GOI instruction (July 2003) to surrender the unutilized balance at the close of the financial year.

Thus, failure of internal control mechanism in the Department and lack of monitoring led to non-implementation of the programme despite availability of funds causing nugatory expenditure of Rs 37.23 lakh besides, blocking of Rs 12.77 lakh irregularly kept in the bank. Thus failure of the department reflects its indifference to the objectives to help farmers to appreciate the benefits of better pest management.

The matter was referred to Government (June 2008); their reply had not been received (December 2008).

## RURAL DEVELOPMENT DEPARTMENT

### 4.4.4 Non-recovery of VAT and marketing fee and non-utilisation of rice

***Short-lifting of allocated quantity of rice resulted in excess payment of VAT and marketing fee amounting to Rs 22.09 lakh and non creation of employment opportunity for 4.13 lakh man-days.***

The Sampoorana Grameen Rojgar Yojana (SGRY) consisted of two main components i.e. a cash component and food-grains (rice) component. Rice was provided to the daily wage earner at a minimum of five kilogram (Kg) per day subject to minimum cash payment of 25 *per cent*. Under this scheme, Government of India (GOI) provided rice free of cost but, sales tax/marketing

<sup>28</sup> Rupees 20 lakh for construction of laboratory building and Rs 10 lakh for construction of boundary wall, garage, approach road, electrification.

<sup>29</sup> Rupees 16.50 lakh for purchase of machine and equipment and Rs 3.50 lakh for purchase of vehicle.



fee/transportation and handling cost of the rice was to be borne by the state government from its own resources. The SGRY was closed in February 2006 when the National Rural Employment Guarantee Scheme (NREGS) was introduced. However, in order to clear the available stock of rice under SGRY, the Ministry of Rural Development (MoRD), GOI allowed (March 2006) the utilization of the balance quantity in NREGS upto June 2006.

Scrutiny of records (March 2008) of DRDA, Bhabhua disclosed that GOI released 6743 MT rice to District Rural Development Agency (DRDA), Bhabhua in 2005-06. The DRDA, Bhabhua paid (September 2005) an amount of Rs 44.17 lakh to Food Corporation of India (FCI) as VAT (four *per cent*) and marketing fee (one *per cent*) for 6743 MT rice (for total quantity). However, DRDA, Bhabhua lifted only 3370 MT rice. The short-lifting of 3373 MT rice (6743 MT- 3370 MT) resulted in excess payment of VAT and marketing fees by Rs 22.09 lakh<sup>30</sup>. The excess amount paid on account of VAT/marketing fee remained un-recovered (April 2008) from FCI.

Further it was noticed that in violation of MoRD instructions to clear the balance stock of rice by June 2006, 1819.24 MT rice valued at Rs 114.61 lakh (at BPL rate: Rs 630/per quintal) could not be utilised in nine blocks<sup>31</sup> and 90 panchayats as of April 2008. This resulted in less-creation of employment for 3.64 lakh man-days<sup>32</sup>.

The DDC, Bhabhua stated (March 2008) that action would be taken to recover the excess paid amount of VAT and marketing fee. Information in respect of affecting the recovery of excess paid VAT and marketing fee has however not yet been communicated (October 2008). As regard non-utilisation of balance quantity of rice, the DDC stated (September 2008) that available stock of rice would be utilised after obtaining order of the Department. The reply was not convincing as possibility of deterioration in the quality of rice lifted more than two year ago (February 2006 to April 2008) can not be ruled out.

Scrutiny of records (May 2008) of DRDA, Saharsa, FCI and SFC, disclosed that SFC Saharsa lifted 10483 MT rice from FCI godown during the years 2004-05 and 2006-07 on the basis of the allotment made by DRDA. Of this 10236 MT was supplied to PDS dealers the balance quantity of 247 MT rice valued at Rs 15.56 lakh could not utilised under SGRY/NREGS which resulted in less creation of 49400 man days.

Thus, short-lifting of rice compared to the allocated quantity and failure in utilisation of lifted rice under SGRY/NREGS resulted in non-recovery of excess paid VAT and marketing fee amounting to Rs 22.09 lakh and less creation of 4.13 lakh man-days.

The matter was reported to Government (April/July 2008); their reply has not been received (December 2008).

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<sup>30</sup> (Rs 44.17 lakh on 6743 MT) - (Rs 22.08 lakh on 3370 MT) = Rs 22.09 lakh.

<sup>31</sup> Adhaura, Bhabhua, Bhagwanpur, Chainpur, Durgawati, Mohania, Nuaon, Ramgarh, Rampur.

<sup>32</sup>  $1819.24 \text{ MT} \times 1000 \text{ kg} = 1819240 \text{ kg} / 5 \text{ kg} = 363848 \text{ man-days}$ .



#### 4.4.5 Misutilisation of IAY fund

***The IAY fund amounting to Rs 1.01 crore was misutilised by providing benefit to ineligible beneficiaries in violation of the guidelines.***

The Indira Awas Yojana (IAY), a centrally sponsored scheme funded at cost sharing basis between Centre and State in the ratio of 75:25 is aimed to provide a lump sum financial assistance for construction/upgradation of dwelling units to below poverty line (BPL) households living in rural areas belonging to Scheduled Castes/Scheduled Tribes, freed bonded labourers and non-SC/ST BPL rural households, widows and next of-kin to defense personnel/paramilitary forces/personnel, killed in action residing in rural areas (irrespective of their income criteria), ex-servicemen and retired member of paramilitary forces fulfilling the other conditions. The amount of assistance provided for construction was Rs Twenty five thousand per unit in plain areas.

Scrutiny (December 2007, May 2008 and June 2008) of records of BPL list with the list of IAY- beneficiaries in Block Development Offices at Birpur Chaurahi (Begusarai) Jagdishpur (Bhojpur), Madanganj (Jehanabad) and Sheikhpura disclosed that assistance of Rs 1.01 crore<sup>33</sup> for construction of dwelling units was provided (April 2004 to June 2007) to 443 beneficiaries whose names were not available in the BPL list. Further, in cases wherein funds were to be provided to female beneficiaries in the name of mother in law or father in law instead of the beneficiaries which was against guideline of the scheme.

The Block Development Officer (BDO), Jagdishpur replied (December 2007) that the name of beneficiary might not be in the BPL list and the land might not be in his/her name but the name of head of the family was in the BPL list and the land was in the name of the head of the family. The reply was not acceptable as name of the IAY-beneficiary should have been included in the BPL list instead of their relatives. If the name of head of family was in the BPL list, the IAY grant should have been allotted in their name as a BPL house hold is entitled to one house only. The BDO, Birpur, Chaurahi, Madanganj, Sheikhpura stated (February 2008) that action would be taken after verification but no action was taken as of July 2008.

Thus, IAY fund amounting to Rs 1.01 crore which was meant to fulfill the housing needs of the rural poor below poverty line was misutilised by providing benefit to ineligible beneficiaries in violation of the IAY-guidelines.

The matter was reported to the Government (March 2008); their reply had not been received (December 2008).

<sup>33</sup> Birpur block: Rs 27.75 lakh to 111 beneficiaries, Chaurahi block Rs 9.77 lakh to 48 beneficiaries, Jagdishpur block: Rs 27.66 lakh to 116 beneficiaries and Madanganj block: Rs 24.65 lakh to 122 beneficiaries, Seikhpura block: Rs 11.04 lakh to 46 beneficiaries.



#### 4.4.6 Blocking of fund

**Despite availability of fund, the DRDA, Jehanabad failed to implement PMGY/ IWDP and Rs 1.02 crore remained blocked.**

The Government of India (GOI) Ministry of Rural Development provided Rs 1.45 crore<sup>34</sup> to District Rural Development Agency (DRDA), Jehanabad in order to provide sanitation, drinking water and roads in the vicinity of families living below poverty line (BPL) under Pradhan Mantri Gramodaya Yojana (PMGY) and for development of barren land under Integrated Wasteland Development Programme (IWDP) (Hariyali Yojana). The State Government also provided Rs seven lakh under IWDP during the aforesaid period.

Scrutiny of records (May 2008) of DRDA, Jehanabad disclosed that against the available fund of Rs 1.55 crore only Rs 1.72 lakh (Rs 1.45 lakh: 2004-05 and Rs 0.27 lakh: 2006-07) was spent on preparation of Detailed Project Report (DPR) and training for Hariyali Yojana, Rs 41.11 lakh was transferred to implementing agencies (Rs 10 lakh to panchayats and Rs 20.61 lakh to Deputy Development Commissioner, Arwal under PMGY and Rs 10.50 lakh to BDO, Makhdumpur under IWDP) and the balance amount of Rs 1.02 crore kept in the bank. The balance amount could not be utilised as of October 2008. Further, DDC, Arwal deposited total funds of Rs 20.61 lakh in saving bank account while, BDO, Makhdumpur spent Rs 2.61 lakh out of Rs 10.50 lakh and kept balance amount in saving bank account.

The Principal Secretary, Rural Development Department directed (May 2007) Deputy Development Commissioner (DDC), Jehanabad to fix responsibility for non-implementation of the Hariyali programme in the district and to bring about the desired progress in implementation. This has not been done so far.

The DDC, Jehanabad admitted that no expenditure was incurred under PMGY and replied (May 2008) that action for utilisation of balance would be taken as per direction of the Government. As regard Hariyali Yojana, he stated that DPR has been sent to GOI for approval and implementation would start after approval of the DPR.

Thus despite availability of fund, the DRDA, Jehanabad failed to implement the PMGY and IWDP and Rs 1.02 crore remained blocked since October 2006.

The matter was reported to Government (June 2008); their reply had not been received (December 2008).

34 Yearwise amount under PMGY and IWDP

Year	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	(Rupees in lakh)	
							Interest	Total
PMGY	6.30	Nil	35.24	13.22	--	--	6.36	61.12
IWDP	--	--	--	45.00	--	45.00	3.69	93.69



## WATER RESOURCES DEPARTMENT

### 4.4.7 *Diversion of plan fund*

***Due to diversion of plan fund towards administrative expenditure, Rs 3.62 crore could not be utilised for completion of schemes.***

The Sone Command Area Development Authority (SCADA) was responsible for effective utilisation of water and integrated development in the irrigation command area, including modernisation of the distribution system, the provision of drainage, maintenance and operation of both the distribution and drainage system.

Scrutiny (April 2007 and September 2008) of records of SCADA disclosed that during the period 2004-08, against the provision of Rs 19.10 crore on administrative expenses, the agency had spent Rs 22.72 crore<sup>35</sup>. The excess expenditure of Rs 3.62 crore was met from the fund meant for plan work. Only 349 schemes could be completed out of 451 schemes due to diversion of plan fund and 12 schemes (Estimate: Rs 58.24 lakh) remained incomplete.

The Chief Estate Officer-cum- Building Engineer admitted that due to lack of sufficient allotment, expenditure on administrative expenses was made from the plan head.

Thus, it was observed that due to diversion of plan fund towards administrative expenditure, the desired objective for development and modernisation of irrigation system within Sone Command Area could not be achieved. The amount of Rs 3.62 crore of plan funds which was utilised on administrative expenses could have been utilised in completion of rest 12 incomplete schemes.

The matter was reported to Government (July 2008), their reply has not been received (December 2008).

## HEALTH AND FAMILY WELFARE DEPARTMENT

### 4.4.8 *Blockage of funds on idle machine*

***Non-installation of HPLC machine provided by GOI and Rs 15.43 lakh provided for installation of machine remained blocked.***

The Government of India provided (September 2002) High Performance Liquid Chromatography (HPLC) machine valued at Rs 10.81 lakh to Bihar Drug Control Laboratory (BDCL), Agamkuan, Patna for testing the quality of microbiological medicines. The Directorate of Health Services, Bihar provided

<sup>35</sup> 2004-05: Rs 5.48 crore, 2005-06: Rs 5.17 crore, 2006-07: Rs 6.12 crore and 2007-08: Rs 5.95 crore.

(June 2007) Rs 15.43 lakh<sup>36</sup> to BDCL for renovation of the laboratory and to install the machine.

Scrutiny (April 2008) of records of the BDCL disclosed that BDCL in turn, provided (September 2007 and June 2008) Rs 3.95 lakh to Executive Engineer, PWD (Electrical) for electrical works and Rs 4.07 lakh for Food Laboratory for civil work. The balance amount of Rs 7.41 lakh was kept in the bank awaiting sanction of the estimate of civil work by the Department. However, the estimate had not been sanctioned by the Department so far (July 2008) and as such, civil and repair work of the building of the drug testing laboratory could not be started. The electrical work was also not started. The BDCL did not take any action to get the estimate finalized from the Department nor monitored the civil work in respect of Food laboratory.

The Officer-in-charge, BDCL replied (July 2008) that machine was in operation but reply was not acceptable as none of the civil works or electrical works were even initiated. The officer-in-charge further intimated (October 2008) that no drug testing was carried out due to non-availability of trained staff for which, correspondence was made with the Department. The in-charge was however, silent in respect of status of infrastructure and regular functioning of the machine. The reply of the in-charge that no testing work was carried out with the machine substantiated the audit observation that machine was idle.

Thus, the machine which was provided by the GOI six years ago (2002) could not be installed and made functional due to delay in releasing the funds for infrastructure development after five years (2007) and subsequent delay in sanctioning the estimate of civil work which reflecting the indifferent attitude of the Department. As a result, intended objective of testing drug could not be achieved and machine as well as funds received, remained blocked.

The matter was reported to the Government (July 2008); their reply had not been received (December 2008).

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*(i) Civil work and repair of building for installation of HPLC machine in drug laboratory: Rs 7.41 lakh, (ii) Basic changes in internal configuration of electrical wiring in drug testing laboratory: Rs 3.95 lakh and (iii) Installation of HPLC machine in Food Laboratory: Rs 4.07 lakh.*



**4.5 Regularity issues, Irregular expenditure and others****BUILDING CONSTRUCTION DEPARTMENT****ROAD CONSTRUCTION DEPARTMENT****WATER RESOURCES DEPARTMENT****4.5.1 Irregular payment for departmental works****Irregular payment of Rs 3.64 crore for departmental works**

As per Rule 226 of Bihar Public Works Account Code read with instruction of the Cabinet vigilance Department (1994), the supply of materials is required to be obtained through inviting tenders/quotation and payment to labour is to be made through Muster Roll (MR) in respect of departmental work.

Scrutiny of vouchers for departmental works executed under Building Division, Bettiah, State Highway Division, Gaya and Irrigation (Mechanical) Division, Birpur during 2003-07 disclosed that Rs 3.25 crore was paid to labour-mates through 9,737 Hand Receipts (HRs) and Rs 38.41 lakh was paid to different agencies through 1,599 vouchers against purchase of materials including labour charges as detailed below:

*(Rs in lakh)*

Division	Purpose	Year	Number of H.R/Vouchers	Total payment
Building Division, Bettiah	Labour charges	2006-07	4,271	185.36
State Highway Division, Gaya	-do-	2006-07	4,882	130.94
Irrigation (Mechanical) Division, Birpur	-do-	2003-06	584	8.85
<b>Total</b>			<b>9,737</b>	<b>325.15</b>
State Highway Division, Gaya	Purchase of materials	2006-07	201	5.40
Irrigation (Mechanical) Division, Birpur	Purchase of materials with labour charges	2003-06	1398	33.01
<b>Total</b>			<b>1,599</b>	<b>38.41</b>
<b>Grand Total</b>			<b>11,336</b>	<b>363.56</b>

- Payment to labour should have been made on muster roll detailing nature and period of work executed, sanction order of estimate and number of labour engaged. In absence of aforesaid information, authenticity of work executed and payment made there against can not be ascertained;
- Period of work recorded in the Measurement books (MBs) in respect of departmental works executed under State Highway Division, Gaya during 2006-07 was not in chronological order;

- Payment of Rs 8.85 lakh for labour charges was made on plain papers in Irrigation (Mechanical) Division, Birpur;
- Supply of materials was made without inviting tenders/quotations;
- Vouchers did not have printed serial number and purchase was made from the same agencies repeatedly.

Thus, payment made on departmental works for Rs 3.64 crore during 2003-07 was irregular.

The Executive Engineers of the respective divisions replied (February 2007 to March 2008) that payment for departmental works was made in the interest of work. The replies are not tenable as the payment against departmental work was made through hand receipts instead of MRs in violation of the provisions made in BPWA Code and Departmental instruction of March 1994.

The matter was reported to Government (July 2008); their reply had not been received (December 2008).

## **AGRICULTURE DEPARTMENT**

### **(RAJENDRA AGRICULTURE UNIVERSITY)**

#### **4.5.2      *Non placing of Separate Audit Reports***

*The Separate Audit Reports of Rajendra Agricultural University, Samastipur, Bihar was not laid down before the state Legislature since 1971-72.*

Under section 34 (2) and (3) of the Bihar Agricultural University Act, 1987, the audit of Annual Accounts of Rajendra Agricultural University (RAU), Pusa, Samastipur is done by Principal Accountant General (Audit), Bihar and Audit Report (called Separate Audit Report) is issued to the RAU with a copy to the State Government (Department of Agriculture). After receipt of the Audit Report, the Board of Management of RAU has to submit copy of Annual Accounts and the Audit Report to the State Government along with statement of action taken by RAU on the report and the State Government has to lay the same before the House of Legislature.

Though, the final Audit Reports up to the year 2002-03 was issued to the RAU and the RAU had sent these reports along with its replies to the State Government for placement before the state Legislature, it had no knowledge (January 2008) about laying of Audit Reports before the Legislature. The Government replied (September 2008) that the Audit Reports for the years 1995-96 to 1997-98 along with the compliance of the University were sent to the State Legislature for placement and action was being taken for making available the information regarding placement of reports for the years 1971-72 to 1994-95 and 1998-99. Further, the Audit Reports for the years 2001-02 and 2002-03 were not sent by the Government to the State Legislature and no



information was given by the Government in respect of Audit Reports for the years 1999-2000 to 2000-01.

Due to lapses of the State Government in regards to laying of the Audit Reports before State Legislature, several persistent and major irregularities persisted as, necessary orders for their removal remained to be passed by the Legislature.

The matter was reported to the Government (July 2008); their reply had not been received (December 2008).

## PUBLIC HEALTH ENGINEERING DEPARTMENT

### 4.5.3 Non-submission of utilisation certificates by Panchayats

*By non-adherence to the instructions contained under resolution and circulars issued from time to time, the PHE Department failed to ascertain utilization of scheme funds amounting to Rs 91.06 lakh.*

The Government of Bihar resolved (September 2001) that funds for installation and repair of hand pumps and providing sanitation facilities were to be transferred to Gram Panchayats through Executive Engineer, PHED<sup>37</sup> by drawing through AC bills. Detailed instructions on this were issued through a resolution in January 2003.

The Executive Engineer PHED, Madhepura advanced Rs 91.06 lakh to 170 Gram Panchayats under 12 Blocks during the periods 2001-05 for installation, ordinary repairs, special repairs of hand pumps (HP) and construction of Sulabh Shauchalay (toilets) as per details below:

(Rupees in lakh)

Period	Special /Ordinary repair	Installation against MLA fund	Construction of Sulabh Shauchalay	Total
2001-02	4.91	-	-	4.91
2002-03	6.52	-	-	6.52
2003-04	21.89	19.33 (-)0.73	6.75	47.97 (-)0.73
2004-05	27.26 5.13		-	32.39
Grand Total	65.71	18.60	6.75	91.06

The Panchayats were required to furnish item-wise details of expenditure on the 5<sup>th</sup> of each of the following months and monthly/quarterly progress report of physical and financial achievement to the concerned Executive Engineers. Site account register maintained by Panchayats were to be verified by the

<sup>37</sup>

concerned divisions (JE/AE). Further, Rule 342 of Bihar Financial Rule (B.F.R) provides that utilization certificate of grant-in-aid must be furnished to the Accountant General within a year from the date of sanction. The account of expenditure in DC bills was to be submitted to Accountant General.

Scrutiny of records (March 2008) disclosed that neither accounts of expenditure in DC bill, nor utilization certificate for Rs 91.06 lakh were submitted (June 2008) even after a lapse of three to six years. No site account register was verified by the Junior Engineer/ Assistant Engineer as per provision in the resolution. In this regard, the state Government circulated instruction (December 2006) to all Districts Officers for issuing necessary instruction to Deputy Development Commissioner (DDC) and other regional officers to take concrete and effective steps for ensuring submission of utilization certificates. But, no utilization certificates were submitted even after a lapse of one and half year of the instruction of Government. As a result, the fund for 2005-06 was not sanctioned by the Government.

The Executive Engineer replied (July 2008) that letters for obtaining utilization certificate were written to the concerned Panchayats.

Thus, by non-adherence to the instructions contained under resolutions and circular issued from time to time, the Department failed to ascertain utilisation of scheme funds amounting to Rs 91.06 lakh. Without verification of site account by JE/AE it could not be ascertained whether works were actually completed.

The matter was reported to Government (July 2008); their reply had not been received (December 2008).



*INTERNAL CONTROL MECHANISM IN GOVERNMENT  
DEPARTMENTS*

*CHAPTER-V*





## CHAPTER-V

### INTERNAL CONTROL MECHANISM IN GOVERNMENT DEPARTMENTS

#### URBAN DEVELOPMENT AND HOUSING DEPARTMENT

##### **5 Internal Controls in Urban Development and Housing Department**

###### **Highlights**

*Internal Control System is a process meant to ensure that departmental operations are carried out according to applicable laws, regulations and approved procedure in an economical, efficient and effective manner.*

*An evaluation of the internal control system in the Urban Development Department (reorganised from year 2007-08 as Urban Development and Housing Department) disclosed several weaknesses such as non-compliance with rules, absence of departmental manuals, lack of discipline in budget preparation, weak expenditure control, poor implementation of schemes and lack of monitoring and evaluation.*

**Non-observance of budgetary controls resulted in unrealistic budget and seven to 51 per cent savings during the year 2005-2008.**

*(Paragraph 5.6.2)*

**Rupees 7.36 crore drawn for various schemes upto the year 2001-02, kept in civil deposit, remained unutilised till March 2008.**

*(Paragraph 5.6.4)*

**Health/Education cess of Rs 8.84 crore collected by ULBs was unauthorisedly utilised for payment of salary of staff instead of depositing the same to government account.**

*(Paragraph 5.7.2)*

**Loan of Rs 240.75 crore and interest amounting to Rs 102.60 crore was recoverable from Urban Local Bodies.**

*(Paragraph 5.8.3)*

**Compliance of audit paragraphs issued by internal audit was poor.**

*(Paragraph 5.10)*

###### **5.1 Introduction**

An internal control system is a process meant to ensure that departmental operations are carried out according to applicable laws, regulations and approved procedure in an economical, efficient and effective manner. The Government of India (GOI) has prescribed comprehensive instructions on maintenance of internal controls in Government departments through General Financial Rules, 2005. Similar provisions are there in Bihar Financial Rules to ensure adherence to internal controls within the department. The provisions contained in the Municipal Acts and Rules framed there under provide the framework for ensuring internal control within the Urban Local Bodies.



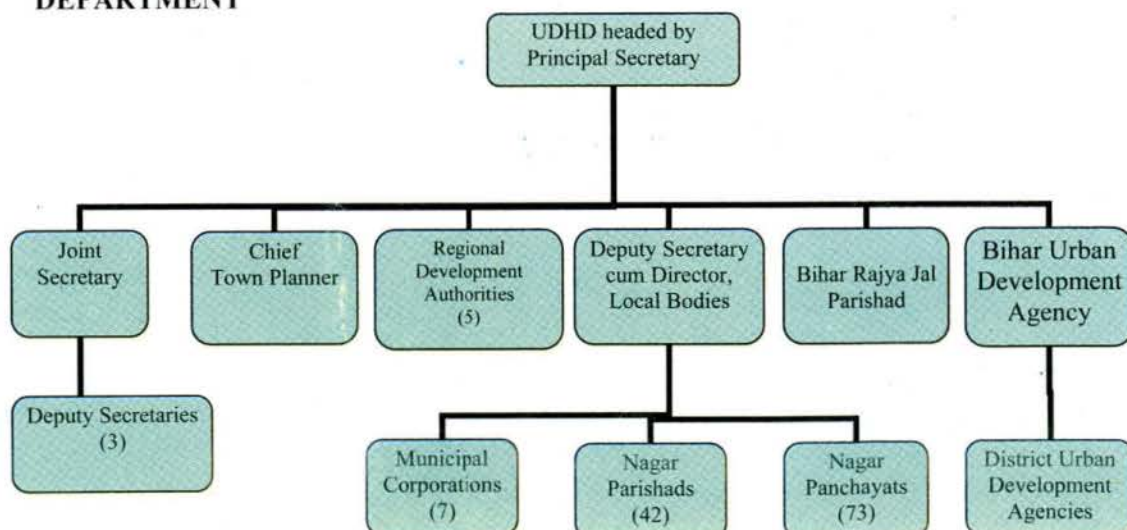
In Bihar, 10.5 *per cent* of the total population (82.8 million) of the State resides in urban areas as compared to the national average of 28 *per cent*. The overall objective of the Urban Development and Housing Department (UDHD) is to provide civic amenities to people in urban areas through Urban Local Bodies (ULBs) and facilitate the development process as per rules and guidelines so that cities can grow and develop in a planned and environment friendly way.

The finances of ULBs are mainly tax and non tax receipts generated from their own resources, grants/loans received from Union/State Government to implement various schemes and to meet day to day establishment expenditure.

## 5.2 Organisational set-up

The Principal Secretary is the head of department and is assisted by a Joint Secretary and three Deputy Secretaries. The Chief Town Planner provides technical assistance to the Principal Secretary. At the ULB level, the department coordinates the development programmes through Chief Executive Officer(s) in Municipal Corporations (7) and Executive Officers in Nagar Parishads (42) and Nagar Panchayats (73). The Chief Executive Officers/ Executive Officers are responsible for general supervision, control over the officials of the ULB, organise board meetings, get the budget estimates prepared, monitoring and implementation of schemes including acting as DDO of the ULB. Besides, five<sup>1</sup> Regional Development Authorities are also responsible for developmental activities in their respective regions. Bihar Rajya Jal Parishad, Patna, an independent body created under the Bihar Act, 1988 is responsible for maintenance and operations of water supply and sewerage system in the state. The organisational chart is given below:

### ORGANISATION CHART OF URBAN DEVELOPMENT AND HOUSING DEPARTMENT



<sup>1</sup> Regional Development Authorities: Bhagalpur, Darbhanga, Gaya, Muzaffarpur and Patna.



### 5.3 Audit objectives

The audit objectives were to assess the adequacy and effectiveness of the,

- financial control mechanisms;
- implementation of Acts, rules and regulations;
- administrative and operational controls ;
- monitoring and evaluation of data/schemes; and
- management information system and internal audit mechanism.

### 5.4 Audit criteria

The following audit criteria were adopted for assessing the internal controls in the department:

- Bihar Budget Manual, The Bihar Financial Rules, Bihar Treasury Code;
- The Bihar Municipal Act, 1922, The Bihar Municipal Act 2007 and Bihar Municipal Accounts Rule, 1928;
- Acts/Rules in respect of Boards/agencies responsible for providing civic amenities and
- Guidelines/instructions issues by the department apart from scheme guidelines.

### 5.5 Audit coverage and methodology

A review on internal control mechanism in UDHD for the year 2005-08 was conducted during April 2008 to July 2008 through test check of records at Secretariat, Patna Regional Development Authority (PRDA), Bihar Urban Development Agency (BUDA) and 30<sup>2</sup> out of 122 ULBs. The selection of ULBs was made by random sampling. An entry conference was held on 15 May 2008 with the Principal Secretary where in the audit objectives, scope and methodology was discussed. An exit conference was held on 18 November 2008; department's replies are incorporated at appropriate places in the text. The results of the review are presented in the succeeding paragraphs.

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<sup>2</sup> Ara, Banka, Bodhgaya, Buxar, Bihiya, Bhagalpur, Bahadurganj, Bhabhua, Banmankhi, Danapur, Gaya, Jagadishpur, Jainagar, Kanti, Kishanganj, Koelwar, Kahalgau, Khagaul, Khushropur, Madhubani, Maharajganj, Munger, Muzaffarpur, Motipur, Nawgachia, Piro, Purnia, Shahpur, Siwan and Saharsa.

## Audit Findings

### 5.6 Financial / Budgetary controls

#### 5.6.1 Submission of budget estimates

As per Section 71 of Bihar Municipal Act, 1922, at the ULB level, the Executive Officers are primarily responsible for preparation of budget and to assist the municipal board in scrutinizing / sanctioning the budget estimates. A copy of the sanctioned budget estimates is to be submitted to State Government under Section 73 of the Act. Further, Section 84 of the Act provides for budget estimates of ULBs to be checked by State Government/ Director of Local Bodies and returned to the concerned ULB before 31 March of previous financial year.

Scrutiny revealed that only 10<sup>3</sup> of the 30 test-checked ULBs were able to prepare their budget estimates as per prescribed time schedule. In 10 ULBs<sup>4</sup> record relating to budget preparation was not furnished to audit. In case of five ULBs<sup>5</sup>, budget estimates were not prepared for last one to three years, while in another five<sup>6</sup> the budget proposals were being sent to the Administrative Department in April of the respective years after these had been sanctioned by their board in March. On an average there was delay of four to nine months in the preparation of budget.

Non-compliance of codal provisions indicated weak budgetary control as incurring expenditure without budget undermines the importance of prioritisation of resource allocation.

#### 5.6.2 Inadequacy in budget estimation

Budget allocations and expenditure thereagainst for the UDHD are depicted in Table No.1

**Table No. 1**

**Details showing grant, expenditure and savings**

*(Rupees in crore)*

Year	Grant		Total Grant	Expenditure	Savings		Surrender
	Original	Supplementary			Amount	Per cent	
2005-06	302.29	2.96	305.25	282.58	22.67	7.50	22.61
2006-07	684.39	52.04	736.43	384.67	351.76	47.76	319.60
2007-08	791.82	356.14	1147.96	556.19	591.77	51.54	591.88
<b>Total</b>	<b>1778.50</b>	<b>411.14</b>	<b>2189.64</b>	<b>1223.44</b>	<b>966.20</b>	<b>44.13</b>	<b>934.09</b>

*(Source: Appropriation Accounts)*

<sup>3</sup> Ara, Banka, Buxar, Banmankhi, Bhagalpur, Danapur, Khagaul, Piro, Saharsha and Siwan.

<sup>4</sup> Bodhgaya, Bihiya, Bahadurganj, Gaya, Jainagar, Kishanganj, Kahalgaon, Koelwar, Naugachiya and Sahpur.

<sup>5</sup> Bhabhua, Kanti, Khusropur, Maharajganj and Motipur.

<sup>6</sup> Muzaffarpur, Munger, Madhubani, Purnia, Jagdishpur.



As per Bihar Budget Manual, the budget estimates consolidated by the department should be as accurate as possible and Head of department/ Controlling officer should ensure timely re-appropriation/ surrenders in the event of savings/excess.

**Supplementary grants proved unnecessary**

- Scrutiny of records revealed that the Department was preparing budgets without assessing the actual requirement of funds from field offices. This is evident from sanction of unnecessary supplementary grant leading to huge savings of 47.76 *per cent* in 2006-07 and 51.54 *per cent* in 2007-08 which was mainly due to non-completion/ implementation of the schemes by the department despite availability of fund, non accordance of sanction by the Finance Department etc.
- The supplementary grants of Rs 411.14 crore in addition to the original grant of Rs 1778.50 crore proved unnecessary as there were savings of Rs 966.20 crore during 2005-08. Besides, Rs 934.09 crore (96.68 *per cent*) out of the total savings was surrendered on the last day of financial years instead of timely assessment and surrender. Non-adherence to the provisions of financial rules/ budget manual indicated poor budgetary control mechanism in the Department.
- Surrender of Rs 591.88 crore in 2007-08 exceeded the final savings (Rs 591.77 crore) by Rs 11 lakh. Excess surrender was in anticipation of savings which resulted in excess expenditure and indicated weak internal control mechanism.

### 5.6.3 *Monitoring of expenditure*

Rule 4 of the Bihar Municipal Account Rules provides for maintenance of basic registers viz. Government Grant Register, Loan Register and register of expenditure etc. in each ULB.

**Expenditure control record /register were not maintained**

In all test-checked ULB's, it was seen that basic records and registers as indicated above were not maintained. As a result position of expenditure made out of grant/loans etc. by these ULBs could not be ascertained by the department. This indicated that the department could not exercise effective control over expenditure as required under provisions of relevant acts/rules.

### 5.6.4 *Scheme funds kept in Civil Deposit*

Rule 107 (3) of Bihar Budget Manual read with Rule 300 of Bihar Treasury Code provides that no money should be withdrawn from treasury unless it is required for immediate payment. It is not permissible to draw money in advance to prevent the lapse of allotment/ appropriations or in anticipation of demand for the execution of work, the completion of which is likely to take a considerable time.

Rs 7.36 crore kept in Civil Deposit for six years which remained unutilised

No register indicating the quantum of funds booked under head Civil Deposit was maintained by the Department. In absence of any register the amount kept in civil deposit has been worked out on the basis of treasury challans copies furnished to audit. It was noticed that Rs 7.36 crore relating to various schemes were drawn on different occasions up to the year 2001-02 and kept in civil deposit. The amount was drawn at the fag end of the financial years. The amount kept in civil deposit remained unutilised as of March 2008 which indicated weak financial control.

## 5.7 Compliance with Bihar Treasury Code, Municipal Accounts Rule

### 5.7.1 Maintenance of cash book

Under Rules 15, 63 and 66 of Bihar Municipal Accounts Rule 1928, every ULB is required to maintain a cash book in prescribed form. The cash book is to be balanced at the close of every month and signed by concerned Executive Officer (being the DDO)/ Chairman/ Vice Chairman/ Secretary in token of correctness. Details of closing balance and cash balance are to be certified in the cash book. The reconciliation of cash book balances with Account maintained by treasury is to be done on monthly basis in terms of the Bihar Municipal Accounts Rules.

Periodical reconciliation of cash book maintained by ULBs was not done

In 30 test-checked ULBs, the following irregularities were noticed:

- In four ULBs<sup>7</sup> cash book balances were not certified, while remaining 26 ULBs had the balances certified by the executive officers concerned.
- In five ULBs<sup>8</sup>, details of the closing balances were not mentioned while in case of 10 ULBs<sup>9</sup> there was nil/negligible<sup>10</sup> balances in the treasury account. Out of remaining 15 ULBs<sup>11</sup> cash balance of Rs 37.53 crore was retained in the accounts maintained by treasuries.
- None of the ULBs (except Munger) had reconciled the cash book balances with the balances in account maintained by treasuries concerned. In Gaya Municipal Corporation, due to non-reconciliation of cash book with accounts maintained by treasury, difference of Rs 10.75 crore as of March 2008 was noticed.

<sup>7</sup> Bhagalpur, Jainagar, Khusropur and Siwan.

<sup>8</sup> Bodhgaya, Bihiya, Bhagalpur, Bahadurganj and Kanti.

<sup>9</sup> Ara, Banka, Jainagar, Khusropur, Koelwar, Madhubani, Muzaffarpur, Motipur, Munger and Shahpur.

<sup>10</sup> Munger (Rs 122.00).

<sup>11</sup> Buxar, Bhabua, Banmankhi, Danapur, Gaya, Jagdishpur, Kishanganj, Kahalgaon, Khagaul, Maharajganj, Naugachiya, Piro, Purnia, Saharsha and Siwan.



On being pointed out, the Gaya municipal authority stated (March 2008) that the treasury has not been certifying the accounts since 1983 and the matter has been referred to the District Magistrate. The reply is not tenable as the codal provisions of cash book maintenance required monthly reconciliation. Replies were not furnished to audit by other 29 test-checked ULBs

The department accepted this (November 2008) and stated that suitable action will be taken.

### 5.7.2 Levy of cess

- As per Bihar Health Cess Rules, 1972, health cess at the rate of 50 per cent (from 1 April 1982) of holding tax is to be collected by ULBs and deposited into Government Account after deduction of 10 per cent as collection charges. The collected cess (90 per cent) is to be utilised for development of health services. The ULBs were also to submit monthly returns in respect of realised health cess to the Health Department. Rule 22 of the Bihar Municipal Rules prohibits meeting expenditure from departmental receipts.
- In 13 test-checked ULBs<sup>12</sup>, separate details of health cess/education cess collected were not maintained. Monthly returns were not being submitted in any test-checked ULBs
- It was seen that 17<sup>13</sup> out of 30 test-checked ULBs had collected Rs 4.42 crore on account of health cess during 2005-08 and spent the collected amount on pay and allowances of the staff instead of depositing Rs 3.98 crore (90 per cent) into treasury.
- Similarly under Bihar Primary Education Rules, 1959, education cess at the rate of 50 per cent (from 1 April 1982) is levied for free primary education in the State. The amount collected is to be deposited in Government Account. In contravention to Rule 22 of the Bihar Municipal Rules, 17<sup>13</sup> out of 30 test-checked ULBs collected education cess of Rs 4.42 crore during 2005-08 and utilised this amount towards establishment expenditure, which led to unauthorised expenditure of education cess.

Amount collected as health cess (Rs 4.42 crore)/ education cess (Rs 4.42 crore) were not deposited in treasury as per rules

Thus, lack of effective controls led to unauthorised utilisation of health/ education cess collected by ULBs under existing rules.

<sup>12</sup> Bahadurganj, Bodhgaya, Bhabhua, Banmankhi, Jainagar, Jagadishpur, Koelwar, Kahalgau, Kanti, Kishanganj, Motipur, Naugachia and Shahpur.

<sup>13</sup> Ara Rs 31.69 lakh, Banka Rs 0.21 lakh, Bhagalpur Rs 89.33 lakh, Bihiya Rs 0.89 lakh, Buxar Rs 4.39 lakh, Danapur Rs 9.99 lakh, Gaya Rs 65.37 lakh, Khagaul Rs 0.94 lakh, Khusropur Rs 0.36 lakh, Munger Rs 30.39 lakh, Muzaffarpur Rs 150.83 lakh, Madhubani Rs 7.77 lakh, Maharajganj Rs 0.04 lakh, Piro Rs 0.86 lakh, Purnia Rs 31.90 lakh, Saharsa Rs 18.46 lakh and Siwan Rs 10.58 lakh.

On being pointed out, the department accepted the fact and stated that the amount was also spent on sanitation and maintenance works in the ULBs. The reply was not tenable as the amount collected as cess was required to be deposited into Government Account.

## **5.8 Administrative controls**

Though, Bihar Municipal Act 2007 was enacted in April 2007, no rules/regulations, procedure have been framed under the Act except Bihar Municipal Election Rules.

### **5.8.1 Preparation of accounts in new format**

**The department had not adopted new accounting format**

The Comptroller and Auditor General of India in March 2004 had suggested appropriate budget and accounting formats for the ULBs. The format was circulated by the Ministry of Urban Development to all States for uniform adoption. Accordingly, the State Government/department was requested repeatedly for adoption and creation of data base in new formats. Meetings/Seminar between the Principal Accountant General, the Principal Secretary and Chief Executive Officers of ULBs was held. However it was seen that in none of the test-checked ULBs the account was being prepared as per the prescribed format. Thus, there is no uniformity in the format of accounting adopted or being followed by each ULB.

On being pointed out, the department accepted the audit point and stated (November 2008) that in case of 49 ULBs, private agencies have been identified and deployed to maintain the accounts and train the personnel of ULBs as they are not well versed with the new system of accounts.

### **5.8.2 Non adjustment of advances**

As per Rule 611 of the Bihar Treasury Code, read with Rule 74 of the Bihar Municipal Account Rules, money should not be given as advance unless there are reasons to believe that work for which the money is required, will be completed and paid for within the financial year. The advances made to the Government servants for miscellaneous and contingent nature of works are required to be adjusted within 15 days from the date of advance.

**Advances of Rs 16.75 crore were outstanding against government servants in 15 ULBs**

In 15<sup>14</sup> out of 30 test-checked ULBs, it was seen that Rs 16.75 crore was given as advances to 650 government officials for execution of schemes upto March 2008 out of which Rs 12.76 crore was given as advance upto 2004-05. The advances were pending for adjustment till March 2008. It was further observed

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<sup>14</sup> Bodhgaya Rs 7.23 lakh, Khagaul Rs 2.30 lakh, Madhubani Rs 45.14 lakh, Gaya Rs 251 lakh, Jainagar Rs 4.93 lakh, Munger Rs 155.75 lakh, Kahalgaon Rs 1.94 lakh, Buxar Rs 164.56 lakh, Jagdishpur Rs 0.33 lakh, Kishanganj Rs 3.43 lakh, Danapur Rs 710.77 lakh, Purnia, Rs 74.02 lakh, Banka, Rs 1.65 lakh and Muzaffarpur 94.35 lakh and Siwan Rs 157.51 lakh.



that out of 650 government officials, eight officials with outstanding balance of Rs 2.75 lakh had expired and seven officials with outstanding balance of Rs 1.37 crore were transferred to other offices without adjustment of advances (*Appendix-5.1*). In 15 test-checked ULBs, the advance registers were not

No advance register was maintained in 15 ULBs

maintained and as such the position of outstanding advances could not be ascertained.

- In addition to above, the Government of Bihar provided (March 2006) Rs 1.76 crore for construction of the roads in Jainagar Nagar Panchayat under the Border Area Development Scheme. Out of Rs 1.76 crore, two<sup>15</sup> *amins*<sup>16</sup> were given advance of Rs 76.65 lakh (April 2006) for execution of 20 works and for the remaining 10 works an advance of Rs 1.88 lakh was given (May 2007) to a Junior Engineer<sup>17</sup>. Though the schemes were required to be completed in one year they were neither completed nor the advances adjusted till the date of audit (July 2008). Substantial amount of advance given to these officials from time to time was also not as per Bihar Public Works Code which provides that advances for implementation of works are not to be given to the officials below the rank of Sub-Divisional Officer.

Delays in adjustment of outstanding advances and non-maintenance of advance registers were not only indicative of improper monitoring but also fraught with the risk of misappropriation of Government money.

### 5.8.3 Maintenance of loan register

As per Rule 360, Rule 361 and Rule 369 of Bihar Financial Rules, the department is required to maintain a ledger to monitor the loans sanctioned and watch its recovery. At the ULB level, Rule 4 (A) of the Municipal Account Rules 1928 provides for maintenance of loan register and appropriation register of loan funds.

The department had not maintained loan ledger

Scrutiny revealed that neither the department nor any test-checked ULBs had maintained loan registers. As per Finance Accounts of Government of Bihar, Rs 343.35 crore (loan Rs 240.75 crore and interest Rs 102.60 crore) was outstanding against the ULBs in the state up to 2007-08. Of this, in four test-checked ULBs<sup>18</sup> the outstanding loan as reported by the ULBs was Rs 27.24 lakh. Other test-checked ULBs could not produce loan details as loan registers were not maintained.

<sup>15</sup> Sri Surja Deo Prasad (Rs 73.44 lakh) for 19 schemes and Bimal Kumar Chaudhary (Rs 3.21 lakh) for one scheme.

<sup>16</sup> Amin-A government servant who measures the area of the land.

<sup>17</sup> Sri Janardan Thakur, Junior Engineer for 10 schemes.

<sup>18</sup> Buxar, Khagaul, Kishanganj and Siwan.

In absence of loan registers recovery/repayment of loans could not be ensured/monitored.

#### **5.8.4 Issue of tax demand notice**

Section 158 of Bihar Municipal Act 2007 provides that to ensure payment and recovery of its tax dues, the municipality shall, by regulations, provide for issue of demand, charging of notice fee, levy of interest for delayed payment at prescribed rates. Further, Rule 10 and Rule 39 of the Municipal Account Rules (Recovery of Taxes), 1951 provides for maintenance of Demand and Collection Register in Form B and preparation of list of outstanding taxes therefrom.

**Demand for Rs 24.38 crore in test-checked district was pending for collection**

It was seen that regulations for payment and recovery of tax dues were not made in any test-checked ULB. Neither notices of demands were issued regularly nor were Demand and Collection Registers maintained. However, the ULBs furnished figures of Demand, Collection and balance of taxes on the basis of rough demand register available or maintained with tax collectors, the accuracy of which could not be ensured. In 20<sup>19</sup> out of 30 test-checked ULBs, as against a demand of Rs 33.03 crore, only Rs 8.65 crore (26.30 per cent) was collected by the ULBs leaving the balance of Rs 24.38 crore as arrear for collection.

#### **5.8.5 Man Power Management**

The manpower of an organisation should be utilised in an appropriate manner so that optimum output is derived within available resources. However, the Department did not furnish any information regarding sanctioned strength, men-in-position, vacancies etc. though called for. The third State Finance Commission allowed expenditure on pay and allowances for 2007-08 but recommended that expenditure on manpower shall be reduced by 20 per cent each year and simultaneously ULBs were supposed to meet the expenditure through their own resources and be self-sufficient in course of time.

**There was shortage of 40 per cent of manpower in ULBs**

As per sanctioned strength and men-in-position status provided by 27 out of 30 test-checked ULBs, only 3,607 officials were working against a sanctioned strength of 6,087. Thus there was shortage of 2,480 persons (40 per cent) against the sanctioned strength. The ULBs of Banmankhi, Motipur and Shahpur did not provide sanctioned strength of manpower. The shortage of staff at different level affected the overall working of the department and effective implementation of welfare schemes for intended beneficiaries.

The department accepted and stated that the matter is under consideration for delegation of power to the concerned ULBs for appointment of necessary staff.

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<sup>19</sup> Ara, Banmankhi, Barh, Bihiya, Bhabhua, Buxar, Danapur, Jagadishpur, Kishanganj, Khusrupur, Madhubani, Maharajganj, Munger, Muzaffarpur, Motipur, Nawgachhia, Piro, Purnia, Saharsa and Siwan.



### 5.8.6 Maintenance of asset register and verification of stock

As per Rule 138 of Bihar Financial Rules read with Rule 100 to 102 Bihar Municipal Accounts Rules, every unit/ULB is required to maintain a register of all immovable government property including land and building within its jurisdiction.

No ULBs/ RDAs had maintained any asset register of available government property

It was seen that none of the test-checked units/ ULBs have prepared any asset register. As a result, the management had no record of the assets created/ acquired so as to ensure their safe custody/ maintenance.

Further, under Rule 143 of Bihar Financial Rules, annual physical verification of stock is required to be done. None of the test-checked ULB conducted the annual verification of stock as per stock register. As a result the ULBs were not in a position to ascertain actual position of stock, excess/ shortages/ obsolete stock etc. and to initiate necessary action as per rules.

### 5.9 Operational Controls

For accelerated and planned development of cities in the State, the GOI had launched three new schemes from 2005-06 namely;

- Jawahar Lal Nehru National Urban Renewal Mission (JNNURM)
- Integrated Housing and Slum Development Programme (IHSDP)
- Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT)

In Bihar, for JNNURM, cities of Patna and Bodhgaya were identified while IHSDP and UIDSSMT were to be implemented in all cities except those covered under JNNURM. For approval of the DPRs and monitoring of schemes in the State, a State Level Sanctioning Committee (SLSC) under the chairmanship of Development Commissioner was constituted in January 2006. The approved DPRs were to be forwarded to GOI for release of fund. To facilitate the preparation of DPRs and to channelise funds and for implementation of the schemes (as per scheme guidelines), a state level nodal agency, the Bihar Urban Development Agency (BUDA) and at the district level, District Urban Development Agencies (DUDA) were formed. The BUDA and DUDAs are the societies constituted by the State Government under the Society Registration Act 1860. The main objective of BUDA is to formulate and suggest to the State Government various policy options for the alleviation of urban poverty and to facilitate/ advise the DUDAs in implementation of schemes for the benefit of identified beneficiaries. The BUDA was required to obtain the DPRs of schemes from concerned DUDAs and submit to SLSC for approval and onward transmission to GOI/ GOB for release of fund.

Operational control deficiencies as noticed in execution of schemes/programmes undertaken by the department during 2005-08 are given in succeeding paragraphs.

#### **5.9.1 Integrated Housing and Slum Development Programme (IHSDP)**

The Integrated Housing and Slum Development Programme, (to be shared in the ratio of 80: 20 by the Centre and the State) aimed for upgradation/ construction of houses for slum dwellers. The ceiling cost<sup>20</sup> of a dwelling unit (construction of house) was fixed at Rs 80 thousand which was to be reviewed after one year by a High Power Committee of the concerned department. The assistance was to be provided on the basis of approved DPRs of ULBs.

It was seen that out of 120 ULBs (excluding Patna and Bodhgaya), the department could obtain DPRs for 10 ULBs only which was approved for Rs 80.73 crore by the GOI in March 2007. The department withdrew the installment of Rs 28.86 crore between June 2007 and February 2008 for these 10<sup>21</sup> ULBs and transferred the same to BUDA in March 2008 for the execution as per approved DPRs. For the remaining 110 ULBs, DPRs had not been prepared (August 2008).

Scrutiny further revealed that the department had awarded the work of construction of houses to an agency<sup>22</sup> on 4<sup>th</sup> March 2008. In July 2008, the agency intimated that the construction of houses at the rate of Rs 80 thousand was not possible. After this, the high power committee of the department raised the ceiling cost to Rs 1.20 lakh per unit in case of ULBs (July 2008 and September 2008).

Thus, the scheme initiated in 2005-06 could not take off as DPRs were not prepared in 110 ULBs. This indicated weak monitoring of scheme and denial of benefit to urban slum dwellers. The department accepted (November 2008) and stated that corrective action would be taken.

#### **5.9.2 Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT)**

The Urban Infrastructure Development Scheme for Small and Medium Towns aimed for development of urban infrastructure viz. widening of roads, renewal of water supply system, sewerage/drainage and preservation of water bodies etc. The scheme fund was to be shared between Central and State Governments in the ratio of 80:20.

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<sup>20</sup> Ceiling Cost- Maximum amount fixed by the government to construct a house.

<sup>21</sup> Kanti, Aurangabad, Narkatiaganj, Motipur, Rosera, Sheikhpura, Bhagalpur, Kishanganj, Bahadurganj and Purnia.

<sup>22</sup> M/s Hindustan Prefab Limited.



Scrutiny revealed that out of 120 ULBs (excluding Patna and Bodhgaya) the department could obtain the DPRs in respect of nine ULBs<sup>23</sup> in January 2007. These DPRs for Rs 152.57 crore (*Appendix 5.2*) were got approved by the State Level Sanctioning Committee in January and March 2007 and sent to GOI for approval and release of fund. The GOI released the fund for these ULBs in March 2007 but the department could not withdraw fund from the State Government as fund was sought at the fag end of the financial year 2006-07. The department, however, withdrew Rs 75.43 crore (Rs 15.26 crore of GOB share and Rs 60.17 crore of GOI share) in March 2008 and transferred the amount (Rs 74.57 crore) to concerned nine ULBs in August 2008 through BUDA.

Scrutiny further revealed that the work on the said scheme could not commence in any of nine ULBs for which fund were available. The DPRs in respect of remaining 111 ULBs were not prepared and submitted to GOI as of October 2008.

Thus, the scheme launched in 2005 was still languishing (November 2008) due to lack of coordination, poor monitoring, weak internal control and this resulted in denial of benefits to urban population.

### 5.10 Internal audit

The audit wing of the Finance Department conducts the audit of UDHD. During 2005-08, the audit wing of Finance Department issued 34 audit paragraphs having monetary implication of Rs 5.84 crore. Compliance on these audit paragraphs has not been made till the date of audit (July 2008).

There is no system of internal audit of ULBs. The Examiner, Local Fund Accounts (LFA), Bihar conducts audit under the overall supervision of Principal Accountant General, Bihar. The compliance report on the observations issued by Examiner, LFA is to be sent within three months. Details of inspection reports issued by Examiner, LFA as on 31 March 2008 and awaiting settlement are given in Table No. 2:

**Table No.2**  
**Position of settlement of outstanding audit paragraphs during 2005-08**

(Rupees in crore)							
Year	No of IRs issued	No. of paragraphs	Amount	No. of Paragraph settled	Amount involved	Balance paragraphs	Balance amount
Upto 2004-05	989	20,063	163.79	2,507	17.75	17,556	146.045
2005-06	25	782	48.07	36	0.30	746	47.77
2006-07	51	1,828	64.22	109	0.01	1,719	64.21
2007-08	37	1,269	55.40	13	NA	1,256	55.40
<b>Total</b>	<b>1,102</b>	<b>23,942</b>	<b>331.48</b>	<b>2,665</b>	<b>18.06</b>	<b>21,277</b>	<b>313.42</b>

There was huge pendency in settlement of paragraphs issued by Examiner LFA, Bihar

<sup>23</sup> Bakhtiarpur, Barbigaha, Bhabhua, Chakia, Fathuah, Murliganj, Narkatiaganj, Laiganj and Rosera.



Table No.2 indicates that only 11 *per cent* of outstanding paragraphs from the ULBs could be settled, which indicated that compliance mechanism for settlement of outstanding paragraphs was inadequate. On this being pointed out, the department has formed a separate audit section in June 2008 for compliance of audit paragraphs.

### **5.11 Complaint Redressal Mechanism**

During 2006-08, the department received 786 and 226 complaint cases from the Chief Minister Secretariat and Chief Secretary respectively relating to development work, tenders and allotment of shops etc. The cases were forwarded to local bodies or concerned authorities for reply. However, reply in respect of only 415 cases and 22 cases respectively were received. No follow up action was taken by the Department on the remaining cases. Records of complaint cases prior to year 2006-07 were not maintained. Lack of prompt action on complaint cases by the UDHD also depicts poor control mechanism.

The department accepted (November 2008) and stated that a public grievance cell has been formed.

### **5.12 Monitoring**

Periodical inspections of offices were not conducted. The department had not prepared municipal manual

Departmental Manuals contain rules, regulations, procedures and instructions relating to particular department and periodicity of report returns to be submitted to the appropriate authorities etc. apart from guidelines for the execution of schemes in the department. It is essential for exercising proper internal checks over various departmental activities of an organisation. No departmental manual relating to municipality had been prepared to date, though as per Section 87 of Bihar Municipal Act 2007 there is a provision for State Government to prepare and maintain a manual. Section 88 and 89 of the Act *ibid* also provides for preparation of Annual Financial Statement containing Income and expenditure statement Account and Balance Sheet in the formats to be notified by State Government. The notification has not yet been issued.

### **5.13 Conclusion**

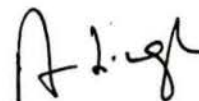
An evaluation of the internal control system in Urban Development and Housing Department disclosed non-observance of rules contained in Bihar Financial Rules, Budget Manual, Bihar Treasury Code and Municipal Accounts Rules which resulted in weak financial and expenditure control of ULBs at every stage. The budgetary control mechanism was poor as evident from huge savings and surrenders. The civic amenities programmes failed to deliver the intended benefit to the targeted population due to non-implementation of schemes. The department has not prepared its own manual. Monitoring, evaluation and complaint redressal mechanism were not adequate. Compliance to the audit observation was inadequate.



#### 5.14 Recommendations

The Department may strengthen its internal control mechanism by:

- adhering to the laid down procedures for maintenance of records/ registers;
- preparing departmental manual to monitor and regulate departmental activities;
- utilisation and effective monitoring of funds;
- maintaining asset register and
- strengthening complaint redressal mechanism.



Patna  
The

(ARUN KUMAR SINGH)  
PRINCIPAL ACCOUNTANT GENERAL (AUDIT), BIHAR

Countersigned



New Delhi  
The

(VINOD RAI)  
COMPTROLLER AND AUDITOR GENERAL OF INDIA





## *APPENDICES*





## **APPENDIX-1.1 (PART A)**

*(Refer: Paragraph 1.1 Page-1)*

### ***Structure and Form of Government Accounts***

**Structure of Government Accounts:** The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account.

#### **Part I: Consolidated Fund**

All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund entitled 'The Consolidated Fund of State' established under Article 266(1) of the Constitution of India.

#### **Part II: Contingency Fund**

Contingency Fund of State established under Article 267(2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by the Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.

#### **Part III: Public Account**

Receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances etc which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State legislature.

## APPENDIX-1.1 (PART B)

(Refer: Paragraph 1.1 Page-1)

### Layout of Finance Accounts

Statement	Lay Out
Statement No.1	Presents the summary of transactions of the State Government –receipts and expenditure, revenue and capital, public debt receipts and disbursements etc in the Consolidated Fund, Contingency Fund and Public Account of the State.
Statement No.2	Contains the summarized statement of capital outlay showing progressive expenditure to the end of 2007-08
Statement No.3	Gives financial results of irrigation works, their revenue receipts, working expenses and maintenance charges, capital outlay, net profit or loss, etc.
Statement No.4	Indicates the summary of debt position of the State which includes borrowing from intern debt, Government of India, other obligations and servicing of debt.
Statement No. 5	Gives the summary of loans and advances given by the State Government during the year repayments made, recoveries in arrears etc
Statement No.6	Gives the summary of guarantees given by the Government for repayment of loans etc. raised by the statutory corporations, local bodies and other institutions.
Statement No.7	Gives the summary of cash balances and investments made out of such balances.
Statement No.8	Depicts the summary of balances under Consolidated Fund, Contingency Fund and Public Account as on 31 March 2008
Statement No.9	Shows the revenue and expenditure under different heads for the year 2007-08 as a percentage of total revenue/expenditure
Statement No.10	Indicates the distribution between the charged and voted expenditure incurred during the year
Statement No.11	Indicates the detailed account of revenue receipts by minor heads
Statement No.12	Provides accounts of revenue expenditure by minor heads under non-plan and plan separately and capital expenditure by major head wise
Statement No.13	depicts the detailed capital expenditure incurred during and to the end of 2007-08
Statement No.14	Shows the details of investment of the State Government in statutory corporations, Government companies, other joint stock companies, co-operative banks and societies etc up to the end of 2007-08
Statement No.15	Depicts the capital and other expenditure to the end of 2007-08 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	Presents detailed account of debt and other interest bearing obligations of the Government of Bihar
Statement No.18	Provides the detailed account of loans and advances given by the Government of Bihar, the amount of loan repaid during the year, the balance as on 31 March 2008
Statement No.19	Gives the details of earmarked balances of reserve funds



## APPENDIX-1.1 (PART C)

(Refer: Paragraph 1.2 Page-4)

*List of Terms used in the Chapter I and basis of their calculation*

Terms	Basis of calculation
Buoyancy of a parameter	Rate of Growth of the parameter/ GSDP Growth
Buoyancy of a parameter (X) With respect to another parameter (Y)	Rate of Growth of parameter (X)/ Rate of Growth of parameter (Y)
Rate of Growth (ROG)	$[(\text{Current year Amount} / \text{Previous year Amount}) - 1] * 100$
Development Expenditure	Social Services + Economic Services
Average interest paid by the State	Interest payment / $[(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities}) / 2] * 100$
Weighted Interest Rate ( $I_w$ )	$I_w = \sum_i^n I_i W_i$ , where $I_i$ is the rate of interest on the $i^{\text{th}}$ stock of debt and $W_i$ is the share of $i^{\text{th}}$ stock in the total debt stock of the State.
Interest spread	GSDP growth – Weighted Interest Rate
Quantum spread	Debt stock * Interest spread
Interest received as per cent to Loans Outstanding	Interest Received $[(\text{Opening balance} + \text{Closing balance of Loans and Advances}) / 2] * 100$
Revenue Deficit	Revenue Receipt – Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit – Interest payments
Balance from Current Revenue (BCR)	Revenue Receipts <u>minus</u> all Plan grants and Non-plan Revenue Expenditure excluding expenditure recorded under the major head 2048 – Appropriation for reduction of Avoidance of debt

## APPENDIX 1.2

(Refer: Paragraph 1.2.2 Page-4)

## Outcome Indicators of the States' Own Fiscal Correction Path

(Rupees in crore)

	Base Year Estimate (Actual)	2004-05 (Actual)	2005-06 (RE)	2006-07 (BE)	2007-08	2008-09	2009-10
1	2	3	4	5	6	7	8
<b>A. STATE REVENUE ACCOUNT:</b>							
1. Own Tax Revenue	2890	3348	3934	4523	5020	5597	6241
2. Own Non-tax Revenue	320	418	298	342	353	363	374
3. Own Tax + Non-tax Revenue(1+2)	3210	3765	4232	4865	5373	5961	6615
4. Share in Central Taxes & Duties	7628	9117	10480	12156	13237	15222	17543
5. Plan Grants	1466	2148	3047	3721	4094	4503	4953
6. Non-Plan Grants	152	684	1357	1648	1735	1830	1935
7. Total Central Transfer (4 to 5)	9245	11949	14883	17526	19065	21555	24431
8. Total Revenue Receipts (3+7)	12455	15714	19116	22391	24438	27515	31047
9. Plan Expenditure	1084	1996	3315	4171	4463	4776	5158
10. Non-Plan Expenditure	11627	12642	15953	17608	18665	17785	22357
11. Salary Expenditure	5020	5005	7372	7831	8066	8308	8557
12. Pension	2269	2325	2748	3020	3259	3527	3794
13. Interest Payments	3343	3474	3633	4210	4400	4840	5324
14. Subsidies - General	0	0	0	0	0	0	0
15. Subsidies - Power	2209	730	1409	730	917	800	700
16. Total Revenue Expenditure (9+10)	12711	14638	19269	21780	23128	24560	27514
17. Salary + Interest + Pensions (11+12+13)	10632	10804	13752	15061	15725	16675	17676
18. as % of Revenue Receipts (17/8)	85	69	72	67	64	61	57
19. Revenue Surplus/Deficit (8-16)	-255	1076	-153	611	1310	2955	3532
<b>B. CONSOLIDATED REVENUE ACCOUNT:</b>							
1. Power Sector loss/profit net of actual subsidy transfer	758	775	943	979	760	590	340
2. Increase in debtors during the year in power utility accounts (Increase(-))	-667	-637	-646	-670	-500	-400	-300
3. Interest payment on off budget borrowings and SPV borrowings made by PSU/SPVs outside budget.	36	32	35	83	58	64	70
4. Total (1 to 3)	127	170	332	392	318	254	110
5. Consolidated Revenue Deficit (A.19 + B4)	-383	906	-484	219	992	2701	3422
<b>C. CONSOLIDATED DEBT:</b>							
1. Outstanding debt and liability	37453	42483	43641	47962	52122	54928	58006
2. Total Outstanding guarantee of which (a) guarantee on account off budgeted borrowing and SPV borrowing	711	831	1311	2283	2542	2833	3161
<b>D. CAPITAL ACCOUNT:</b>							
1. Capital Outlay	1549	1205	3307	4912	5158	5416	6228
2. Disbursement of Loans and Advances	2569	1128	1647	332	365	402	442
3. Recovery of Loans and Advances	10	15	68	51	54	56	59
4. Other Capital Receipts							
<b>E. GROSS FISCAL DEFICIT (GFD)</b>							
GSDP at current prices GoB	56412	62792	68465	76115	84724	94422	105361
Actual/Assumed Nominal Growth Rate (%)	7.73	1.98	7.36	6.02	4.91	2.97	2.92

RE- Revised Estimate, BE- Budget Estimate.



## APPENDIX – 1.3

(Refer: Paragraph 1.2; Page-4)

Abstract of receipts and disbursements for the year 2007-08

(Rupees in crore)

Receipts				Disbursements				
2006-07			2007-08	2006-07				2007-08
	Section A: Revenue					Non-Plan	Plan	
23083.19	I Revenue Receipts		28209.72	20585.05	I Revenue Expenditure	18758.89	4803.98	23562.87
4033.08	Tax Revenue	5086.17		8643.03	General Services	8965.58	286.39	9251.97
511.28	Non Tax Revenue	525.59		7917.21	Social Services	7066.71	2801.28	9867.99
13291.72	State's Share of Union Taxes and Duties	16766.29		5252.55	Education, Sport, Art and Culture	4783.48	712.51	5495.99
1683.41	Non Plan Grants	1505.08		984.61	Health and Family Welfare	1011.52	129.96	1141.48
2445.24	Grants for State Plan Schemes	2913.83		513.73	Water Supply, Sanitation, Housing and Urban Development	324.33	389.06	713.39
144.29	Grants for Central Plan Schemes	53.26		17.01	Information and Broadcasting	21.02	4.14	25.16
974.17	Grants for Centrally Sponsored Schemes	1359.50		130.74	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	49.23	198.64	247.87
				395.90	Labour and Labour Welfare	38.11	243.27	281.38
				606.18	Social Welfare and Nutrition	822.14	1117.39	1939.53
				16.49	Others	16.88	6.31	23.19
				4020.81	Economic Services	2721.59	1716.31	4437.90
				585.15	Agriculture and Allied Activities	447.13	289.71	736.84
				1318.87	Rural Development	560.08	1093.02	1653.10
				435.30	Irrigation and Flood Control	459.41	102.52	561.93
				1080.64	Energy	720.00	6.28	726.28
				86.34	Industry and Minerals	25.30	207.67	232.97
				414.14	Transport	405.85	1.69	407.54
				100.37	General Economic Services	103.82	15.42	119.24
				4.00	Grants-in-aid and Contributions	5.01		5.01
	II Revenue Deficit Carried Over to Section B			2498.14	II Revenue Surplus Carried Over to Section B			4646.85
23083.19	Total Section A		28209.72	23083.19				28209.72

Receipts				Disbursements				
2006-07			2007-08	2006-07				2007-08
	Section B: Others							
1887.58	III Opening Cash Balance Including Permanent Advances and Cash Balance Investment		1407.58	2083.90	II Capital Outlay	113.06	5990.72	6103.78
				71.91	General Services	101.28	121.23	222.51
				328.43	Social Services	8.45	790.47	798.92
				29.14	Education, Sport, Art and Culture		57.28	57.28
				137.91	Health and Family Welfare		245.55	245.55
				124.20	Water Supply, Sanitation, Housing and Urban Development	8.45	330.88	339.33
				37.18	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes		44.75	44.75
					Social Welfare and Nutrition		107.52	107.52
					Others		4.49	4.49
				1683.56	Economic Services	3.33	5079.02	5082.35
				93.19	Agriculture and Allied Activities	0.86	21.51	22.37
				404.23	Rural Development	5.81	1485.71	1491.52
				591.46	Irrigation and Flood Control		887.77	887.77
				302.01	Energy		115.00	115.00
				5.29	Industry and Minerals		164.59	164.59
				274.99	Transport	-3.34	2302.84	2299.50
				12.39	General Economic Services		101.60	101.60
7.40	IV Recoveries of Loans and Advances		26.16	1747.82	III Loans and Advances Disbursed	77.94	194.76	272.70
	From Power Projects			1735.27	For Power Projects	43.32	193.91	237.23
3.86	From Government Servants	4.76		3.68	To Government Servants	7.33		7.33
3.54	From Others	21.40		8.87	To Others	27.29	0.85	28.14
2498.14	V Revenue surplus brought down		4646.85					
2357.86	VI Public Debt Receipts		1611.90	980.76	IV Repayment of Public Debt			1631.85
2354.65	Internal Debt Other than Ways and Means Advance and Overdraft	1143.64		707.61	Internal Debt Other than Ways and Means Advance and Overdraft	1203.35		



Receipts				Disbursements				
2006-07			2007-08	2006-07				2007-08
	Net Transaction under Ways and Means Advance and Overdraft				Net Transaction under Ways and Means Advance and Overdraft			
3.21	Loans and Advances from Central Government	468.26		317.37	Repayment of Loans and Advances to Central Government	428.50		
9224.07	VI Public Account Receipts		12837.48	8016.04	VI Public Account Disbursements			10333.58
1012.16	Small Savings, Provident Fund etc.	1083.81		617.11	Small Savings, Provident Fund etc.	815.41		
0.00	Reserve Funds	391.70		0.00	Reserve Funds	436.30		
3014.13	Deposits and Advances	4484.56		2144.65	Deposits and Advances	2784.53		
159.78	Suspense and Miscellaneous	190.07		153.13	Suspense and Miscellaneous	228.29		
5038.00	Remittances	6687.34		5101.15	Remittances	6069.05		
				1407.58	VII Cash Balance at the end			2188.06
				-1028.59	Deposits with Reserve Bank	-2400.21		
				209.54	Departmental Cash Balance including Permanent Advances etc.	117.12		
				2226.62	Cash Balance Investment	4471.15		
15975.05	Total Section A		20529.97	15975.05				20529.97

## APPENDIX – 1.4

(Refer: Paragraph - 1.2; Page-4)

### Sources and application of funds

(Rupees in crore)

2006-07	Sources			2007-08
23083.19		Revenue Receipts		28209.72
7.40		Recoveries of Loans and Advances		26.16
1332.88		Increase in Public debt		-19.95
1208.03		Net Receipts from Public Account -		2503.90
	395.05	Increase in Small Savings, Provident Funds, etc.	268.40	
	869.48	Increase in Deposits and Advances	1700.03	
	0.00	Increase in Reserve funds	-44.60	
	6.65	Net effect of Suspense and Miscellaneous transactions	-38.22	
	-63.15	Net effect of Remittance transactions	618.29	
		Decrease in cash balance		
25631.50	Total			30719.83
2006-07	Application			2007-08
20585.05		Revenue expenditure		23562.87
315.32		Loans & advances		272.70
5211.13		Capital expenditure		6103.78
-480.00		Increase in cash balance		780.48
25631.50	Total			30719.83



**APPENDIX – 1.5***(Refer : Paragraph 1.5.2; Page-15)***Expenditure on Social Services***(Rupees in crore)*

	2003-04	2004-05	2005-06	2006-07	2007-08
<b>Education, Sports, Art and Culture</b>					
<b>Revenue Expenditure</b>	2,821.76	3,142.23	4,393.96	5,252.55	5,495.99
<b>Of which</b>					
(a) Salary Component	2,126.25	2,128.60	2,326.50	2,357.00	2,491.70
(b) Non-Salary Component	6,95.51	1,013.63	2,067.46	2,895.55	3,004.29
<b>Capital Expenditure</b>	54.16	17.59	29.14	106.44	57.28
<b>Sub Total (RE + CE)</b>	<b>2,875.92</b>	<b>3,159.82</b>	<b>4,423.10</b>	<b>5,358.99</b>	<b>5,553.27</b>
<b>Health and Family Welfare</b>					
<b>Revenue Expenditure</b>	534.25	607.47	876.94	984.61	1,141.48
<b>Of which</b>					
(a) Salary Component	476.23	459.29	618.75	587.59	606.61
(b) Non-Salary Component	58.02	148.18	258.19	397.02	534.87
<b>Capital Expenditure</b>	4.78	21.94	137.91	168.13	245.55
<b>Sub Total (RE + CE)</b>	<b>539.03</b>	<b>629.41</b>	<b>1,014.85</b>	<b>1,152.74</b>	<b>1,387.03</b>
<b>Water Supply, Sanitation, Housing and Urban Development</b>					
<b>Revenue Expenditure</b>	200.49	251.09	407.49	513.73	713.39
<b>Of which</b>					
(a) Salary Component	72.51	73.40	80.16	93.52	116.51
(b) Non-Salary Component	127.98	177.69	327.33	420.21	596.88
<b>Capital Expenditure</b>	75.74	69.64	124.20	252.64	339.33
<b>Sub Total (RE + CE)</b>	<b>276.23</b>	<b>320.73</b>	<b>531.69</b>	<b>766.37</b>	<b>1,052.72</b>
<b>Other Social Services</b>					
<b>Revenue Expenditure</b>	476.93	794.19	1,183.53	1,166.32	2,517.13
<b>Of which</b>					
(a) Salary Component	190.89	210.52	330.19	165.24	189.19
(b) Non-Salary Component	286.04	583.67	853.34	1001.08	2,327.94
<b>Capital Expenditure</b>	28.76	28.11	37.18	68.66	156.76
<b>Sub Total (RE + CE)</b>	<b>505.69</b>	<b>822.30</b>	<b>1,220.71</b>	<b>1,234.98</b>	<b>2,673.89</b>
<b>Total (Social Services)</b>					
<b>Revenue Expenditure</b>	4,033.43	4,794.98	6,861.92	7,917.21	9,867.99
<b>Of which</b>					
(a) Salary Component	2,865.88	2,871.81	3,355.60	3,203.35	3,404.01
(b) Non-Salary Component	1,167.55	1,923.17	3,506.32	4,713.21	6,463.98
<b>Capital Expenditure</b>	163.44	137.28	328.43	595.87	798.92
<b>Total (RE + CE)</b>	<b>4,196.87</b>	<b>4,932.26</b>	<b>7,190.35</b>	<b>8,513.08</b>	<b>10,666.91</b>

**APPENDIX – 1.6***(Refer : Paragraph 1.5.3; Page-16)***Expenditure on Economic Sector***(Rupees in crore)*

	2003-04	2004-05	2005-06	2006-07	2007-08
<b>Agriculture, Allied Activities</b>					
Revenue Expenditure (RE)	248.66	396.84	410.45	585.15	736.84
Of which					
(a) Salary Component	173.20	173.33	191.49	225.94	227.59
(b) Non-Salary Component	75.46	223.51	218.96	359.21	509.25
Capital Expenditure (CE)	5.67	10.32	93.19	11.24	22.37
Sub Total ( RE + CE )	254.33	407.16	503.64	596.39	759.21
<b>Irrigation and Flood Control</b>					
Revenue Expenditure (RE)	319.09	473.02	482.77	435.30	561.93
Of which					
(a) Salary Component	247.61	242.28	265.93	296.88	354.56
(b) Non-Salary Component	71.48	230.74	216.84	138.42	207.37
Capital Expenditure(CE)	521.36	442.52	591.46	631.70	887.77
Sub Total ( RE + CE )	840.45	915.54	1,074.23	1,067.00	1,449.70
<b>Power &amp; Energy</b>					
Revenue Expenditure (RE)	1.15	1.74	1.42	1,080.64	726.28
Of which					
(a) Salary Component	--	--	--	--	--
(b) Non-Salary Component	1.15	1.74	1.42	1,080.64	726.28
Capital Expenditure(CE)	300.39	26.50	302.01	433.76	115.00
Sub Total ( RE + CE )	301.54	28.24	303.43	1,514.40	841.28
<b>Transport</b>					
Revenue Expenditure	204.61	224.61	285.01	414.14	407.54
Of which					
(a) Salary Component	85.01	83.63	107.45	104.64	117.82
(b) Non-Salary Component	119.60	140.98	177.56	309.50	289.72
Capital Expenditure	61.53	144.06	274.99	1661.57	2299.50
Sub Total ( RE + CE )	266.14	368.67	560.00	2,075.71	2,707.04
<b>Other Economic Services</b>					
Revenue Expenditure	724.67	939.47	1,187.44	1,505.58	2,005.31
Of which					
(a) Salary Component	284.31	198.92	251.60	279.20	274.48
(b) Non-Salary Component	440.36	740.55	938.84	1,226.38	1,730.83
Capital Expenditure	474.55	376.18	421.90	1,721.89	1,757.71
Sub Total ( RE + CE )	1,199.22	1,315.65	1,609.34	3,227.47	3,763.02
<b>Total (Economic Services)</b>					
Revenue Expenditure	1,498.18	2,035.68	2,367.09	4,020.81	4,437.90
Of which					
(a) Salary Component	790.13	698.16	816.47	906.66	974.45
(b) Non-Salary Component	708.05	1,337.52	1,550.62	3,114.15	3,463.45
Capital Expenditure	1,363.50	999.58	1,683.55	4,460.16	5,082.35
Grand Total ( RE + CE )	2,861.68	3,035.26	4,050.64	8,480.97	9,520.25



**APPENDIX – 1.7***(Refer : Paragraph 1.5.5; Page-17)***Utilisation certificates relating to grants-in-aid paid upto March 2008 but not received upto September 2008***(Rupees in lakh)*

Year	Utilisation Due		Utilisation Received		Utilisation Awaited	
	Number	Amount	Number	Amount	Number	Amount
Upto 14.11.2000	20190	111182.83	--	--	20190	111182.83
2001-02	452	26161.66	--	--	452	26161.66
2002-03	40	3427.67	--	--	40	3427.67
2003-04	61	15005.87	--	--	61	15005.87
2004-05	89	20854.61	3	270.35	86	20584.26
2005-06	80	99783.93	5	595.61	75	99188.32
2006-07	284	191240.83	22	21337.18	262	169903.65
2007-08	10	17265.37	--	--	10	17265.37
<b>Grant Total</b>	<b>21206</b>	<b>484922.77</b>	<b>30</b>	<b>22203.14</b>	<b>21176</b>	<b>462719.63</b>

## APPENDIX -1.8

(Refer : Paragraph 1.5.6; Page-17)

### Details with status of accounts submitted by Autonomous bodies to State Legislature

Sl. No.	Name of the body	Period of entrustment of audit of accounts to CAG	Year for which accounts due	Year upto which account submitted	Year upto which Audit Report issued	Year upto which Audit Report submitted to State Legislature	Reasons for non-finalisation of Audit Reports
1	Bihar State Housing Board, Patna	2003-04	2003-04	2002-03	1993-94	1993-94	Comment on draft SARs for 1994-95 to 1998-99 have been received from BSHB, Patna for scrutiny. Issue of SAR for 1994-99 is under process. Audit of Annual A/cs for 1999-00 to 2002-03 will be taken up on finalization of SARs for 1994-95 to 1998-99.
2	Bihar Khadi and Village Industries Board, Patna	2002-03	1990-00 to 2002-03	2002-03	1998-99	1986-87	Examination of annual accounts for 1999-00 to 2002-03 is under process.
3	Bihar State Legal Service Authority, Patna	Permanent	2007-08	2006-07	2005-06	--	Audit of annual accounts for 2006-07 has been taken up issue of SAR for 2006-07 is under process.



## APPENDIX – 1.9

(Refer: Paragraph - 1.6; Page-18)

## Summarised financial position of the Government of Bihar

As on 31 March 2007		Liabilities		As on 31 March 2008
(Rupees in crore)			(Rupees in crore)	
26828.55		<b>Internal Debt</b>		26768.85
	10392.46	Market loan bearing interest	9613.12	
	0.28	Market loan not bearing interest	0.07	
	24.55	Loans from LIC	24.44	
	16411.26	Loans from other institutions etc.	17131.22	
1028.58		Ways and means advances Shortfall in deposit with Reserve Bank		2400.21
8236.86		<b>Loans and Advances from Central Government</b>		8276.61
	3.91	Pre 1984-85 Loans	3.91	
	97.72	Non-Plan Loans	88.46	
	8065.32	Loans for State Plan Schemes	8110.28	
	8.53	Loans for Central Plan Schemes	7.93	
	18.42	Loans for Centrally Sponsored Plan Schemes	23.07	
	42.96	Ways and Means Advances	42.96	
350.00		<b>Contingency Fund</b>		350.00
9160.78		<b>Small Savings, Provident Fund etc.</b>		9429.18
3886.48		<b>Deposits</b>		5583.00
976.25		<b>Reserve Funds</b>		931.65
		<b>Remittance Balances</b>		
		<b>Suspense and Miscellaneous Balances</b>		
50467.50		<b>Total</b>		53739.50
As on 31 March 2007		Assets		As on 31 March 2008
24379.70		<b>Gross Capital Outlay</b>		30483.48
	821.10	Investment in shares of companies, corporations, etc.	828.68	
	23558.60	Other Capital Outlay	29654.80	
13881.57		<b>Loans and Advances</b>		14128.10
	11615.86	Loans for Power Projects	11853.09	
	2199.48	Other Development Loans	2206.22	
	66.23	Loans to Government Servants etc.	68.79	
195.36		<b>Advances</b>		191.85
1675.89		<b>Remittance Balances</b>		1057.59
948.54		<b>Suspense and Miscellaneous Balances</b>		986.78
2436.16		<b>Cash</b>		4588.27
		Cash in Treasuries and Local Remittances		
	209.30	Departmental Balances	116.77	
	0.24	Permanent Cash Imprest	0.35	
	2226.62	Cash Balance Investment and Other Reserve Fund Investment	4471.15	
		Deposit with Reserve Bank		

As on 31 March 2007	Assets			As on 31 March 2008
6950.28		Deficit on Government Account		2303.43
	(-)2498.14	Add Revenue Deficit / Less Revenue surplus of the current year	(-)4646.85	
	9448.42	Accumulated Deficit up to preceding year Miscellaneous Government Account	6950.28	
50467.50		Total		53739.50



**APPENDIX -1.10***(Refer: Paragraph - 1.6; Page-18)***Time series data on State Government finances***(Rupees in crore)*

	2003-04	2004-05	2005-06	2006-07	2007-08
<b>Part A. Receipts</b>					
<b>1. Revenue Receipts</b>	<b>12456</b>	<b>15714</b>	<b>17837</b>	<b>23083</b>	<b>28210</b>
(i) Tax Revenue	2890(23)	3347(21)	3561(20)	4033(17)	5086(18)
Taxes on Sales, Trade, etc.	1637(57)	1891(57)	1734(49)	2081(52)	2535(50)
State Excise	240(8)	272(8)	319(9)	382(9)	525(10)
Taxes on Vehicles	209(7)	213(6)	302(8)	181(4)	273(5)
Stamps and Registration Fees	418(14)	429(13)	505(14)	455(11)	654(13)
Land Revenue	34(1)	33(1)	55(2)	75(2)	82(2)
Other Taxes	352(13)	509(15)	646(18)	859(20)	1017(20)
(ii) Non-Tax Revenue	320(3)	418(3)	522(3)	511(2)	526(2)
(iii) State's share in Union taxes and duties	7628(61)	9117(58)	10421(58)	13292(58)	16766(59)
(iv) Grants-in-aid from Government of India	1618(13)	2832(18)	3333(19)	5247(23)	5832(21)
<b>2. Misc. Capital Receipts</b>					
<b>3. Total Revenue and Non debt capital receipt (1+2)</b>	<b>12456</b>	<b>15714</b>	<b>17837</b>	<b>23083</b>	<b>28210</b>
<b>4. Recoveries of Loans and Advances</b>	<b>10</b>	<b>15</b>	<b>51</b>	<b>7</b>	<b>26</b>
<b>5. Public Debt Receipts</b>	<b>5069</b>	<b>7623</b>	<b>3770</b>	<b>2358</b>	<b>1612</b>
Internal Debt (excluding Ways & Means Advances and Overdrafts)	4249	5969	3768	2355	1144
Net transactions under Ways and Means Advances and Overdraft	-	-	-	-	-
Loans and Advances from Government of India[1]	820	1654	2	3	468
<b>6. Total Receipts in the Consolidated Fund (3+4+5)</b>	<b>17535</b>	<b>23352</b>	<b>21658</b>	<b>25448</b>	<b>29848</b>
<b>7. Contingency Fund Receipts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>8. Public Accounts receipts</b>	<b>7440</b>	<b>4092</b>	<b>5695</b>	<b>9224</b>	<b>12837</b>
<b>9. Total receipts of the State (6+7+8)</b>	<b>24975</b>	<b>27444</b>	<b>27353</b>	<b>34672</b>	<b>42685</b>
<b>Part B. Expenditure</b>					
<b>10. Revenue Expenditure</b>	<b>12711</b>	<b>14638</b>	<b>17756</b>	<b>20585</b>	<b>23563</b>
Plan	1084(9)	1996(14)	2736(15)	4065(20)	4804(20)
Non-plan	11627(91)	12642(86)	15020(85)	16520(80)	18759(80)
General Services (including Interests payments)	7176(56)	7803(53)	8523(48)	8643(42)	9252(39)
Economic Services	1498(12)	2036(33)	2367(13)	4021(20)	4438(19)
Social Services	4033(32)	4795(14)	6862(38)	7917(38)	9868(42)
Grants-in-aid and contributions	4	4	4	4	5
<b>11. Capital Expenditure</b>	<b>1549</b>	<b>1205</b>	<b>2084</b>	<b>5211</b>	<b>6104</b>
Plan	1493(96)	1170(97)	2061(99)	5132(98)	5991(98)
Non-plan	56(4)	35(3)	23(1)	79(2)	113(2)
General Services	22(1)	68(6)	72(3)	155(3)	223(4)
Economic Services	1364(88)	1000(83)	1684(81)	4460(86)	5082(83)
Social Services	163(11)	137(11)	328(16)	596(11)	799(13)
<b>12. Disbursement of Loans and Advances</b>	<b>2569</b>	<b>1128</b>	<b>1748</b>	<b>315</b>	<b>272</b>
<b>13. Total (10+11+12)</b>	<b>16829</b>	<b>16971</b>	<b>21588</b>	<b>26111</b>	<b>29939</b>

(Rupees in crore)

	2003-04	2004-05	2005-06	2006-07	2007-08
<b>14. Repayments of Public Debt</b>	<b>2802</b>	<b>3084</b>	<b>981</b>	<b>1025</b>	<b>1632</b>
Internal Debt (excluding Ways and Means Advances and Overdrafts)	422	361	493	708	1203
Net transactions under Ways and Means Advances and Overdraft	-	-	-	-	-
Loans and Advances from Government of India	2380	2723	488	317	429
<b>15. Appropriation to Contingency Fund</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>16. Total disbursement out of Consolidated Fund (13+14+15)</b>	<b>19631</b>	<b>20055</b>	<b>22569</b>	<b>27136</b>	<b>31571</b>
<b>17. Contingency Fund disbursements</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>18. Public Accounts disbursements</b>	<b>5789</b>	<b>5519</b>	<b>4415</b>	<b>8016</b>	<b>10334</b>
<b>19. Total disbursement by the State (16+17+18)</b>	<b>25420</b>	<b>25574</b>	<b>26984</b>	<b>35152</b>	<b>41905</b>
<b>Part C. Deficits</b>					
<b>20. Revenue Deficit /Surplus (1-10)</b>	<b>(-)255</b>	<b>1076</b>	<b>81</b>	<b>2498</b>	<b>4647</b>
<b>21. Fiscal Deficit (3+4-13)</b>	<b>(-)4363</b>	<b>(-)1242</b>	<b>(-)3700</b>	<b>(-)3021</b>	<b>(-)1703</b>
<b>22. Primary Deficit (-)/surplus (+) (21-23))</b>	<b>(-)1020</b>	<b>(+)2232</b>	<b>(-)51</b>	<b>(+)395</b>	<b>(+)2004</b>
<b>Part D. Other data</b>					
<b>23. Interest Payments (included in revenue expenditure)</b>	<b>3343</b>	<b>3474</b>	<b>3649</b>	<b>3416</b>	<b>3707</b>
<b>24. Arrears of Revenue (Percentage of Tax &amp; non-tax Revenue Receipts in brackets)</b>	<b>1357(42)</b>	<b>1101(29)</b>	<b>1345(9)</b>	<b>1477.01</b>	<b>1596.08</b>
<b>25. Financial Assistance to local bodies etc.</b>	<b>788</b>	<b>813</b>	<b>1110</b>	<b>1017</b>	<b>1133.37</b>
<b>26. Ways and Means Advances (WMA)/Overdraft availed (days)</b>	<b>44</b>	<b>3</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>27. Interest on WMA/Overdraft</b>	<b>5</b>	<b>negligible</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>28. Gross State Domestic Product (GSDP)</b>	<b>66961</b>	<b>73791</b>	<b>80405</b>	<b>97484</b>	<b>99909</b>
<b>29. Fiscal liability (year end)</b>	<b>37453</b>	<b>42483</b>	<b>46495</b>	<b>49089</b>	<b>50989</b>
<b>30. Outstanding guarantees including interest (year end)</b>	<b>471</b>	<b>473</b>	<b>605</b>	<b>608</b>	<b>516</b>
<b>31. Maximum amount guaranteed (year end)</b>	<b>1531</b>	<b>1531</b>	<b>1531</b>	<b>1538</b>	<b>1538</b>
<b>32. Capital blocked in incomplete projects as on 31 August'2008</b>	<b>N.A.</b>	<b>1183</b>	<b>2393</b>	<b>2393</b>	<b>2793</b>

\* Revised GSDP figures as received from Department of statistics Government of Bihar



## APPENDIX – 1.11

(Refer : Paragraph – 1.10; Page-26)

*Indicators of Fiscal Health*

(In per cent)

Fiscal Indicators	2003-04	2004-05	2005-06	2006-07	2007-08
1	2	3	4	5	6
<b>I Resource Mobilization</b>					
Revenue Receipt/GSDP	18.80	21.46	22.25	23.33	26.83
Revenue Buoyancy	7.03	2.49	1.43	1.25	3.55
Own Tax / GSDP	4.36	4.57	4.44	4.08	4.84
<b>II Expenditure Management</b>					
Total Expenditure/GSDP	25.40	23.18	26.93	26.39	28.47
Revenue Receipts/ Total Expenditure	74.02	92.59	82.62	88.40	94.22
Revenue Expenditure/Total Expenditure (including loans & advances)	75.53	86.25	82.25	78.84	78.70
Salary expenditure on Social and Economic Services / Revenue Expenditure	28.76	24.39	24.62	19.97	18.58
Non-Salary expenditure on Social and Economic Services / Revenue Expenditure	14.75	22.28	28.48	62.59	67.09
Capital Expenditure/Total Expenditure(excluding loans & advances)	11	8	11	20	21
Capital Expenditure on Social and Economic Services/Total Expenditure (excluding loans & advances).	10.71	7.18	10.14	19.60	19.82
Buoyancy of TE with RR	1.51	0.03	2.01	0.71	0.66
Buoyancy of RE with RR	0.27	0.58	1.58	0.54	0.65
<b>III Management of Fiscal Imbalances</b>					
Revenue deficit (Rs in crore)	(-)255	(+)1,076	(+)81	(+)2,498	(+)4647
Fiscal deficit (Rs in crore)	(-)4,363	(-)1,242	(-)3,700	(-)3,021	(-)1703
Primary Deficit (Rs in crore)	(-)1,020	(+)2,232	(-)51	(+) 395	(+)2004
Revenue Deficit/Fiscal Deficit	6	(-)87	(-)2	(-)82.69	(-)2.73
<b>IV Management of Fiscal Liabilities</b>					
Fiscal Liabilities/GSDP	56.53	58.02	58.00	49.61	48.49
Fiscal Liabilities/RR	300.68	270.35	260.67	212.66	180.75
Buoyancy of FL with RR	0.46	0.51	0.70	0.19	0.17
Buoyancy of FL with Own Receipt	1.01	0.78	1.12	0.49	0.16
Net Funds Available	(-)775	1780	626	(-)692	(-)1496
<b>V Other Fiscal Health Indicators</b>					
Return on Investment	0.04	0.04	0.04	0.04	3.19
Balance from Current Revenue (Rs in crore)	(-)638	924	685.02	2995.78	5,124.24
Financial Assets/Liabilities	72	78	80	86	96

**APPENDIX - 2.1***(Refer : Paragraph – 2.3.2; Page-32)**Areas in which major savings occurred ( Rupees 10 crore and above)**(Rupees in crore)*

Sl. No.	Grant No. / Department	Head of Account Major / Minor / Sub Head	Amount of Grant	Savings
<b>A Revenue Charged</b>				
<b>I</b>	<b>13-Interest Payment</b>	<b>2049-Interest payment</b>		
1.		0001-Interest on Special Securities issued to National Small Saving Fund of the Central Government by State Government 01-123-0001	1422.61	26.39
2.		0010-Taxfree Special Bond Paper (Power bond) 01-200-0010	163.19	13.23
<b>B Revenue Voted</b>				
<b>II</b>	<b>15-Pension</b>	<b>2071-Pensions and Other Retirement Benefits</b>		
3.		0001-Payment to Pre 15.11.2000 Pensioners 01-101-0001	1490.19	165.21
4.		0002-Payment of commuted value of pension to employees retired prior to 15-11-2000 01-102-0002	198.25	42.06
5.		0002-Payment to employees retiring from successor State of Bihar 01-104-0002	444.85	60.67
6.		0001-Leave Encashment equivalent to un availed earn leave payable to Officers and employees retired/died prior to 15.11.2000 01-115-0001	29.71	19.56
7.		0001-State Share under contributory Pension Scheme 01-800-0001	50.00	43.16
<b>III</b>	<b>20-Health Department</b>	<b>2210-Medical and Public Health</b>		
8.		0002-Additional Primary Health Centre 03-101-0002	96.98	12.26
9.		0001 Primary Health Centre 03-103-0001	416.14	30.39
		<b>2211-Family Welfare</b>		
10.		0602 Health Sub-Centre 00-101-0602	143.83	34.91



Sl. No.	Grant No. / Department	Head of Account Major / Minor / Sub Head	Amount of Grant	Savings
IV	26-Labour Resources Department	2230-Labour and Employment		
11		0102-National Old Age Pension Scheme 02-800-0102	375.90	161.89
V	39-Disaster Management Department	2245 Relief on account of Natural Calamities		
12		0101-Repair/Restoration of damaged building caused by flood 02-113-0101	434.39	11.97
13		0001-Calamity Relief Fund 05-101-0001	702.68	310.98
VI	44-HRDD (Secondary, Primary and Adult Education)	2202-General Education		
14		0001-Other schools 02-109-0001	631.75	30.70
VII	51-Welfare Department	2235-Social Security and Welfare		
15		0602-Consolidated Child Development Scheme 02-102-0602	164.87	74.84
VIII	55-Social Welfare Department	2235-Social Security and Welfare		
16		0602A-Consolidated Child Development Scheme 02-102-0602A	178.05	146.30
		2236-Nutrition		
17		0602A-Special programme for distribution of food grains to under nutritious pregnant/post delivery women and adolescent girls 02-101-0602A	171.06	64.17
18		0102A-Scheme for distribution of nutritious food to pregnant women, children and nursing mother 02-101-0102A	195.37	193.61
IX	59-Panchayati Raj Department	2515-Other Rural Development Programmes		
19		0003A-District Panchayat Establishment 00-001-0003A	52.31	12.72
C Capital Voted				
X	49-Water Resources Department	4700-Capital outlay on Major Irrigation		
20		0102-Irrigations Project for Koshi basin (works) AIBP 01-800-0102	208.66	179.14
21		0101-Establishment 03-800-0101	62.79	30.18
22		0102-Irrigations Project for Sone basin 03-800-0102	118.96	18.79
23		0103-Irrigation Project for Sone basin 03-800-0103	13.00	10.15

Sl. No.	Grant No. / Department	Head of Account Major / Minor / Sub Head	Amount of Grant	Savings
		<b>4711-Capital outlay on Flood Control Projects</b>		
24		0111-Flood Control Embankment Road Scheme (NABARD) Sponsored Schemes (Works) 01-001-0111	36.04	14.95
25		0404-Extension of Embankment of Kamala River (Indian Portion) and heightening and strengthening (100% Central Share) 01-800-0404	48.00	41.88
26		0409-Strengthening and extension of embankment of Bagmati River 01-800-0409	100.00	93.43
27		0113-Redevelopment of Zamindari Embankment 01-800-0113	40.74	17.91
<b>XI</b>	<b>51-Welfare Department</b>	<b>4235-Capital outlay on Social Security</b>		
28		0103-External aided scheme Consolidated Child Development Plan 02-102-0103	43.20	14.20
<b>XII</b>	<b>55-Social Welfare Department</b>	<b>4235-Capital outlay on Social Security</b>		
29		0103A-External aided scheme Consolidated Child Development Plan 02-102-0103A	49.99	28.99
		<b>Grand Total (A+B+C)</b>	<b>8083.51</b>	<b>1904.64</b>



## APPENDIX – 2.2

(Refer : Paragraph – 2.3.3; Page-32)

*Cases where expenditure fell short of budget provisions (in excess of rupees one crore or more (below 100 crore) and also by more than 20 per cent of the total provisions in each case)*

Sl No.	Number and Name of Grant / Appropriation	Amount of Grant/ Appropriation	Amount of Savings	Main reasons of Savings as furnished by the Government
			(Percentage of saving in brackets)	
(Rupees in crore)				
A. Revenue Voted Section				
1.	4 - Cabinet Secretariat Department	23.24	6.47 (27.84)	Saving of Rs. 2.60 crore was attributed due to less number of Minister of State in council of minister, Reasons for saving of Rs. 2.29 crore was not intimated.
2.	6 - Election	38.42	22.29 (58.01)	Reasons for saving of Rs. 21.77 crore were not intimated.
3.	9 - Co-operative Department	140.45	75.72 (53.91)	Saving of Rs 61.80 crore was due release of State's share to Insurance; Rs 10.00 crore could not be utilised for want of cabinet approval.
4.	12 - Finance Department	172.71	94.54 (54.74)	Reasons for saving of Rs. 81.78 crore were not intimated.
5.	18 - Food and Consumer Protection Department	84.22	19.69 (23.38)	Saving of Rs 16.80 crore were attributed to cancellation of promotion order of class IV employees and transfer of food grains to flood relief work. Restriction imposed on drawal of arrear pay resulted in saving of Rs 2.65 crore.
6.	25 - Finance Department (Institutional Finance and Program Implementation Department)	1.83	1.69 (92.35)	Reason for savings of Rs. 1.69 crore were not intimated.
7.	33 - Personnel and Administrative Reforms Department	34.67	11.03 (31.82)	Reason for savings of Rs. 10.67 crore were not intimated.
8.	43 - Science and Technology Department	71.99	35.57 (49.41)	Saving of Rs 24.58 crore was due to reduction in planned outlay, Rs 8.24 crore due to non-approval of release of fund.
9.	45 -Sugarcane Industries Department	131.97	36.08 (27.34)	Saving of Rs 6.16 crore was due to non-sanction by the department and Rs. 28 crore due to non-receipt of planned outlay.
10.	52 - Art, Culture and Youth Department	31.48	7.16 (22.74)	Reasons for saving of Rs 6.84 crore have not been intimated.
11.	53 - Health Department (Health (Medical Education and Indigenous Medicine) Department)	137.41	30.90 (22.49)	Reasons for the saving of Rs 30.29 crore have not been intimated.



Sl No.	Number and Name of Grant / Appropriation	Amount of Grant/ Appropriation	Amount of Savings (Percentage of saving in brackets)	Main reasons of Savings as furnished by the Government
<b>(Rupees in crore)</b>				
12.	57 - Backward Classes and Most Backward Class Welfare Department	62.93	13.71 (21.79)	Reasons for saving of Rs 11.72 crore have not been intimated.
13.	60 - Rural Works Department	185.89	40.82 (21.96)	Reasons for saving of Rs. 13.84 crore were not intimated.
<b>Total (A) :</b>		<b>1117.21</b>	<b>395.67</b>	
<b>B. - Capital Voted Section</b>				
14.	1 - Agriculture Department	8.21	8.21 (100.00)	Reasons for entire saving of Rs 8.21 crore have not been intimated.
15.	3 - Building Construction Department	68.27	39.03 (57.17)	Savings of Rs 11.19 crore were due to non-receipt of sanction and reason for saving of Rs. 19.41 crore were not intimated.
16.	8 - Cabinet Secretariat Department (Civil Aviation Department)	11.00	3.77 (34.27)	Reasons for entire saving of Rs. 3.77 crore were not intimated.
17.	23 - Industries Department	232.44	73.62 (31.67)	Saving of Rs 72.62 crore was due to procedural delay in land acquisition and Rs 1.00 crore due to non-sanction of schemes.
18.	43 - Science and Technology Department	39.15	7.86 (20.08)	Reasons for saving of Rs 4.09 crore have not been intimated.
19.	44 - Human Resources Development Department (Secondary, Primary and Adult Education)	42.93	32.43 (75.54)	Saving of Rs 30.16 crore were attributed to reduction in planned outlay and reasons for balance saving Rs 2.27 crore have not been intimated.*
20.	45 -Sugarcane Industries Department	39.14	22.00 (56.21)	Saving of Rs 22.00 crore was due to non-sanction of loan to sugar mills.
21.	50 - Minor Water Resources Department	153.66	79.06 (51.45)	Saving of Rs 77.56 crore was due to reduction in planned outlay.
22.	51 - Welfare Department	83.20	54.20 (65.14)	Reasons for entire saving of Rs 54.20 crore have not been intimated.
23.	53 - Health Department (Health (Medical Education and Indigenous Medicine) Department)	31.60	8.46 (26.78)	The reasons for the saving of Rs 7.36 crore have not been intimated.
<b>Total (B) :</b>		<b>709.60</b>	<b>328.64</b>	
<b>C. - Revenue Charged Section</b>				
24.	5 - Governor Secretariat	3.35	1.37 (41.01)	Reasons for saving of Rs 1.16 crore were not intimated.
25.	15 - Pension	2.64	2.47 (93.57)	Reasons for saving of Rs 2.43 crore were not intimated.
<b>Total (C) :</b>		<b>5.99</b>	<b>3.84</b>	
<b>Grand Total: (A+B+C)</b>		<b>1,832.80</b>	<b>728.15</b>	



## APPENDIX – 2.3

(Refer : Paragraph – 2.3.4; Page-32)

*Cases of persistent savings exceeding Rupees five crore or more and 10 percent or more of the total provisions in each cases*

Sl. No.	Number and name of Grant/ Appropriation	Savings and its percentage to provision (Rupees in crore)		
Year		2005-06	2006-07	2007-08
A – Revenue Voted				
1	2-Animal and Fisheries Resources Department	24.75(25.29)	20.10(12.27)	26.18(14.94)
2	6-Election	37.30(26.98)	19.79(53.90)	22.29(58.02)
3	12-Finance Department	39.65(42.99)	21.04(22.40)	94.54(54.74)
4	20-Health Department	457.13(34.35)	355.35(28.24)	292.10(22.03)
5	23-Industries Department	9.56(24.88)	30.15(28.06)	118.84(44.17)
6	27-Law Department	74.10(34.89)	29.54(16.49)	35.32(16.68)
7	33-Personnel and Administrative Reforms Department	10.63(58.12)	8.22(44.90)	11.03(31.84)
8	40-Revenue and Land Reforms Department	54.71(20.04)	36.53(12.57)	38.58(11.26)
9	41-Road Construction Department	31.94(10.94)	37.82(10.96)	123.15(29.98)
10.	45-Sugarcane Industries Department	6.45(42.97)	11.03(40.33)	36.08(27.34)
11.	50-Minor Water Resources Department	128.97(31.08)	289.99(68.09)	33.72(17.33)
12.	51-Welfare Department	212.86(29.40)	284.66(33.30)	348.13(46.09)
13.	52-Art, Culture and Youth Department	5.38(19.51)	6.72(21.46)	7.16(22.74)
TOTAL – A:		1093.43	1150.94	1187.12
B – Capital Voted				
1	3-Building Construction Department	97.33(71.76)	75.94(59.98)	39.03(57.17)
2	36-Public Health Engineering Department	209.96(63.44)	318.63(56.21)	389.41(53.87)
3	49- Water Resources Department	313.30(35.72)	463.82(44.29)	593.42(42.19)
4	50-Minor Water Resources Department	42.49(59.87)	60.72(55.68)	79.06(51.45)
TOTAL – B:		663.08	919.11	1100.92
C - Capital Charged				
1	14-Repayment of Loans	2,243.66 (69.58)	1,174.88 (53.41)	1,000.41 (38.01)
TOTAL – C:		2,243.66	1,174.88	1,000.41
GRAND TOTAL (A+B+C)		4000.17	3244.93	3288.45



## APPENDIX 2.4

(Refer : Paragraph – 2.3.5; Page-33)

### Excesses for the years 1977-78 to 2007-08

Year	No. of Grants/ Appropriation	Grants/Appropriation number	Amount of excess	Amount for which explanation not furnished to PAC
(Rupees in crore)				
1977-78	2	5, 24	0.40	0.4
1978-79	2	17, 27	16.17	16.17
1979-80	1	17	33.46	33.46
1980-81	2	12, 17	26.03	26.03
1981-82	7	3, 11, 12, 13, 15, 17, 24	39.24	39.24
1982-83	2	12, 22	4.79	4.79
1983-84	2	11, 12	9.98	9.98
1984-85	2	3, 14	2.62	2.62
1985-86	2	10, 13	14.83	14.83
1986-87	1	13	65.62	65.62
1987-88	6	9, 19, 25, 38, 48	244.76	244.76
1988-89	3	9, 25, 38	85.15	85.15
1989-90	3	25, 27, 38	99.4	99.4
1990-91	4	37, 38, 42, 43	92.07	92.07
1991-92	2	6, 38, 43	85.11	85.11
1992-93	2	25, 38	93.25	93.25
1993-94	2	25, 37	157.68	157.68
1994-95	1	37	170.61	170.61
1995-96	3	25, 36, 37	213.22	213.22
1996-97	3	20, 23, 37	22.44	22.44
1997-98	1	7	0.01	0.01
1998-99	1	30	0.33	0.33
1999-00	5	10, 13, 14, 40, 50	196.23	196.23
2000-01	5	5, 13, 15, 25, 32	712.34	712.34
2001-02	1	15	491.24	491.24
2002-03	2	15, 47	10.15	10.15
2003-04	7	10, 11, 14, 15, 30, 32, 50	3782.34	3782.34
2004-05	4	19, 20, 21, 46	5.68	5.68
2005-06	4	10, 39, 40, 46	349.56	349.56
2007-08	2	17, 42	1.93	1.93
<b>Total</b>			<b>7,026.64</b>	<b>7,026.64</b>



## APPENDIX 2.5

(Refer: Paragraph 2.3.6; Page-33)

*Significant cases of excess expenditure exceeding rupees one crore or more in each cases against the provision in Minor Head*

Sl No.	Grant No.	Head of A/c (Major/Minor/Subhead)	Provision	Expendi ture	Excess	Percentage of excess
			(Rupees in crore)			
A. Revenue Section-Voted						
I (1)	03 Building Construction Department	2259- Public Works 0013 - Maintenance and Repairing of Buildings of Jail Department	4.48	6.47	1.99	44.42
II (2)	15 Pension	2071- Pension and Other Retirement Benefits 0002 - Payment of pension to the employees retiring from successor State of Bihar	768.32	769.66	1.34	0.17
III (3)	17 Commercial Tax Department	2040- Taxes on Sales, Trade etc. 0001-District Charges 2040-00-101-0001	25.54	39.10	13.56	53.09
IV (4)	27 Law Department	2014 - Administration of Justice 0701- Civil and Session Court 2014-00-105-0701	12.38	13.83	1.45	11.71
V (5)	38 Registration, Excise & Prohibition Department (Registration Department)	2030 – Stamp and Registration 0002-District Charges 2030-03-001-0002	19.29	25.18	5.89	30.53
VI (6)	49 Water Resources Department	2705 - Command Area Development 2705-02-001-0602 Area Development Command level CSS	11.38	28.35	16.97	149.12
VII (7)	50 Minor Water Resources Department	2702 – Minor Irrigation Department 2702-03-103-0101 Government tube wells	19.17	24.30	5.13	26.76
B. Capital Section-Voted						
VIII (8)	41 Road Construction Department	5054 - Capital outlay on Roads and Bridges 5054-03-052-0101 Machinery and equipment	18.54	23.54	5.00	26.97
(9)	-do-	5054-03-101-0103 Bridge (NABARD LOAN)	128.97	178.97	50.00	38.77
(10)	-do-	5054-03-337-0102 Major Roads	895.03	915.03	20.00	2.23
Total:			1903.10	2024.43	121.33	

**APPENDIX 2.6**

(Refer: Paragraph 2.3.7; Page-33)

**Expenditure without Budget Provision in Minor Heads exceeding Rupees 20 lakhs or more in each case against the provision in minor heads**

Sl No.	Grant No.	Head of A/c (Major/Minor/Sub head)	Provision	Expenditure	Excess
A. Revenue Section-Voted			(Rupees in lakh)		
I (1)	41 Road Construction Department	3054-Roads and Bridges 3054-80-799-05 Miscellaneous Public Works Advance	0.00	26.01	26.01
II (2)	49 Water Resources Department	2711-Flood Control and Drainage 2711-01-799-0006 Miscellaneous Public Works Advance	0.00	29.52	29.52
III (3)	59 Panchayati Raj Department	2515-Other Rural Development Programs 2515-00-799-006 Miscellaneous Public Works Advance	0.00	73.19	73.19
B. Capital Section-Voted					
IV (4)	9 Co-operative Department	6425-Loans for Co-operative 6425-00-108-0107 Loan for purchase of debentures to Bihar State Co-operative Land Development Bank - Special Integrated Schemes for Scheduled Castes	0.00	54.00	54.00
V (5)	42 Rural Development Department	4515-Capital Outlay on Other Rural Development Program 4515-00-799-0001 Miscellaneous Public Works Advance	0.00	569.52	569.52
VI	49 Water Resources Department	4700-Capital out lay on Major Irrigation			
(6)		4700-01-799-0101 Miscellaneous Public Works Advance	0.00	19734.18	19734.18
(7)		4700-03-799-0101 Miscellaneous Public Works Advance	0.00	4814.58	4814.58
(8)		4701-03-799-0101 Miscellaneous Public Works Advance	0.00	670.50	670.50
(9)		4711-01-799-0101 Miscellaneous Public Works Advance	0.00	1168.73	1168.73
	Total		0.00	27140.23	27140.23



## APPENDIX- 2.7

(Refer: Paragraph -2.3.9; Page-33)

Statement showing cases where supplementary provision was unnecessary

Sl No.	Number and name of the Grant / Appropriation	Original Grant/ Appropriation	Expenditure	Savings	Amount of unnecessary Appropriation
1	2	3	4	5	6
<b>A - Revenue Section - Voted</b>		<i>(Rupees in crore)</i>			
1	3-Building Construction Department	209.12	191.68	17.44	0.78
2	4-Cabinet Secretariat Department	18.31	16.77	1.54	4.94
3	6-Election	21.76	16.13	5.63	16.66
4	7-Vigilance	11.09	10.04	1.05	1.10
5	9-Co-operative Department	125.66	64.73	60.93	14.79
6	10-Energy Department	741.86	739.08	2.78	0.54
7	12-Finance Department	161.30	78.17	83.13	11.41
8	18-Food and Consumer Protection Department	66.17	64.53	1.64	18.05
9	19-Environment & Forest Department	74.93	74.81	0.12	15.26
10	20-Health Department	1,057.97	1,033.67	24.30	267.80
11	21-Human Resources Development Department (Higher Education Department)	860.94	792.84	68.10	56.05
12	22-Home Department	1,532.02	1,522.22	9.80	197.81
13	26-Labour Resources Department	465.86	303.15	162.71	5.71
14	27-Law Department	192.92	176.46	16.46	18.87
15	31-Parliamentary Affairs Department	0.77	0.59	0.18	0.41
16	32-Legislature	55.43	53.70	1.73	4.83
17	33-Personnel and Administrative Reforms Department	32.76	23.64	9.12	1.91
18	35-Planning and Development Department	650.07	216.94	433.13	3.44
19	36-Public Health Engineering Department	177.32	159.95	17.37	11.62
20	37-Cabinet Secretariat Department (Rajbhasha Department)	17.95	17.08	0.87	0.56
21	41-Road Construction Department	410.72	287.67	123.05	0.10
22	42-Rural Development Department	1,083.16	676.57	406.59	7.85
23	43-Science and Technology Department	52.60	36.41	16.19	19.38
24	47-Transport Department	9.56	8.14	1.42	0.57
25	48-Urban Development and Housing Department	791.82	556.19	235.63	356.14
26	50-Minor Water Resources Department	194.46	160.80	33.66	0.07
27	52-Art, Culture and Youth Department	29.99	24.32	5.67	1.49
<b>B - Revenue Section - Charged</b>					
1	5- Governor Secretariat	3.06	1.97	1.09	0.29
2	13-Interest Payment	3,909.41	3,706.99	202.42	6.87
3	28-High Court of Bihar	33.49	29.53	3.96	1.42
4	32-Legislature	0.22	0.17	0.05	0.05
<b>C - Capital Section - Voted</b>					
1	3-Building Construction Department	49.70	29.24	20.46	18.57
2	10-Energy Department	848.83	354.33	494.50	70.64
3	23-Industries Department	224.59	158.82	65.77	7.85
4	36-Public Health Engineering Department	702.83	333.42	369.41	20.00
5	40-Revenue and Land Reforms Department	3.82	3.77	0.05	0.79
6	44-Human Resources Development Department (Secondary, Primary and Adult Education Department)	40.66	10.50	30.16	2.27
7	49-Water Resources Department	1,284.51	813.17	471.34	122.08
8	53-Health Department (Health (Medical Education and Indigenous Medicine) Department)	30.00	23.14	6.86	1.60
<b>D Capital Section - Charged</b>					
1	14-Repayment of Loan	2,630.72	1,631.85	998.87	1.53
<b>TOTAL</b>		<b>18,808.36</b>	<b>14,403.18</b>	<b>4,405.18</b>	<b>1,292.10</b>



## APPENDIX- 2.8

(Refer: Paragraph – 2.3.9; Page-33)

Statement showing cases where supplementary provision obtained proved excessive  
(Saving in each case being more than Rs. 20 lakh)

Sl. No.	Number and Name of the Grant/Appropriation	Original Provision	Expenditure	Actual requirement	Supplementary provision	Excess supplementary Provision
(Rupees in crore)						
1	2	3	4	5	6	7
<b>A</b>	<b>Revenue Section-Voted</b>					
1	1-Agriculture Department	291.96	442.12	150.16	237.57	87.41
2	2-Animal and Fisheries Resources Department	137.06	149.04	11.98	38.16	26.18
3	23-Industries Department	134.95	150.22	15.27	134.10	118.83
4	24-Information and Public Relation Department	19.11	25.33	6.22	8.36	2.14
5	30-Minorities Welfare Department	9.72	11.66	1.94	3.69	1.75
6	34-Bihar Public Service Commission	6.99	7.37	0.38	0.59	0.21
7	38-Registration Excise & Prohibition Department (Registration Department)	32.99	34.03	1.04	2.74	1.70
8	39-Disaster Management Department	162.34	1,220.11	1,057.77	2,012.68	954.91
9	40-Revenue and Land Reforms Department	299.78	304.03	4.25	42.83	38.58
10	44-Human Resources Development Department (Secondary, Primary and Adult Education Department)	4,442.19	4,654.34	212.15	478.57	266.42
11	45-Sugarcane Industries Department	25.90	95.89	69.99	106.07	36.08
12	49-Water Resources Department	391.08	407.72	16.64	75.07	58.43
<b>A</b>	<b>Total</b>	<b>5,954.06</b>	<b>7,501.86</b>	<b>1,547.79</b>	<b>3,140.43</b>	<b>1,592.64</b>
<b>B</b>	<b>Capital Section-Voted</b>					
1	9-Co-operative Department	2.81	31.23	28.42	29.17	0.75
2	12-Finance Department	4.95	80.12	75.17	76.69	1.52
3	20-Health Department	103.10	222.44	119.34	120.20	0.86
4	22-Home Department	91.79	197.24	105.45	144.50	39.05
5	41-Road Construction Department	1,671.94	2,292.27	620.33	694.86	74.53
6	43-Science and Technology Department	21.31	31.29	9.98	17.84	7.86
7	45-Sugarcane Industries Department	0.03	17.14	17.11	39.11	22.00
<b>B</b>	<b>Total</b>	<b>1,895.93</b>	<b>2,871.73</b>	<b>975.80</b>	<b>1,122.37</b>	<b>146.57</b>
	<b>Total (A+B)</b>	<b>7,850.00</b>	<b>10,373.59</b>	<b>2,523.59</b>	<b>4,262.80</b>	<b>1,739.21</b>



## APPENDIX 2.9

(Refer: Paragraph 2.3.10 Page-34)

Statement of un-justified/excessive surrenders (exceeding Rupees one crore or more)

Sl No.	Number and Name Grant/Appropriation	Head of Account	Total Provision (Ori+Sup)	Surrender	Total	Expenditure	Excess after surrender
A	Revenue Voted			(Rupees in crore)			
I (1)	03 Building Construction Department	2059 Public Works 0004-Execution 2059-80-001-0004	40.38	4.33	36.05	36.77	0.72
II (2)	27 Law Department	2014 Administration of Justice 0701 – Civil and Session Court 2014-00-105-0701	16.84	4.45	12.39	13.83	1.44
III (3)	32 Legislature	2011 Parliamentary / State / Union Territory Legislature 0005 – Members 2011-02-101-0005	23.13	4.42	18.71	19.19	0.48
IV (4)	38 Registration, Excise & Prohibition Department (Registration Department)	2030 Stamps and Registration 0002 – District Charges 2030-03-001-0002	25.32	6.03	19.29	25.18	5.89
V (5)	41 Road Construction Department	5054 - Capital Outlay on Roads and Bridges 0101 - Machinery and Equipment 5054-03-052-0101	25.00	6.46	18.54	23.54	5.00
(6)		0103 - Bridge (NABARD LOAN) 5054-03-101-0103	184.00	55.03	128.97	178.97	50.00
(7)		0102 - Major Roads 5054-03-337-0102	922.10	27.07	895.03	915.03	20.00
VI (8)	43 Science and Technology Department	2203 Technical Education 0001-Certificate Course 2203-00-105-0001	12.06	2.56	9.50	10.38	0.88
VII (9)	49 Water Resources Department	2705 Command Area 0102 - Area Development Command Level 2705-00-001-0102	54.70	18.72	35.98	36.08	0.10
VII (10)		0602 - Area Development Command Level 2705-02-001-0602	30.10	18.72	11.38	28.35	16.97

Sl No.	Number and Name Grant/Appropriation	Head of Account	Total Provision (Ori+Sup)	Surrender	Total	Expenditure	Excess after surrender
VIII (11)	50 Minor Water Resources Department	2702 Minor Irrigation 0002-Maintenance of Lift Irrigation Scheme 2702-02-005-0002	10.08	2.99	7.09	7.10	0.01
VIII (12).		0101-Government Tube Wells 2702-03-103-0101	28.19	9.02	19.17	24.30	5.13
		<b>Total A:</b>	<b>1371.90</b>	<b>159.80</b>	<b>1212.10</b>	<b>1318.72</b>	<b>106.62</b>
B	Capital Voted						
			0.00	0.00	0.00	0.00	0.00
		<b>Total B:</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
		<b>Grand Total (A+B)</b>	<b>1371.90</b>	<b>159.80</b>	<b>1212.10</b>	<b>1318.72</b>	<b>106.62</b>



## APPENDIX – 2.10

(Refer: Paragraph – 2.3.11; Page-34)

*Anticipated savings not surrendered (exceeding Rupees one crore)*

Sl. No.	Number and Name of the Grant/Appropriation	Savings	Surrender	Un-surrendered Savings	Percentage of Savings not surrendered
<i>(Rupees in crore)</i>					
1	2	3	4	5	6
<b>A</b>	<b>Revenue Voted</b>				
1	2-Animal and Fisheries Resources Department	26.18	18.90	7.28	27.81
2	12-Finance Department	94.54	90.42	4.12	4.36
3	15-Pension	331.40	0.09	331.31	99.97
4	20-Health Department	292.10	155.43	136.67	46.79
5	22-Home Department	207.61	187.09	20.52	9.88
6	26-Labour Resources Department	168.42	3.62	164.80	97.85
7	39-Disaster Management Department	954.90	574.29	380.61	39.86
8	40-Revenue and Land Reforms Department	38.58	35.08	3.50	9.07
9	41-Road Construction Department	123.15	120.83	2.32	1.88
10	42-Rural Development Department	414.44	397.88	16.56	4.00
11	44-Human Resources Development Department (Secondary, Primary and Adult Education Department)	266.42	230.68	35.74	13.41
12	51-Welfare Department	348.13	272.20	75.93	21.81
13	53-Health Department (Health (Medical Education and Indigenous Medicine) Department)	30.90	27.34	3.56	11.52
14	55-Social Welfare Department	615.09	208.28	406.81	66.14
15	56-SC and ST Welfare Department	34.34	18.25	16.09	46.85
16	57-Backward class and Most Backward Class Welfare Department	13.71	10.67	3.04	22.17
17	59-Panchayati Raj Department	146.51	130.02	16.49	11.26
18	60-Rural Works Department	40.82	33.87	6.95	17.03
<b>A</b>	<b>Total</b>	<b>4147.24</b>	<b>2514.94</b>	<b>1632.30</b>	
<b>B</b>	<b>Revenue Charged</b>				
1	5-Governor Secretariat	1.37	0.11	1.26	91.97
2	13-Interest Payment	209.29	165.81	43.48	20.78
3	15-Pension	2.47	0.04	2.43	98.38
<b>B</b>	<b>Total</b>	<b>213.13</b>	<b>165.96</b>	<b>47.17</b>	

Sl. No.	Number and Name of the Grant/Appropriation	Savings	Surrender	Un-surrendered Savings	Percentage of Savings not surrendered
		(Rupees in crore)			
1	2	3	4	5	6
C	Capital Voted				
1	3-Building Construction Department	39.03	24.10	14.93	38.25
2	22-Home Department	39.05	37.90	1.15	2.94
3	44-Human Resources Development Department (Secondary, Primary and Adult Education Department)	32.43	30.16	2.27	7.00
4	49-Water Resources Department	593.42	402.05	191.37	32.25
5	50-Minor Water Resources Department	79.06	77.56	1.50	1.90
6	51-Welfare Department	54.20	40.00	14.20	26.20
7	53-Health Department {Health (Medical Education and Indigenous Medicine) Department}	8.46	1.60	6.86	81.09
8	55-Social Welfare Department	30.14	0.90	29.24	97.01
9	60-Rural Works Department	154.87	141.32	13.55	8.75
C	Total	1,030.66	755.59	275.07	
	Total (A+B+C)	5,391.03	3,436.49	1,954.54	



## APPENDIX – 2.11

(Refer: Paragraph – 2.3.12; Page-34)

*Amount Surrendered on the last day of March 2008*

Sl. No.	Number and Name of the Grant/Appropriation	Amount surrendered on 31 March 2008
1	2	3
<b>A</b>	<b>Revenue Section-Voted</b>	<b>(Rupees in crore)</b>
1	1-Agriculture Department	54.13
2	2-Animal and Fisheries Resources Department	16.17
3	3-Building Construction Department	17.02
4	4-Cabinet Secretariat Department	6.33
5	6-Election	22.27
6	7-Vigilance	1.86
7	8-Cabinet Secretariat Department (Civil Aviation Department)	1.02
8	9-Co-operative Department	75.64
9	10-Energy Department	3.31
10	12-Finance Department	90.33
11	15-Pension	0.08
12	16-Finance Department (National Saving)	0.61
13	17-Commercial Tax Department	12.75
14	18-Food and Consumer Protection Department	19.26
15	19-Environment and Forest Department	14.98
16	20-Health Department	141.08
17	21-Human Resources Development Department (Higher Education Department)	123.74
18	22-Home Department	187.09
19	23-Industries Department	90.88
20	24-Information and Public Relation Department	1.62
21	26-Labour Resources Department	3.62
22	27-Law Department	36.59
23	29-Mines and Geology Department	1.47
24	30-Minorities Welfare Department	1.68
25	31-Parliamentary Affairs Department	0.59
26	32-Legislature	6.85
27	33-Personnel and Administrative Reforms Department	10.67
28	35-Planning and Development Department	435.09
29	36-Public Health Engineering Department	28.39
30	38-Registration, Excise & Prohibition Department (Registration Department)	8.25
31	39-Disaster Management Department	574.29
32	40-Revenue and Land Reforms Department	35.08
33	41-Road Construction Department	115.67
34	42-Rural Development Department	397.88
35	43-Science and Technology Department	12.94
36	44-Human Resources Development Department (Secondary, Primary and Adult Education Department)	230.68
37	45-Sugarcane Industries Department	35.08
38	46-Tourism Department	0.13
39	47-Transport Department	1.81



Sl. No.	Number and Name of the Grant/Appropriation	Amount surrendered on 31 March 2008
1	2	3
40	48-Urban Development and Housing Department	550.17
41	49-Water Resources Department	69.41
42	50-Minor Water Resources Department	37.32
43	51-Welfare Department	258.40
44	53-Health Department {Health (Medical Educations and Indigenous Medicine) Department}	27.34
45	54-Rural Development (REO, PR/MLA/MLC/ KK YOJ) Department	883.08
46	55-Social Welfare Department	208.28
47	56-SC and ST Welfare Department	18.25
48	57-Backward Class and Most Backward Class Welfare Department	10.67
49	58-Information Technology Department	1.27
50	59-Panchayati Raj Department	130.02
51	60-Rural Works Department	33.87
<b>B</b>	<b>Revenue Section-Charged</b>	
1	5-Governor Secretariat	0.11
2	13-Interest Payment	165.81
3	15-Pension	0.04
4	28-High Court of Bihar	5.33
5	32-Legislature	0.10
6	34-Bihar Public Service Commission	0.20
<b>C</b>	<b>Capital Section-Voted</b>	
1	3-Building Construction Department	24.10
2	8-Cabinet Secretariat Department (Civil Aviation Department)	3.77
3	9-Co-operative Department	0.50
4	10-Energy Department	565.15
5	12-Finance Department	1.29
6	19-Environment and Forest Department	0.04
7	20-Health Department	0.26
8	22-Home Department	37.90
9	23-Industries Department	48.53
10	30-Minorities Welfare Department	0.84
11	36-Public Health Engineering Department	389.06
12	38-Registration, Excise & Prohibition Department (Registration Department)	0.25
13	40-Revenue and Land Reforms Department	0.64
14	41-Road Construction Department	138.75
15	42-Rural Development Department	3.43
16	43-Science and Technology Department	5.78
17	44-Human Resources Development Department (Secondary, Primary and Adult Education Department)	30.16
18	45-Sugarcane Industries Department	22.00
19	46-Tourism Department	0.06
20	49-Water Resources Department	402.05
21	50-Minor Water Resources Department	77.56
22	51-Welfare Department	40.00
23	53-Health Department {Health (Medical Educations and Indigenous Medicine) Department}	1.60



Sl. No.	Number and Name of the Grant/Appropriation	Amount surrendered on 31 March 2008
1	2	3
24	54-Rural Development (REO, PR/ MLA/ MLC /KK YOJ) Department	1164.69
25	55-Social Welfare Department	0.90
26	56-SC and ST Welfare Department	0.22
27	60-Rural Works Department	141.32
<b>D</b>	<b>Capital Section-Charged</b>	
1	14-Repayment of Loans	1000.28
		<b>9317.73</b>

## APPENDIX – 2.12

(Refer: Paragraph 2.3.13; Page-34)

Statement showing non-utilisation of entire provision (exceeding rupees five crore or more in each case)

Sl. No.	Grant No./ Department	Major Head	Total Provision (Original + Supplementary) (Rupees in crore)
		Area in which Major Savings occurred	
<b>A</b>	<b>Revenue Voted</b>		
<b>I</b>	<b>01 Agriculture Department</b>	<b>2401 Agriculture</b>	
1		2401-00-119-0119 Rastriya Sam Vikas Yojna	20.00
2		2401-00-119-0122 - Mushroom Production work by Rajendra Agriculture University	10.00
<b>II</b>	<b>09 Co-operative Department</b>	<b>2425 Co-operative</b>	
3		2425-00-107-0138 - Grants-in-aid to State Co-operatives	10.00
<b>III</b>	<b>20 Health Department</b>	<b>2210 Medical and Public Health</b>	
4		2210-06-101-0602 - National Malaria eradication program including Kalazar	28.61
<b>IV</b>	<b>21 HRDD (Higher Education Department)</b>	<b>2202 General Education</b>	
5		2202-03-102-0122 Nalanda International University	20.00
<b>V</b>	<b>22 Home Department</b>	<b>2056 Jail</b>	
6		2056-00-101-0104 Modernisation of Jail Administration (Central/Divisional Sub- Jails)	6.27
<b>VI</b>	<b>23 Industries Department</b>	<b>3451 Secretariat - Economic Services</b>	
7		3451-00-090-0118 Secretariat's Local Network	10.00
<b>VII</b>	<b>36 Public Health Engineering Department</b>	<b>2215 Water Supply and Sanitation</b>	
8		2215-01-198-0001 – Grants-in-aid to village Panchayat for repairing of tube wells	5.00
<b>VIII</b>	<b>39 Disaster Management Department</b>	<b>2245 Relief on account of Natural Calamities</b>	
9		2245 - 01-800-0003- Other works (Grants to Agriculture Department for agricultural input)	5.00
10		2245 - 02- 800- 0005 – Cash Payment to Rural Development Department for Swarojgar Yojna	5.00
<b>IX</b>	<b>42 Rural Development Department</b>	<b>2505 Rural Employment</b>	
11		2505-60-105-0103- Rajya Gramin Rojgar Guarantee	200.00



Sl. No.	Grant No./ Department	Major Head	Total Provision (Original + Supplementary) (Rupees in crore)
		Area in which Major Savings occurred	
X	44 HRDD (Secondary, Primary and Adult Education Department)	2202 General Education	
12		2202 -04-800-0102- Adult Education	5.39
XI	51 Welfare Department	2225 Welfare of SCs, STs and OBCs	
13		2225-01-102-0612 - Multifarious Development of SCs - Special Central Assistance for Integrated Schemes (100% CSS)	10.00
14		2225-01-197-0101 - Stipends / Scholarships	9.75
15		2225-01-198-0101 - Stipends / Scholarships	23.60
16		2225-01-277-0003 - Residential Schools	15.98
17		2225-01-277-0613 - Post Entrance Scholarship	15.00
18		2225-01-277-0101 - Education	12.13
19		2225-01-277-0107 - Education	17.70
20		2225-02-102-0102 - Special Central Assistance for STs	5.00
21		2225-03-197-0101 - Stipends / Scholarships	5.25
22		2225-03-198-0101 - Stipends / Scholarships	9.75
23		2225-03-277-0601 - Post Entrance Scholarships	10.00
24		2225-03-277-0101 - Education	12.02
		2235 Social Security and Welfare	
25		2235-02-101-0102 - Scholarships to handicapped students	5.00
26		2235-02-101-0110 - Special Equipment for handicapped	5.00
27		2235-02-102-0602 - Indira Women's Scheme - Grants -in-aid	5.15
28		2235-02-103-0108 - Helpline Scheme	13.60
29		2235-02-106-0106 - Special scheme for delinquent, orphans and destitute children	6.87
		2236 Nutrition	
30		2236-02-101-0802 - Special program for distribution of food grains to under nutritious pregnant / post delivery women and adolescent girls	13.80
XII	54 Rural Development (REO, PR, MLA/MLC/KKYOJ) Department	2515 Other Rural Development Programs	
31		2515-00-196-0003 - Grants-in-aid to Panchayati Raj Institutions	6.50
32		2515-00-196-0104 - Backward Area Development Fund Project	6.00

Sl. No.	Grant No./ Department	Major Head	Total Provision (Original + Supplementary) (Rupees in crore)
		Area in which Major Savings occurred	
33		2515-00-196-0001- Assistance to Panchayati Raj Institution	19.49
34		2515-00-197-0102 - Backward Area Development Fund Project	18.00
35		2515-00-198-0001 - Assistance to Panchayati Raj Institutions	298.82
36		2515-00-198-0102- Backward Area Development Fund Project	276.00
		<b>3054 Roads and Bridges</b>	
37		3054-04-105-0001- Rural Road Other Maintenance	150.00
<b>XIII</b>	<b>55 Social Welfare Department</b>	<b>2235 Social Security and Welfare</b>	
38		2235-02-102-0106A - Scheme for consolidated child development according to engineering cell	5.04
<b>XIV</b>	<b>59 Panchayati Raj Department</b>	<b>2515 Other Rural Development Programs</b>	
39		2515-00-800-0012A- Gram Kchhari Ke Vibhinn Madon Hetu	13.54
		<b>Total A Revenue Voted:</b>	<b>1314.26</b>
<b>B</b>	<b>Capital Voted</b>		
<b>XV</b>	<b>01 Agriculture Department</b>	<b>6401 Loans for Crop Husbandry</b>	
40		6401-00-190-0002 - Loans to Bihar State Agriculture Development Corporation	5.90
<b>XVI</b>	<b>03 Building Construction Department</b>	<b>4059 Capital Outlay on Public Works</b>	
41		4059-80-051-0106 - Welfare Department - Social Welfare Area - Construction of School Buildings for deaf and dumb in the light of XI Finance Commission	5.00
42		4059-80-051-0115 - Strengthening of Revenue Administration	7.24
43		4059-80-051-0615 - Updation of Land Record	7.24
<b>XVII</b>	<b>10 Energy Department</b>	<b>6801 Loans for Power Projects</b>	
44		6801-00-800-01048 - Loan to Bihar State Hydro Electric Corporation	50.00
<b>XVII I</b>	<b>36 Public Health Engineering Department</b>	<b>4215 Capital Outlay on Water Supply and Sanitation</b>	
45		4215-02-800-0102 - Modernisation and development of crematorium	10.00
<b>XIX</b>	<b>45 Sugarcane Industries Department</b>	<b>6860 Loans for Consumer Industries</b>	
46		6860-04-190-0102 - Loans to Co-operative Sugar Mills	22.00
<b>XX</b>	<b>51 Welfare Department</b>	<b>4225 - Capital Outlay on welfare of Scs, STs and OBCs</b>	
47		4225-02-277-0101-Construction of Hostel for SC students	12.81



Sl. No.	Grant No./ Department	Major Head	Total Provision (Original + Supplementary) (Rupees in crore)
		Area in which Major Savings occurred	
48		4225-02-277-0101 - Construction and renovation of Residential Hostel Buildings	6.50
		<b>4235 - Capital Outlay on Social Security and Welfare</b>	
49		4235-02-051-0101 - Construction of different building under Social Welfare Area	15.34
XXI	<b>54 Rural Development (REO, PR, MLA/MLC/KKYOJ) Department</b>	<b>4515 Capital Outlay on Other Rural Development Program</b>	
50		4515-00-103-0103- Chief Minister's Rural Samparak Path Yojna	403.02
51		4515-00-103-0105 - Rural Development Project (NABARD sponsored scheme)	200.00
52		4515-00-103-0109 - Implementation of schemes on the recommendations of Members of Legislative Assembly and Members of Legislative Council	335.00
53		4515-00-103-0112 - Border Area Development Program	5.00
		<b>Total B Capital Voted:</b>	<b>1,085.05</b>
C	<b>Capital Charged</b>		
XXII	<b>14 Repayment of Loans</b>	<b>6003 Internal Debt of the State Government</b>	
54		6003-00-110-0001 - Ways and Means Advances from Reserve Bank of India	1,000.00
		<b>Total 'C' Capital Charged:</b>	<b>1,000.00</b>
		<b>Grand Total (A+B+C)</b>	<b>3,399.31</b>

**APPENDIX 2.13**

(Refer: Paragraph 2.3.14 Page-35)

*Surrender in excess of actual savings in grants*

Sl. No.	Number and Name of Grant / Appropriations	Total Grant	Savings	Amount Surrendered	Amount Surrendered in excess
(Rupees in crore)					
1	2	3	4	5	6
<b>A</b>	<b>Revenue Voted</b>				
1	8- Cabinet Secretariat Department (Civil Aviation Department)	16.34	0.12	1.02	0.90
2	27-Law Department	211.79	35.32	36.59	1.27
3	29-Mines and Geology Department	8.25	1.46	1.47	0.01
4	32-Legislature	60.26	6.56	6.85	0.29
5	38-Registration, Excise and Prohibition Department (Registration Department)	35.73	1.71	8.25	6.54
6	43-Science and Technology Department	71.99	35.57	37.52	1.95
7	48-Urban Development and Housing Department	1147.96	591.77	591.88	0.11
8	49-Water Resources Department	466.15	58.43	69.41	10.98
9	50-Minor Water Resources Department	194.53	33.72	37.32	3.60
	<b>Total A:</b>	<b>2214.00</b>	<b>764.66</b>	<b>790.31</b>	<b>25.65</b>
<b>B</b>	<b>Capital Voted</b>				
1	41-Road Construction Department	2366.80	74.53	138.75	64.22
2	56-SC and ST Welfare Department	31.21	0.18	0.22	0.04
	<b>Total B:</b>	<b>2,398.01</b>	<b>74.71</b>	<b>138.97</b>	<b>64.26</b>
	<b>Total (A+B):</b>	<b>4,612.01</b>	<b>839.37</b>	<b>929.28</b>	<b>89.91</b>



## APPENDIX - 2.14

(Refer : Paragraph – 2.3.15; Page-35)

*Rush of Expenditure during March 2008*

Treasury Month	Revenue Expenditure	Capital Expenditure	Total Expenditure	Percentage of expenditure in each quarter	Percentage of expenditure in March
	(Rupees in crore)				
Apr-07	373.23	37.36	410.59		
May-07	562.81	82.17	644.98		
Jun-07	1812.60	567.38	2379.98		
Total:	2,748.64	686.91	3,435.55	11	
Jul-07	1610.15	378.96	1989.11		
Aug-07	1769.60	132.71	1902.31		
Sep-07	1860.63	875.32	2735.95		
Total:	5,240.38	1,386.99	6,627.37	21	
Oct-07	2115.56	239.26	2354.82		
Nov-07	1674.33	672.49	2346.82		
Dec-07	1338.49	214.46	1552.95		
Total:	5,128.38	1,126.21	6,254.59	20	
Jan-08	1467.69	463.77	1931.46		
Feb-08	1017.82	628.37	1646.19		
Mar-08 (P)	7399.66	2618.12	10017.78		
Mar-08 (S)	560.28	1097.95	1658.23		
Total:	10,445.45	4,808.21	15,253.66	48	37
Grand Total (Net)	23,562.85	8,008.32	31,571.17	100.00	

**APPENDIX - 2.15***(Refer : Paragraph – 2.3.16; Page-35 )***Statement of un-reconciled expenditure***(Rupees in crore)*

Sl. No.	Major Heads	No. of Controlling Officer	Amount reconciled	Amount un-reconciled
1.	2012-Governor	1	0.53	1.44
2.	2013-Council of Ministers	1	0.34	6.95
3.	2014-Administration of Justice	2	69.11	135.00
4.	2015-Election	1	5.92	23.02
5.	2029-Land Revenue	4	0.12	196.90
6.	2030-Stamp & Registration	1	23.35	10.67
7.	2039-State Excise	1	0.46	21.68
8.	2040-Sales Tax	1	9.98	32.75
9.	2041- Motor Vehicles, Transport	1	0.00	5.96
10.	2045-Other Taxes	1	0.41	0.01
11.	2047-Other Fiscal Services	1	0.00	1.97
12.	2049-Interest Payment	1	3.63	3703.36
13.	2051-Bihar Public Service Commission	1	7.38	1.41
14.	2052-Secretariate General Services	49	15.22	46.21
15.	2053-District Administration	2	300.64	8.05
16.	2054-Training and Accounts Administration	1	0.20	31.66
17.	2055-Police	2	1152.71	156.59
18.	2058-Stationary and Printing	4	6.08	4.53
19.	2059-Public works	2	4.50	192.89
20.	2070-Other Administrative services	12	64.34	62.55
21.	2071-Pension/other retirement benefits	1	0.02	2788.92
22.	2202-General Education	2	72.11	5363.51
23.	2203-Technical Education	1	0.11	35.18
24.	2204-Sports and Youth Services	1	6.76	8.29
25.	2205-Art and Culture	1	3.16	6.86
26.	2210-Medical & Public Health	3	0.00	996.75
27.	2211-Family Welfare	1	0.00	144.73
28.	2215-Water Supply and Sanitation	1	0.89	287.90
29.	2216-Housing	1	0.00	5.37
30.	2217-Urban Development	1	0.00	419.23
31.	2220-Information & Publicity	1	23.20	1.96
32.	2225-Welfare of SC, ST & OBCs	1	0.33	247.53
33.	2230-Labour and Employment	3	23.98	257.39
34.	2235-Social Security and Welfare	2	81.18	303.94
35.	2236-Nutrition	1	138.97	213.21
36.	2245-Relief on accounts of natural calamity	1	0.00	1202.22
37.	2250-Other Social Services	1	0.00	6.68
38.	2251-Secretariat Social Services	12	7.62	8.88
39.	2401-Crop Husbandry	1	85.06	286.36
40.	2402-Soil and Water Conservation	1	5.25	2.48
41.	2403-Animal Husbandry	1	0.00	89.97



(Rupees in crore)

Sl. No.	Major Heads	No. of Controlling Officer	Amount reconciled	Amount un-reconciled
42.	2404-Dairy Development	1	39.76	0.03
43.	2405-Fisheries	1	8.78	6.22
44.	2406-Forestry and Wild Life	8	0.00	73.45
45.	2415-Agriculture Research and Education	1	2.79	95.61
46.	2425-Co-operation	1	36.47	1.96
47.	2435-Other Agricultural Programmes	1	1.83	0.80
48.	2501-Special Programme for Rural Development	1	0.26	60.80
49.	2505-Rural Employment	1	21.01	484.33
50.	2515-Other Rural Development Programme	2	3.04	1083.65
51.	2700-Irrigation	1	73.29	118.87
52.	2701-Minor and Medium Irrigation		41.77	28.03
53.	2702-Minor Irrigation	1	9.12	151.68
54.	2705-Command Area Development	1	0.00	64.96
55.	2711-Flood Control	1	27.48	46.71
56.	2801-Power	1	0.00	720.00
57.	2810-Non-Conventional Energy		0.00	6.28
58.	2851-Village & Small Industries	1	23.01	38.43
59.	2852-Industries		8.17	156.67
60.	2853-Non-Ferrous Mining & Metallurgical Industries	1	3.81	2.86
61.	3053-Civil Aviation	1	2.16	0.05
63.	3054-Roads and Bridges	1	19.28	384.40
64.	3055-Road Transport	1	0.00	1.15
66.	3075-Other Transport Services	2	0.00	0.50
67.	3451-Secretariate Economic Services	12	9.34	21.07
68.	3454-Census, Survey & Statistics	3	4.59	12.61
69.	3456-Civil Supplies	1	47.42	15.24
70.	3604-Compensation and assignment to local bodies & PRI	1	0.00	5.01
71.	4047-Capital Outlay on Other Fiscal Services	1	1.10	8.81
72.	4055-Capital Outlay on Police	1	0.00	58.97
73.	4059-Capital Outlay on Public Works	1	0.00	25.96
74.	4070-Capital Outlay on Other Administrative Services	1	14.50	113.16
75.	4202-Capital Outlay on Education, Sports, Art and Culture	1	13.05	44.22
76.	4210-Capital Outlay on Medical and Public Health	1	0.00	245.55
77.	4215-Capital Outlay on Water Supply and Sanitation	1	0.00	333.32
78.	4216-Capital Outlay on Housing	1	0.00	6.01
79.	4225-Capital Outlay on Welfare of SCs, STs and OBCs	1	0.00	44.75
80.	4235-Capital Outlay on Social Security and Welfare	1	0.23	107.29
81.	4250-Capital Outlay on Other Social Services	1	0.00	4.49
82.	4406-Capital outlay on Forestry and Wild Life	1	0.00	0.86

(Rupees in crore)

Sl. No.	Major Heads	No. of Controlling Officer	Amount reconciled	Amount un-reconciled
83.	4425-Capital Outlay on Co-operation	1	19.29	2.21
84.	4515-Capital Outlay Other Rural Development Programmes	1	17.21	1474.31
85.	4700-Capital Outlay on Irrigation	1	75.23	437.23
86.	4701-Capital Outlay on Minor and Medium Irrigation	1	10.48	32.46
87.	4702-Capital Outlay on Minor Irrigation	1	0.37	74.23
88.	4711-Capital Outlay on Flood Control	1	30.70	227.06
89.	4801-Capital Outlay on Power Project	1	0.00	115.00
90.	4859-Capital Outlay on Telecommunication and Electronic Industry	1	0.00	5.97
91.	4885-Capital Outlay on Industries and Minerals	1	9.75	148.86
92.	5053-Capital Outlay on Civil Aviation	1	0.00	7.23
93.	5054-Capital Outlay on Roads and Bridges	1	0.02	2292.25
94.	5452-Capital Outlay on Tourism	1	15.00	9.44
95.	5465-Investment in General Financial and Trading Institutions	1	0.00	4.37
96.	5475-Capital Outlay on Other General Economic Services	1	0.00	72.79
Total:		199	2,703.87	26,799.13



## APPENDIX 2.16

(Refer: Paragraph 2.3.17; Page-35)

## Statement of substantial savings of Rupees five crore and above in Plan schemes

(Rupees in crore)

Sl. No.	Grant No.	Head of Account	Total Provision (Original + Supplementary)	Actual Expenditure	Savings
		Major/Minor/Sub-Head / Scheme			
I	03 Building Construction Department	4059 Capital Outlay on Public Works			
1.		4059-80-051-0615 - Updation of land records (CSS)	7.24	0.00	7.24
II	20 Health Department	2211 Family Welfare			
2.		2211-00-001-0602 - Technical Advice and Supervision - State Family Welfare Bureau (CSS)	6.41	1.38	5.03
		2211-00-001-0602 - Health Sub Centre (CSS)	143.83	108.92	34.91
III	26 Labour Resources Department	2230 Labour and Employment			
3.		2230-02-800-0102 - National old age Pension Scheme (SP)	375.90	214.00	161.90
IV	39 Disaster Management Department	2245 Relief on account of Natural Calamity			
4.		2245 - 02-113-0101- Repair /Restoration of damaged building caused by flood (SP)	434.39	422.42	11.97
V	42 Rural Development Department	2505 Rural Employment			
5.		2505-60-105-0102 - Rashtriya Gramin Rojgar Yojna (SP)	71.51	66.51	5.00
VI	49 Water Resources Department	4700 Capital Outlay on Major Irrigation			
6.		4700-01-100-0102 - Irrigation Project for Kosi Basin Works - AIBP (SP)	208.66	29.52	179.14
7.		4700-03-800-0102 - Irrigation Project for Sone Basin (SP)	118.96	100.17	18.79

(Rupees in crore)

Sl. No.	Grant No.	Head of Account	Total Provision (Original + Supplementary)	Actual Expenditure	Savings
		Major/Minor/Sub-Head / Scheme			
8.		4700-03-800-0103 - Irrigation Project for Sone Basin Works (SP)	13.00	2.85	10.15
		4711 Capital Outlay on Flood Control Projects			
9.		4711-01-001-0102 - North Bihar Flood Control Projects (SP)	116.81	111.70	5.11
10.		4711-01-001-0106 - Drainage Projects Works (SP)	5.35	0.11	5.24
11.		4711-01-001-0111- Flood Control Embankment Road Scheme - NABARD Sponsored Scheme Works (SP)	36.04	21.09	14.95
12.		4711-01-800-0404- Extension of Embankment of Kamala River - Indian portion and Heightening and Strengthening (100% CPS)	48.00	6.12	41.88
13.		4711-01-800-0409- Strengthening and Extension of Embankment of Baghmata River (CPS)	100.00	6.57	93.43
14.		4711-01-800-0409- Construction of Tinmuhani Kursela Embankment (CSS)	6.65	0.002	6.65
15.		4711-01-800-0113- Re-development of Zamindari Embankment (SP)	40.74	22.83	17.91
VII	51 Welfare Department	4235 - Capital Outlay on Social Security and Welfare			
16.		4235-02-051-0103 - External Aided Scheme - Consolidated Child Development Program (SP)	43.19	28.99	14.20



(Rupees in crore)

Sl. No.	Grant No.	Head of Account	Total Provision (Original + Supplementary)	Actual Expenditure	Savings
		Major/Minor/Sub-Head / Scheme			
VIII	55 Social Welfare Department	2235 - Social Security and Welfare			
17.		2235-02-102-0602A - Consolidated Child Development Program (CSS)	178.05	31.75	146.30
		2236 Nutrition			
18.		2236-02-101-0602 A- Special program for distribution of food grains to under nutritious pregnant / post delivery women and adolescent girls (CSS)	171.05	106.88	64.17
19.		2236-02-101-0102A - Scheme for distribution of nutritious food to pregnant women, children and nursing mother (SP)	195.37	1.76	193.61
		4235 Capital Outlay on Social Security and Welfare			
20.		4235-02-102-0103A - External Aided Scheme - Consolidated Child Development Program (SP)	49.99	21.00	28.99
IX	56 SC and ST Welfare Department	2225 Welfare of SCs, STs and OBCs			
21.		2225-01-277-0107A - Education (SP)	19.64	14.02	5.62
X	60 Rural Works Department	4515 Capital Outlay on Other Rural Development Program			
22.		4515-00-103-0105A - Other Rural Development Program - NABARD	199.65	192.81	6.84
23.		4515-00-103-0109A - Implementation of schemes on the recommendations of Members of Legislative Assembly and Members of Legislative Council	317.37	310.66	6.71
		<b>Total:</b>	<b>2,907.80</b>	<b>1,822.06</b>	<b>1,085.74</b>

### APPENDIX-3.1.1

(Refer: Paragraph 3.1.6.1; Page-45)

#### Statement of delays in receipt of fund by test checked schools

Sl. No.	Year	U/R	Timely receipt of fund	No.s of schools in which delayed receipt of fund				Records not made available
				Up to 30 days	Up to 60 days	Up to 90 days	Beyond 90 days and upto 365 days	
1.	2004-05	Urban	4	11	7	20	6	12
		Rural	4	15	29	43	21	28
2.	2005-06	Urban	4	-	5	8	43	-
		Rural	-	3	15	10	112	-
3.	2006-07	Urban	8	1	1	3	47	-
		Rural	-	3	6	17	113	1
4.	2007-08	Urban	-	-	2	4	41	1+12 NGO
		Rural	-	-	1	4	109	26
	Total	Urban	16	12	15	35	137	13+12 NGO
		Rural	4	21	51	74	355	55

(Source: Test checked school's records)

Note : During 2003-04 the cooked meal scheme was operational in three blocks each in ten educationally backward districts only



**APPENDIX-3.1.2***(Refer: Paragraph 3.1.7.1; Page-46)***Differences in enrolment figures reported by Directorate and Districts Authority**

Districts	2005-06			2006-07			2007-08			Total		
	Directorate	District	Difference	Directorate	District	Difference	Directorate	District	Difference	Directorate	District	Difference
<b>Banka</b>	254372	250071	4301	254372	269786	(-)15414	254372	284333	(-) 29961	763116	804190	(-) 41074
<b>Begusarai</b>	336835	343214	(-)6379	336835	343214	(-)6379	336835	469213	(-)132378	1010505	1155641	(-)145136
<b>Buxar</b>	212234	188787	23447	212234	194050	18184	212234	241975	(-)29741	636702	624812	11890
<b>Khagaria</b>	223905	259234	(-)35329	223905	241047	(-)17142	223905	212017	11888	671715	712298	(-)40583
<b>Kishanganj</b>	226185	198099	28086	226185	201847	24338	226185	226185	Nil	678555	626131	52424
<b>Madhepura</b>	276087	271937	4150	276087	NA	NA	276087	281277	(-)5190	552174	553214	(-)1040
<b>Nawada</b>	243466	248889	(-)5423	243466	325842	(-)82376	243466	444249	(-)200783	730398	1018980	(-)288582
<b>Patna</b>	443084	509281	(-)66197	443084	688587	(-)245503	443084	NA	NA	886168	1197868	(-)311700
<b>Purnea</b>	370797	398684	(-)27887	370797	400347	(-)29550	370797	495147	(-)124350	1112391	1294178	(-)181787
<b>Vaishali</b>	428055	399153	28902	428055	374833	53222	428055	503105	(-)75050	1284165	1277091	7074
<b>Toatal</b>	<b>3015020</b>	<b>3067349</b>	<b>(-)52329</b>	<b>2738933</b>	<b>3039553</b>	<b>(-)300620</b>	<b>2571936</b>	<b>3157501</b>	<b>(-)585565</b>	<b>8325889</b>	<b>9264403</b>	<b>+71388</b> <b>-1009902</b>

(Source: HRD and DSE's office)

Inflated (11890+52424+7074=71388)NA-Not Available

### APPENDIX- 3.1.3

(Refer: Paragraph 3.1.7.1; Page-46)

#### Details of enrolment of test checked schools

Sl. No.	District		2003-04	2004-05	2005-06	2006-07	2007-08
1.	Banka	U	886	1086	1007	930	1341
		R	1149	1260	1474	2116	2525
		T	2035	2346	2481	3046	3866
2.	Begusarai	U	1398	1641	2186	2206	2087
		R	3809	4368	5602	5844	5784
		T	5207	6009	7788	8050	7871
3.	Buxer	U	1341	1657	2329	2101	2079
		R	2571	2881	2979	3104	3279
		T	3912	4538	5308	5205	5358
4.	Khagaria	U	1184	1297	1303	1318	1492
		R	2358	1910	3510	3504	4219
		T	3542	3207	4813	4822	5711
5.	Kishanganj	U	1909	2446	2133	2044	2589
		R	3392	3617	3885	3993	4666
		T	5301	6063	6018	6037	7255
6.	Madhepura	U	1385	1412	1375	1325	1693
		R	3083	2898	3102	3544	4379
		T	4468	4310	4477	4869	6072
7.	Nawadah	U	645	519	575	657	1306
		R	1655	1621	1547	2336	1925
		T	2300	2140	2122	2993	3231
8.	Patna	U	1024	1190	1129	1027	1070
		R	1414	1918	1760	1833	1411
		T	2438	3108	2889	2860	2481
9.	Purnea	U	1203	1448	1656	1676	1567
		R	1477	2697	2904	2927	2962
		T	2680	4145	4560	4603	4529
10.	Vaishali	U	1240	1596	1723	1640	1922
		R	4057	4395	4621	5286	5392
		T	5297	5991	6344	6926	7314
	Total	U	12215	14292	15416	14924	17146
		R	24965	27565	31384	34487	36542
		T	37180	41857	46800	49411	53688

(Source: Test checked school's records)

(U - Urban, R- Rural, T- Total)



### APPENDIX- 3.1.4

(Refer: Paragraph 3.1.7.1; Page-46)

*Short/Excess reporting of enrolment data.*

Districts	Short Reported				Excess Reported			
	No. of schools	Actual	Reported	Difference	No. of schools	Actual	Reported	Difference
Banka	9	1525	964	561	9	1417	3293	1876
Begusarai	15	6850	4487	2363	5	1204	1913	709
Buxar	12	3026	2487	539	8	2047	2495	448
Khagaria	12	3711	3080	631	6	1003	1242	239
Nawada	14	1869	1536	333	4	608	725	117
Patna	17	2402	1789	613	3	693	1125	432
Purnea	10	2852	2517	335	9	1849	2101	252
Vaishali	16	5259	4183	1076	3	957	1106	149
<b>Total</b>	<b>105</b>	<b>27494</b>	<b>21043</b>	<b>6451</b>	<b>47</b>	<b>9778</b>	<b>14000</b>	<b>4222</b>

(Source: Test checked school's records)

**APPENDIX- 3.1.5***(Refer: Paragraph 3.1.8.1; Page-51)***Details of Allotment, Lifting and Supply of food grains and balance with SFC.***(Quantity in MT)*

	Year	Allotment	Lifting from FCI	Percent age lifting	Supply to BDO/FPS	Percentage supply	Balance	Remarks
Banka	2005-06	4558.35	1803.84	40	1385.73	77	418.11	
	2006-07	5222.03	2258.84	43	2006.94	89	251.90	
	2007-08	4153.64	1157.22	28	1211.59	105	(-) 54.37	Supplied from previous balance
	<b>Total</b>	<b>13934.02</b>	<b>5219.90</b>	<b>37</b>	<b>4604.26</b>	<b>88</b>	<b>615.64</b>	
Begusarai	2005-06	6036.08	4623.58	77	4623.58	100	NIL	
	2006-07	7838.50	4287.29	55	4214.80	98	72.49	
	2007-08	1920.27	2184.93	114	2184.93	100	NIL	Excess lifting before receipt of final allotment
	<b>Total</b>	<b>15794.85</b>	<b>11095.80</b>	<b>70</b>	<b>11023.31</b>	<b>99</b>	<b>72.49</b>	
Buxar	2005-06	3708.15	3173.77	86	3095.38	98	78.39	
	2006-07	4122.01	2558.73	62	2501.49	98	57.24	
	2007-08	4269.96	2059.24	48	2059.24	100	NIL	
	<b>Total</b>	<b>12100.12</b>	<b>7791.74</b>	<b>64</b>	<b>7656.11</b>	<b>98</b>	<b>135.63</b>	
Khagaria	2005-06	4012.38	1866.14	47	1803.71	97	62.43	
	2006-07	4464.21	1080.55	24	1162.76	108	(-) 82.21	Supplied from previous balance
	2007-08	3335.38	1648.32	49	1360.92	83	287.40	
	<b>Total</b>	<b>11811.97</b>	<b>4595.01</b>	<b>39</b>	<b>4327.39</b>	<b>94</b>	<b>267.62</b>	
Kisanganj	2005-06	4306.56	3363.76	78	2027.97	60	1335.79	
	2006-07	4618.25	1763.16	38	2369.70	134	(-) 606.54	Supplied from previous balance
	2007-08	3681.41	3643.49	99	2347.22	64	1296.27	
	<b>Total</b>	<b>12606.22</b>	<b>8770.41</b>	<b>70</b>	<b>6744.89</b>	<b>77</b>	<b>2025.52</b>	
Madhepura	2005-06	4885.67	2265.46	46	2265.43	100	0.03	
	2006-07	5471.03	644.73	12	251.02	39	393.71	
	2007-08	2164.60	1635.69	76	1688.71	103	(-) 53.02	Supplied from previous balance
	<b>Total</b>	<b>12521.30</b>	<b>4545.88</b>	<b>36</b>	<b>4205.16</b>	<b>93</b>	<b>340.72</b>	
Nawada	2004-05	3956.28	3284.89	83	1520.80	46	1764.09	
	2005-06	4362.91	2290.56	53	1319.41	58	971.15	
	2006-07	4443.67	2387.04	54	2630.41	110	(-) 243.37	Supplied from previous balance
	2007-08	3725.83	2179.60	58	2433.40	112	(-) 253.80	
Patna	<b>Total</b>	<b>16488.69</b>	<b>10142.09</b>	<b>62</b>	<b>7904.02</b>	<b>78</b>	<b>2238.07</b>	
	2004-05	8055.78	3946.04	49	3196.00	81	750.04	
	2005-06	7940.07	7939.41	100	5403.02	68	2536.39	
	2006-07	9404.72	7711.49	82	8060.97	105	(-) 349.48	Supplied from previous balance
Purnia	2007-08	9508.25	6280.88	66	6728.01	107	(-) 447.13	
	<b>Total</b>	<b>34908.82</b>	<b>25877.82</b>	<b>74</b>	<b>23388.01</b>	<b>90</b>	<b>2489.81</b>	
	2005-06	6561.62	5982.68	91	2310.28	39	3672.40	
	2006-07	8518.65	4149.94	49	4866.86	117	(-) 716.92	Supplied from previous balance
Vaishali	2007-08	8286.34	3396.12	41	2893.97	85	502.15	
	<b>Total</b>	<b>23366.61</b>	<b>13528.74</b>	<b>58</b>	<b>10071.11</b>	<b>74</b>	<b>3457.63</b>	
	2004-05	7151.50	2227.46	31	2126.36	95	101.10	
	2005-06	7670.75	4814.24	63	3676.85	76	1137.39	
Vaishali	2006-07	7975.74	1302.01	16	2809.71	216	(-) 1507.70	Supplied from previous balance
	2007-08	8053.61	3484.51	43	2912.19	84	572.32	
	<b>Total</b>	<b>30851.60</b>	<b>11828.22</b>	<b>38</b>	<b>11525.11</b>	<b>97</b>	<b>303.11</b>	

*Note- During 2003-04 no data in any district test checked was available, during 2004-08 data of only three districts were available whereas during 2005-08 data of seven districts were available*



**APPENDIX- 3.1.6***(Refer: Paragraph 3.1.8.3; Page-54)**Details of disposal of empty bags*

Sl.No.	District	Foodgrains supplied to BEEO/BDO/PDS Dealers <i>(Quantity in MT)</i>	No. of bags	Cost of the bags @ Rs.5/- each
1.	Banka	4604.26	92086	460430
2.	Begusarai	11023.31	220467	1102335
3.	Buxer	7656.12	153123	765615
4.	Khagaria	4327.39	86548	432740
5.	Kishanganj	6744.89	134898	674490
6.	Madhepura	4205.16	84104	420520
7.	Nawadah	7904.03	158081	790405
8.	Patna	23388.00	467760	2338800
9.	Purnea	10071.11	201423	1007115
10.	Vaishali	11525.10	230502	1152510
<b>Total</b>		<b>91449.37</b>	<b>1828992</b>	<b>9144960</b>

*(Source: DSE's records)*

### APPENDIX- 3.1.7

(Refer: Paragraph 3.1.8.4; Page-54)

*Details of excess issue of rice by manipulating the receipt figure by BEEO, Buxar*

(Quantity in quintal)

Sl. No.	Name of school	Original	Changed by manipulation	Difference
1	Harijan PS Naya Bazar	33.44	43.86	10.42
2	PS Parari	40.48	48.28	07.80
3	Urdu PS Naya Bazar	14.60	18.70	04.10
4	Kanya PS Buxar	20.98	26.28	05.30
5	Madarsa Faizeam Naya Bazar	18.40	21.40	03.00
6	PS Gagora	45.04	53.12	08.08
7	Sahyogi MS Naya Bazar	26.70	35.10	08.40
8	Navin MS Buxar	70.50	78.98	08.48
9	Nehru Smarak MS Sidhnathghat	23.28	27.18	03.90
10	MS Ahrouli	24.00	26.40	02.40
11	PS Jagdishpur	17.00	18.80	01.80
12	UMS Arjunpur	57.32	65.62	08.30
	<b>Total</b>	<b>391.74</b>	<b>463.72</b>	<b>71.98</b>

(Source: BEEO's and schools records)



## APPENDIX- 3.1.8

(Refer: Paragraph 3.1.8.4; Page-54)

## Details of less receipt of rice by schools

(Quantity in quintal)

Sl. No.	Name of school	Block	Supplied by BEEO	Accounted by school	Difference
1	Harijan PS Naya Bazar	Buxar	150.28	97.00	53.28
2	PS Parari	Buxar	133.42	101.12	32.30
3	Urdu PS Naya Bazar	Buxar	87.68	82.12	05.56
4	Kanya PS Buxar	Buxar	91.62	78.76	12.86
5	Madarsa Faizcam Naya Bazar	Buxar	65.50	52.30	13.20
6	PS Gagora	Buxar	67.36	49.64	17.72
7	Sahyogi MS Naya Bazar	Buxar	121.70	107.25	14.45
8	Navin MS Buxar	Buxar	144.44	120.46	23.98
9	Kasturba MS	Buxar	18.00	Nil	18.00
10	PS Jagdishpur	Buxar	169.40	157.50	11.90
11	UMS Arjunpur	Buxar	253.20	220.06	33.14
12	PS Dalsagar	Buxar	52.08	42.68	09.40
13	PS Balua	Buxar	111.28	109.74	01.54
14	MS Sonbarsa	Buxar	258.08	181.12	76.96
15	Kanya PS Dalsagar	Buxar	69.86	50.56	19.30
16	PS Kamharia	Buxar	72.12	62.12	10.00
17	Balkusum MS	Buxar	83.32	54.76	28.56
18	PS Chotki Basouli	Buxar	97.54	86.00	11.54
19	PS Panditpur (Nadawn)	Buxar	54.20	52.99	01.21
20	PS Sangrampur	Buxar	83.80	60.50	23.30
21	PS Lakshmipur	Buxar	108.42	105.48	02.94
22	Harijan PS Lohianagar, Dalsagar	Buxar	57.74	44.26	13.48
23	PS Majhoria	Buxar	134.89	123.51	11.38
24	Urdu PS Jalilpur	Chousa	72.06	55.70	16.36
25	PS Jalilpur	Chousa	62.62	52.50	10.12
26	Kanya PS Dihri	Chousa	51.60	31.50	20.10
27	Urdu PS Sarenja	Chousa	67.40	60.00	07.40
28	Urdu PS Budhadih	Chousa	80.32	72.40	07.92
29	Boys MS Chousa	Chousa	93.08	79.25	13.83
30	Urdu PS Dihri	Chousa	69.90	61.00	08.90
31	Harijan PS Dihri	Chousa	71.30	64.50	06.80
32	PS Milki	Chousa	63.20	53.00	10.20
33	Girls MS Chousa	Chousa	101.86	84.30	17.56
34	MS Banarpur	Chousa	165.10	149.50	15.60
35	UMS Pitarhi	Chousa	80.20	64.00	16.20
36	PS Kusruppa	Chousa	93.00	87.30	05.70
37	Boys PS Dihri	Chousa	74.00	66.00	08.00
38	MS Mahuari	Chousa	80.52	72.90	07.62
39	PS Debidihra	Chousa	70.90	60.50	10.40
	<b>Total</b>		<b>3782.99</b>	<b>3154.28</b>	<b>628.71</b>

(Source: BEEO's and schools records)

### APPENDIX- 3.1.9

(Refer: Paragraph 3.1.9.2; Page-55)

#### Meals supplied for prescribed number of days

Year	U/R	No. of Schools	No. of days required to be served per year per school	Total no. of days cooked meal served/ required to be served per year	Average no. of days served	Maximum days in a year	Minimum days in a year
2005-06	Urban	60	200	5515/12000	92	203 (Rahmania Urdu PS, Buxer)	NIL (9 schools)
	Rural	140	200	13136/28000	94	222 (MS Hariharpur Vaishali)	NIL (15 schools) + 2 EGS
2006-07	Urban	60	200	6495/12000	108	218 (Govt Girls school, Vishnupur Parath Begusarai)	NIL (5 schools)
	Rural	140	200	14838/28000	106	214 (Kanya PS Pandarak, Patna)	NIL (9 schools +2 EGS)
2007-08	Urban	58	220	6268/12760	108	226 (Urdu M.S. Gulzarbagh)	NIL (3 schools)
	Rural	130	220	12551/28600	97	210 (MS Bairagijhar, Kishanganj)	NIL (13 schools)

(Source: Test checked schools records)

(Requirement of serving of cooked meal calculated on the basis of 200 days each school per year upto 2006-07 and thereafter 220 days)



## APPENDIX – 3.1.10

(Refer: Paragraph 3.1.11 and 3.1.11.2; Page-57)

*Availability of Utensil /Kitchen devices and Drinking Water*

Sl. No	Name of District	Name of school	Urban/ Rural	Availability of adequate utensil and Kitchen devices	Availability of drinking water
1.	BANKA	P.S. Vijaynagar, Harijan tola	Urban	Not available	Not available
		P.S. Jagatpur (Boys)	Urban	Not available	Not available
		M.S. Vijaynagar	Urban	Not available	Not available
		Arya Lalit Giriswer M.S.	Urban	Not available	Not available
		P.S. Garniya	Urban	Not available	
		Urdu kanya Maktab	Urban	Not available	
2.	BEGUSARAI	Rajkiya Buniyadi Vidyalaya Bishnupur	Urban	Not available	
		G.M.S. Mirganj	Urban	Not available	Not available
		P.S. Pokhariyamath	Urban	Not available	
		P.S. Bishnupurparath	Urban	Not available	Not available
		M.S. Kantahtoli	Urban	Not available	
3.	BUXAR	Acharya Narendradev M.S	Urban	Not available	
		Sankar sishu M.S.	Urban	Not available	Not available
		P.S. Harizan Mathia	Urban	Not available	
		Rahmania Urdu P.S.	Urban	Not available	
		Government Buniyadi vidalaya	Urban	Not available	
		Kasturba M.S.	Urban	Not available	
4.	KHAGARIA	Harizan P.S. Hazipur(E)	Urban	Not available	Not available
		Aryabriti Kanya M.S.	Urban	Not available	Not available
		P.S. ward No 1	Urban	Not available	Not available
		Kanya P.S. J.P. Nagar	Urban	Not available	Not available
		Aryabriti Kanya P.S. Babuaganj	Urban	Not available	Not available
		M.S. Hazipur (N)	Urban	Not available	
5.	KISHANGANJ	P.S. Juljuli	Urban	Not available	
		G.K.M.S. Kisanganj	Urban	Not available	
		P.S. Linekarbala	Urban	Not available	
		Ashalata Adarsh M.S.	Urban	Not available	
		Pratap M.s. Kisanganj	Urban	Not available	
		M.S. Bahadurganj	Urban	Not available	
6.	MADHEPURA	P.S. Durgaasthan, Madhepura	Urban	Not available	Not available
		M.S. J. Ashram	Urban	Not available	
		P.S. Ambedkar tola, Murliganj	Urban	Not available	
		K.P.U.G.S. Madhepura	Urban		Not available
		P.S. Bhirkhi Hindi	Urban	Not available	
7.	NAWADA	U.P.S. Bari Dargah	Urban	Not available	Not available
		P.S. Parnawada Hindi-2	Urban	Not available	Not available
		U.P.S. Parnawada -2	Urban	Not available	Not available
		U.P.S. Moglakhar Nawada(E) boys	Urban	Not available	Not available
		K.U.M.S. Moglakhar East	Urban	Not available	
		P.S. New Area-1	Urban	Not available	Not available
8.	PATNA	P.S. Chulhaichak, Mukhyagaon, Danapur	Urban	Not available	Not available
		P.S. Budha colony, Harizan tola	Urban	Not available	Not available
		U.M.S. Gulzarbagh	Urban	Not available	
		P.S. Ranipur Kechak, Patna	Urban	Not available	Not available
		Kanya M.S. Khajekala, Gulzarbagh	Urban	Not available	Not available
		P.S. Mandiri, Chinakothi Slum, Gardanibagh	Urban	Not available	Not available



9	PURNIA	K.M.S.Madhubani	Urban	Not available	
		K.M.S. Kasba	Urban	Not available	
		P.S.Sobhaganj	Urban	Not available	
		P.S.Gwaltoli	Urban	Not available	
		M.S.Khairuganj	Urban	Not available	
10	VAISHALI	P.S.Isakpur Boys	Urban	Not available	
		M.S.Bari Yusufpur, Hazipur	Urban	Not available	Not available
		P.S. Dakbanglow, Hazipur	Urban	Not available	Not available
		M.S. Jahanabad, Lalganj	Urban	Not available	Not available
		P.S. Isakpurtek, Mahnar	Urban	Not available	
		BMC Maktab Noon Gola, Hazipur	Urban	Not available	Not available
Total			56	28	
1.	BANKA	M.S.Surihari, Amarpur	Rural	Not available	Not available
		M.S. Balia, Amarpur	Rural	Not available	Not available
		P.S.Nawtolia, Amarpur	Rural	Not available	Not available
		P.S.Dholbandh, Belhar	Rural	Not available	Not available
		P.S.Choti Bharatsila, Sambhuganj	Rural	Not available	Not available
		M.S. Raghunathpur, Barahat	Rural	Not available	Not available
		P.S.Benamohanpur, Baunsi	Rural	Not available	Not available
		P.S. Bahjora, Belhar	Rural	Not available	Not available
		P.S. Kalothar, Katoria	Rural	Not available	Not available
		P.S. Narayanpur, Katoria	Rural	Not available	Not available
		P.S. Sabaijor, Phullidumar	Rural	Not available	Not available
		M.S. Mirzapur, Sambhuganj	Rural	Not available	
		U.M.S. Dholia, Barahat	Rural	Not available	
		P.S. Khushalpur, Barahat	Rural	Not available	
2.	BEGUSARAI	G.M.SBirpur, Begusarai	Rural	Not available	
		P.S.Jainagar, Barauni	Rural	Not available	Not available
		M.S. Ibrahimpur, Chaurahi	Rural	Not available	
		P.S. Rupnagar, Barauni	Rural	Not available	
		Urdu P.S. Faizpur, Barbigi, S.Kamal	Rural	Not available	
		P.S.Singhpur, Matihani	Rural	Not available	Not available
		P.S.Sahuri nawin, Barauni	Rural	Not available	Not available
		U.M.S Bihat, No-3, Barauni	Rural	Not available	
		U.M.S.Sonama, Garhpura	Rural	Not available	
		P.S. Mogalsarai, S.Kamal	Rural	Not available	
		M.S. Sahuri, Barauni	Rural	Not available	Not available
		P.S.Sirmia, Matihani	Rural	Not available	
		M.S.Teghra Bazar, Teghra	Rural	Not available	
		M.S.Bihat, Baraui	Rural	Not available	
3.	BUXAR	Urdu P.S. Chilhari	Rural	Not available	
		P.S. Narayanpur, Simri	Rural	Not available	
		M.S. Dangauli, Kesath	Rural	Not available	
		P.S. Rebanagar	Rural	Not available	
		U.K.M.S.Rajpur	Rural	Not available	
		M.S. Karuanj, Dumraon-I	Rural	Not available	
		P.S. Belhari, Dumraon -II	Rural	Not available	
		P.S. Jagmanpur, Rajpur-II	Rural	Not available	
		M.S. Vikramenglish, Itadhi	Rural	Not available	
		P.S. Chechariya, Rajpur-II	Rural	Not available	
		P.S Banjaria, Dumraon -II	Rural	Not available	
		P.S. Khatiba, Itadhi	Rural	Not available	
		M.S. Jogia, Brahampur	Rural	Not available	
		P.S. Jagdishpur, Buxar	Rural	Not available	



4.	KHAGARIA	M.S. Baltara, Gogri	Rural	Not available	
		P.S. Harinmar, Parbatta	Rural	Not available	
		P.S. Nayagaon, Pachkhutti	Rural	Not available	
		M.S. Ramganj, Sansarpur	Rural	Not available	
		P.S. Maktab, Dihulia, Alauli	Rural	Not available	
		P.S. Muskipur, Gogri	Rural	Not available	
		P.S. Srinagar, Chautham	Rural	Not available	
		P.S. Kanauli, Gogri	Rural	Not available	Not available
		P.S. Maktab kutubpur, Khagaria	Rural	Not available	
		P.S. Mohanpur, Chautham	Rural	Not available	
		M.S. Alauli	Rural	Not available	
		P.S. Temtharaka, Parbatta	Rural	Not available	
		P.S. Thebai, Parbatta	Rural	Not available	
		M.S. Raun-2, Alauli	Rural	Not available	
5.	KISANGANJ	P.S. Balubari, Dighalbank	Rural	Not available	
		M.S. Bibiganj, Tedhagachi	Rural	Not available	
		P.S. Nariyalbari, Bahadurganj	Rural	Not available	
		P.S. Bagalbari, Kochadhaman	Rural	Not available	
		P.S. Parbalbari, Pothiya	Rural	Not available	
		U.M.S. Kalasindhia, Pothia	Rural	Not available	
		P.S. Doharmalani, Bahadurganj	Rural	Not available	
		P.S. Besarbari, Thakurganj	Rural	Not available	
		P.S. Andhwakol, Kisanganj	Rural	Not available	
		M.S. Bisampur, Kochadhaman	Rural	Not available	
		P.S. Kumhaga, Dighalbank	Rural	Not available	
		P.S. Vastakola, Kochadhaman	Rural	Not available	
		P.S. Pothimari jagir, Kochadhaman	Rural	Not available	
		U.M.S. Baragipur, Thakurganj	Rural	Not available	
6.	MADHEPURA	M.S. Srinagar, Dhailar	Rural	Not available	
		P.S. Chakala, Madhepura	Rural	Not available	
		P.S. Piprahi-I, Singheswar	Rural	Not available	
		P.S. Rampur No.1, Sankarpur	Rural	Not available	
		U.P.S. Piparpatta	Rural	Not available	
		K.P.S. Phulaut, Chausa	Rural	Not available	
		P.S. Dighiatol, Kumarkhandh	Rural	Not available	Not available
		K.P.S. Purani	Rural	Not available	
		P.S. Gandhinagar, Singheswar	Rural	Not available	
		M.S. Parmanandpur, Murliganj	Rural	Not available	
		K.P.S. Magheli, Sankarpur	Rural	Not available	
		K.P.S. Sheikhpura, Bihariganj	Rural	Not available	
7.	NAWADA	P.S. Sadikpur, Roh	Rural	Not available	
		G.K.P.S. Baidnathpur, Meskor	Rural	Not available	Not available
		G.K.P.S. Hasuadih, Hisua	Rural	Not available	
		P.S. Singhauli, Hisua	Rural	Not available	
		P.S. Dhankaul, Warsaliganj	Rural	Not available	
		P.S. Anidih, Roh	Rural	Not available	
		G.M.S. Badgaon, Sirdla	Rural	Not available	
		P.S. Khojpur, Warsaliganj	Rural	Not available	Not available
		P.S. Shyamdev, Pakribarma	Rural	Not available	
		P.S. karma khurd, Sirdla	Rural	Not available	Not available
		P.S. Itpakwa, Kauakol	Rural	Not available	Not available
8.	PATNA	P.S. Udarchak, Bikram	Rural	Not available	
		P.S. Kharona, Naubatpur	Rural	Not available	
		P.S. Tandwa, Parsa	Rural	Not available	
		P.S. Baruna, Parsa	Rural	Not available	Not available
		P.S. Muhamadpur (J.J), Bihta	Rural	Not available	
		P. Kanya School, Pandarak	Rural	Not available	

		P.S. Rewa, Maner	Rural	Not available	
		M.S. Sakarpura, Dhanarua	Rural	Not available	
		P.S. Machariyawan, Daniyawan	Rural	Not available	Not available
		M.S. Sikandarpur, Daniyawan	Rural	Not available	
9.	PURNIA	P.S.Haldibari, B.Kothi	Rural	Not available	
		G.B.S.Dibrabazar, B.kothi	Rural	Not available	Not available
		P.S.Chandmari, Dagarua	Rural	Not available	
		P.S.Sihuli, Dhamdaha	Rural	Not available	
		P.S.Kanela, Purnia East	Rural	Not available	Not available
		P.S. Sahkol, Dagarua	Rural	Not available	
		Madarsa No. 367, Amaur	Rural	Not available	
		P.S. Darbia, Dhamdaha	Rural	Not available	
		P.S. Bagbana, Amaur	Rural	Not available	
		P.S. Mirzachauri, Banmankhi	Rural	Not available	Not available
		N.P.S. Bhattachakla, Adibasitol	Rural	Not available	Not available
		N.P.S. Belaghat, Dhamdaha	Rural	Not available	Not available
		P.S. Regugee tola, Barihi, Banmankhi	Rural	Not available	Not available
10.	VAISHALI	K.U.P.S. Ababakpur, Chehrakala	Rural	Not available	
		M.S. Nagwa, Pateri belsar	Rural	Not available	
		P.S. Haridaspur, Hazipur	Rural	Not available	
		M.S. Chandpura, Desri	Rural	Not available	
		P.S. Rasolpurali, Rajapakar	Rural	Not available	
		P.S. Gokulpur	Rural	Not available	
		M.S.Azizpurchande, Patepur	Rural	Not available	
		M.S. Aitbarpur, Lalganj	Rural	Not available	
		P.S. Kesabpur, Lalganj	Rural	Not available	Not available
		P.S.Chakmilki, Jandaha	Rural	Not available	Not available
		P.S.Aspatpur Sindi	Rural	Not available	
		P.S. Chack thakursi, Bidupur	Rural	Not available	Not available
		M.S. Mohammadpur, Mahnar	Rural	Not available	
		M.S. Hariharpur, Hazipur	Rural	Not available	Not available
	Total			130	33

(Source: Test checked school records)



## APPENDIX – 3.1.11

(Refer: Paragraph 3.1.11.1; Page-57)

*Construction of kitchen sheds*

(Rupees In lakh)

Sl. No.	Districts	Year	Fund received by DSE	Nos. of Kitchen Shed to be completed	Amount advanced by DSE to VSS	No. of v.s.s.	Amount Balance with DSE	Shown as completed as per SOE of VSS	No of Incomplete kitchen sheds	Balance (with VSS)	Reasons for non-start		
											Land less	Land disputed	VSS dispute
1.	Banka	2004-08	326.49	564	50.38	119	276.11	29	90	35.88	NA	NA	NA
2.	Begusarai	2005-08	238.70	412	37.39	85	201.31	27	53	23.89	NA	01	04
3.	Buxer	2005-08	191.20	329	174.42	329	16.78	13	307	167.92	09	NA	NA
4.	Khagaria	2005-08	161.90	279	158.07	279	3.83	17	258	149.57	01	NA	03
5.	Kishanganj	2005-08	197.60	339	29.00	58	168.60	08	50	25.00	NA	NA	NA
6.	Madhepura	2005-08	212.40	366	164.23	366	48.17	14	327	157.23	04	07	14
7.	Nawadah	2005-08	257.29	444	48.28	91	209.01	44	47	26.28	NA	NA	NA
8.	Patna	2005-08	727.38	1255	113.31	255	614.07	08	214	109.31	13	4	16
9.	Purnea	2005-08	284.89	492	220.90	492	63.99	71	410	185.40	NA	NA	11
10.	Vaishali	2005-08	368.79	636	326.57	579	42.22	66	479	293.57	17	NA	17
	<b>Total</b>		<b>2966.64</b>	<b>5116</b>	<b>1322.55</b>	<b>2653</b>	<b>1644.09</b>	<b>297</b>	<b>2235</b>	<b>1174.05</b>	<b>44</b>	<b>12</b>	<b>65</b>

(Source: BEPC and DSE's records)

(NA: Not Available)

## APPENDIX – 3.1.12

(Refer: Paragraph 3.1.14; Page-59)

### Action taken on previous Audit Reports

Statement showing the deficiencies/ irregularities pointed out in CAG's Audit Report 1998-99 (para no. 3.4.1 to 3.4.8) persisted during 2003-08 where in PAC recommended suitable action by the Department within three months. (Source: PAC's report no 417 Page 8 to 17)

Sl. No.	Para No. and Heading	Gist of the Para	Current status (July 2008)
1	3.4.4 Programme performance	(i) Only 08 percent coverage against targeted beneficiaries of 97.67 lakh children.	Coverage increased up to 73 per cent (2007-08)
		(ii) Distribution of food grains varied between 43 and 17 percent.	Serving of cooked meal varied between 92 to 108 days and 94 to 106 days in Urban and rural schools respectively though 200/220 days required.
		(iii) There was no proper data of beneficiary students at districts level	No accurate data was maintained at districts level.
		(iv) Coverage of school was reduced to 60 percent in 1998-99.	Coverage of school ranged between 46 and 73 per cent.
2	3.4.4.1 Enrolment of Students.	Increase of enrolment of students ranged between one and eight per cent.	Increase of enrolment ranged between 7 to 29 percent.
3	3.4.4.2 Retention/ dropout of students.	Dropout rate of students varied between 45 and 64 percent.	Dropout rate varied between 21 and 30 percent in urban schools and between 24 and 29 percent in rural schools.
4	3.4.4.3 Attendance of students.	Attendance of children varied between 66 and 70 percent.	Attendance varied between 64 and 58 percent in Urban schools and from 67 to 63 percent in rural schools.
5	3.4.4.4 Impact of nutritional level of students.	Nutritional level of students was not ascertained by the government.	Nutritional level of children was never ascertained by the government.
6	3.4.5.1 Allocation and lifting of food grains.	(i) Non-submission of enrolment by State government resulted in provisional allocation of food grains which was less than actual requirement.	Reliable data of enrolment of students was not available in districts.
		(ii) Lifting of food grains varied between 07 and 46 percent.	Lifting of food grains varied between 46 and 81 percent.
		(iii) Value of food grain was not reconciled.	Value of food grains lifted by state and amount paid by GOI to FCI was not reconciled by HRD.
7	3.4.5.2 Allocation and lifting of food grains in test checked districts.	(i) Partial lifting by districts	No change in status.
		(ii) Food grains were not lifted in four districts due to non submission of utilization certificate.	Partial lifting was made due to non submission of Utilization Certificate leading to late issue of allotment orders.



8	3.4.5.3 Deficiencies in distribution	(i) There was delay in distribution of food grains for 03 to 08 months.	No Comment.
		(ii) Pre condition of attendance was not fulfilled.	
		(iii) Doubtful distribution of food grain as it was distributed 12 months in a year instead of norms of 10 months.	
		(iv) Food grains valued Rs.7.86 lakh was distributed in excess of norms.	
		(v) Food grains was distributed below norms	
		(vi) The quality of food grains were not checked by FCI, SFC and DM before issue.	The quality of food grains were still not tested by any authority before issue for consumption.
		(vii) Non payment of transportation charges affected implementation of the scheme.	Partial payment of transportation charges affected implementation of the scheme.
		(viii) Absence of linkages for lifting and distribution of food grains.	The District Authorities (DM) did not insist on proper record keeping of receipt and distribution of food grains though required/
9	3.4.5.4 Cooked food not supplied.	Cooked food was not served to children in test checked districts.	Now, cooked meal was being served to students.
10	3.4.5.5 Transportation cost of Rs. 1.71 crore not recouped.	Transportation cost of Rs.1.71 crore spent by DMs / DDCs were not recouped by GOI as of July 1999.	The status was not clear as DDCs / DMs did not furnished such information to audit.
11	3.4.5.6 Utilisation Certificates not obtained from schools and blocks.	The Utilisation Certificates from blocks and schools were not obtained resulting in depriving of intended benefits of the scheme.	
12	3.4.6 Diversion food grains	158.53 MT wheat (cost Rs. 8.92 lakh) was diverted to relief work and was not recouped.	116.51 MT rice (cost Rs. 6.91 lakh) was again diverted to flood relief work in two districts and was not recouped.
13	3.4.7 Misappropriation of food grains	21.88 quintal wheat (Cost Rs. 0.17 lakh) was misappropriated in five schools	Status was not on record.
14	3.4.8 Monitoring and evaluation	Regular meetings of the Monitoring Committees at state and districts level were not held. Block level committee was also not formed impact of the scheme was never evaluated.	No change in the status of the para.

**APPENDIX -3.2.1***(Refer: Paragraph 3.2.6.1; Page-64)***Statement of diversion of fund under SGSY***(Rupees in lakh)*

Sl	Name of district	Year	Particulars	Diverted Amount	Interest	Period of Interest @ 3.5 per cent
1	Patna	2001-02	DRDA Admn. (Salary)	20.00	4.59	(6 Yrs)
		2002-03	DRDA Admn. (Salary)	24.00	4.50	(5 Yrs)
		2002-03	SFC Poshahar handing	44.03	8.26	(5 Yrs)
		2002-03	Nagar Nigam, Patna (Election)	25.00	4.69	(5 Yrs)
		2002-03	Election DM Office	3.00	0.56	(5 Yrs)
		2005-06	Election DM Office	7.00	0.50	(2 Yrs)
		2003-04	SFC Poshahar handing	14.98	2.21	(4 Yrs)
		2003-04	Audit fee Poshahar	1.00	0.14	(4 Yrs)
		2005-06	SGRY handling	13.11	1.43	(3 Yrs)
Total				152.12	26.88	NA
2	Bhagalpur	2003-04	Block Strengthening	2.55	0.48	(4 Yrs)
		2003-04	BDO (Advance for MDM transporting)	2.40	0.35	(4 Yrs)
		2005-06	DRDA Admn.	5.00	0.35	(2 Yrs)
		2007-08	BDO Nathnagar for Vehicle repair	0.20	NIL	NA
		2003-04	Subsidy payment	6.00	NA	(4 Yrs)
			NGO	4.70	NA	(4 Yrs)
			Special Division (Infrastructure)	3.00	NA	(4 Yrs)
Total				23.85	1.18	
3	Motihari (East Champaran)		DRDA Admn.	37.83	7.10	(5 Yrs)
Total				37.83	7.10	
4	Kishanganj	2006-07	BPL Survey	11.84	0.41	(1 Yrs)
		2007-08 to 6/08	BPL Survey	30.67	-	-
		2002-03	Block Strengthening (LEO & EO Salary)	3.11	0.71	(5 Yrs)
		2007-08 to 6/08	Block Strengthening (LEO & EO Salary)	3.31	-	-
		2004-05	Loan to Distt. Dairy develop. Agency	3.00	0.33	(3 Yrs)
		1.02.03 to 17.2.04	District Dairy Development Officer for chilling plant	50.58	3.60	(5Yrs)
		4.11.04	District Welfare officer Kishanganj for Tanker	2.25	0.24	(4Yrs)
		18.4.04	NDC Kishanganj (White wash Rachna Bhawan)	1.25	0.14	(4Yrs)
		23.12.03	Animal Husbandry (R.F)	1.96	0.29	(4Yrs)
		21.12.05	Rachna Bhawan (painting & Repair)	1.40	0.10	(2 Yrs)
Total				109.37	5.82	
5	Gaya	2003-04	Mid day Meal	7.99	1.18	(4 Yrs)
		2003-04	BPL Survey	3.37	0.50	(4Yrs)
		2004-05	BPL Survey	0.87	0.09	(3 Yrs)
Total				12.23	1.77	
6	Samastipur	2003-04	Mid day Meal	4.20	0.62	(4 Yrs)
		2000-01	DRDA Admn.	25.00	6.76	(7 Yrs)
		2006-07	DRDA Admn.	10.00	0.35	(1 Yrs)
Total				39.20	7.73	
7	Saharsa	1999-00	DRDA Admn.	30.00	9.91	(8 Yrs)
			GMD (IRDP)	1.26		
			Other then IRDP	0.02		
Total				31.28	9.91	
Grand total				405.88	60.39	



## APPENDIX – 3.2.2

(Refer: Paragraph 3.2.6.3; Page-64)

## Statement of misutilisation of fund under SGSY

(Rupees in lakh)

Sl. No.	Name of District	Year	Particular	Amount
1	Patna Athamalgola Block	2006-07	Banner, printing, photocopy and stationary	0.49
		2007-08	Vehicle fare,	0.04
		2003-04	Truck fare, Institute, Lunch packet, Advert. and Printing	0.50
		2005-06	Purchase of 36 chair	1.80
Total				2.83
2	Bhagalpur	2003-04	Tent house	5.09
		2003-04	Generator, Chair, Table & Mobile for Block	12.71
		2006-07	Advertisement & Nagar Nigam Building	1.32
		2006-07	Tent house	2.66
	Bihpur Block	2004-05	Telephone bill, Com.operatar salary	0.16
Total				21.94
3	East Champaran	2003-04	Ambassador Car, Generator, Computer, Photocopier Machine, Furniture, electrical equipments & Fixed assets	21.94
Total				21.94
4	Kishanganj	2003-04	Diesel for vehicle & generator	3.88
		2006-07	Advertisement	1.24
		2003-04	Sofa set & others	0.61
		2004-05	Map (Kishanganj) & ply wood	0.36
		2007-08	Audit fee	0.34
		2004-05	DDC house light & Boundary wall	0.92
		2006-07	Seminar and Meeting	0.63
		2004-05	Project report for seminar at New Delhi & Flood	0.52
Total				8.50
5	Samastipur	2007-08	Printing of forms & register	8.60
		2003-04	Audit fee, DA & TA	0.26
		2006-07	Furniture & Jhanki	6.86
		2007-08	Tent house	3.23
Total				18.95
6	Amas Block, Gaya	2003-04	Fuel	0.10
	DRDA, Gaya	2005-06	Audit fee	1.37
Total				1.47
7	Siwan	2004-07	Printing, Loan distribution camp, Hire of vehicle	0.64
Total				0.64
8	Munger	2003-04	Tent house	0.22
		2005-06	Tent house	3.56
		2006-07	Tent house	1.20
		2007-08	Tent house	0.11
Total				5.09
9	Jehanabad	2003-04 to 2004-05	Eight types of book purchased	29.66
		2003-04 to 2006-07	Printing and Stationery	3.36
		2003-04, 2005-06 to 2006-07	Audit Fee	0.23
		2005-06	Advertisement	0.36
		2005-06	Loan Distribution Camp	0.49
		2005-06	Freight	0.04
		2005-06	Repair and Maintenance	0.36
		2006-07	Hire charges	0.09
		2006-07	Freight	0.05

Sl. No.	Name of District	Year	Particular	Amount
		2006-07	General Expenditure	0.24
		2006-07 to 2008-09	Unemployed rural youth computer training	13.39
		2006-07 to 2008-09	Generator and Chair	0.97
<b>Total</b>				<b>49.24</b>
10	Saharsa	2003-04	Purchase of Books	11.40
<b>Total</b>				<b>11.40</b>
<b>Grand Total</b>				<b>142.00 lakh or 1.42 crore</b>



## APPENDIX-3.2.3

(Refer: Paragraph 3.2.6.4; Page-64)

## Statement of outstanding advance

(Amount in Rupees)

SL. No	Name of District	Year	Particulars	Purpose	Outstanding Advance
1	Patna	2003-04	H.O.A/c	Contingency	50000
	<b>Total</b>				<b>50000</b>
2	Kishanganj	2004-05	S.K. Sahay, E.O	Mela	5000
		2006-07	Chairman Distt. Board	Construction of shed	21000
	<b>Total</b>				<b>26000</b>
3	Monger	2005-06	Prativa Ghosh	Mela	5000
			JP Yadav	Mela	3000
			Festival Adv.	Festival	2000
			Ranjana Thakur	Mela	16000
	<b>Total</b>				<b>26000</b>
4	E.Champaran	2006-07	Staff & others advance	Pay, festival	25922
		2003-04	DAO	Training	7500
			Land Dev. Bank	Acquittance	216238
		2004-05	NREP Advance	Construction	98037
	<b>Total</b>				<b>347697</b>
5	Bhagalpur BDO, Bihpur	28.6.03	Jan Kalyan Sanstha, Shahjadpur	Tent	1200
		20.11.03	Shyam Sundar Roa, Lutipur (Mukhiya)	Mela	3000
		26.12.03	Kurari Kumar	Mela	3500
	<b>Total</b>				<b>7700</b>
	Bhagalpur BDO, Nathnagar	8.4.03	Jan Kalyan Sanstha, shahjadpur	Tent	2184
		24.1.04	Joing organisation Social help Bhagalpur	Training	181800
		13.10.03	Vishal Hind SC/ST Mahila Vikas Sahayata Samiti Ltd., Bhagalpur	Training	59550
		19.2.04	Roshan Janshakti Sansthan, Nathnagar	Training	60000
	<b>Total</b>				<b>303534</b>
	Bhagalpur	2007-08	District Animal Husbandry	Training	100000
	<b>Total</b>				<b>100000</b>
6	Gaya	2003-04 to 2006-07	As per CA Report		1702761.95
	<b>Total</b>				<b>1702761.95</b>
7	Siwan BDO, Aandar	3.6.07	Malti Gupta, LEO	Training	15000
	<b>Total</b>				<b>15000</b>
8	Jehanabad	9.12.03	Sri Tarun Yadav	Moter cycle advance	40000
		22.6.04	Sri Kamal Kishore	Moter cycle advance	10000
		26.5.04	Sri Kamal Kishore	Freight	3000
		21.2.06	Smt. Shruti Kumari	Training	5000
		2.3.06	Smt. Usha Kumari	Training	5000
		9.3.07	Smt. Gayatri Devi	Mela	6000
		28.3.07	Sri Vijay Kr. Singh	Mela	5000
	<b>Total</b>				<b>74000</b>
<b>Grand Total</b>					<b>2652692.34</b> Or <b>Rs. 26.53 lakh</b>

**APPENDIX -3.2.4**

(Refer: Paragraph 3.2.7.2 (b); Page-67)

**Statement of Misutilisation of Infrastructure fund**

(Rupees in lakh)

Name of districts	Sl. No.	Name of construction	Year of sanction/Exp.	Amount
Patna	1	DRDA Campus (3rd floor), Patna, North side.	2007-08	25.00
	2	-do- , South side.	2007-08	24.82
<b>Total</b>				<b>49.82</b>
Kishanganj	1	Production cum exhibition centre	2007-08	7.98
	2	DRDA Office Store for BPL Records	2007-08	7.60
	3	DRDA Office, Painting	2007-08	3.85
	4	Extension of DRDA Office (1st floor)	2007-08	3.58
<b>Total</b>				<b>23.01</b>
Mongher	1	Sale Centre in Block	2006-07	14.18
	2	28 Sell Centre	2006-07	16.58
	3	Sale Centre in Shri Matpur Panchayat	2007-08	15.13
	4	Chilling plant	2003-04	26.59
<b>Total</b>				<b>72.48</b>
Siwan	1	Construction of Boundary wall at Madhuban Bazar in Husainganj	2003-04	5.60
	2	Construction of building on 2nd floor in DRDA, Siwan	2007-08	7.70
	3	Construction of building on 2nd floor, Central sell centre in DRDA, Siwan	2007-08	4.73
<b>Total</b>				<b>18.03</b>
Motihari	1	Training hall at DRDA campus	2004-06	24.86
	2	Portico, Ling Road and other work around training hall	2005-06	4.73
	3	Training hall at District board campus	2004-05	24.63
	4	AC and Sound system in training hall	2005-06	7.99
	5	Training hall at Dhaka SDO, Campus	2005-06	5.99
	6	Training hall at Raksaul SDO campus	2005-06	5.99
<b>Total</b>				<b>74.19</b>
Bhagalpur	1	Fist floor at training hall (DRDA, Bhagalpur)	2003-04	24.07
	2	Generator room, boaring, office campus & other (DRDA, Bhagalpur)	2003-04	21.57
	3	SHGs Bhawan Block soiling (DRDA, Bhagalpur)	2004-05	2.86
	4	Electrification and Fan (DRDA, Bhagalpur)	2004-05	9.37
	5	PCC Raod and Drainage Sanhula Hat	2003-04	9.87
	6	PCC Road and Drainage Sabour Hat	2003-04	9.48
	7	Training Centre, Naugachia	2003-04	24.75
	8	Electrification, Naugachia (block)	2004-05	2.44
	9	Boring and water logging, Naugachia	2003-04	1.80
	10	Rest house and conference hall Naugachia	2003-04	7.00
	11	PCC Road in Sanhula Hat	2005-06	7.90
	12	Drainage in Sanhula Hat	2005-06	5.21
	13	PCC Road in Sabour Hat	2005-06	7.81
	14	Drainage in Sabour Hat	2005-06	3.66
	15	Cover of Drainage in Sabour Hat	2005-06	0.52
	16	Brick solling in Mosri, Sabour	2005-06	4.17
	17	PCC Raod and Drainage near school, Sabour	2006-07	8.74
	18	PCC Road, Pirpaiti	2006-07	13.40
	19	PCC Road and Pool, Pirpaiti	2006-07	6.39
	20	PCC Road near NH 80, Sabour	2005-06	6.68
	21	Drainage and Pulia near ACC School, Sabour	2005-06	4.17
<b>Total</b>				<b>181.86</b>
Gaya	1	Pathology centre in animal husbandry office	2003-04	6.03
	2	Maintenance of pound in Punama Badki	2004-05	5.00
	3	Additional construction of ladder in Punama Badki	2005-06	3.77
<b>Total</b>				<b>14.80</b>



Samastipur	1	SHG Bhawan	2006-07 & 2007-08	414.85
	2	Common facilitation centre		
	3	Construction of Pukka Nala, chamber, earth filling		
	4	Construction of Road		
Total				414.85
Jehanabad	1	Transit Bhawan at first floor	2005-06	12.50
	2	Transit Bhawan RCC Road	2005-06	4.55
	3	Kisan Bhawan, Boundry wall	2005-06	1.00
	4	Boundray wall at Distt. Supply and Marketing Office	2004-05	2.00
	5	Boundray wall repair and maintenance, Distt. Supply and Marketing Office	2005-06	0.46
	6	PCC Road at Jehanabad Block	2005-06	6.65
	7	PCC Road from Transit Bhawan to Resource Centre	2005-06	6.93
	8	Training cum Resource Bhawan	2004-05	11.63
	9	Resource cum training Centre BDO Ghoshi	2004-05	8.00
	10	Training cum Resource Centre at BDO Modanganj	2004-05	13.37
	11	Renovation of Co-operative Bhawan at Village Sikariya	2005-06	4.84
	12	Repair and extension of Kisan Bhawan at Jehanabad Block Office campus	2005-06	3.00
	13	Training cum Resource Centre at BDO Ratni	2004-05	10.00
	14	Milk collection Centre at 25 Village in different Block of Jehanabad	2004-05	64.55
	15	Drainage at Milk Chilling Plant	2004-05	0.20
	16	Toilet at Transit Bhawan	2004-05	0.54
	17	Repair and Maintenance at Transit Bhawan and Marketing Office	2004-05	1.10
	18	5 Milk collection centre at BDO Modanganj	2004-05	6.50
	19	Repair and Maintenance at Chilling Plant	2004-05	1.00
	20	Repair and Maintenance of Transit Bhawan	2004-05	0.65
	21	Generator Shed at DRDA Office	2003-04	0.20
Total				159.67
Grand Total				1008.71 or 10.09 crore

**APPENDIX -3.2.5**

(Refer: Paragraph 3.2.7.2 (c); Page-67)

**Statement of Irregular expenditure**

(Rupees in lakh)

Name of districts	Sl. No.	Name of construction	Present use of building	Amount
Patna	1	Production cum sale centre at Block Campus, Danapur	NREGA Office, BAO & other official room	17.64
	2	Production cum sale centre at Block Campus, Barh	NREGA Office	17.95
	3	SDO campus, Danapur	SDO Chamber & other office	17.64
	4	Production cum sale centre at Block Campus, Maner	BDO, Office	17.13
	5	Production cum sale centre at Block Campus, Maner (1st floor)	BDO, Office and other offices	12.08
	6	Production cum sale centre at Block Campus, Dhanarua	-do-	5.43
	7	Production cum sale centre at Block Campus, Patna Sadar	-do-	5.25
	8	Production cum sale centre at Block Campus, Bakhtiyarpur	-do-	17.62
	9	Production cum sale centre at Block Campus, Dulhin Bazar	-do-	13.98
	10	Production cum sale centre at Block Campus, Daniyawa	-do-	16.20
	11	Production cum sale centre at Block Campus, Fathua	-do-	16.48
	12	Production cum sale centre at Block Campus, Punpun	-do-	17.95
	13	Production cum sale centre at Block Campus, Sampatchak	-do-	22.12
	14	Production cum sale centre at Block Campus, Naubatpur	-do-	18.74
	15	Production cum sale centre at Block Campus, Duhin Bazar (1st floor)	-do-	11.01
	16	Production cum sale centre at Block Campus, Mokama	-do-	19.95
	17	Production cum sale centre at Block Campus, Pandarak	-do-	19.95
	18	Production cum sale centre at Block Campus, Patna Sadar	-do-	18.71
	19	Production cum sale centre at Block Campus, Paliganj	-do-	12.48
<b>Total</b>				<b>298.31</b>
Siwan	1	Artificial Insemination Centre	CDPO	2.65
	2	Milk Collection Centre	Night Guard Room	2.47
	3	Training cum production centre	Election Office	2.65
	4	Production cum sale centre in gram Pipra, block-Daraunda	BDO, Office and other offices	3.36
	5	Production cum sale centre of fish and seeds	-do-	5.88
<b>Total</b>				<b>17.01</b>
Gaya	1	Production cum training centre, Dobhi	BDO, Office and other offices	14.00
	2	Production cum training centre in Paraiya block	-do-	14.00
<b>Total</b>				<b>28.00</b>
<b>Grand total</b>				<b>343.32</b>



### APPENDIX-3.2.6

(Refer: Paragraph 3.2.8.7; Page-72)

#### Statement of Bank Loan Applications under SGSY during the year 2003-08

Sl. No.	Years	No. of Loan Applications from SHGs				No. of Loan Application from Individual Swarozgaris			
		Submitted to Bank	Sanctioned by Bank	Disbursed	Pending in Bank	Submitted to Bank	Sanctioned by Banks	Disbursed	Pending in Bank
1	2	3	4	5	6	7	8	9	10
1	2003-04	11085	5367	4506	6579	206372	102516	95702	110670
2	2004-05	7590	4146	3558	4032	226745	112156	101696	125049
3	2005-06	10198	6299	5711	4487	194567	96934	89967	104600
4	2006-07	13241	9933	9174	4067	102359	50280	47454	54905
5	2007-08	11991	8146	7148	4843	48575	18407	16793	31782
6	Total	54105	33891	30097	24008	778618	380293	351612	427006

(Source: Rural Development Department).

## APPENDIX-3.2.7

(Refer: Paragraph 3.2.12; Page-75)

## Statement of Special Project

(Rupees in crore)

S.N	Name of the Project	Date of Sanction	Total Cost	Released Amount Central/State	Period of completion (in years)	Agency	Expenditure	Remarks
1	Tea Processing and Packaging	18.07.2002	14.56	7.02/2.34	3	DRDA, Kishanganj	9.37	Incomplete
2	Development of taser and sericulture	10.3.2003	14.41	2.49/ -	4	Pradan (state NGO)	-	NA
3	Livelihood of Rural women	8.12.2004	5.22	0.23/ -	4	Seva Bharat	NA	As per order of GOI dated 3/08 Project was closed
4	Technology upgradation capacity expansion of Dairy Activities an establishment of Milk chilling center	11.03.2005	8.76	1.35/0.45	3	DRDA, Begusarai	NA	NA
5	Dairy Development	11.03.2005	14.08	4.22/1.41	3	COMFED	NA	NA
6	Establishment of 100 M.T per day capacity milk powder plant	11.02.2004	7.76	NA	1	COMFED	5.92	NA
7	Generation of Rural Employment and sustainable livelihood through cattle development	20.02.2004	13.61	5.44/ -	5	WAIF	NA	NA
8	Setting up integrated live stock development centers	29.03.2007	13.98	2.59/0.86	5	J.K.Trust Gram Vikas Yojna	NA	In progress
9	Livelihood advancement business school (LABs)	02.06.2005	2.00	0.60/ -	1	Dr.Reddy's Foundation, Hyderabad	NA	NA
10	Vocational training and skill certification	09.08.2007	14.99	- / 2.94	3	CIDC	NA	NA
11	Skill development of youths of BPL category	30.03.2007	2.48	0.59/ -	3	DRDA, Patna	NA	NA

(Source: Rural Development Department).



## APPENDIX-3.2.8

(Refer: Paragraph 3.2.13; Page-76)

### *State Level Committee/District Level Committee/ Block Level Committee.*

#### **1. State Level Committee**

The department of rural development should be responsible for planning, implementation, monitoring and evaluation of the programme at the State level under the Chairmanship of Chief Secretary / Development Commissioner. The following members may be entrusted in successful performance of the programme.

i.	Secretary, D/o Institutional Finance-	Member
ii.	Secretary, D/o Planning-	Member
iii.	Secretary, In-charge of Women's Development-	Member
iv.	Concerned Heads of the Line Departments as and when required-	Member
v.	Secretary In-charge of Welfare of SC/STs -	Member
vi.	Representative of NABARD (local Head of Regional Office)-	Member
vii.	Representative of RBI-	Member
viii.	Representative of concerned implementing Banks at State Headquarters-	Member
ix.	A representative of the Government of India-	Member
x.	Director, SIRD-	Member
xi.	Convener, SLBC-	Member
xii.	Secretary, In-charge of Rural Development-	Member Secretary

#### **2. District level Committee**

District SGSY Committee Perform the execution of SGSY programme under the chairmanship of DM with the assistance of DDC and the following members

i.	DDM of NABARD-	Member
ii.	LDO of RBI-	Member
iii.	District level Coordinators of the implementing banks-	Member
iv.	Concerned Heads of district level line departments-	Member
v.	General Manager, DIC-	Member
vi.	District KVIB Officer-	Member
vii.	Project Director, DRDA-	Member
viii.	2-3 NGO representatives-	Member
ix.	Lead Bank Officer-	Convener

#### **3. Block level Committee**

Block level SGSY Committee in each block would be formed whose composition will be as follows:-

i.	Project Officer (Self-employment)-	Member
ii.	Branch Manager of all implementing bank-	Member
iii.	Block Level/ Sub-Division Level officers of the concerned line departments-	Member
iv.	NGO representative (one)-	Member
v.	Block Development Officer-	Convener

## APPENDIX – 3.2.9

(Refer: Paragraph 3.2.15; Page-77)

**Statement showing the deficiencies irregularities pointed out in CAG's Audit Report 2001-02 persisted during 2003-08.**

Sl. No.	Heading	Gist of Para	Current status 2003-08
1.	Unutilised funds	(i) Rs. 75.63 crore remained unutilised at the end of March 2002 (Due to poor utilisation of fund GOI did not release Rs 141.87 crore. (ii) Against 10 per cent norms only 3 per cent (Rs 5.89 crore) of the funds utilised as revolving fund assistance to SHGs. (iii) Against 10 per cent, only 4 per cent of the funds utilised for training to Swarozgaris.	(i) Unutilised fund ranged between 24 per cent and 53 per cent under SGSY during 2003 - 08. (ii) Only 6.3 per cent (Rs 47.86 crore) of fund was utilised as revolving fund. (iii) Only 5 per cent (Rs 38.07 crore) was utilised for training to Swarozgaris.
2.	Credit mobilisation by banks	Poor credit mobilisation by bank (only 21 to 52 per cent during the year 99-2002).	Poor credit mobilisation by bank only 32.51 per cent to 79.77 per cent during the year 2003-08
3.	Financial assistance to non BPL families	Assistance of Rs 3.31 crore provided to ineligible groups/ families.	Assistance of Rs 15.94 lakh provided to ineligible groups/families.
4.	Diversion of funds and loss of interest	Eight DRDAs diverted Rs 8.05 crore of SGSY fund on other Schemes/ Salary payments of this Rs 3.75 crore remained unrecouped causing loss of interest of Rs 40.10 lakh till March 2002.	Seven DRDAs diverted Rs 4.06 crore of SGSY fund on other Schemes/Salary payments causing loss of interest Rs 60.39 lakh till March 2008.
5.	Misutilisation of funds	Nine DRDAs misutilised Rs 103.88 lakh.	Ten DRDAs misutilised Rs 1.42 crore.
6.	Unjustified construction of godowns and waiting halls	Rs 2.78 crore advanced for construction of godowns and waiting halls did not serve Swarozgaris.	Expenditure on irregular construction of building, road, pond, culvert and drainage Rs 14.94 crore was made.
7.	Irregular assistance to Self Help Groups	(i) Only 34 percent (9679) of the SHGs formed received assistance while only 12 per cent (3259) of the SHGs formed had the potential of becoming viable. (ii) Rs 1.10 crore irregularly provided to 121 SHGs.	(i) Only 25 per cent (21881) of the SHG formed received assistance while only 28 per cent (24553) of the SGH formed had the potential of becoming viable. (ii) 81 SHGs has been formed irregularly.
8.	Unrecovered/ unadjusted Advance	DRDA Nawada advanced Rs 4.49 lakh to a firm for supply. No supply was made nor was the advance recovered.	In eight DRDAs advanced Rs 26.53 lakh remained unadjusted up to March 2008.
9.	Physical verification of assets not conducted	Physical verification of assets procured by Swarozgaris was not conducted.	Physical verification of assets procured by Swarozgaris was not conducted.
10.	Separate component wise accounts not maintained	In the absence of Separate accounts the correctness of funds could not be ascertained.	In the absence of Separate accounts the correctness of funds could not be ascertained.
11.	Inventory of assets/ register not maintained	The inventory of asset was not maintained at the State, District and Block level.	The inventory of asset was not maintained at the State, District and Block level.
12.	Unfruitful expenditure	DRDA Bhagalpur spent Rs 5.49 lakh on printing of Vikash Patrika. All the patrikas remained dumped in Stores of the blocks without any use.	Remained dumped in stores of the blocks without any use since date 1/2000.

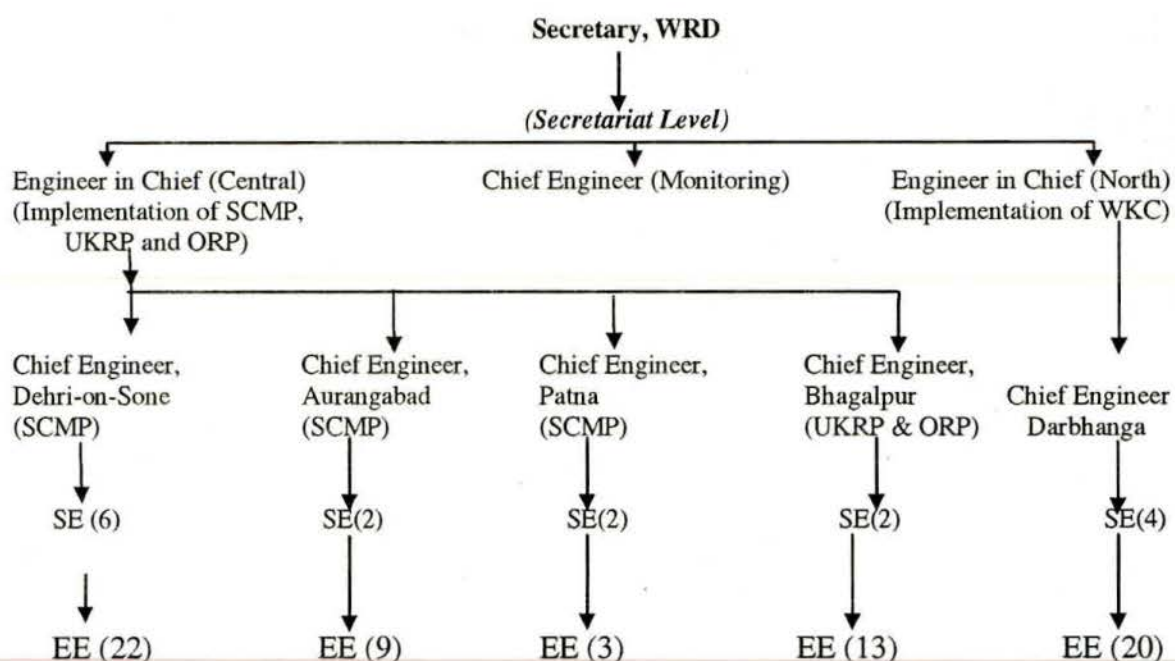
*\*The Public Accounts Committee has not made any recommendation so far.*



# ANNEXURE – 3.3.1

(Refer: Paragraph:3.3.2, Page-80)

## Organisational chart of Water Resources Department



## ANNEXURE – 3.3.2

(Refer: Paragraph:3.3.6, Page-82)

*Details of CLA/Grant released, State share required, Fund allotment and Expenditure*

(Rupees in crore)

Year	CLA/ Grant received	State Share require	Funds allotted by State	Funds released by the State	Expenditure	
					Central	State
Western Kosi Canal Project						
2003-04	33.00	16.50	45.37	12.37	33.00	11.31
2004-05	19.88	9.94	35.24	15.36	19.88	14.89
2005-06	5.96	2.98	63.82	57.86	5.96	57.73
2006-07	1.70	5.10	34.52	32.82	1.70	32.25
2007-08	21.82	65.46	208.66	186.84	21.82	186.59
Total	82.36	99.98	387.61	305.25	82.36	302.77
Sone Canal Modernisation Project						
2003-04	21.50	10.75	49.38	27.88	21.50	27.57
2004-05	16.00	8.00	59.17	43.17	16.00	42.35
2005-06	8.79	4.40	71.79	63.00	8.79	59.09
2006-07	1.54	4.59	71.28	69.74	1.54	62.12
2007-08	27.59	82.77	72.92	45.33	27.59	40.31
Total	75.42	110.51	324.54	249.12	75.42	231.44
Upper Kiul Reservoir Project						
2003-04	2.08	1.04	10.03	7.95	2.08	7.88
2004-05	1.34	0.67	1.62	0.28	1.34	0.28
2005-06	0.07	0.03	1.04	0.97	0.07	0.97
2006-07	-	-	2.35	2.35	-	1.26
2007-08	-	-	-	-	-	-
Total	3.49	1.74	15.04	11.55	3.49	10.39
Orhni Reservoir Project						
2003-04	-	-	0.42	0.42	-	0.42
2004-05	-	-	0.08	0.08	-	0.08
2005-06	-	-	0.20	0.20	-	0.15
2006-07	-	-	-	-	-	1.34
2007-08	-	-	-	-	-	-
Total	-	-	0.70	0.70	-	1.99



## ANNEXURE – 3.3.3

(Refer: Paragraph:3.3.8, Page-84)

*Irrigation potential created and utilised during 2003-08*

Name of Project	Ultimate	Under AIBP	Existing		2003-04	2004-05	2005-06	2006-07	2007-08	Total
WKC	234800	205320	29480	Created	10000	18000	5000	105070	9000	176550 (147070)
				Progressive creation (available) IP	39480	57480	62480	167550	176550	503540
				Utilisation	13241	17930	21370	24960	23767	101268
SCMP	900000	218600	681420	Created	40000	16000	7000	91000	15000	850420 (169000)
				Progressive creation (available) IP	721420	737420	744420	835420	850420	3889100
				Utilisation	487799	480210	517762	518158	526825	2530754
UKRP	19500	3000	16500	Created	2000	1000	-	-	-	19500 (3000)
				Progressive creation (available) IP	18500	19500	19500	19500	19500	96500
				Utilisation	9647	11090	10133	11380	11954	54214
ORP	9717	3217	6500	Created	3000	-	-	-	-	9500 (3000)
				Progressive creation (available) IP	9500	9500	9500	9500	9500	47500
				Utilisation	2175	2285	2146	1480	2163	10249
Total	1164017	430137	733900	Created	55000	35000	12000	196070	24000	1055970
				Progressive creation (available) IP	788900	823900	835900	1031970	1055970	4536640
				Utilisation	512862	511515	551411	555978	564719	2696485

Note: - Figure in bracket indicates IP created during 2003-08 which has been exhibited in column-4 of Table No.-3

**APPENDIX-5.1***(Refer: Paragraph 5.8.2; Page-125)**Statement of outstanding advances against Government officials.**(Rupees in lakh)*

Sl. No.	Name of ULB	Amount	No. of staff (advance holder)	No. of staff expired/ Amount	No. of staff transferred/ Amount
1	Banka	1.65	5	Nil	Nil
2	Buxar	164.56	18	Nil	Nil
3	Bodhgaya	7.23	4	Nil	Nil
4	Danapur	710.77	29	Nil	Nil
5	Gaya	251.00	31	Nil	Nil
6	Jagdishpur	0.33	1	Nil	Nil
7	Jainagar	4.93	16	Nil	Nil
8	Kishanganj	3.43	18	Nil	Nil
9	Kahalgaon	1.94	7	Nil	Nil
10	Khagaul	2.30	1	1 (2.30)	Nil
11	Madhubani	45.14	37	Nil	Nil
12	Munger	155.75	318	7 (0.45)	Nil
13	Muzzafarpur	94.35	120	Nil	Nil
14	Purnia	74.02	5	Nil	Nil
15	Siwan	157.51	40	Nil	7 (136.58)
	<b>Total</b>	<b>1674.91</b>	<b>650</b>	<b>8 (2.75)</b>	<b>7 (136.58)</b>



## APPENDIX-5.2

(Refer: Paragraph 5.9.2; Page-129)

*Details of fund released to ULBs under Urban Infrastructure Development Scheme for Small and Medium Towns*

(Rupees in crore)

Sl No.	Name of ULB	Project cost	Amount of first instalment released	
			GOI share	GOB share
1	Barbiga Nagar Panchayat	15.73	6.53	1.57
2	Bhabhua Nagar Parishad	10.88	4.52	1.09
3	Bakhtiarpur Nagar Panchayat	5.11	2.12	0.51
4	Lalganj Nagar Panchayat	12.63	5.24	1.26
5	Chakia Nagar Panchayat	12.85	5.33	1.29
6	Narkatiaganj Nagar Parishad	47.13	18.00	4.71
7	Rosera Nagar Parishad	29.21	11.16	2.92
8	Fatuah Nagar Panchayat	7.59	2.90	0.76
9	Murliganj Nagar Parishad	11.44	4.37	1.15
	<b>Total</b>	<b>152.57</b>	<b>60.17</b>	<b>15.26</b>

