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सत्यमेव जयते

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

*For the year ended 31 March 2002*

**(CIVIL)**

**GOVERNMENT OF BIHAR**

Audit Report (Civil) - Bihar - 2001-2002



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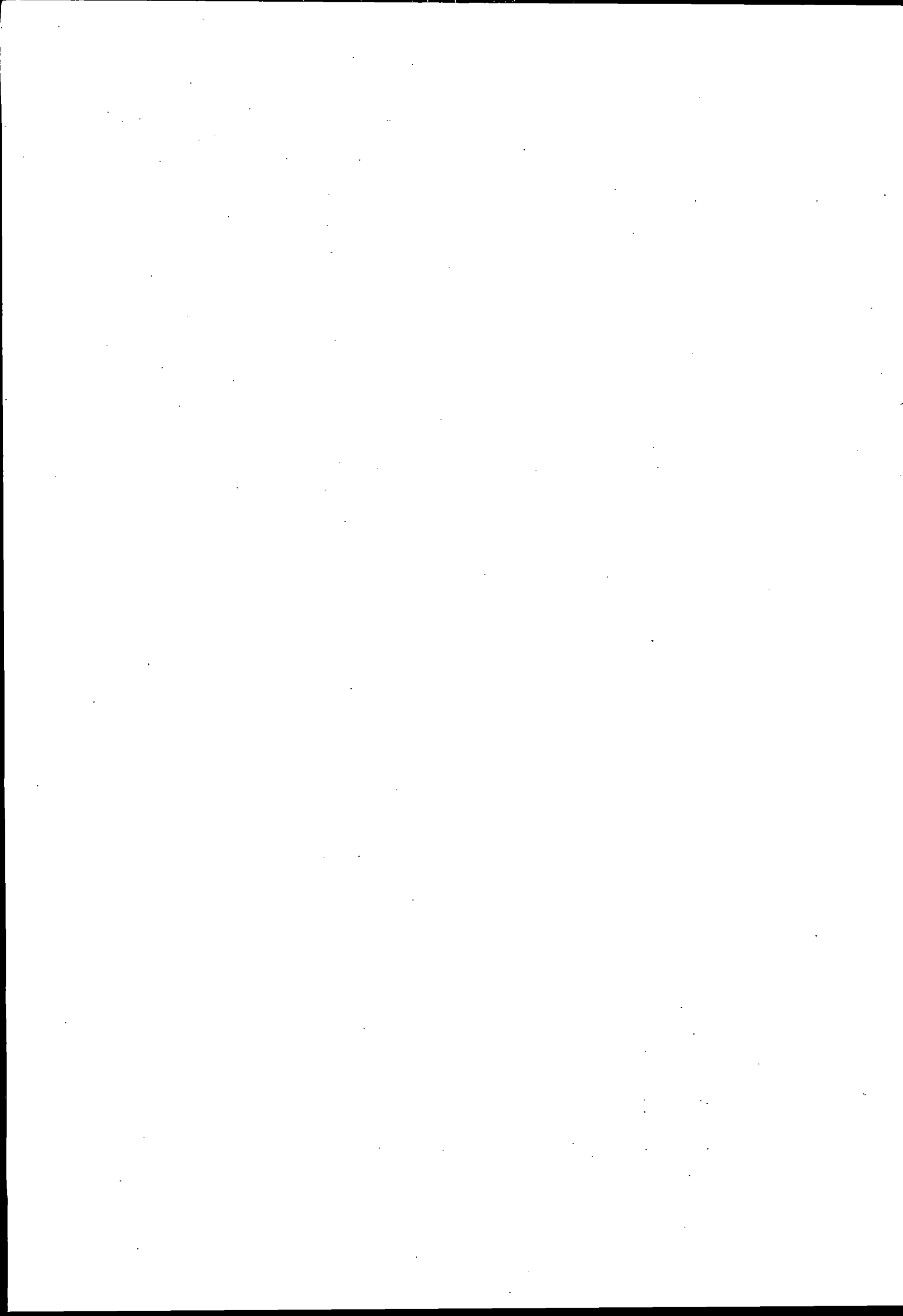
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**GOVERNMENT OF BIHAR**

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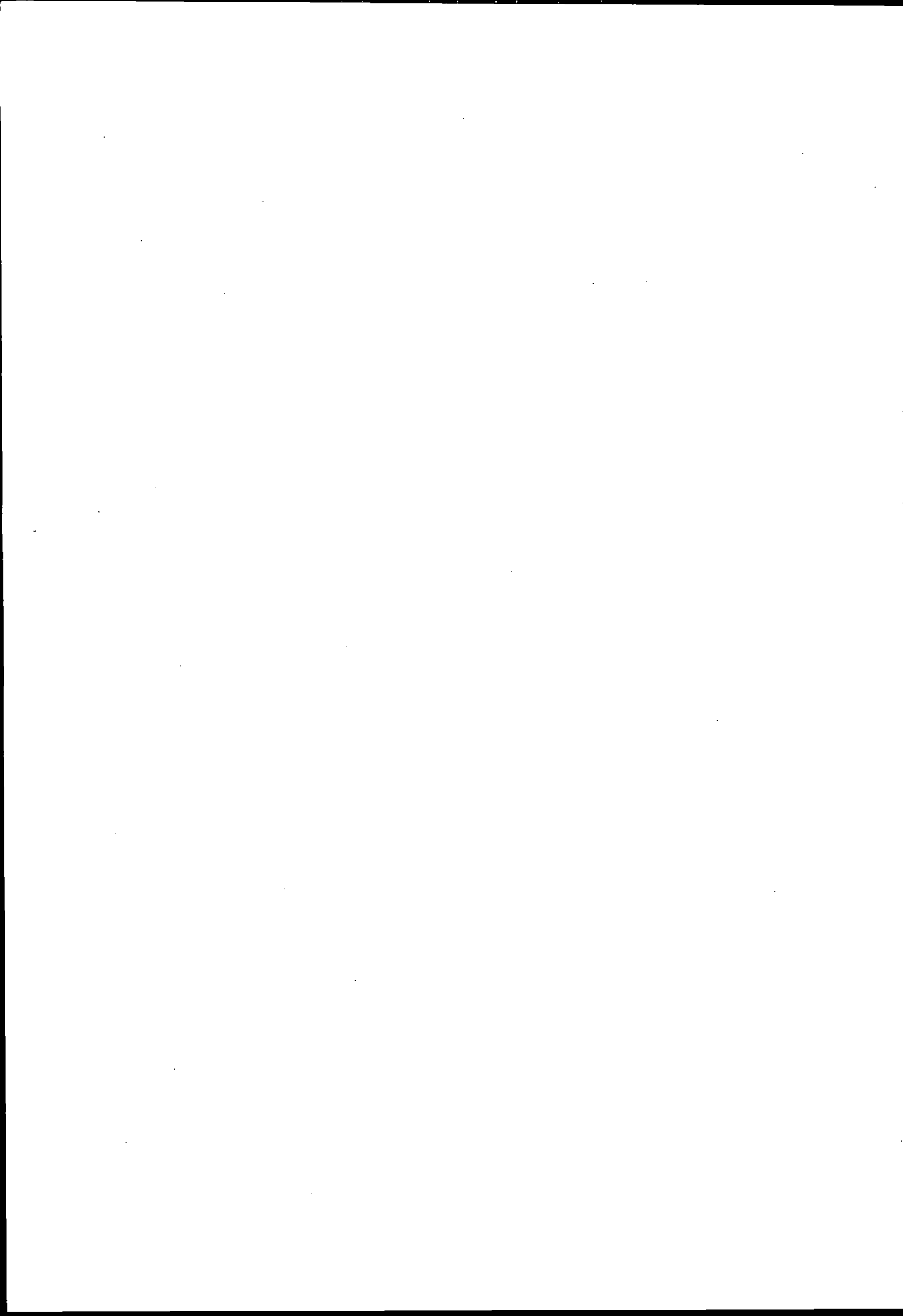


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# Preface

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- 1 **T**his Report has been prepared for submission to the Governor under Article 151 of the Constitution.
- 2 Chapter I and II of this Report respectively contain Audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2002.
- 3 The remaining chapters deal with the findings of performance audit and audit of transactions in the various departments including the Public Works and Irrigation Department, Stores and Stock, Autonomous Bodies and departmentally run commercial undertakings.
- 4 The Report containing the observations arising out of audit of Statutory Corporations, Boards and Governments Companies and the Report containing such observations on Revenue Receipts are presented separately.
- 5 The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2001-2002 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 2001-2002 have also been included wherever necessary.








## OVERVIEW


This Report includes two chapters on the finances and accounts of the Government of Bihar and 5 chapters comprising 5 reviews and 20 paragraphs arising from the audit of selected schemes and programmes and financial transactions of Government. A summary of main audit findings contained in the audit reviews and the important paragraphs is presented in this overview.


### 1 An overview of the finances of the State Government

 The liability of the State Government increased by 11 per cent while the assets grew during 2001-2002 by 9 per cent over the previous year. The assets include investment in loss making public sector undertakings having little capacity for any return. Hence the financial position would be even worse than these accounting figures indicate.

 Revenue receipts which constituted the most significant source of funds for the State Government decreased by 11.97 per cent, though their relative share in total receipts went up from 72.34 per cent in 2000-2001 to 78.30 per cent during 2001-02. The share of recoveries of loans and advances was insignificant all along. The share of net receipt from Public Account went down from 9.99 per cent in 2000-01 to minus 3.34 per cent in 2001-02. The receipt from Public Debt increased from 17.61 per cent to 24.94 per cent. Resultantly cash balance increased by Rs 130 crore during the year.

 Revenue expenditure accounted for 90 per cent of Government's total expenditure during 2001-02, while the share of capital expenditure continued to be insignificant at 5.97 per cent. Low investment in capital expenditure was the main reason of low growth of assets. Wastage in public expenditure, diversion of funds and funds blocked in incomplete projects impinged negatively on the quality of expenditure.

 Out of the budgeted provisions, the State Government failed to spend Rs 1557.45 crore (48.45 per cent) under various State Plan Schemes (Rs 1292 crore) as well as Centrally Sponsored Schemes (Rs 231 crore) and Central Plan Schemes (Rs 34 crore) during 2001-02. Central loan, market borrowing and receipt from Central Government for State Plan Schemes during 2001-2002 aggregated Rs 2614.99 crore. Against this Rs 1263.12 crore (48 per cent) were spent for State Plan Schemes purposes.

 Though market borrowing was the cheapest source of finance with average weighted rate of interest of 8.79 per cent during the year, the State Government borrowed Rs 1532.96 crore from National Small Saving Fund at the rate of 11.5 per cent per annum and Rs 1076.65 crore from Government of India at the rate of 12 per cent per annum. The



borrowed funds invested in Government Companies fetched either negligible or nil return. There was idle investment of Rs 1174 crore in 19 incomplete irrigation projects.



The imprudent and unjustified market borrowings in the previous years and their unproductive investment was causing unsustainable interest burden and insignificant return on investments. During last 4 years more than 50 per cent of the borrowed funds was applied for making revenue expenditure.

(Paragraph 1.1 to 1.11)

## 2

### Appropriation Audit and Control over expenditure



During 2001-2002 State Government incurred expenditure of Rs 18882.33 crore against the total budget provision of Rs 22725.35 crore. The overall savings of Rs 3843.02 crore was the result of savings of Rs 9190.03 crore in 47 cases of grants and 5 cases of appropriations, partly offset by excess of Rs 5347.01 crore in one grant (15-Pension) and one appropriation (14-Repayment of Debt). Excess expenditure of Rs 7457.47 crore pertaining to the years 1977-1978 to 2001-2002 had not been regularized as required under Article 205 of the Constitution of India.



The supplementary provision of Rs 464.43 crore obtained by the Government in 50 cases between October 2001 and March 2002 proved wholly unnecessary as the expenditure did not come up in these cases even to the level of original provision.



There was persistent savings exceeding Rupees 2 crore and also by more than 10 per cent of the total provision in 51 cases.



Savings in 26 grants and 3 appropriations in Revenue Section and 14 grants in Capital Section aggregating Rs 1884.51 crore (exceeding Rs one crore in each case) had not been surrendered while in 22 cases surrenders of Rs 162.50 crore were unjustified/excessive.



Financial Rules required that Controlling Officers of the Government Departments should reconcile periodically the departmental figures of expenditure with those booked in the records of the Accountant General. Despite repeated mention in the earlier Audit Reports expenditure of Rs 7290 crore (39 per cent) under 1650 units of appropriation was not reconciled by 122 Controlling Officers during 2001-02.

(Paragraph 2.1 to 2.3.11)


## 3


### Fishery Development


*Fishery development envisaged increased fish production and improving the socio-economic condition of fishermen and fish farmers. It was noticed that 6 (Central: 2; State: 4) out of 14 plan schemes were not implemented in the*





*State and 11 to 30 per cent of assessed areas of ponds, tanks, 'Mans' and 'Chauras' etc. were not covered under the schemes for production of fish and fish seeds. Implementation of the schemes was ineffective due to absence of monitoring, large savings, substantial expenditure on incomplete schemes, non-payment of loans/ subsidy to willing fish farmers, huge expenditure on idle manpower, lack of research on fishery development, non-functioning of the fish seed farms (115), nurseries (604) etc. Thus, the intended objective of fostering overall rural development through improved socio-economic condition of fish farmers and fishermen remained unrealised.*


 Eleven to 30 per cent of the assessed area of ponds, tanks, 'Mans' and 'Chauras' were not covered under the fishery development schemes.


 36 per cent (Rs 23.03 crore) of the available funds was unutilised. But expenditure on establishment was 85 per cent (Rs 34.16 crore) of the total expenditure.


 Director, Fisheries retained huge cash balances ranging from Rs 1.26 crore to Rs 2.07 crore on 31 March every year.


 115 hatcheries and 604 nurseries in the State remained non-functional.


 Infructuous expenditure of Rs 26 lakh was incurred on 16 incomplete lake development schemes.


 Fish Farmers Development Agency (FFDA) Scheme failed to take off due to huge persistent savings (58 per cent), negligible sanction of loans to fish farmers, absence of inspection of tanks/ ponds by supervisory officers and lack of training to targeted fish farmers.

 Of Rs 84.60 lakh drawn for construction of houses for fishermen Rs 67.37 lakh remained unutilised.

 No training/ extension course for the officials was organised. Rs 4.00 lakh drawn for this purpose remained in current account.

 Against Rs 91.00 lakh drawn for disbursing subsidy only Rs 19.77 lakh was disbursed.

 Rupees 86.96 lakh was incurred on Fishery Research Institute, Patna where no research was conducted.


 Services of 294 fishermen, 24 fish guards and 156 Fisheries Extension Supervisors not being utilised for fishery development works resulted in huge nugatory expenditure of Rs 15.89 crore on their pay and allowances during 1997-2002.


(Paragraph 3.1)





#### **4 Functioning of Rural Development Department**


*The implementation of the programmes faltered due to large savings, locking up of funds in 'Civil Deposits', failure to - release State's share of resources, misutilisation/ misappropriation/ diversion of stores/funds, excessive expenditure on administrative infrastructure, fake execution of schemes, subversion of norms, huge expenditure on incomplete/ abandoned schemes, deficient manpower management etc. As a result, there was ineffective implementation of rural development schemes and targeted rural poor were deprived of the intended benefits under various programmes.*


 Rupees 5.15 crore pertaining to various schemes remained unaccounted.


 In 8 DRDAs Rs 74.35 crore paid to different officials and agencies remained unrecovered.


 In 8 DRDAs Rs 8.68 crore were spent on administrative infrastructure in excess of norm resulting in reduced expenditure on schemes.


 3 Executive Engineers misappropriated Rs 3.89 crore and one Junior Engineer Rs 1.18 crore.

 In 8 DRDAs 2504 schemes involving expenditure of Rs 18.15 crore remained incomplete for 2 to 7 years as of July 2002, while in 7 DRDAs schemes were abandoned after spending Rs 1.75 crore.

 Employment was provided to each beneficiary for 6 to 35 days in a year under JRY and for 2 to 4 days under EAS against the norm of 100 days. Similarly self-employment was provided to only 1 to 7 per cent of eligible BPL families.

 In 3 districts 12 executing agencies paid Rs 1.87 crore under 54 fake muster rolls which needed investigation.

 In 4 DRDAs test-checked 291.26 tonne of bitumen valued at Rs 25.93 lakh was short supplied by oil companies. Similarly in two DRDAs and one Block Office 26614 bags of cement valued at Rs 32.03 lakh were short supplied. No action was taken against these short supplies.

 378.11 tonnes of bitumen valued at Rs 25.92 lakh was misappropriated by a Junior Engineer.

 Fake adjustment of advances for Rs 48.64 lakh in DRDA, Jehanabad during 1997-98 and defalcation of Rs 8.70 lakh in Rural Development Department, Patna call for investigation.


*(Paragraph 3.2)*





## 5 Rural Housing


*Indira Awaas Yojana and 5 other rural housing schemes launched by Government of India aimed to provide dwelling units to rural poor below poverty line belonging to SC/ST, free bonded labour of non-SC/ST categories and retired defence personnel.*


*The implementation of the schemes suffered from diversion of funds, mis-utilisation of funds, blocking of funds, inadmissible payments, coverage of ineligible beneficiaries, incomplete construction of houses etc. Most of the houses were constructed without sanitary latrine and smokeless chulha facility. Five of the rural housing schemes (Credit-cum-subsidy scheme, Samagra Awaas Yojana, Innovative schemes for Rural Housing and Habitat Development, Rural Building Centres, Pradhanmantri Gramodaya Yojana) which were introduced in April 1999 and 2000-01 did not take off. Thus, the rural housing schemes failed to deliver intended benefit to the targeted people.*


 Rupees 96.43 crore remained unutilised. Consequently, the State failed to obtain assistance of Rs 401.40 crore from Government of India.

 DRDA, Patna diverted Rs 9.29 crore to other schemes for 4 to 5 years causing loss of interest of Rs 2.23 crore as of March 2002. In 3 districts (Muzaffarpur, Nawada and Patna) test-checked Rs 17.27 lakh were misutilised for office and contingent expenditure.

 Two Block Development Officers (Goradih and Sabour) unauthorisedly kept Rs 1.46 crore in a private co-operative society. Block Development Officer and Circle Officer, Nawada kept Rs 92.17 lakh in current accounts in banks sustaining loss of interest.

 6934 houses involving an expenditure of Rs 9.01 crore remained incomplete/abandoned for 2 to 5 years in the districts test checked.

 3050 houses were constructed at a cost of Rs 4.78 crore for ineligible beneficiaries.

 Financial and physical progress under Credit-cum-subsidy Scheme for rural housing and Pradhan Mantri Gramodaya Yojana (PMGY) was low and negligible.


(Paragraph 3.3)


## 6 Swarnjayanti Gram Swarozgar Yojana (SGSY)


*Swarnjayanti Gram Swarozgar Yojana (SGSY) was launched by Government of India (GOI) with effect from 1 April 1999 as a holistic programme covering various aspects of self employment to help swarozgaris come up above poverty line in 3 years by providing them income generating assets through bank credit and government subsidy. Funding was shared by Central and State Governments in the ratio of 75 : 25. Only 4 per cent of the BPL families were benefited during 1999-2002. The scheme faltered midway*





*due to poor utilisation of funds, large scale diversions and misutilisation of funds.*


 Rupees 75.63 crore remained unutilized. Hence, central funds were short released by Rs 141.87 crore.

 Only 3 per cent (Rs 5.89 crore) of earmarked funds for revolving fund was utilised for assistance to Self Help Groups (SHGs). As a result, capacity building of SHGs was not effective.

 Only 4 per cent (Rs 9.48 crore) of earmarked funds was utilised for imparting training. This indicated that financial assistance was provided to Swarozgaris without imparting training and minimum skill.


 DRDA, Motihari advanced Rs 2.78 crore for construction of godowns without recommendation of the block level SGSY committee and construction remained incomplete. Godowns constructed were misutilised for other purposes.

 In DRDA, Motihari financial assistance of Rs 1.10 crore was provided to 121 SHGs without preconditions being fulfilled.


 Implementation of SGSY was not monitored at state and district levels and impact analysis of the scheme was not conducted.

*(Paragraph 3.4)*


## 7 Working of Patna University

 Delay in publication of results ranged between 92 days to 211 days affecting the students.


*(Paragraph 6.1.5.1)*

 Interim relief of Rs 1.97 crore was irregularly paid to teachers.

*(Paragraph 6.1.7(i))*

 Excess payment of salary of Rs 1.12 crore to teaching and non teaching staff during April 1997 to February 2002 remained unrecovered.

*(Paragraph 6.1.7(ii))*


 Development grant of Rs 1.35 crore received from UGC remained unutilised.

*(Paragraph 6.1.9)*




---


**8 Defalcation and losses**

 Series of failures of Drawing and Disbursing Officers, Controlling Officers and Treasury Officers facilitated defalcation of Rs 2.10 crore in 6 offices of 4 civil departments and 2 works departments.

(Paragraph 3.11 and 4.7)


 Executive Engineer, Road Construction Division, Dhaka failed to fix responsibilities for the shortage of bitumen valued at Rs 37.02 lakh.

(Paragraph 5.1)


 Conservator of Forest, Gaya division did not fix responsibility for losses of the timber valued at Rs 27.82 lakh, despite instructions from the Chief Conservator of Forest.

(Paragraph 7.2)


**9. Avoidable/unfruitful/infructuous expenditure**

 District Jail, Sasaram started functioning since April 1988 without drinking water facility which resulted in avoidable expenditure of Rs 46.50 lakh on purchase of water.


(Paragraph 3.8)

 Taking up schemes without assuring availability of funds resulted in unfruitful expenditure of Rs 48.49 lakh on 35 incomplete and abandoned schemes in Jahanabad district.


(Paragraph 3.9)

 District Superintendent of Education, Patna delayed posting of 456 teachers, resulting in nugatory expenditure of Rs 1.11 crore.


(Paragraph 3.10)

 1277 of iron removal plants constructed for supply of safe potable water to rural people in Purnea district involving expenditure of Rs 1.70 crore were non-functional.

(Paragraph 4.1)

 Execution of road works in Ara-Buxar road without ensuring technical feasibility resulted in substandard execution of works and avoidable repair of damaged road works estimated to cost Rs 48.35 lakh, besides emergency repair of the road at a cost of Rs 6.30 lakh.

(Paragraph 4.2)

 Unauthorised award of road works in NH 30 by the Chief Engineer, NH Wing, RCD at higher rates resulted in extra cost of Rs 1.03 crore.

(Paragraph 4.3)





**Construction of land spurs instead of revetment works recommended resulted in infructuous expenditure of Rs 3.72 crore and avoidable expenditure of Rs 46.49 lakh on flood protection measures.**

*(Paragraph 4.5)*



**Construction of cross drainage structure and renovation works in Kursela distributory without proper planning resulted in infructuous expenditure of Rs 29.08 lakh.**

*(Paragraph 4.6)*



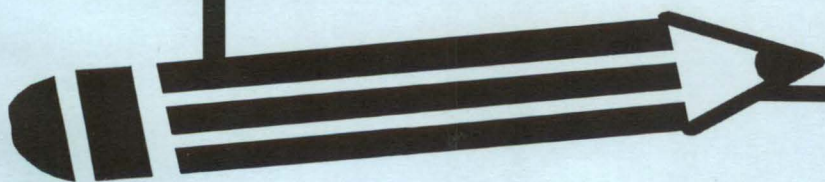
**Co-operative rural storage centre in Bihar, an EEC assisted project aimed at increasing agricultural production through upgrading professional skills and efficiency. In 5 districts test-checked Rs 2.57 crore (23 per cent) remained unutilised, besides 87 per cent (Rs 97.08 lakh) of earmarked fund for managerial subsidy and 75 per cent (Rs 62.00 lakh) of fund for income generating scheme for women remained unutilised. Incomplete godowns involving expenditure of Rs 66.67 lakh remained non-functional in the state, while 87 Primary Agricultural Co-operative Societies (PACS) involving expenditure of Rs 1.97 crore had no business activity. Majority of PACS did not repay loans. The project suffered due to lack of monitoring and failed to achieve intended objectives.**

*(Paragraph 3.5)*



# **CHAPTER-I**

**An Overview of the Finances of the State  
Government**





# CHAPTER I

THE HISTORY OF THE STATE

OF NEW YORK

# CHAPTER – I

## AN OVERVIEW OF THE FINANCES OF THE STATE GOVERNMENT

### *1.1 Introduction*

This chapter discusses the financial position of the State Government, based on the analysis of the information contained in the Finance Accounts. The analysis is based on the trends in the receipts and expenditure, the quality of expenditure and the financial management of the State Government. In addition, the chapter also contains a section on the analysis of indicators of financial performance of the government, based on certain ratios and indices developed on the basis of the information contained in the Finance Accounts and other information furnished by the State Government. Some of the terms used in this chapter are described in Appendix –I.

In terms of Bihar Reorganisation Act, 2000 (No. 30 of 2000) the State of Bihar has been reorganised and a new State known as State of Jharkhand comprising 18 districts of the composite State of Bihar had been formed with effect from 15<sup>th</sup> November, 2000 (i.e. the appointed day). The apportionment of assets and liabilities of the composite State of Bihar immediately prior to the appointed day as also other financial adjustments are to be done in each case with reference to the provision of Bihar Reorganisation Act, 2000. Actual position of apportionment of assets and liabilities between the successor States of Bihar and Jharkhand have been indicated in the Appendix II. It would be seen therefrom that so far apportionment of only Public Debt and Deposits with Reserve Bank has been done. Liabilities like Small Savings, Provident Fund etc. and other liabilities in Public Account and also asset items are yet to be apportioned (September 2003).

### *1.2 Financial position of the State*

In the Government accounting system comprehensive accounting of the fixed assets like land and buildings etc., 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 by the Government. Exhibit I gives an abstract of such liabilities and the assets as on 31 March 2002, compared with the corresponding position on 31 March 2001, though such comparison made here and in succeeding paragraphs of this chapter is not a realistic one because of reorganisation of the State into two States with effect from 15<sup>th</sup> November, 2000 and non availability of apportioned figures of the previous years. While the liabilities in this statement consist mainly of external and internal borrowings, loans and advances from the Government of India, receipts from the Public Account and Reserve Funds, the assets comprise mainly the capital outlay, loans and advances given by the State Government and the cash balances. It would be seen from Exhibit-I that while the liabilities increased by 11 per cent, the assets grew by 9 per cent during 2001-2002, over the previous year. The assets included investments in loss making PSUs having little capacity for any return. Hence, the financial position would be even worse than these accounting figures indicate. The



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

### **1.3 Sources and applications of fund**

**1.3.1** Exhibit III gives the position of sources and applications of funds during the current and the preceding year. The main sources of funds include the revenue receipts of the Government, recoveries of loans and advances, public debt and receipts in the Public Account. These are applied mainly on revenue and capital expenditure and lending for developmental purposes.

Revenue receipts constituted the most significant source of fund for the State Government. In absolute terms there was a decrease in revenue receipts by 11.97 per cent primarily due to separation of Jharkhand, their relative share in total receipts increased from 72.34 per cent in 2000-2001 to 78.30 per cent during 2001-2002. The share of recoveries of loans and advances though increased marginally from 0.07 per cent in 2000-01 to 0.10 per cent in 2001-02, was insignificant all along. The share of net receipts from the Public Account went down from 9.99 per cent in 2000-2001 to minus 3.34 per cent in 2001-2002 mainly due to sharp decrease in deposits and advances (Rs 84.45 crore), reserve funds (Rs 287.97 crore), net effect of suspense and miscellaneous transactions (Rs 1315.79 crore) and small savings (Rs 254.37 crore). The receipts from the public debt increased from 17.61 per cent to 24.94 per cent. Resultantly the cash balance increased by Rs 130 crore during the year.

**1.3.2** The funds were mainly applied for revenue expenditure, whose share (89.74 per cent) was significantly higher than the share of revenue receipts (78.30 per cent) in the total receipts of the State Government. This led to Revenue deficit of Rs 1320.06 crore. During the year the percentage of capital expenditure continued to be a low viz. 5.97 per cent. Lending for development purposes went down from 4.40 per cent to 4.29 per cent.

**EXHIBIT –I****Summarised financial position of the Government of Bihar as on  
31 March 2002**

As on 31 March 2001 (Rupees in crore)		Liabilities	As on 31 March 2002 (Rupees in crore)	
<b>7096.82</b>		<b>Internal Debt</b>		<b>9682.03</b>
	4855.60	Market Loans bearing interest	5883.47	
	0.58	Market Loans not bearing interest	0.56	
	13.88	Loans from LIC	13.78	
	4.72	Loans from GIC --	4.44	
	2168.82	Special securities issued to National Small Savings fund of Central Government	3698.52	
	53.22	Loans from other institutions	81.26	
<b>681.40</b>		<b>Shortfall in Deposit with Reserve Bank</b>		<b>472.93</b>
<b>11243.29</b>		<b>Loans and Advances from Central Government</b>		<b>11791.71</b>
	648.67	Pre 1984-85 loans	588.98	
	3914.31	Non-Plan Loans	3846.97	
	6612.50	Loans for state plan scheme	7286.29	
	10.61	Loans for central plan scheme	9.91	
	14.24	Loans for Centrally Sponsored Plan Scheme	16.60	
	42.96	Ways and means advances	42.96	
<b>350.00</b>		<b>Contingency Fund</b>		<b>350.00</b>
<b>7624.55</b>		<b>Small Saving, Provident Fund etc.</b>		<b>7684.16</b>
<b>2099.22</b>		<b>Deposits</b>		<b>2278.01</b>
<b>380.54</b>		<b>Reserve funds</b>		<b>447.54</b>
<b>29475.82</b>		<b>Total</b>		<b>32706.38</b>
<b>Assets</b>				
<b>12618.76</b>		<b>Gross capital outlay on fixed assets</b>		<b>13361.23</b>
	678.61 <sup>@</sup>	Investment in shares of companies corporation etc.	688.85	
	11940.15	Other Capital Outlay	12672.38	
<b>6952.84</b>		<b>Loans and advances</b>		<b>7473.60</b>
	5023.92	Loans for power project	5508.24	
	1850.69	Other Development Loans	1889.12	
	78.23	Loans to Government servants and Misc. loans	76.24	
<b>93.80</b>		<b>Advances</b>		<b>93.82</b>
<b>1560.08</b>		<b>Remittance Balance</b>		<b>1620.32</b>
<b>300.50</b>		<b>Suspense and Misc. Balance</b>		<b>965.95</b>
<b>207.01</b>		<b>Cash</b>		<b>128.57</b>
	67.79	Departmental Cash Balance	78.12	
	0.17	Permanent advances	0.17	
	0.10	Investment of earmarked funds	0.10	
	138.95	Cash Balance Investment	50.18	
<b>7742.83</b>		<b>Deficit on Government Accounts</b>		<b>9062.89</b>
	770.31	Revenue deficit	1320.06	
	6972.52	Accumulated deficit	7742.83	
<b>29475.82</b>		<b>Total</b>		<b>32706.38</b>

@ Excludes investment of Rs. 9.05 crore made from Revenue Accounts.

## EXHIBIT – II

### ABSTRACT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2001-2002

(Rupees in crore)

Receipts				Disbursement					
2000-2001			Total 2001-2002	2000-2001		2001-2002			Grand Total
Section – A – Revenue						Non-Plan	Plan	Total	
11177.32	I- Revenue receipts		9839.29		I- Revenue expenditure				11159.35
2809.23	- ABC revenue	2318.95		6983.70	-General services	6300.02	22.86	6322.88	
711.68	- Non- tax Revenue	286.70		4808.80	- Social services	3141.72	390.51	3532.23	
6575.63	State's share of union taxes	6176.62		3269.28	- Education sport, Art, and culture	2385.56	92.57	2478.13	
185.40	- Non plan grants	267.08		680.18	- Health and Family Welfare	342.96	175.65	518.61	
625.08	- Grants for state plan scheme	477.20		214.99	- Water Supply, Sanitation Housing and Urban Development	131.20	5.13	136.33	
270.30	- Grants for central and centrally sponsored plan scheme	312.74		518.47	- Social Welfare and Nutrition	189.45	68.68	258.13	
				125.88	-Others	92.55	48.48	141.03	
				1712.74	- Economic Services	848.14	454.28	1302.42	
				337.80	-Agriculture and Allied Activities	197.94	62.63	260.57	
				617.82	- Rural Development	164.92	315.70	480.62	
				@	-Special Area Programme	-	-	-	
				388.56	- Irrigation and Flood control	288.30	36.00	324.30	
				217.07	-Transport	126.00	1.75	127.75	
				153.45	Others	72.80	38.20	111.00	
11177.32			9839.29	13507.20	<b>Total</b>	<b>10291.70</b>	<b>867.65</b>	<b>11159.35</b>	
2329.88	II- Revenue deficit carried over to Section –B		1320.06		II- Revenue surplus Carried over to Section-B				
<b>SECTION – B</b>									
(-)663.18	III- Opening cash including permanent advances and cash balance Investment		(-)474.38		III- Opening overdraft from RBI				
	IV- Miscellaneous capital receipts			1075.51	IV- Capital outlay				742.48
				8.80	-General services	-	19.19	19.19	
				84.32	-Social services	-	43.49	43.49	
				18.78	-Education Sports, Art, and culture	-	23.57	23.57	
				26.99	-Water supply, sanitation	-	17.00	17.00	
				22.90	-Housing and urban development	-			

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Receipts				Disbursement					
2000-2001			Total 2001-2002	2000-2001		2001-2002			Grand Total
Section – A - Revenue						Non-Plan	Plan	Total	
				982.53	-Economic services		679.80	679.80	
				12.58	Agriculture and Allied Activities		-	-	
				375.10	- Rural development		334.12	334.12	
				439.07	- Irrigation and Flood Control		299.95	299.95	
				171.42	Other Economic Services		48.65	48.65	
10.58	V –Recoveries of Loans and Advances		12.95	680.46	V –Loans and Advances disbursed				533.71
0.06	-From Power Project	Nil		588.46	-For power project			482.42	
10.52	-From Others	12.95		92.00	To others			51.29	
	VI-Revenue surplus brought down			2329.88	VI-Revenue deficit brought down				1320.06
3527.70	VII-Public debt receipts		3757.67	807.07	VII-Repayment of Public Debt				624.02
2044.85	-Internal debt other than Ways and Means Advance and overdraft	2681.01		70.37	-Internal debt other than Ways and Means Advances and overdraft			95.79	
237.19	Net transactions under Ways & Means Advances and overdraft	-		186.07	Net transactions under Ways and Means Advance and Overdraft				
1245.66	-Loans and Advances from Central Government	1076.66		550.63	Repayment of Loans and Advances from Central Government			528.23	
5384.59	VIII-Public Account Receipts		3093.43	3841.16	VIII-Public Account Disbursements				3513.74
1033.29	-Small Savings and Provident Fund	770.05		719.31	-Small Savings and Provident Funds			710.44	
355.07	Reserve Funds	67.01		0.10	-Reserve Funds			0.01	
1108.82	-Suspense and Misc. Allowances	(-)446.56		458.48	-Suspense and Misc.			218.89	
1156.86	Remittances	635.28		1195.95	-Remittances			695.52	
1730.54	-Deposit and Advances	2067.65		1467.32	-Deposit and Advances			1888.88	
	IX-Closing Overdraft from Reserve Bank of India	-		(-) 474.38	IX-Cash Balance at end				(-)344.34
				-	-Cash in Treasuries and Local Remittances				-
				-681.40	-Deposit with Reserve Bank			(-)472.92	
				67.96	-Department Cash Balance including Advance			78.30	
				0.10	Investment of earmarked funds			0.10	
				138.96	-Cash balance Investment			50.18	
8259.68	Total		6389.67	8259.68					6389.67



**EXHIBIT – III**

**SOURCES AND APPLICATION OF FUNDS**

Sources				
2000-2001				2001-2002
(Rupees in crore)				
11177.32		1. Revenue receipts		9839.29
10.58		2. Recoveries of loans and advances		12.95
2720.63		3. Increase in public debt other than overdraft		3133.65
1543.43		4. Net receipts from public account		(-)420.31
	313.98	Increase in small savings	59.61	
	263.22	Increase in deposit and advances	178.77	
	354.97	Increase in reserve fund	67.00	
	650.34	Net effect of suspense and miscellaneous transaction	(-)665.45	
	(-) 39.09	Net effect of remittance transactions	(-)60.24	
	--	5. Net effect of Contingency Fund transactions	-	-
15451.96		<b>Total</b>		12565.58
Application				
2000-2001				
	13507.20	1. Revenue expenditure		11159.35
	680.46	2. Lending for development and other purposes		533.71
	1075.51	3. Capital expenditure		742.48
	188.79	4. Increase in closing cash balance		130.04
15451.96		<b>Total</b>		12565.58

**Explanatory notes for Exhibit I, II and III:**

1. The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts.
2. Government accounts being mainly on cash basis, the deficit on Government account, as shown in Exhibit I, indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures etc., do not figure in the accounts.
3. Remittance, Suspense and miscellaneous balances include cheques issued but not paid, payments made on behalf of other states and other transactions pending settlement etc.
4. In terms of the Bihar Reorganisation Act 2000 (No. 30 of 2000) the apportionment of assets and liabilities of the composite State of Bihar immediately prior to the appointed day (15 November 2000) as also other financial adjustments has so far been made in respect of Public Debt and Cash balance only.

#### **1.4 Financial operations of the State Government**

**1.4.1** Exhibit II gives the details of the receipts and disbursements made by the State Government. The Revenue expenditure (Rs 11159 crore) during the year exceeded the revenue receipts (Rs 9839 crore) resulting in a revenue deficit of Rs 1320 crore. Revenue receipts comprised tax revenue (Rs 2319 crore), non-tax revenue (Rs 287 crore), State's share of Union Taxes and duties (Rs 6176 crore) and grants-in-aid from the Central Government (Rs 1057 crore). Thus, the state's own revenue could meet barely 23 per cent of the revenue expenditure of the state.

The main sources of tax revenue were Sales tax (61 per cent), State Excise (10 per cent), Stamps and Registrations fees (13 per cent) and Taxes on Vehicles (6 per cent). Non-tax revenue came from Social Services (41 per cent), Economic Services (39 per cent), General Services (16 per cent), and Interest receipts (4 per cent). The decrease of Rs 1339 crore in Revenue Receipts during 2001-2002 was mainly on account of full year's effect of reorganisation of the State with effect from 15<sup>th</sup> November, 2000.

**1.4.2** The Capital receipts comprised Rs 3758 crore from Public Debt and Rs 13 crore from recoveries of loans and advances. Against this, the expenditure was Rs 742 crore on Capital outlay, Rs 534 crore on disbursement of loans and advances and Rs 624 crore on repayment of Public debt. Rural development and Irrigation & Flood control consumed nearly 85% of the capital outlay during the year while 90 per cent of the loans and advances were for the Power projects during the year.

The receipts in the Public Account amounted to Rs 3093 crore, against which Rs 3514 crore were disbursed. The net effect of the transactions in the Consolidated Fund, Contingency Fund and Public Account was an increase of Rs 130 crore in the cash balance at the end of the year.

**1.4.3** The financial operations of the State Government pertaining to its receipts and expenditure are discussed in the following paragraphs, with reference to the information contained in Exhibit II and the time series data for the five year's period from 1997-98 to 2001-02, presented in Exhibit IV.

**EXHIBIT – IV**

**TIME SERIES DATA ON STATE GOVERNMENT FINANCES  
(Refer to Paragraph 1.4.3)**

(Rs in crore)

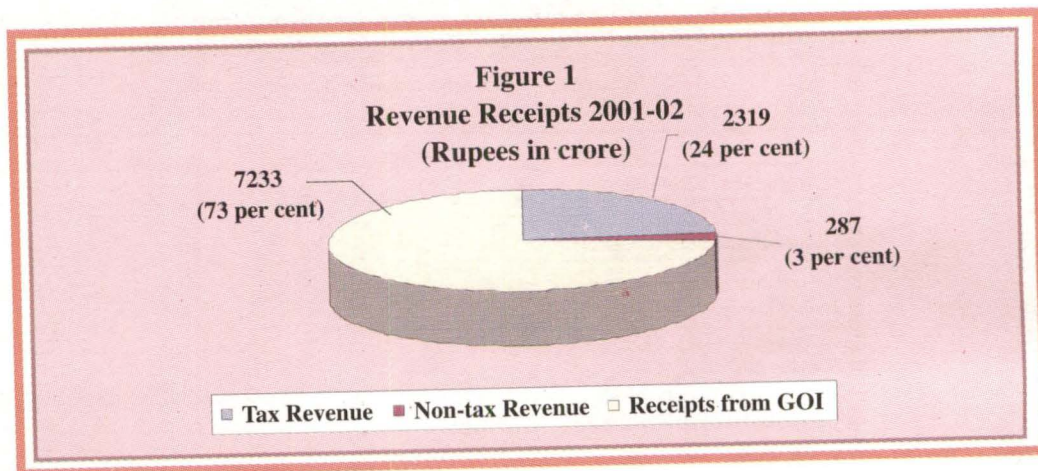
	1997-98	1998-99	1999-2000	2000-2001	2001-2002
<b>Part A. Receipts</b>					
1. Revenue Receipts	9479	9296	10659	11177	9839
(i) Tax Revenue	2400(25)	2682(29)	3085(29)	2809(25)	2319(24)
Tax on Sales, Trade, etc.	1568(65)	1822(68)	2068(67)	1821(65)	1413(61)
State Excise	226(9)	240(9)	278(9)	243 (9)	239(10)
Taxes on vehicles	174(7)	165(6)	178(6)	224(8)	142(6)
Stamps and Registration fees	253(11)	279(10)	326(11)	302(11)	304(13)
Land Revenue	23(1)	25(1)	29(1)	34(1)	34(2)
Other Taxes	155(6)	151(6)	206(7)	185(7)	187(8)
(ii) Non Tax Revenue	1225(13)	1146(12)	1166(11)	712(6)	287(3)
(iii) State's share in Union taxes and duties	4074(43)	4441(48)	4962(46)	6576(59)	6177(63)
(iv) Grants in aid from GOI	1780(19)	1027(11)	1446(14)	1080(10)	1057(11)
2. Misc. Capital Receipts	-	-	-	-	-
3. Total revenue and Non Debt capital receipts (1+2)	9479	9296	10659	11177	9839
4. Recovery of Loans and Advance	15	10	12	11	13
5. Public Debt Receipts					3758
Internal Debt (Excluding Ways & Means Advances & Overdrafts)	717	734	427	2045	2681
Loans and advances from Government of India	1792	2809	3046	1246	1077
Net Transaction under ways and means advances	Nil	Nil	Nil	237	-
6. Total receipt in the Consolidated fund (3+4+5)	12003	12849	14144	14716	13610
7. Contingency Fund Receipts	209	-	3	-	-
8. Public Accounts receipts	28244	35744	31087	10462	7719
9. Total receipts of the State (6+7+8)	40456	48593	45234	25229	21329
<b>Part B. Expenditure/ Disbursement</b>					
10. Revenue expenditure	10530(90)	11563(89)	14362(86)	13507(89)	11159(90)
Plan	1700(16)	1737(15)	1541(11)	839(6)	867(8)
Non-Plan	8830(84)	9826(85)	12821(89)	12668(94)	10292(92)
General Services (including interest payments)	4499(43)	5309(46)	6505(45)	6983(52)	6323(57)
Social Services	3897(37)	4012(35)	5483(38)	4809(35)	3532(31)
Economics Services	2133(20)	2240(19)	2326(16)	1713(13)	1302(12)
Grants in aid and Contributions	1.93	2.21	48.06	1.96	1.82
11. Capital Expenditure	560	824	1233	1076	742
Plan	560(100)	818 (100)	1233 (100)	1076 (100)	742(100)
Non-Plan	Negligible	6	Negligible	Negligible	Negligible
General Services	8(1)	10(1)	11(1)	9(1)	19(2)
Social Services	107(19)	149(18)	97(8)	84(8)	43(6)
Economics Services	445(80)	665(81)	1125(91)	983(91)	680(92)
12. Disbursement of Loans and Advances	642	579	1072	680	534

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	1997-98	1998-99	1999-2000	2000-2001	2001-2002
13. Total expenditure (10+11+12)	11732	12956	16667	15263	12435
14. Repayment of Public Debt	527	511	799	807	624
Internal Debt (excluding Ways and Means Advances and Overdrafts)	57	15	240	71	96
Net transactions under Ways and Means Advances and Overdraft	Nil	Nil	Nil	186	Nil
Loans and Advance from Government of India	470	497	559	550	528
15. Appropriation to Contingency Fund	-	-	-	-	-
16. Total disbursement out of consolidated fund (13+14+15)	12259	13467	17466	16070	13059
17. Contingency Fund disbursements	3	Nil	Nil	Nil	Nil
18. Public Account disbursements	28107	35887	27533	8966	8060
19. Total disbursement by the state (16+17+18)	40369	49354	44999	25036	21119
<b>Part C. Deficits</b>					
20. Revenue Deficit (1-10)	1052	2267	3703	2330	1320
21. Fiscal Deficit (3+4-13)	2239	3659	5996	4075	2583
22. Primary Deficit (21-23)	177	1247	3129	933	(-46)
<b>Part D. Other Data</b>					
23. Interest payment (included in revenue exp.)	2062	2412	2867	3142	2629
24. Arrears of Revenue (Percentage of tax & non-tax Revenue Receipts)	1272(35)	1616(42)	2211(52)	1012(29)	1237 (47)
25. Financial Assistance to local bodies etc.	790	859	705	634	565
26. Ways and Means Advance/ Overdraft availed (days)	Nil	Nil	117	188	229
27. Interest on WMA/ Overdraft	Nil	Nil	Nil	12	12
28. Gross State Domestic Product (GSDP)	60870	66253	72083	49383*	50987*
29. Outstanding debt (year end)	15738	18770	21444	18340	21474
30. Outstanding guarantees (year end)	244	190	172	-	-
31. Maximum amount guaranteed (year end)	N.A	N.A	N.A	N.A	N.A
32. Number of incomplete projects	23	23	23	23	22
33. Capital blocked in Incomplete projects	53	86	138	116	30

**Note:** Figure in brackets represent percentage (rounded) to total of each sub heading.

\* Quick estimates figure provided by the Government of Bihar.



### 1.5 Revenue receipts

1.5.1 The revenue receipt consists mainly of tax and non-tax revenue and receipts from Government of India (GOI). Their relative shares are shown in Figure 1. The revenue receipts during 2001-2002 declined by 12 per cent against previous year primarily on account of separation of Jharkhand..

#### 1.5.2 Tax revenue

These constituted barely 24 per cent of the revenue receipts. Their share was 29 per cent during 1998-99 and 1999-2000. Sales tax (61%), Stamps and Registration (13%), State Excise(10%) were the principal contributors. Exhibit IV shows that the decline was mainly under Sales Tax, State Excise, Taxes on vehicles and other taxes during the year due to transfer of one third districts to Jharkhand.

#### 1.5.3 Non-tax revenue

During 2001-02 the non-tax revenue constituted only 3 per cent of the revenue receipts of the Government. It came down from 13 per cent in 1997-98 mainly due to transfer of major mining areas to Jharkhand.

#### 1.5.4 State's share of Union taxes and duties and grants-in-aid from the Central Government

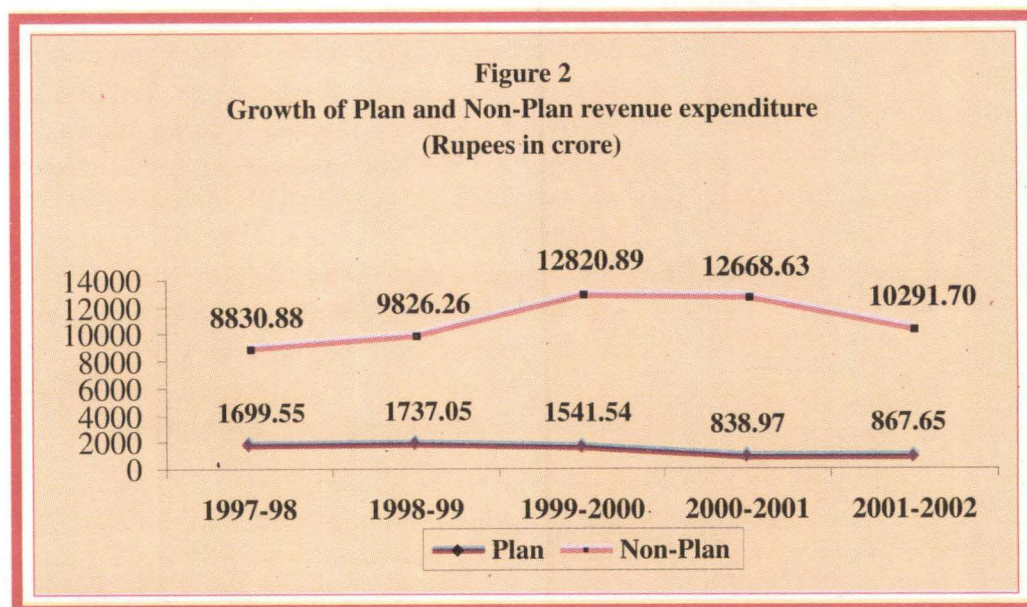
These constituted the major share (73 per cent) of the revenue receipts. Receipts of the State by way of its share in Union taxes (Custom and excise duties and income and corporation taxes) decreased by 6 per cent in 2001-02 resulting in decrease in its share in overall receipts of the State. Relative share of Grants-in-aid from the Central government decreased by 2 per cent from previous year. Compared to 1997-98, share of own sources in the Revenue Receipts of the State declined from 38 per cent to 27 per cent in 2001-02 with corresponding increase in the share of central tax transfers and grants-in-aid.

### 1.6 Revenue expenditure

1.6.1 The revenue expenditure during the year accounted for 90 per cent of the expenditure of the State Government. While non-plan revenue expenditure



decreased by two per cent (Rs 2377 crore), Plan expenditure increased by 3 per cent (Rs 29 crore). Further disaggregation of revenue expenditure into the activities indicated that all the main three sectors of revenue expenditure, viz. General Services, Social Services and Economic Services registered a decrease of 9 per cent, 27 per cent and 24 per cent respectively, which can be attributed to impact of reorganisation of the State with effect from 15<sup>th</sup> November 2000.



**1.6.2** Sector wise analysis shows that while the expenditure on General Services (Interest payment, Pension, Administrative services etc) increased by 41 per cent, from Rs 4499 crore in 1997-98 to Rs 6223 crore in 2001-2002, there was decrease in expenditure on Social Services and Economic Services by 9 and 39 per cent respectively. As a proportion of total expenditure, the share of General Services increased from 43 per cent in 1997-98 to 57 per cent in 2001-2002, and that of Social Services decreased to 31 per cent from 37 per cent whereas the share of Economic Services declined from 20 per cent to 12 per cent.

Interest Payments (Rs 2629 crore), Pensions (Rs 2273 crore) and Administrative Services (Rs 1106 crore) alone consumed 61 per cent of the total revenue receipts of the state. The following table gives the expenditure incurred on these General Services and its components.

Year					Rupees in crore	
	Pensions	Interest	Others	Total	Revenue Expenditure	Revenue Receipts
1997-98	777	2062	1660	4499	10530	9479
1998-99	1024	2412	1874	5310	11563	9296
1999-00	1241	2867	2397	6505	14362	10659
2000-01	2011	3142	1831	6983	13507	11177
2001-02	2273	2629	1421	6323	11159	9839

The above table shows a significant rise in the trend of Pension expenditure. With the increase in the number of retirees, the pension liabilities are likely to increase further in future. The State Government has not constituted any fund to meet the fast rising pension liabilities of the retired state employees.

Considering the rate at which pension liabilities are increasing, reforms in the existing pension schemes assume critical importance. Government may consider formulating alternate policy to meet the expenditure on this Social Security Scheme meant for government servants.

### **1.6.3 Interest payments**

Interest payments increased by nearly 27 per cent from Rs 2062 crore in 1997-98 to Rs 2629 crore in 2001-2002. Though interest payment decreased by Rs 513 crore (16 per cent) as compared to 2000-01 due to distribution of public debt between Bihar and Jharkhand during the year, it continued to be the single most important head of expenditure, consuming the entire state's own revenue.

The Eleventh Finance Commission (August 2000) has recommended that as a medium term objective, states should endeavour to keep interest payment as a ratio to revenue receipts to 18 per cent. It was however observed that interest payments as percentage of revenue receipts was 27 per cent during the year primarily due to continued reliance on borrowings for financing the fiscal deficit.

Whereas the weighted average rate of interest of market borrowing (Rs 1116 crore) during the year was 8.79 per cent per annum, the State Government borrowed Rs 1532.96 crore from National Small Saving Fund at the interest rate of 11.5 per cent per annum and Rs 1076.65 crore from Government of India at the rate of 12 per cent per annum. The State Government did not use the option of raising the market borrowing at competitive rates through auctions.

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

The quantum of assistance provided to different local bodies etc., during the period of five years ending 2001-2002 was as follows: -

	1997-98	1998-99	1999-2000	2000-01	2001-2002
	(Rupees in crore)				
University and Education Institutions	382.82	417.34	518.65	463.00	369.13
Municipal Corporations and Municipalities	25.90	27.21	115.44	57.18	28.99
Zila parishads and Panchayati Raj Institutions	26.37	5.89	6.93	2.90	106.60
Development agencies	241.64	226.86	34.76	61.32	12.87
Other Institutions	113.45	181.93	29.29	49.20	47.05
Total	790.18	859.23	705.07	633.60	564.64
Percentage of growth over previous year	(-) 0.49	9	(-) 17.94	(-) 10.14	10.88
Assistance as a percentage of revenue expenditure	8	7	5	5	5



On overall basis compared to 1997-98 financial assistance to local bodies and other institutions declined by 29 per cent during 2001-02 mainly due to reorganisation of the State.

### 1.7 Capital expenditure

Capital expenditure leads to assets creation. In addition, financial assets arise from moneys invested in institutions or undertakings outside Government i.e. public sector undertakings (PSUs), corporations etc., and loans and advances.

1.7.1 During 2001-2002, the share of capital expenditure decreased to 6 per cent from 7 per cent in the previous year. Exhibit IV shows that most of the capital expenditure was incurred on Economic and Social Services on plan side. Under Economic Services the outlay during the year was mainly on Irrigation and Flood Control (Rs 300 crore), Rural Development Programmes (Rs 334 crore), Roads and Bridges (Rs 34 crore) and Power Project (Rs 11 crore) while those under Social Services was mainly on Education, Art and Culture (Rs 24 crore), Health and Family Welfare (Rs 3 crore), Water Supply (Rs 17 crore). Low investment in capital expenditure was the main reason for the low growth of assets.

### 1.7.2 Loans and Advances by the State Government

The Government gives loans and advances to Government companies corporations, local bodies, autonomous bodies, co-operatives, non-Government institutions etc., for developmental and non-developmental activities. The position for the last five years given below shows that during 1997-2002 repayments were negligible (less than 1 per cent of the opening balance) and the closing balance increased by about 37.72 per cent. The negligible recovery of loans was one of the major reasons for poor financial health of the State Government and contributed significantly to the increase in Fiscal Deficit.

Out of loans advanced to local bodies, statutory corporations, private institutions, companies and individuals the detailed accounts of which were kept by the Accountant General (Accounts and Entitlements) Bihar, recovery was always insignificant and Rs 3574.71 crore (principal Rs 1613.19 crore and interest Rs 1961.52 crore) was in arrears as on 31 March 2002. Details in respect of loans, the detailed accounts of which were maintained by the departmental officers, had not been furnished to the Accountant General (Accounts and Entitlements). Hence the actual amount of loans overdue for recovery was understated:

	1997-98	1998-99	1999-2000	2000-01	2001-2002
	(Rs in crore)				
Opening balance	4027.15	4654.79	5223.26	6282.97	6952.84
Amount advanced during the year	642.18	578.56	1071.79	680.46	533.71
Amount repaid during the year	14.54 (0.36)	10.09 (0.22)	12.08 (0.23)	10.59 (0.17)	12.95 (0.19)
Closing balance	4654.79	5223.26	6282.97	6952.84	7473.60
Net addition	627.64	568.47	1059.71	669.87	520.76
Interest received	7.11 (0.18)	2.31 (0.05)	22.31 (0.43)	8.58 (0.14)	11.75 (0.17)

(Note: Figures in brackets represent percentage to opening balance.)

## 1.8 Quality of expenditure

**1.8.1** Government spends money for different activities ranging from maintenance of law and order and regulatory functions to various developmental activities. Government expenditure is broadly classified into Plan and Non-plan and Revenue and Capital. While the Plan and Capital expenditure is usually associated with asset creation; the non plan and revenue expenditure is identified with expenditure on establishment, maintenance and services. By definition, therefore, Plan and Capital expenditure can be viewed as contributing to the quality of expenditure.

**1.8.2** Wastage in public expenditure, diversion of funds and funds blocked in incomplete projects would also impinge negatively on the quality of expenditure. Similarly, funds transferred to Deposit heads in the Public Account, after booking them as expenditure, can also be considered as a negative factor in judging the quality of expenditure. As the expenditure was not actually incurred in the concerned year it should be excluded from the figures of expenditure for that year. Another possible indicator is the increase in the expenditure on General Services, to the detriment of Economic and Social Services.

The following table lists out the trend in these indicators:

		1997-98	1998-99	1999-2000	2000-2001	2001-2002
1.	Plan expenditure as a percentage of:					
	- Revenue Expenditure	16	15	11	6	8
	- Capital Expenditure	100	100	100	100	100
2.	Capital expenditure (Percent)	5	6	7	7	6
3.	Non-remunerative Expenditure on incomplete project (per cent)	53	86	138	116	30

It would be seen that the share of Plan expenditure on the revenue side has sharply gone down from 16 per cent in 1997-98 to 8 per cent in 2001-2002. The share of capital expenditure in the total expenditure remained consistently low and ranged between 5 and 7 per cent during the period.

### 1.8.3 Plan performance

Poor performance of the Bihar Government in respect of Plan expenditure was commented in The Report of the Comptroller and Auditor General of India for the year ended 31 March 2000 and March 2001 (Civil). Poor performance persisted during the year 2001-2002 also as discussed below:

State Government raised market loans and obtained central loans and receipts from Central Government aggregating Rs 2614.99 crore for State Plan Scheme during 2001-02. Against this, only Rs 1263.12 crore (48 per cent) were spent on State Plan Schemes. There was no surplus from current revenue to finance the State Plan Schemes.



It was also seen from the Appropriation Accounts of the State Government for the year 2001-2002 that out of the budgeted provisions, the State Government failed to spend Rs 1557.45 crore (48.45 per cent) under various State Plan Schemes (Rs 1292 crore) as well as Centrally Sponsored Schemes (Rs 231 crore) and Central Plan Schemes (Rs 34 crore) vide Appendix II. The overall savings constituted 17 per cent of the total budget provisions. Further discussion on savings are included in paragraph 2.3.

## 1.9 Financial management

The issue of financial management in the Government should relate to efficiency, economy and effectiveness of its revenue and expenditure operations. Subsequent chapters of this report deal extensively with these issues especially as they relate to the expenditure management in the Government, based on the findings of the test audit. Some other parameters, which can be segregated from the accounts and other related financial information of the Government, are discussed in this section.

### 1.9.1 Investments and returns

Investments are made out of the capital outlay to promote developmental, manufacturing, marketing and social activities. The sector-wise details of investments made and the number of concerns involved were as under:

Sector	Number of concerns	Amount invested	
		As on 31 March 2002	During 2001-02
(Rupees in crore)			
(i) Statutory Corporations	3	102.01	1.00
(ii) Government Companies	36	345.41	0.20
(iii) Joint Stock companies	10	3.88	-
(iv) Cooperative Institutions	NA	237.55	-
<b>Total</b>	<b>49</b>	<b>688.85</b>	<b>1.20</b>

The returns realized by Government during the last five years by way of dividend and interest from its investments were insignificant.

Year	Investment during the year	Investment at the end of the year	Return	Percentage of return	Percentage of interest on Government borrowing per annum
(Rupees in crore)					
1997-98	0.09	641.31	Rs 1000 only	Nil	13.75
1998-99	14.03	646.34	Rs 192 only	Nil	12.50
1999-2000	2.74	649.08	Rs 1.10 crore	0.17	11.30
2000-2001	29.53	687.66	Rs. 4500 only	Nil	12.00
2001-2002	1.20	688.85	Rs 65417 only	Nil	10.35

Thus, while the Government was raising high cost borrowings from the market, its investments in Government companies etc., fetched either negligible or nil return.

According to the latest finalised accounts of 30 Government Companies (out of 36 listed in Statement no. 14 of the Finance Accounts) and 3 Statutory corporations, 29 companies and 2 Corporations had incurred an aggregate accumulated loss of Rs 338.66 crore and Rs 866.48 crore respectively and remaining one company and one corporation earned an aggregate accumulated profit of Rs 5.68 crore and Rs 5.32 crore respectively. Finalisation of accounts of these companies were in arrear for about a decade or more. Information about status of accounts of 6 companies was not available.

One Statutory Board, viz. Bihar State Electricity Board to whom Government has advanced loans aggregating Rs 4688.65 crore upto 2001-02, sustained aggregate accumulated loss of Rs 4646.30 crore upto 1999-2000.

Besides, Government had made investments in share capital of two more Government Companies, viz. Bihar State Police Building Corporation Ltd. (Rs 0.10 crore) and Tenughat Vidyut Nigam Ltd. (Rs 100.00 crore) but the source from which these investments were made has not been pointed out and as such these could not be reflected specifically in the Finance Accounts. The two companies have incurred an aggregate accumulated loss of Rs 0.49 crore (up to 1988-89) and Rs 221.83 crore (up to 1993-94) respectively.

### **1.9.2 Incomplete projects**

Of 22 Irrigation Projects (major: 11; medium: 11) Rs 1174 crore was blocked in 19 Irrigation Projects (major: 09 and medium: 10) as of March 2002 vide Appendix III. Figures of capital blocked in 3 Irrigation Projects (major: 2; medium: 1) were not available. The projects which got substantial investments during 2001-2002 were (i) Eastern Kosi Canal Project (Rs 3.02 crore), (ii) Sone Canal Modernisation Project (Rs 26.99 crore). This showed that the Government was spreading its resources thinly which failed to yield any return.

### **1.9.3 Arrears of revenue**

As on 31 March 2002, arrears of revenue pending collection under eight of the principal heads of revenue, as reported by the departments were Rs 1236.63 crore and pertained to Taxes on Sales, Trades etc. (Rs 698.72 crore), State Transport (Rs 80.32 crore), Non-Ferrous Mining and Metallurgical Industries (Rs 75.28 crore), State Excise (Rs 44.73 crore), Sugar Cane Development Department (Rs 16.18 crore), Electricity Duty (Rs 9.03 crore), Entertainment Tax (Rs 7.00 crore), Water Rates (Rs 0.95 crore). The amount of arrears of revenue mentioned above was understated as information was not furnished by Secretaries of other departments of the Government (September 2003).

### **1.9.4 Ways and means advances and overdraft**

Under an agreement with the Reserve Bank of India, the State Government had to maintain with the Bank minimum daily cash balance of Rs 1.73 crore with effect from 15 November, 2000. If the balance fell below the agreed minimum on any day, the deficiency had to be made good by taking ways and means advances (WMA)/overdraft (OD) from the Bank. In addition, special ways and



means advances are also made by the Bank whenever necessary. Recourse to WMA/OD means a mismatch between the receipts and expenditure of the Government, and hence reflects poorly on the financial management in Government. During the year 2001-2002, the Government took ways and means advance of Rs 2593.23 crore (106 days) and overdraft of Rs.3229.53 crore (123 days) and Reserve Bank of India recovered interest of Rs 7.86 crore on WMA during 2001-2002 and Rs 3.94 crore on overdraft.

### 1.9.5 Deficit

**1.9.5.1** Deficits in Government account represent gaps between the receipts and expenditure. The nature of deficit is an important indicator of the prudence of financial management in the Government. Further, the ways of financing the deficit and the application of the funds raised in this manner are important pointers of the fiscal prudence of the Government. The discussion in this section relates to three concepts of deficit viz, Revenue Deficit, Fiscal Deficit and Primary Deficit.

**1.9.5.2** The Revenue Deficit is the excess of revenue expenditure over revenue receipts. The Fiscal Deficit may be defined as the excess of revenue and capital expenditure (including net loans given) over the revenue receipts (including grants-in-aid received). Primary deficit is fiscal deficit less interest payments. The following exhibit gives a break up of the deficit in Government account.

CONSOLIDATED FUND (CF)		(Rupees in crore)		
Receipt	Amount	Disbursement	Amount	
Revenue	9839	Revenue deficit	11159	
Misc. capital receipts	-	1320	Capital	742
Recovery of loans and advances	13		Loans and advances disbursement	534
<b>Sub Total</b>	<b>9852</b>	<b>Gross fiscal deficit 2583</b>	<b>Sub Total</b>	<b>12435</b>
Public debt	3758		Public debt repayment	624
Total	13610	<b>A: Surplus in C.F. 551</b>		13059
		<b>B: CONTINGENCY FUND -PUBLIC ACCOUNT</b>		--
Small saving PF etc	770		Small saving PF etc	710
Deposits & advances	2068		Deposits & advances	1889
Reserve funds	67		Reserve funds	Negligible
Suspense & misc.	(-447)		Suspense & misc.	219
Remittances	635		Remittances	696
Total Public Account	3093	<b>C: Deficit in Public Account financed by CF 421</b>		3514
<b>Increase in cash balance (A-B+C): 130</b>				

The table shows that the Revenue Deficit of Rs. 1320 crore was met by borrowings. The net proceeds of the public debt (Rs. 3134 crore) was in excess of the fiscal deficit (Rs 2583 crore) resulting in surplus in consolidated fund (Rs 551 crore). The surplus in the Consolidated Fund was partly applied in financing the deficit in Public Account (Rs 421 crore) The remaining surplus in consolidated fund resulted into increase in cash balance by Rs 130 crore. Exhibit IV shows that both the deficits which had steeply risen during 1997-98 to 1999-2000, came down by 64 and 57 per cent respectively during 2000-2001 and 2001-2002 from 1999-2000. This was, however, due to a substantial increase in central tax transfers on the recommendations of the Eleventh Finance Commission and a decline in its revenue and total expenditure with the reorganisation of the State in November 2000.

### **1.9.5.3 Application of the borrowed funds (Fiscal Deficit)**

The fiscal deficit represents total net borrowings of the Government. These borrowings are applied for meeting the Revenue Deficit (RD), for making the Capital Expenditure (CE) and for giving loans to various bodies for developmental and other purposes. The relative proportions of these applications would indicate the financial prudence of the State Government and also the sustainability of its operations because continued borrowing for revenue expenditure would not be sustainable in the long run. The following table shows the position in respect of the Government of Bihar for the last five years.

<b>Ratio</b>	<b>1997-98</b>	<b>1998-99</b>	<b>1999-2000</b>	<b>2000-2001</b>	<b>2001-2002</b>
RD/FD	0.47	0.62	0.62	0.57	0.51
CE/FD	0.25	0.22	0.20	0.26	0.29
Net loans/FD	0.28	0.16	0.18	0.17	0.20
<b>Total</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>

It would be seen that during last 4 years, more than 50 per cent of the borrowed funds were applied for meeting the revenue expenditure. The application of the most of borrowings to revenue expenditure and lack of emphasis in capital formation indicates a situation of fiscal stress marked by induced borrowings, heavy interest outgo, low capital investment and higher indebtedness.

### **1.9.6 Guarantees given by the State Government**

Guarantees are given by the State Government for due discharge of certain liabilities like repayment of loans, share capital, etc., raised by the statutory corporations, government companies and cooperative institutions etc., and payment of interest and dividend by them. They constitute contingent liability of the State. No law under Article 293 of the Constitution had been passed by the State Legislature laying down the maximum limits within which Government may give guarantees on the security of the Consolidated Fund of the State. The position regarding the amount of guarantees given by the Government for payment of loan, payment of interest thereon and sums outstanding at the end of the years 1997-98 to 2001-2002 was as under:

Position at the end of the year	Amount guaranteed (Principal only)	Amount outstanding	
		Principal	Interest
(Rupees in crore)			
1997-98	243.78	199.34	Not Intimated By Government
1998-99	190.17	962.28	
1999-2000	171.92	852.25	
2000-2001	39.95	624.43	
2001-2002	39.95	209.21	

These guarantees have been given on behalf of 4 Statutory Corporations/Boards, 11 Government Companies, 3 Joint Stock Companies, 5 Autonomous Bodies, 2 Co-operative Banks and several Co-operative Societies. In case of default of repayment of principal and interest by the loanees, the responsibility of repayment of loan with interest will devolve on the State Government.

It was mentioned in Paragraph 1.10.4 (a) of the Report of the Comptroller and Auditor General of India for the year ended March 1998 (Civil) that Rs 718.17 crore were paid by the Government in discharge of guarantees during 1990-98. Amount paid on discharge of guarantees during 1998-99 was not furnished by the State Government. During 1999-2001 Government paid a total sum of Rs. 396.71 crore in discharge of guarantees for repayment of principal and payment of arrear of interest for the period 1<sup>st</sup> January 1997 to 31<sup>st</sup> December 1998 on the bonds issued by Bihar State Electricity Board (principal: Rs. 305.63 crore and interest: Rs. 62.22 crore), Bihar State Road Transport Corporation (principal: Rs. 4.23 crore and interest: Rs. 0.70 crore) and Bihar State Financial Co-operation (Principal Rs 22.83 crore) and Bihar State Housing Board (interest: Rs. 1.10 crore). Similarly during 2001-2002 (Rs 98.10 crore) guarantees were discharged in respect of Bond issued by Electricity Board. These payments were treated as loans to the institutions concerned.

In view of heavy payments (Rs 1212.98 crore) made by Government during 1990-2002 in discharge of guarantees, the risk of liability to repay the large amount of outstanding guarantees in future year also cannot be ruled out.

## 1.10 Public debt

**1.10.1** The Constitution of India provides that a State may borrow within the territory of India, upon the security of Consolidated Fund of the State within such limits, if any, as may from time to time, be fixed by an Act of Legislature of the State. No law had been passed by the State Legislature laying down any such limit.

The details of the total liabilities of the State Government as at the end of the last five years are given in the following table. During 2001-2002 Government borrowed Rs 1116 crore in the open market at the weighted average interest rate of 8.79 per cent per annum. During the year 2001-2002, there was a net increase as Rs 2585 crore in public debt and Rs 306 crore in other liabilities.



(Rs in crore)

Year	Internal debt	Loans & advances from Govt. of India	Total Public debt	Other liabilities <sup>@</sup>	Total Liabilities	Ratio of debt to GSDP
1997-98	4676	11061	15737	7525	23262	33
1998-99	5395	13375	18770	8056	26826	40
1999-00	5582	15862	21444	9169	30613	42
2000-01	7097	11243	18340	10104	28444	58
2001-02	9682	11792	21474	10410	31884	63

The liabilities of the Government of Bihar depicted in the accounts however do not include the pension and other post retirement benefits payable to the serving/retired state employees, guarantees/letters of comforts issued by the State Government etc. The State Government has also not constituted any fund for meeting the fast rising pension liabilities in future.

Though the market borrowing was the cheapest source of finance with average weighted rate of interest of 8.79 per cent during the year, the State Government borrowed Rs.1532.96 crore from National Small Saving Fund at the rate of 11.5 per cent per annum and Rs.1076.65 crore from Government of India at the rate of 12 per cent per annum. As on 31<sup>st</sup> March 2002, 77 per cent of the existing market loans of the State Government carried the interest rate exceeding 11 per cent. Thus, the effective cost of borrowings on their past loans is much higher than the rate at which they are able to raise resources at present from the market. The maturity profile of the State Government market loans as of March 2002 indicate that 28.54 per cent of the total market loans are repayable within next five years while remaining loans are required to be repaid within 5 to 10 years.

**1.10.2** The amounts of funds raised through public debt, the amount of repayment and net funds available are given in the following table:

	1997-98	1998-99	1999-2000	2000-01	2001-2002
	(Rupees in crore)				
<u>Internal Debt including Ways &amp; Means Advances and Overdraft</u>					
-Receipts	717	734	3503	5414	8504
-Repayment (Principal +interest)	500	596	4025	4359	6821
-Net funds available	217	138	(-520)	1055	1683
(Per cent)	30	19	(-)15	19	20
<u>Loans &amp; advances from GOI</u>					
-Receipt during the year	1792	2809	3046	1246	1077
-Repayment (principal + interest)	1562	1792	2180	2264	1926
-Net funds available	230	1017	866	(-) 1018	(-)849
(Percent)	13	38	28	(-) 82	(-)79
<u>Other liabilities</u>					
Receipt during the year	2385	2503	3019	3059	2875

<sup>@</sup> Small savings, Provident funds etc., reserve funds and deposits.

	1997-98	1998-99	1999-2000	2000-01	2001-2002
	(Rupees in crore)				
-Repayment (principal + interest)	2263	2511	2445	2580	2898
-Net funds available	122	(-) 8	574	479	(-)23
(Per cent)	5	(-) 0.31	19	16	(-)0.8

It would be observed that nearly 93.5 per cent of the public debt was consumed in meeting the repayment of loans and interest payment and barely 6.5 per cent was available to the State Government for capital formation. Considering that the outstanding debt has been increasing year after year, the net availability of funds through public borrowings is going to reduce further.

### 1.10.3 Loans and advances from the Central Government

Position of loans and advances from Government of India for the last five years was as under:

(Rupees in crore)

Year	Additions during the year	Repayment of loans + interest		Total	Net inflow	Percentage of column 5 to column 2
		Principal	Interest			
1	2	3	4	5	6	7
1997-98	1791.80	470.04	1092.07	1562.11	229.69	87
1998-99	2808.93	499.51	1292.27	1791.78	1017.15	64
1999-2000	3045.97	558.85	1621.64	2180.49	865.48	72
2000-2001	1245.66	550.63	1713.03	2263.66	(-)1018.00	182
2001-2002	1076.66	528.23	1397.54	1925.77	(-)849.11	179

It would thus be evident that the state has fallen in a debt trap as it is borrowing just to pay back the principal of the loan and the interest thereon.

### 1.11 Indicators of financial performance

**1.11.1** A Government may either wish to maintain its existing level of activity or increase its level of activity. For maintaining its current level of activity it would be necessary to know how far the means of financing are sustainable. Similarly, if Government wishes to increase its level of activity it would be pertinent to examine the flexibility of the means of financing and finally, Government's increased vulnerability in the process. All the State Governments continue to increase the level of their activity principally through Five Year Plans which translate to annual development plans and are provided for in the State Budget. Broadly, it can be stated that while non-plan expenditure represents Government maintaining the existing level of activity, plan expenditure entails expansion of activity. Both these activities require resource mobilization increasing Government's vulnerability. In short, financial health of a Government can be described in terms of sustainability, flexibility and vulnerability. These terms are defined as follows:

**(i) Sustainability**

Sustainability is the degree to which a Government can maintain existing programmes and meet existing creditor requirements without increasing the debt burden.

**(ii) Flexibility**

Flexibility is the degree to which a Government can increase its financial resources to respond to rising commitments by either increasing its revenues or increasing its debt burden.

**(iii) Vulnerability**

Vulnerability is the degree to which a Government becomes dependent on and therefore vulnerable to sources of funding outside its control or influence, both domestic and international.

**(iv) Transparency**

There is also the issue of financial information and disclosure provided by the Government in its Annual Financial Statement (Budget) and the Accounts. As regards the budget, the important parameters are timely presentation indicating the efficiency of budgetary process and the accuracy of the estimates. As regards, accounts, timeliness in submission, for which milestones exist and completeness of accounts would be the principal criteria.

**1.11.2** Information available in Finance Accounts can be used to flush out Sustainability, Flexibility and Vulnerability indicators that can be expressed in terms of certain indices/ratios. The list of such indices/ratios is given in Appendix-I and IV. Exhibit V indicates the behaviour of these indices/ratios over the period 1997 to 2002.

**1.11.3** The implications of these indices/ratios for the state of the financial health of the State Government are discussed in the following paragraphs:



**EXHIBIT – V**  
**FINANCIAL INDICATORS FOR GOVERNMENT OF BIHAR**

	1997-98	1998-99	1999-2000	2000-2001	2001-2002
(1)	(2)	(3)	(4)	(5)	(6)
<b>Sustainability</b>					
BCR (Rs in crore)	(-) 43.74	(-) 1452	(-)3418	(-) 2387	(-)1242
Primary deficit (PD) (Rs in crore)	177.55	1247	3129	934	(-)46
Interest Ratio	0.21	0.25	0.27	0.28	0.27
Capital outlay/capital receipts	0.23	0.24	0.37	0.25	0.23
Total Tax Receipts/GSDP	0.11	0.11	0.11	0.19	0.17
State Tax Receipts/GSDP	0.04	0.04	0.04	0.04	0.05
Return on Investment Ratio	Nil	Nil	Negligible	Negligible	Nil
<b>Flexibility</b>					
BCR (Rs in crore)	(-) 43.74	(-) 1452	(-) 3418	(-) 2387	(-)1242
Capital repayment/capital borrowing	0.21	0.14	0.23	0.19	0.17
State Tax Receipts/GSDP	0.04	0.04	0.04	0.06	0.05
Debt/GSDP	0.42	0.40	0.42	0.58	0.63
<b>Vulnerability</b>					
Revenue deficit (RD) (Rs in crore)	1052	2267	3703	2330	1320
Fiscal deficit (FD) (Rs in crore)	2239	3659	5996	4076	2583
Primary deficit (PD) (Rs in crore)	178	1247	3129	934	(-)46
PD/FD	0.08	0.34	0.52	0.23	(-)0.02
RD/FD	0.47	0.62	0.62	0.57	0.51
Outstanding Guarantees/revenue receipts	0.02	0.10	0.08	0.06	0.02
Assets/Liabilities	0.77	0.73	0.64	0.73	0.72

(i) **Balance from current revenue (BCR)**

BCR is defined as revenue receipts minus plan assistance grants minus non-plan revenue expenditure. A positive BCR shows that the State Government has surplus from its revenues for meeting plan expenditure. The table shows that the State Government had no surplus from current revenues in all the five years. The negative BCR in 2001-2002 however decreased by 48 per cent from the previous year primarily due to division of the state.. Government not only had to depend on borrowings for meeting its entire plan expenditure, but had also to bridge the substantial gap in current revenues from borrowings.

**(ii) Interest ratio**

The higher the ratio the lesser the ability of the Government to service any fresh debt and meet its revenue expenditure from its revenue receipts. In case of Bihar the ratio has steadily increased from 0.21 to 0.28 during 1997-2001. During 2001-2002 the ratio decreased to 0.27. This led to the increased revenue expenditure (in the current year 24 per cent of revenue expenditure was accounted for by interest payment) and to enhanced borrowing affecting in the process, the sustainability of its operations.

**(iii) Capital outlay / Capital receipts**

This ratio would indicate as to what extent the capital receipts are applied for capital formation. A ratio of less than one would not be sustainable in the long term in as much as it indicates that a part of the capital receipt is being diverted to unproductive revenue expenditure. On the contrary, a ratio of more than one would indicate that capital investments are being made from revenue surplus as well. The trend analysis of this ratio would throw light on the fiscal performance of the State Government. A rising trend would mean an improvement in the performance. In the case of Bihar, the ratio has all along been less than one and ranged between a low of 0.23 and 0.24 during 1997-98 & 1998-99 rose to 0.37 in 1999-2000 and then drastically came down to 0.25 in 2000-2001 and 0.23 in 2001-2002 indicating that 63 to 77 per cent of capital receipts were used for other purpose than investment. Considering that the State was perennially in a situation of high revenue deficit, the low ratio would explain why the capital expenditure of the Government stagnated at around 5 to 7 per cent of the total expenditure.

**(iv) Tax receipts Vs Gross State Domestic Product (GSDP)**

Tax receipts consist of state taxes and state's share of central taxes. The latter can also be viewed as central taxes paid by people living in the state. Tax receipts suggest sustainability. But the ratio of tax receipts to GSDP would have implications for the flexibility as well. While a low ratio would imply that the Government can tax more, and hence its flexibility, a high ratio may not only point to the limits of this source of finance but also its flexibility. The ratio of state tax receipts compared to GSDP has also been constant at 0.04 during 1997-98 to 2000-2001 and 0.05 in 2001-2002. The low State tax to GSDP ratio suggests that government failed to make adequate efforts to improve its tax base. The collections of arrear taxes have also not improved.

**(v) Return on Investment (ROI)**

The ROI is the ratio of the earnings to the capital employed. A high ROI suggests sustainability. The table presents the return on Government's investments in statutory corporations, government companies, joint stock companies and cooperative institutions. The investments have mostly gone to finance their losses and therefore return from the investment remained at negligible level.

**(vi) Capital repayments vs capital borrowings**

This ratio indicates the extent to which the borrowings are available for investment, after repayment of capital. The lower the ratio, the higher would be the availability of capital for investment. In case of Bihar Government this ratio declined from 0.21 in 1997-98 to 0.17 in 2001-2002 mainly due to availability of funds due to increased borrowing when repayments were yet to start.

**(vii) Debt vs Gross State Domestic Product (GSDP)**

The GSDP is the total internal resource base of the State Government, which can be used to service debt. An increasing ratio of Debt/ GSDP would signify a reduction in the Government's ability to meet its debt obligations and therefore increasing risk for the lender. In the case of Bihar, this ratio has remained at a high level around 0.40 upto 1998-99 and 0.42 in 1999-2000 and still higher at 0.58 in 2000-2001 higher to 0.63 in 2001-2002 indicating that State's resource base was under strain to support heavy amount of borrowings. Unless the borrowing is controlled, further borrowing in future years will be difficult as the State failed to generate any revenues out of its investments and its asset remained unproductive.

**(viii) Revenue deficit/fiscal deficit**

The revenue deficit is the excess of revenue expenditure over revenue receipts and represents the revenue expenditure financed by borrowing etc. Evidently, higher the revenue deficit, the more vulnerable is the state. Since fiscal deficit represents the aggregate of all the borrowings the revenue deficit as a percentage of fiscal deficit would indicate the extent to which the borrowings of the Government are being used to finance non-productive revenue expenditure. Thus higher the ratio the worse off the state because that would indicate that the debt burden is increasing without adding to the repayment capacity of the state. During 1997-2000, the ratio has rapidly gone up from 0.47 in 1997-98 to 0.57 in 2000-2001 and 0.51 in 2001-2002. This indicates that nearly half of the borrowed funds are employed for revenue expenditure leaving little funds to invest for other purposes.

**(ix) Primary deficit vs fiscal deficit**

Primary deficit is the fiscal deficit minus interest payments. This means that lower the value the lesser the availability of funds for capital investment. In the case of Government of Bihar, this ratio was marginally better in 1997-2000 when the interest payments accounted for 92, 66 and 48 per cent respectively of the net borrowed funds. The position again deteriorated in 2000-2001 when interest payment (Rs 3142 crore) was far in excess of net borrowed funds (Rs 2721 crore). In 2001-2002 the ratio was negative as the interest payment (Rs 2629 crore) was higher than the fiscal deficit (Rs 2583 crore) by Rs 46 crore. The burden of interest payment continued to be substantial.



**(x) Guarantees Vs revenue receipts**

Outstanding guarantees, including the letters of comfort issued by the Government, indicate the risk exposure of a State Government and should therefore be compared with the ability of the Government to pay viz, its revenue receipts. Thus, the ratio of the total outstanding guarantees to total revenue receipts of the Government would indicate the degree of vulnerability of the State Government. In the case of Bihar this ratio declined from 0.10 in 1998-99 to 0.02 in 2001-2002. However the figures of outstanding guarantees are not reliable as the information regarding total guarantees outstanding against Cooperative Societies etc. were not furnished by the State Government. As Government had to spend larger amounts on discharge of guarantees, possibility of huge outstanding guarantees cannot be ruled out. Hence the extent of liability on this count and the risk exposure of state revenue due to guarantees are not known.

**(xi) Assets Vs Liabilities**

This ratio indicates the solvency of the Government. A ratio of more than 1 would indicate the State Government is solvent (assets are more than the liabilities) while a ratio of less than 1 would be a contra indicator. This ratio has progressively decreased from 0.77 in 1997-98 to 0.72 in 2001-2002. It suggests continued deterioration in the solvency of the State Government. The actual situation would be known only after the asset items are apportioned to the new State of Jharkhand.

**(xii) Budget**

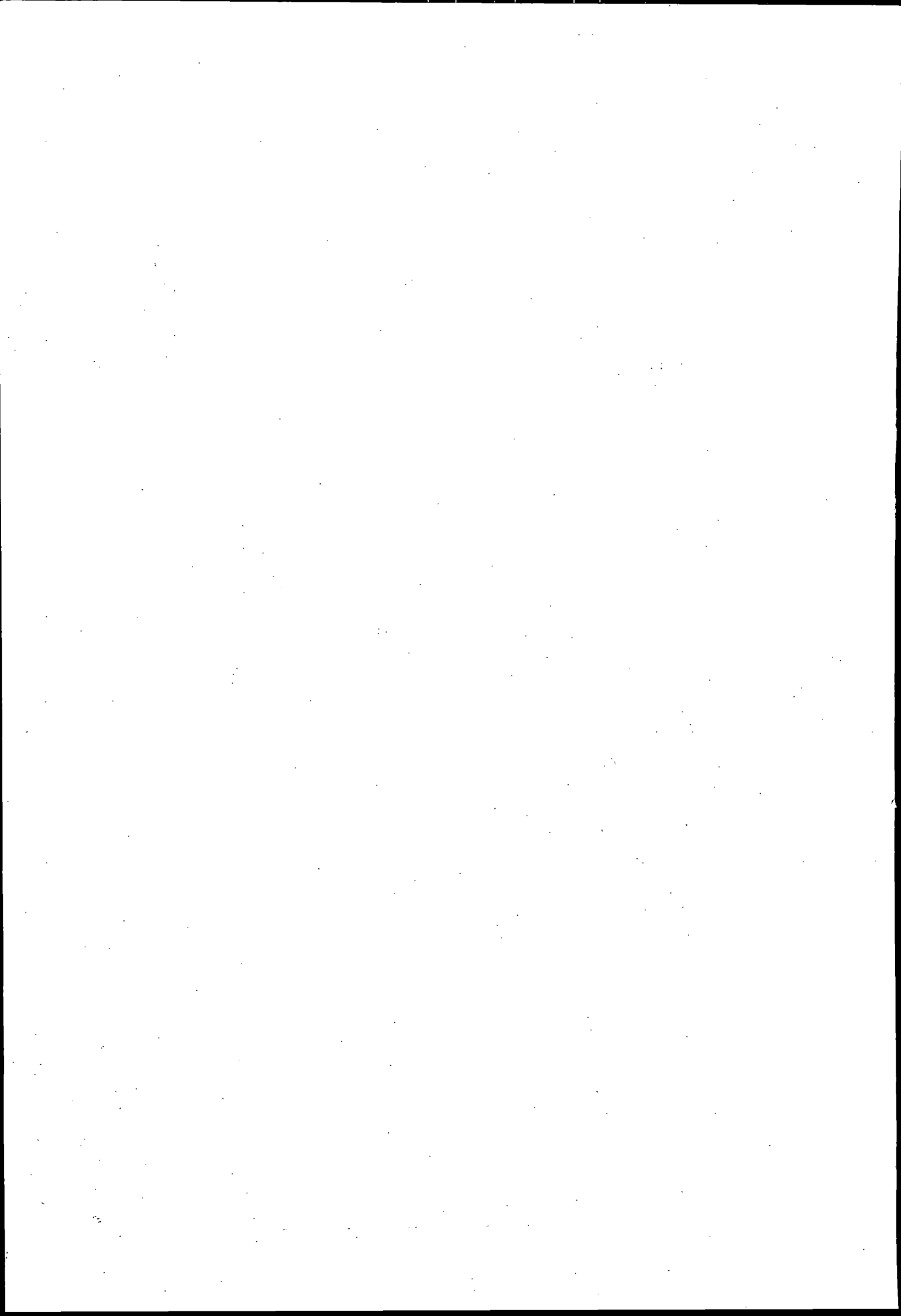
There was no delay in submission of the budget and their approval. Chapter-II of this Report carries a detailed analysis of variations in the budget estimates and the actual expenditure as also of the quality of budgetary procedure and control over expenditure. It indicates defective budgeting and inadequate control over expenditure, as evidenced by the persistent resumption (surrenders) of significant amounts every year vis-a-vis the final modified grant. During 2001-2002, 17 per cent of the total budgeted funds was not spent (savings) which casts a shadow on the reliability of the budget. Further, supplementary provision obtained during the year constituting 37 per cent of the original estimates also indicated unreliable and incorrect budgeting.

**(xiii) Accounts**

Government of Bihar has been endemically delaying the accounts for many months due to which its annual accounts could not be compiled in time. During 2001-2002 the treasuries and other accounting units like Public Works and Forest Divisions were not rendering accounts on due dates. For example March 2002 accounts were delayed between 30 and 90 days by 13 treasuries 85 Public Works Division and 30 Forest Divisions. Consequently, for most of the months of the year the accounts did not reflect the actual level of expenditure.

**1.11.4 Conclusion**

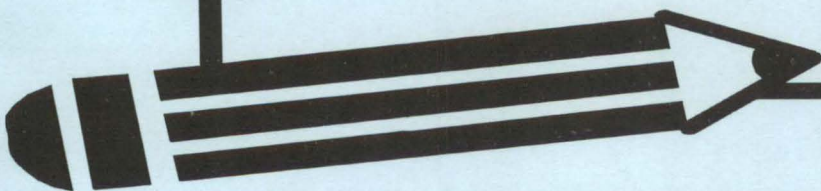
The above analysis indicates that the financial mismanagement which led to grave financial condition of the Government during 1997-2001, worsened during the current year. The imprudent and unjustified market borrowings in the previous years and their unproductive investment is causing unsustainable interest burden and insignificant returns on investments.





# **CHAPTER-II**

**Appropriation Audit and Control Over  
Expenditure**





# MEMORANDUM

TO : [Illegible]

FROM : [Illegible]

SUBJECT : [Illegible]

**CHAPTER -II**  
**APPROPRIATION AUDIT AND CONTROL OVER**  
**EXPENDITURE**

**SUMMARY OF APPROPRIATION ACCOUNTS – 2001-2002**

**Appropriation Accounts**

*Total number of grants: 47*

*Total number of appropriations: 05*

*Total provision and actual expenditure*

Provision	Amount (Rupees in crore)	Expenditure	Amount (Rupees in crore)
Original	16599.02		
Supplementary	6126.33		
<b>Total gross provision</b>	<b>22725.35</b>	<b>Total gross expenditure</b>	<b>18,882.33</b>
Deduct-Estimated recoveries in reduction of expenditure		Deduct-Actual recoveries in reduction of expenditure	
<b>Total net provision</b>	<b>22725.35</b>	<b>Total net expenditure</b>	<b>18,882.33</b>

*Voted and Charged provision and expenditure*

	Provision		Expenditure	
	Voted	Charged	Voted	Charged
	(Rupees in crore)			
Revenue	10481.74	2784.01	8509.28	2650.07
Capital	2368.27	7091.33	1276.20	6446.78
<b>Total Gross</b>	<b>12850.01</b>	<b>9875.34</b>	<b>9785.48</b>	<b>9096.85</b>
Deduct-recoveries in reduction of expenditure				
<b>Total Net</b>	<b>12850.01</b>	<b>9875.34</b>	<b>9785.48</b>	<b>9096.85</b>



## APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

### 2.1 Introduction

The Appropriation Accounts are prepared every year indicating the details of amounts on various specified services actually spent by government vis-à-vis those authorised by the Appropriation Act.

The objective of appropriation audit is to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

### 2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2001-2002 against grants/ appropriations was as follows:

	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving(-)/ Excess (+)
(Rupees in crore)						
Voted	I. Revenue	10153.82	327.92	10481.74	8509.28	(-)1972.46
	II. Capital	1475.75	218.56	1694.31	742.48	(-)951.83
	III. Loan and Advances	609.14	64.82	673.96	533.72	(-)140.24
<b>Total Voted</b>		<b>12238.71</b>	<b>611.30</b>	<b>12850.01</b>	<b>9785.48</b>	<b>(-)3064.53</b>
Charged	IV. Revenue	2769.30	14.71	2784.01	2650.07	(-)133.94
	V. Capital				--	
	VI. Public Debt	1591.01	5500.32	7091.33	6446.78	(-)644.55
<b>Total Charged</b>		<b>4360.31</b>	<b>5515.03</b>	<b>9875.34</b>	<b>9096.85</b>	<b>(-)778.49</b>
<b>Grand Total</b>		<b>16599.02</b>	<b>6126.33</b>	<b>22725.35</b>	<b>18882.33</b>	<b>(-)3843.02*</b>

\* Excludes expenditure of Rs 20.71 crore, vouchers for which were not received by the Accountant General (A&E) and the amount remained unaccounted for in the Consolidated Fund of the State and includes expenditure of Rs 53.00 crore drawn on Abstract Contingent Bills but Detailed Contingent Bills for which were not submitted and Rs 30.96 crore transferred to Deposit head.

### 2.3 Results of Appropriation Audit

**2.3.1** The overall saving of Rs 3843.02 crore (17 per cent of the total provision) was the net result of saving of Rs 9190.03 crore in 47 cases of grants and 8 cases of appropriations and excess of Rs 5347.01 crore in 1 grant

(15-Pension) and 1 appropriation (14-Repayment of Debt). Out of the total savings, Rs 2106 crore (55 per cent), Rs 952 crore (25 per cent) and Rs 785 crore (20 per cent) pertained to Revenue, Capital and Loans and Advances and Public Debt sections of accounts respectively. The excess of Rs 5347.01 crore in which Rs 491.24 crore only requires regularisation under Article 205 of the Constitution as shown in Appendix V. It was due to excessive pension payment made during the year. Explanations for Savings of Rs 2504 crore were not furnished by the department concerned.

2.3.2 Supplementary provision obtained during the year constituted 36.91 per cent of the original budget provision as against 34.65 per cent in the preceding year.

2.3.3 Supplementary provision of Rs 464.43 crore obtained in 50 cases (Appendix-VI) between October 2001 and March 2002 was wholly unnecessary, as the expenditure did not come up in these cases even to the level of the original provision. In 4 more cases (Appendix-VII), additional funds required were only Rs 50.75 crore, while the supplementary grant of Rs 135.40 crore was obtained resulting in saving in each case exceeding Rs 10 lakh.

2.3.4 Supplementary provision of Rs 0.95 crore obtained in one case (Grant no. 15- Pension) proved inadequate leaving uncovered excess expenditure of Rs. 490.29 crore.

2.3.5 As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. However, the Government failed to discharge its constitutional obligation by not regularising the excesses from the Legislature (August 2002) for the years 1977-78 to 2001-02 amounting to Rs 7457.47 crore as detailed below:

Year	No. of grants/ Appropriation	Grants/ Appropriation Number	Amount of excess	Amount for which explanation not furnished to PAC
			(Rupees in crore)	
1977-78	4	4,5,9,24	14.51	14.51
1978-79	4	4,9,17,27	31.11	31.11
1979-80	4	3,4,6,17	34.50	34.50
1980-81	7	4,6,8,10,12,16,17	27.92	27.92
1981-82	14	1,3,4,8,9,10,11,12,13,15,16,17,21,24	80.30	80.30
1982-83	5	6,8,12,16,22	5.25	5.25
1983-84	4	6,9,11,12	227.36	227.36
1984-85	4	3,4,8,14	2.66	2.66
1985-86	4	4,8,10,13	15.17	15.17
1986-87	3	4,6,13	87.43	87.43
1987-88	13	1,4,5,9,12,14,18,19,25,31,38,42,48	420.66	420.66
1988-89	6	4,9,12,18,25,38	166.92	166.92
1989-90	6	4,18,25,27,38,45	228.65	228.65
1990-91	8	12,18,36,37,38,42,43,47	330.07	330.07
1991-92	8	1,4,6,11,12,18,38,43	1228.67	1228.67

Year	No. of grants/ Appropriation	Grants/ Appropriation Number	Amount of excess	Amount for which explanation not furnished to PAC
1992-93	6	1,4,12,18,25,38	1462.10	1462.10
1993-94	4	12,18,25,37	702.17	702.17
1994-95	2	12,37	318.23	318.23
1995-96	5	4,12,25,36,37	405.08	405.08
1996-97	6	4,12,20,23,36,37	256.38	256.38
1997-98	4	4,7,12,15	12.19	12.19
1998-99	1	30	0.33	0.33
1999-2000	5	10,13,14,40,50	196.23	196.23
2000-2001	5	5,13,15,25,32	712.34	712.34
2001-2002	1	15	491.24	491.24
	<b>Total</b>		<b>7457.47</b>	<b>7457.47</b>

2.3.6 In 44 cases expenditure fell short by Rs 2 crore or more and also by more than 10 per cent of the total provisions in each case as indicated in Appendix VIII.

2.3.7 In 51 cases, there were persistent savings in excess of Rs 2 crore and also by more than 10 per cent of the total provision in each case vide Appendix-IX.

### 2.3.8 *Expenditure on new service/new instrument of service*

Expenditure on 'New Service' not contemplated in the Annual Financial Statement (i.e. the Budget) for that year and 'New Instrument of Service' needs authorisation by the Legislature. The State Public Accounts Committee in its 30th Report recommended the monetary limits for reckoning expenditure as 'New Service' (since accepted by the State Government in September 1971). According to the criteria laid down by the Legislature, cases (other than expenditure on staff etc., expenditure on increase in staff and additional works, grants and contributions (for existing purposes), Loans and Advances carrying interest not covered by the provisions in the budget, committee constituted by Government from time to time and revision of scale of pay for which separate criteria has been prescribed) in respect of which the increase over the grant previously voted exceeds two times the previous grant or Rs 2 lakh whichever is more are to be treated as "New Service". In one case, expenditure of Rs 1.90 crore in excess of the provision by more than two times of original provision which was to be treated as "New Service"/ "New Instrument of Service" was incurred without obtaining the requisite approval of Legislature. Details are given in Appendix-X. In 2 cases, expenditure totaling Rs 30.24 crore was incurred without budget provisions vide Appendix-XI.

### 2.3.9 *Large savings not surrendered*

According to rules framed by Government the spending departments are required to surrender the grants/ appropriations or portion thereof to the Finance Department as and when the savings are anticipated. However, at the close of the year 2001-2002 there were 26 grants and 3 appropriations in



Revenue section and 14 grants in Capital section in which large savings aggregating Rs 1884.51 crore, exceeding Rs one crore in each case, had not been surrendered by the Departments vide Appendix-XII

Against the total savings of Rs. 3843.02 crore (net) Rs. 2446.46 crore only was surrendered during 2001-2002 of which surrender of Rs. 2446.44 crore (almost 100 percent) was made only on the last day of the financial year. This indicated that the Departmental Officers failed to exercise proper budgetary control.

### ***2.3.10 Unjustified/ excessive surrender***

Rule 135 of the Bihar Budget Manual lays down that when need for surrender manifests itself, the controlling officer should carefully estimate the amount that he can surrender. The aim should be to keep the expenditure just within the modified grant.

In Grant no. 38- Registration Department, Rs 3.91 crore were surrendered against the available saving of Rs 1.34 crore. In 22 cases, the actual expenditure far exceeded the modified grant rendering surrenders of Rs 162.50 crore unjustified/ excessive vide Appendix-XIII.

### ***2.3.11 39 per cent of expenditure was not reconciled***

Financial rules require that the Departmental Controlling Officers should reconcile periodically the departmental figures of expenditure with those booked by the Accountant General. During the year 2001-2002 expenditure under 1650 units of appropriation was not reconciled by 122 Controlling Officers for a total amount of Rs 7290 crore approximately up to the final closure of the accounts for the year in spite of repeated reminders at the highest level. The un-reconciled expenditure accounted for 39 per cent of the total expenditure.

Even though non-reconciliation of departmental figures was pointed out in Audit Report for 1999-2000 and also in earlier reports and need for reconciliation was stressed, apathy on the part of the Controlling Officers in this regard persisted and departmental control over expenditure during 2001-2002 remained relaxed. Department-wise break-up of details of the amounts that remained unreconciled during 2001-2002 were as in Appendix-XIV.

It was seen that Rs 7037 crore out of the total un-reconciled amount of Rs 7290 crore pertained to Human Resources Development Department (Rs 2425 crore), Finance Department (Rs 2295 crore), Medical and Public Health Department (Rs 432 crore), Rural Development Department (Rs 387 crore); Social Security and Family Welfare (Rs 345 crore); Panchayati Raj Department (Rs 324 crore); Home (Police Vigilance Department) (Rs 243 crore); Water Resources Department (Rs 251 crore); Revenue and Land Reforms Department (Rs 204 crore) and Public Works Division (Rs 131 crore).

Non-reconciliation of expenditure by the Controlling Officers of various departments was fraught with the risk of serious irregularities like embezzlement, frauds and defalcations remaining undetected as was seen in the case of the Animal Husbandry Department upto 1996-97.

#### **2.4 Expenditure and budgetary control**

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

###### **(i) Grant No. 39 – Relief and Rehabilitation Department**

In paragraph 2.9 of the Report of the Comptroller and Auditor General of India for the year ending 31st March 1995, mention was made about the creation of a Calamity Relief Fund for providing calamity relief with annual contribution of Rs 35 crore by the Government of India (75 per cent) and the State Government (25 per cent) and non-investment of the accretion of the fund. Mention was also made about non-observance of the procedure for making budget provision for relief expenditure under the expenditure head "2245-Relief on account of Natural Calamities" and incorrect accounting of the transactions under the head in the previous nine years from 1991-92 to 1999-2000. In 2000-2001, the budgeting procedure for relief expenditure stipulated in the scheme was followed. Budget provision was also made for transfer of arrear contribution to the Calamity Relief Fund and a total amount of Rs 354.16 crore was transferred to the Fund. But no investment out of it was made.





Eleventh Finance Commission recommended the continuance of the current scheme till 2000-2005 with certain modification. During 2001-2002 Government of India's contribution to the Fund was Rs 52.73 crore. In addition, grant of Rs 26.37 crore from the National Calamity Contingency Fund was only received as first instalment of its share on 17<sup>th</sup> August 2001. But no budget provision for transfer of Government of India's contribution (Rs 52.73 crore) and State Government's contribution (Rs 17.58 crore) and grants from the National Calamity Contingency Fund (Rs 26.37 crore) to the Calamity Relief Fund was made. No part of relief expenditure during the year was met from the fund.

(ii) According to general principles of budgeting, demands for grants/appropriations are to be made for gross amount of expenditure under the relevant service head (Revenue and Capital) and recoveries indicated as "Deduct – Receipts and Recoveries treated as reduction of expenditure" below the head separately. The budget of Government of Bihar, however, did not follow this principle and as a result the extent of recoveries made out of the expenditure was not ascertainable.

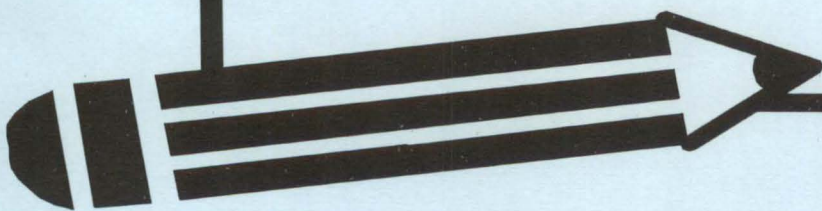
# **CHAPTER-III**

## **Civil Departments**

**Section-A :** Contains performance appraisals of the following:

-  **Fishery Development**
-  **Functioning of Rural Development Department**
-  **Rural Housing**
-  **Swarnjayanti Gram Swarozgar Yojana (SGSY)**

**Section-B:** Contains other major audit points on transactions in Civil Departments





# MEMORANDUM

TO : [Illegible]

FROM : [Illegible]

DATE : [Illegible]

SUBJECT : [Illegible]

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## CHAPTER-III

### CIVIL DEPARTMENTS

#### SECTION - A : REVIEWS

#### ANIMAL HUSBANDRY AND FISHERIES DEPARTMENT

##### 3.1 Fishery Development

###### *Highlight*

*Fishery development envisaged increased fish production and improving the socio-economic condition of fishermen and fish farmers. It was noticed that 6 (Central: 2; State: 4) out of 14 plan schemes were not implemented and 11 to 30 per cent of assessed areas of ponds, tanks, 'Mans' and 'Chauris' etc. were not covered under the schemes for production of fish and fish seeds. Implementation of the schemes was poor due to absence of monitoring, large savings, substantial expenditure on incomplete schemes, non-payment of loans/ subsidy to willing fish farmers, huge expenditure on idle manpower, lack of research on fishery development, non-functioning of the fish seed farms (115), nurseries (604), etc. Thus, the intended objective of fostering overall rural development through improvement in socio-economic condition of fish farmers and fishermen remained unrealised.*

**Eleven to 30 per cent of the assessed area of ponds, tanks, 'Mans' and 'Chauris' were not covered under the fishery development schemes.**

*(Paragraph 3.1.4)*

**36 per cent (Rs 23.03 crore) of the available funds was not spent. But the expenditure on establishment was 85 per cent (Rs 34.16 crore) of the total expenditure.**

*(Paragraph 3.1.5(a))*

**Director, Fisheries retained excessive cash balances ranging from Rs 1.26 crore to Rs 2.07 crore.**

*(Paragraph 3.1.5(b))*

**115 hatcheries and 604 nurseries in the State remained non-functional.**

*(Paragraph 3.1.6)*

**Infructuous expenditure of Rs 26 lakh was incurred on 16 incomplete lake development schemes.**

*(Paragraph 3.1.7.1 (i))*

**Fish Farmers Development Agency (FFDA) Scheme failed to take off due to huge persistent savings (58 per cent), negligible sanction of loans to fish farmers, absence of inspection of tanks/ ponds by supervisory officers and lack of training to targeted fish farmers.**

*(Paragraph 3.1.7.2 (i))*

**Of Rs 84.60 lakh drawn for construction of houses for fishermen Rs 67.37 lakh remained unutilised.**

*(Paragraph 3.1.7.4)*

**No training/ extension course for the officials was organised. Rs 4.00 lakh drawn for this purpose remained in current account.**

*(Paragraph 3.1.7.5)*

**Against Rs 91.00 lakh drawn for disbursing subsidy only Rs 19.77 lakh was disbursed.**

*(Paragraph 3.1.7.6)*

**Rs 86.96 lakh was incurred on Fishery Research Institute, Patna where no research was conducted.**

*(Paragraph 3.1.7.7)*

**Services of 294 fishermen, 24 fish guards and 156 Fisheries Extension Supervisors not being utilised for fishery development works resulted in huge nugatory expenditure of Rs 15.89 crore on their pay and allowances during 1997-2002.**

*(Paragraph 3.1.9)*

### **3.1.1 Introduction**

Fishery development envisaged increase in fish production by adopting scientific measures of fish culture and thereby generating employment opportunities, producing high yielding seeds of fish for distribution among fish farmers at reasonable rates and imparting training to them regarding scientific process of fish culture. Various schemes sponsored by Government of India and the State Government aimed at improving the socio-economic status of traditional fishermen, conserving depleted and endangered species of fish and generating greater employment opportunities in rural areas. Of 14 plan schemes (Centrally sponsored :7, State Sector: 6, Centrally aided project: 1) only 8 schemes were being implemented in the State.

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

Commissioner-cum-Secretary, Animal Husbandry and Fisheries Department was overall responsible for implementation of various schemes. He was assisted by Director of Fisheries, District Fishery Officers and Fish Development Corporation.

### **3.1.3 Audit coverage**

Implementation of the schemes for development of fisheries during 1997-2002 was reviewed by Audit between February and June 2002 based on test-check of records in the Directorate of Fisheries at Patna and 3 Range Deputy

Selected offices test-checked



Directors<sup>1</sup>, 10 District Fisheries Officers<sup>2</sup> (33 per cent) and Fisheries Research Institute, Patna. Points noticed are discussed in succeeding paragraphs.

### 3.1.4 Planning and creation of infrastructure

Eleven to 30 per cent of assessed areas not covered for fishery development

The inland fisheries resources in the state were assessed (1980-1983) at 95000 hectare in tanks and ponds, 70000 hectare of reservoirs (impounded water area) and 5000 hectare of "Mans" (ox-bow lakes)<sup>3</sup>, swamps and 35000 hectare of "chaurs"<sup>4</sup>, besides 3200 kilometres of perennial rivers and canals where fishery development schemes were to be implemented. However, consequent upon bifurcation of Bihar (14 November 2000) area of tanks and ponds declined to 65000 hectare and there were 115 fish seed farms and 605 nurseries. Further, area of reservoirs also reduced to 7000 hectares where no fishery development scheme was in operation and perennial rivers remained free fishing zones since January 1992 for traditional fishermen. The areas of ponds, tanks, Mans and Chours covered under the scheme were as under:

Year	Assessed areas			Areas covered under schemes			Areas not covered under scheme			Shortfall
	Ponds & Tanks	Mans/ Chours	Total	Ponds, Tanks & Chours	Mans	Total	Ponds & Tanks	Mans	Total	
1997-1998	0.65	0.05/0.35	105	0.49	0.02	0.51	0.16	0.03	0.19	18
1998-1999	0.65	0.05/0.35	105	0.56	0.02	0.58	0.09	0.03	0.12	11
1999-2000	0.65	0.05/0.35	105	0.46	0.02	0.48	0.19	0.03	0.22	21
2000-2001	0.65	0.05/0.35	105	0.36	0.02	0.38	0.29	0.03	0.32	30
2001-2002	0.65	0.05/0.35	105	0.49	0.02	0.51	0.16	0.03	0.19	18

Thus, 11 to 30 per cent of assessed area of ponds, tanks, 'Mans' and 'Chours' were not covered under the scheme for production of fish and fish seed.

### 3.1.5 Financial outlay and expenditure

Allocation of funds and expenditure were as under:

Year	Provision of funds			Expenditure			Savings		Total unspent
	Plan	Non-plan	Total	Plan	Non-plan	Total	Plan	Non-plan	
(Rupees in lakh)									
1997-98	312.55	660.08	972.63	136.32	587.63	723.95	176.23 (56)	72.45 (11)	248.68 (26)
1998-99	348.49	880.43	1228.92	89.52	567.05	656.57	258.97 (74)	313.38 (36)	572.35 (47)
1999-2000	302.69	1078.71	1381.40	119.50	733.87	853.37	183.19 (61)	344.84 (32)	528.03 (38)
2000-01	308.10	1144.76	1452.86	81.66	890.25	971.91	226.44 (73)	254.51 (22)	480.95 (33)
2001-02	354.62	928.43	1283.05	172.38	637.38	809.76	182.24 (51)	291.05 (31)	473.29 (37)
Total	1626.45	4692.41	6318.86	599.38	3416.18	4015.56	1027.07 (63)	1276.23 (27)	2303.30 (36)

(Figures in bracket denote per cent)

Audit scrutiny revealed as under:

<sup>1</sup> Darbhanga, Patna and Saharsa

<sup>2</sup> Bhagalpur, Darbhanga, Jehanabad, Madhubani, Motihari, Nalanda, Purnea, Saharsa, Samastipur and Vaishali

<sup>3</sup> "Mans" (ox-bow lake) are the deep perennial water bodies cut off from the main river during its meandering course.

<sup>4</sup> "Chours" are swampy areas which are inundated during monsoon months and are not utilised for agriculture purposes.

36 per cent of total funds not spent

(a) 36 per cent (Rs 23.03 crore) of total funds provided were not spent during 1997-2000. Out of the above, Rs 16.26 crore were Plan funds. Against this Rs 10.27 crore (63 per cent) remained unspent mainly due to plan cuts or non-sanction of 6 schemes<sup>5</sup>. Central funds of Rs 56.77 lakh remained unutilised. It was further observed that non-plan (establishment) expenditure was as high as 85 per cent (Rs 34.16 crore) of the total expenditure of Rs 40.16 crore during 1997-2002

Excessive expenditure on establishment

Retention of heavy cash balances

(b) Director, Fisheries drew huge sums without immediate need. As a result, huge cash balances ranging from Rs 1.26 crore to Rs 2.07 crore were retained every year entailing risk of misappropriation.

Interest of Rs 28.87 lakh earned on term deposit not accounted and expenditure of Rs 30 lakh not supported

Director drew Rs 1 crore in March 1997 for development of Mans fisheries. Of this, Rs 80 lakh were invested in term deposits in May 1997. Term deposits of Rs 30 lakh were encashed (1998-99 and 2000-01) and spent on Mann development. But no vouchers were produced. Rupees 50 lakh remained invested in term deposits as of May 2002. The Term deposits earned interest of Rs 28.99 lakh as of May 2002 but the same was not reflected in cash book.

(c) Differences between bank accounts and cash books amounted to Rs 11.49 lakh which was fraught with the risk of misappropriation/ frauds.

### 3.1.6 Production of fish and fish seed

At the beginning of the Ninth Five Year Plan (1997-2002), annual fish production from all water sources in reorganised Bihar was 1.41 lakh tonne which was proposed to be increased to 3.50 lakh tonne by the end of the Plan period. Production of quality fish seed was similarly proposed to be increased from 6000 lakh to 8000 lakh.

Physical targets and achievements were as under.

Targets of fish and fish seed production not fully achieved

Year	Fish seed production in Bihar		Fish production in Bihar	
	Target	Achievement	Target	Achievement
	(In lakh)		(In lakh tonne)	
1997-1998	3490	2745 (79)	1.71	1.41 (82)
1998-1999	3420	2604 (76)	1.71	1.58 (92)
1999-2000	3370	2512 (75)	1.90	1.70 (89)
2000-2001	3497	2813 (80)	2.10	1.78(85)
2001-2002	3575	3300 (92)	2.50	2.40 (92)
<b>Total</b>	<b>17352</b>	<b>13974 (81)</b>	<b>9.92</b>	<b>8.87 (89)</b>

(Figures in bracket indicate percent)

Hydrobiological survey of rivers not conducted

In none of the years targets were achieved fully. Hydrobiological survey of rivers, though necessary for composite fish culture was not undertaken to determine the types of riverine fisheries available for development.

All the government hatcheries and nurseries remained non-functional

Also all the 115 fish seed farms and 604 nurseries involving maintenance expenditure of Rs 14.73 lakh remained non-functional. Requirement of fish

<sup>5</sup> 2 Central Plan Schemes : Development of fish statistics and strengthening of fish marketing; 4 State plan Schemes : Development of reservoirs, fisheries marketing scheme, regularisation of fishery directorate and subsidy of fish farmers and supply of requisites.

seed was met through self effort of fish farmers and 14 fish seed farms in private sector.

### 3.1.7 Performance of fishery development schemes

Of 14 plan schemes, six (Central: 2 and State: 4)<sup>6</sup> were not executed. Performance of the remaining 8 schemes is discussed in succeeding sub-paragraphs.

#### 3.1.7.1 Development of "Mans" fisheries

World Bank aided Project introduced in 5 districts<sup>7</sup> in May 1992 was to be completed by June 1999 (extended upto December 2000) to increase inland fish production with the object of increasing exports, improving land productivity, protecting ecologically vulnerable areas, creating employment, improving economic conditions of weaker sections of society and fostering rural development. The project comprised lake development, support service, non-governmental organisations (NGOs) for training and strengthening Fish Farmers Development Agencies (FFDAs) and State Project Unit.

Funding and expenditure (upto December 2000) were as under :

Component	(Rupees in lakh)	
	Project allocation	Expenditure
Lake Development (1394 hectares)	239.39	92.79
Support Services including NGO's	186.42	21.51
Training to staff	9.49	0.09
Strengthening FFDA	76.71	39.89
State Project Unit	44.10	70.46
<b>Total</b>	<b>556.11</b>	<b>224.74</b>

Scrutiny revealed the following :

**Infructuous expenditure on incomplete schemes**

(i) Of 23 lake development schemes (1394 hectares) taken up during 1996-97 only 7 (504 hectares : 30 per cent) were completed as of March 2000 at an expenditure of Rs 67 lakh. Balance 16 schemes (890 hectares) involving expenditure of Rs 26 lakh remained incomplete. As a result, these lakes were settled to fish farmers at lower reserve price and expenditure on incomplete schemes proved partly infructuous.

**Meagre expenditure on support services**

(ii) Only 12 per cent (Rs 21.51 lakh) of allocation for support services (Rs 186.42 lakh) which included loans to fish farmers for purchase of fish seeds, boats and nets and construction of nursery ponds and assistance to NGOs for creating awareness among fishermen and providing technical training, was spent to the benefit of 7 Fishermen Cooperative Society.

<sup>6</sup> Central Plan scheme- Development of Fish Statistics, Strengthening of Fish Marketing.  
State Plan Schemes- Development of Reservoir, Fisheries Marketing schemes, Re-organisation of Fisheries Directorate, Subsidy to Fish Farmers and supply of requisites.

<sup>7</sup> Betia, Begusarai, Motihari, Muzaffarpur and Samastipur



Negligible expenditure on training to staff

(iii) Not even one per cent of the allocation for training to officials engaged in development of ponds was spent.

Excess expenditure on establishment

(iv) There was excess expenditure of Rs 26.36 lakh on establishment expenses of State Project Unit mainly due to purchase and maintenance of 3 vehicles (1 ambassador car and 2 station wagons) at headquarters beyond norm. It was observed that these vehicles were used by Ministers and high officials for other administrative purposes.

### 3.1.7.2 Development of Fish Farmers Development Agency (FFDA)

FFDAs envisaged overall development of fishery to improve socio-economic condition of rural masses

(i) Fish Farmers Development Agency scheme fully financed by Government of India was introduced in 1973-74 to bring all the existing village tanks and ponds under pisciculture and to lease out water areas to fish farmers selected from the weaker sections of the society in order to generate rural employment, create infrastructure for marketing fish, and produce additional nutritive food etc.

During 8<sup>th</sup> Five Year Plan (1992-1997) period entire establishment cost on the scheme was borne by the State Government, while GOI provided financial assistance of 10 to 50 percent on various development works<sup>8</sup>. By the end of the Plan, 33 out of 37 districts of reorganised Bihar were progressively covered under the programme.

Provision of funds and expenditure were as follows:

Implementation of scheme was adversely affected by huge persistent savings

<i>(Rupees in lakh)</i>				
Year	Provision of funds for separated Bihar	Expenditure	Savings	Percentage of savings
1997-1998	155.95	90.22	65.73	42
1998-1999	213.20	67.03	146.17	69
1999-2000	160.02	87.53	72.49	45
2000-2001	256.70	70.69	186.01	72
2001-2002	188.00	91.61	96.39	51
<b>Total</b>	<b>973.87</b>	<b>407.08</b>	<b>566.79</b>	<b>58</b>

Implementation of the scheme was adversely affected by large savings of 58 per cent (Rs 5.67 crore) attributable to non-sanction of schemes, non-payment of subsidy and inadequate organisational training to fish farmers.

(ii) Sanction/ disbursement of bank loan and subsidy to the fish farmers for dressing/ construction of ponds and tanks during 1997-2002 was as under:

<sup>8</sup> Construction of new ponds and tanks (20 per cent and 25 per cent to SC/ST), Reclamation/ renovation of ponds and tanks, First year inputs (Fish seed, fertilisers, manures and preventive measures for fish diseases EUS) (20 per cent and 25 per cent to SC/ST), Fresh water fish seed hatchery (10 per cent), Training of fish farmers (Rs 50 each), Purchase of vehicles (50 per cent), Establishment of laboratories at State level (Rs 38 lakh), Transportation of fish/ prawn seed (Rs 20 for 1000 fry). Integrated fish farming (20 per cent and 25 per cent for SC/ST), Aerators/ pumps (25 per cent).

Year	Applications sent to bank	Water area to be covered (In hectare)	Amount proposed (Rupees in lakh)	Applications sanctioned by banks (In number)	Water area covered (In hectare)	Amount spent (Rupees in lakh)	Amount of subsidy paid (Rupees in lakh)
1997-1998	463	265.62	310.49	80	45.70	34.19	NIL
1998-1999	395	279.41	273.83	29	21.63	13.49	3.48
1999-2000	141	110.19	116.63	1	0.17	0.23	6.73
2000-2001	116	80.43	142.06	4	3.17	6.68	NIL
2001-2002	138	107.52	165.86	7	5.66	4.99	NIL
Total	1253	843.17	1008.87	121	76.33	59.58	10.21

Loans sanctioned to negligible number of willing fish farmers

Only 10 per cent (121) of applications (1253) for loan were sanctioned by banks for dressing/ construction of ponds and tanks covering only 9 per cent (76.33 hectares) of targeted water area (843.17 hectares) and resultant disbursement of only 6 per cent (Rs 59.58 lakh) of loans (Rs 10.09 crore) applied for by the fish farmers. This indicated failure of the FFDAs headed by the District Magistrates concerned.

FESs and FEOs did not periodically inspect ponds and tanks

(iii) Though Fisheries Extension Supervisors and Fisheries Extension Officers posted in FFDAs were required to conduct periodical inspection of ponds and tanks to guide the fish farmers and provide technical supervision, there was no evidence of such inspections in the districts test-checked.

Neither fish marketing infrastructure developed nor programme impact evaluated

(iv) Infrastructure for marketing fish, like construction of fish selling counters/ stalls though required to be created in each district headquarters, was not created in any of the districts test-checked, nor was any evaluation of the impact of programme conducted. Only Rs 2.68 lakh (5 per cent) of the funds allocated was spent during 1997-1998 and 2001-2002. No funds were allocated during 1998-2001.

Only 15 per cent of targeted fish farmers trained in the State

(v) The FFDAs were required to impart 15 days short term training to fish farmers. During 1997-2002, only 1701 fish farmers (15 per cent) against the target of 11230 were trained while in 10 districts test-checked only 907 fish farmers (21 per cent) against the target of 4394 fish farmers were trained. Thus, Fish farmers were deprived of latest technological information on fish production, control and prevention of diseases.

### 3.1.7.3 Group accident insurance scheme for fishermen

This Centrally Sponsored Scheme shared equally by the GOI and the State Governments envisaged insurance cover for a period of 12 months to registered active fishermen who were members of National Fisheries Cooperative Federation (FISHCOFED).

Questionable expenditure on insurance coverage

GOI and Government of Bihar paid Rs 24 lakh to General Insurance Corporation during 1997-2002 for insurance coverage to fishermen. However, genuineness of this expenditure could not be vouched as neither the directorate nor the districts test-checked maintained records.

### 3.1.7.4 Housing for fishermen

A welfare scheme for providing civil amenities of housing, drinking water and community hall to fishermen was introduced in 1990-91. Fifty percent of the cost of the scheme was borne by the GOI through National Welfare Fund for

Fishermen and the rest by the State Government. The unit cost for a house was Rs 0.35 lakh. A fishermen village with at least 75 houses was to be provided with a community hall at a maximum cost of Rs 1.75 lakh.

**Housing scheme neglected by State Government**

Director of Fisheries, Bihar drew Rs 84.60 lakh in 1997-98 (Rs 34.50 lakh) and 2001-02 (Rs 50.10 lakh) for construction of houses for fishermen. Of this, Rs 8.05 lakh were spent on construction of 23 houses and Rs 9.18 lakh on 57 incomplete houses taken up in 1997-98. Rupees 67.37 lakh remained unutilised (Rs 17.27 lakh at Begusarai since 1997-98 and Rs 50.10 lakh at Samastipur since 2001-02) as of June 2002. Thus, the scheme remained neglected by the Government.

### **3.1.7.5 Fisheries training and extension scheme**

**Training to officials not imparted**

This centrally sponsored scheme visualised establishing a link between government officials and the fish farmers in order to ensure effective extension support and technical guidance to fish farmers. During 1997-2002 no such training to the officials was imparted. Even Rs 4.00 lakh drawn by the Director on 31 March 2002 was kept in current account in a bank.

### **3.1.7.6 Reclamation and development of tank fisheries**

The scheme envisaged development of private ponds by subsidy from State Government and loan from banks.

**Meagre funds for reclamation and development of tank fisheries disbursed to farmers**

Against a provision of Rs 91.00 lakh during 1997-2002, only Rs 19.77 lakh was disbursed as subsidy to farmers. The Director attributed (June 2002), the saving of Rs 71.23 lakh to non-sanction of loans by banks.

Besides, in 8 out of 10 districts test-checked Rs 17.26 lakh drawn for disbursement of subsidy were kept in "Civil Deposits".

### **3.1.7.7 Fisheries research scheme**

**Huge establishment expenditure on Fishery Research Institute where no research work was conducted during 1997-2002**

Fishery Research Institute, Patna had to undertake research work on induced breeding, artificial breeding of air breathing fishes, prawn breeding and culture, cage culture and control of diseases in fisheries. Though, Rs 86.96 lakh were spent during 1997-2002 on pay and allowances of the staff, no research was conducted. Rs 4.10 lakh meant for research work during 2001-02 were spent on minor construction of ponds and purchase of materials.

The Joint Director of the institute stated (June 2002) that the research work undertaken in the institute suffered due to lack of sufficient water area, inadequate provision for intake of water in the ponds, shortage of technical staff and paucity of funds for research work. This is not tenable.

### **3.1.8 Settlement of fishery resources**

**A large number of ponds and tanks not settled to fish farmers**

(a) The ponds, tanks and Mans were to be settled to fish farmers on long term (for 10 years) and short term (for 3 years or annually) basis. It was

noticed that 5940 ponds and tanks with water area of 15699 hectare remained unsettled during 1997-2002. Director attributed the shortfall to siltation of ponds and tanks, litigation and interference of naxal elements. However, action taken for removal of these bottlenecks was not on record.

**Shortfall in collection of revenue**

(b) During 1997-2002 revenue of Rs 11.19 crore was collected against the target of Rs 17.66 crore. Director attributed (June 2002) the shortfall to siltation of ponds and tanks. However, the reason attributed was not tenable as the fish production increased in 2001-02.

**Sairat register not maintained properly**

(c) In 10 districts test-checked, Sairat (revenue settlement registers of ponds/ tanks) register were not properly maintained. So it was difficult to ascertain the correct position of sairat collection and outstandings. Accordingly correctness of outstandings for Rs 27.46 lakh in these districts could not be evaluated in audit.

**A large number of ponds and tanks not taken over for fishery development**

Further many of the ponds/ tanks of 10 districts test-checked were not taken over by the Animal Husbandry and Fisheries Department for fishery development as of June 2002.

**3.1.9 Man-power management**

**Services of fishermen and fish guards and FESs not being utilised for fishery development works resulted in huge nugatory expenditure on their pay and allowances**

Services of 294 fishermen and 24 fish guards were being utilised during 1997-2002 for collection of revenue or other office works instead of utilising their services for fishery development, like rearing/distribution of spawns at nurseries/hatcheries and fishing work in departmentally managed tanks/ponds. As such Rs 8.34 crore spent on their pay and allowances were rendered unfruitful. Besides, expenditure of Rs 7.55 crore during 1997-2002 on pay and allowances of 156 Fisheries Extension Supervisors (FES) to supervise the works of fishermen and fish guards was rendered unfruitful as they had no supervision work.

**3.1.10 Monitoring and evaluation**

**Total absence of monitoring and evaluation severely affected implementation of fishery development schemes**

State level coordination and monitoring committee formed in March 1993 for 3 years to meet every 3 months did not hold a single meeting till expiry of their tenure in March 1996. No coordination and monitoring committee was formed thereafter. Thus, there was total absence of monitoring which severely affected effective implementation of fishery development activities. The impact on the targeted group of beneficiaries was never evaluated either by the department itself or by any other independent agency.

The matter was referred to Government (September 2002); their reply had not been received (September 2003).



## RURAL DEVELOPMENT DEPARTMENT

### 3.2 Functioning of Rural Development Department

#### *Highlights*

*Functioning of the department was grossly mismanaged in all the spheres of budgetary and expenditure control procedures as well as implementation of rural poverty alleviation programmes mainly due to absence of monitoring by State and district level functionaries. The implementation of the programmes faltered due to large savings, locking up of funds in 'Civil Deposits', failure to release State's share of resources, misutilisation/ misappropriation/ diversion of stores/funds, excessive expenditure on administrative infrastructure, fake execution of schemes, subversion of norms, huge expenditure on incomplete/ abandoned schemes, deficient manpower management etc. As a result, there was ineffective implementation of rural development schemes and targeted rural poor were deprived of the intended benefits under various programmes.*

**Rupees 5.15 crore pertaining to various schemes remained unaccounted.**  
(Paragraph 3.2.4.2 (ii))

**In 8 DRDAs Rs 74.35 crore paid to different officials and agencies remained unrecovered.**  
(Paragraph 3.2.4.2 (vi))

**In 8 DRDAs Rs 8.68 crore were spent on administrative infrastructure in excess of norm resulting in reduced expenditure on schemes.**  
(Paragraph 3.2.4.2 (vii))

**Three Executive Engineers misappropriated Rs 3.89 crore and one Junior Engineer Rs 1.18 crore.**  
(Paragraph 3.2.4.2 (vi) & (viii))

**In 8 DRDAs 2504 schemes involving expenditure of Rs 18.15 crore remained incomplete for 2 to 7 years as of July 2002, while in 7 DRDAs schemes were abandoned after spending Rs 1.75 crore.**  
(Paragraph 3.2.5.1 (c) (d))

**Employment was provided to each beneficiary for 6 to 35 days in a year under JRY and for 2 to 4 days under EAS against the norm of 100 days. Similarly self-employment was provided to only 1 to 7 per cent of eligible BPL families.**  
(Paragraph 3.2.5.1 (f))

**In 3 districts 12 executing agencies paid Rs 1.87 crore on 54 fake muster rolls which needed investigation.**  
(paragraph 3.2.5.1 (g))

**In 4 DRDAs test-checked 291.26 tonne of bitumen valued at Rs 25.93 lakh was short supplied by oil companies. Similarly in 2 DRDAs and one Block Office 26614 bags of cement valued at Rs 32.03 lakh were short supplied. No action was taken against these short supplies.**

*(Paragraph 3.2.6 (a) (c))*

**378.11 tonne of bitumen valued at Rs 25.92 lakh were misappropriated by a Junior Engineer.**

*(Paragraph 3.2.6 (b))*

**Fake adjustment of advances for Rs 48.64 lakh in DRDA, Jehanabad during 1997-98 and defalcation of Rs 8.70 lakh in Rural Development Department, Patna call for investigation.**

*(Paragraph 3.2.8.2 & 3.2.8.3)*

### 3.2.1 Introduction

Rural Development Department mandated to administer rural poverty alleviation programmes

Rural Development Department was responsible to administer various rural poverty alleviation programmes sponsored by the Central and State Governments; such as Jawahar Gram Samridhi Yojana (JGSY), Swarnjayanti Gram Swarojgar Yojana (SGSY), Indira Awaas Yojana (IAY), Basic Minimum Services (BMS), Employment Assurance Scheme (EAS), Drought Prone Area Programme (DPAP), Member of Parliament Local Area Development Scheme (MPLADS), Minimum Need Programme, other community development programmes recommended by the legislators etc.

### 3.2.2 Organisational set-up

The Commissioner-cum-Secretary, Rural Development Department was overall responsible for implementation of the programmes. He was assisted by 3 Special Secretaries, 2 Joint Secretaries, 2 Directors and other officials at the State level. The District Magistrates assisted by the Deputy Development Commissioners (DDCs) and Block Development Officers (BDOs) implemented rural development programmes at the field level. In addition there was a Rural Engineering Organisation administered by Engineer-in-Chief-cum-Special Secretary assisted by 3 Zonal Chief Engineers, 3 Superintending Engineers and 31 Executive Engineers.

### 3.2.3 Scope of Audit

Selected offices test-checked

Functioning of Rural Development Department during 1995-2002, was reviewed by test-check of records in 9 districts<sup>1</sup> (out of 38), 9 Zila Parishad<sup>2</sup> (out of 38), 7 Rural Development Special Divisions<sup>3</sup> (out of 36), 9 Rural Engineering Organisation division<sup>4</sup> (out of 65), 9 NREP and 18 blocks<sup>5</sup> (out of

<sup>1</sup> Bhagalpur, East Champaran, Gaya, Jehanabad, Madhubani, Muzaffarpur, Saharsa, Samastipur, Vaishali.

<sup>2</sup> Bhagalpur, East Champaran, Gaya, Jehanabad, Madhubani, Muzaffarpur, Saharsa, Samastipur, Vaishali.

<sup>3</sup> Bhagalpur, Gaya, Hajipur, Jehanabad, Madhubani, Muzaffarpur, Motihari.

<sup>4</sup> Bhagalpur, Gaya, Hajipur, Jehanabad, Madhubani, Motihari, Muzaffarpur, Saharsa, Samastipur.

<sup>5</sup> Bodh Gaya, Jainagar, Jehanabad sadar, Hajipur sadar, Kahar, Kataiya, Kako, Kanti, Manpur, Motihari sadar, Nathnagar, Pandaul, Rahika, Raxaul, Rosera, Sabour, Samastipur sadar, Sakara.

533) between October 2000 and July 2001 and May 2002 to July 2002. Points noticed are discussed in succeeding paragraphs.

### 3.2.4 Budget provisions and expenditure

Budget provision and expenditure was as under:

Year	Budget provision			Expenditure			Excess (+)/ Savings (-)		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
(Rupees in crore)									
1995-96	354.60	219.19	573.79	349.07	193.91	542.98	(-) 5.53	(-) 25.28	(-) 30.81
1996-97	550.39	162.96	713.35	535.29	170.05	705.34	(-) 15.10	(+) 7.09	(-) 8.01
1997-98	739.05	193.51	932.56	736.22	207.72	943.94	(-) 2.83	(+) 14.21	(+) 11.38
1998-99	861.27	263.48	1124.75	816.00	231.90	1047.90	(-) 45.27	(-) 31.58	(-) 76.85
1999-2000	1152.41	340.53	1492.94	1044.58	301.05	1345.63	(-) 107.83	(-) 39.48	(-) 147.31
2000-01	549.43	386.69	936.12	301.40	148.68	450.08	(-) 248.03	(-) 238.01	(-) 486.04
2001-02	942.43	254.78	1197.21	239.35	145.71	385.06	(-) 703.08	(-) 109.07	(-) 812.15
<b>Total</b>	<b>5149.58</b>	<b>1821.14</b>	<b>6970.72</b>	<b>4021.91</b>	<b>1399.02</b>	<b>5420.93</b>	<b>(-) 1127.67</b>	<b>(-) 422.12</b>	<b>(-) 1549.79</b>

(Source: Appropriation Accounts upto 1999-2000 and departmental figures for the years following)

#### 3.2.4.1 Financial outlay and expenditure on schemes

Financial outlay and expenditure on various Centrally sponsored and State assisted schemes were as under:

Year	Opening balance	Interest	Central share	State share	Total fund available	Expenditure	Excess (+)/ Saving (-)
(Rupees in crore)							
1995-96	189.69	--	608.91	65.83	864.43	594.85	(-) 269.58
1996-97	--	--	525.31	335.76	861.07	592.54	(-) 268.53
1997-98	--	--	731.07	386.83	1117.90	963.41	(-) 154.49
1998-99	--	--	577.60	465.33	1042.93	1093.51	(+) 50.58
1999-2000	--	--	677.85	655.51	1333.36	1172.27	(-) 161.09
2000-01	--	--	437.72	287.13	724.85	958.80	(+) 233.95
2001-02	--	4.65	612.23	452.25	1069.13	1082.17	(+) 13.04
<b>Total</b>	<b>189.69</b>	<b>4.65</b>	<b>4170.69</b>	<b>2648.64</b>	<b>7013.67</b>	<b>6457.55</b>	<b>(-) 556.12</b>

Scrutiny revealed the following:

- (i) Funds for implementation of Centrally sponsored schemes were to be shared between Central and State Governments as per ratio fixed by them from time to time. It was noticed that the State Government did not release its shares of Rs 138.37 crore as per details below:

Schemes	Period	Share ratio between Central and State Government	Central Shares received	State Share required	State share released	State share short released
(Rupees in crore)						
MWS	1995-99	80:20	73.16	18.29	12.67	5.62
DWCRA	-do-	50:50	11.75	11.75	4.88	6.87
TRYSEM	-do-	-do-	20.57	20.57	10.38	10.19
IRDP/SGSY	-do-	-do-	124.94	124.94	124.29	0.65
DPAP	-do-	-do-	2.21	2.21	1.44	0.77
	1999-2001	75:25	5.33	1.84	1.55	0.29
EAS	1995-99	80:20	424.22	106.05	100.80	5.25
	1999-2002	75:25	448.81	149.60	135.61	13.99
IAY(NEW)	1995-99	80:20	460.57	115.14	81.12	34.02
JRY/JGSY	1995-99	80:20	736.17	184.04	146.67	37.37
	1999-2002	75:25	511.61	170.53	147.18	23.35
<b>Total</b>			<b>2819.34</b>	<b>904.96</b>	<b>766.59</b>	<b>138.37</b>

Short release of State shares affected the implementation of the various centrally sponsored schemes.

## Release of funds shown as expenditure

(ii) The release of State share to executing agencies was exhibited as expenditure in accounts of the State. But out of Rs 188.96 crore so released Rs 55.38 crore remained in "Civil Deposits" as of March 2002.

## 3.2.4.2 Provision of funds and expenditure in district test-checked

Expenditure in the districts test-checked during 1995-2002 was as under:

Year	Opening balance	Interest	Miscellaneous credit	Central share	State share	Total	Expenditure	Savings
(Rupees in crore)								
1995-96	81.55	2.07	24.16	133.59	38.56	279.93	163.64	116.29
1996-97	116.29	3.11	20.13	145.90	110.23	395.66	208.27	187.39
1997-98	187.39	3.14	10.97	225.95	137.48	564.93	345.97	218.96
1998-99	218.96	3.93	9.72	245.42	137.69	615.72	389.48	226.24
1999-2000	226.24	5.13	10.76	218.89	280.08	741.10	455.06	286.04
2000-01	286.04	1.20	5.66	146.04	88.32	527.26	310.59	216.67
2001-02	216.67	Nil	3.12	208.74	113.73	542.26	324.64	217.62
<b>Total</b>		<b>18.58</b>	<b>84.52</b>	<b>1324.53</b>	<b>906.09</b>		<b>2197.65</b>	

## Major funds not utilised in districts test-checked

Rupees 217.62 crore of available funds were not utilised.

## Funds kept in "Civil Deposits"

(i) In three DRDAs<sup>6</sup> test-checked Rs 14.69 crore meant for Minor Irrigation, MLA/ MLC, DWCRA and Basic Minimum Service schemes were kept in "Civil Deposits" during March 2000, where the money remained unutilised as of March 2002.

## Funds invested in fixed deposits

(ii) DRDA, Madhubani placed funds of Rs 9.10 crore pertaining to various schemes (JRY: Rs 6.17 crore; Community Development: Rs 0.30 crore; Minor Irrigation: Rs 0.25 crore and IRDP: Rs 2.38 crore) in fixed deposits in six banks during 1992-93. Of this, Rs 3.56 crore was encashed by the Deputy Development Commissioner but not recorded in the cash book. Rs 3.95 crore were encashed subsequently (1995-96: Rs 0.11 crore and 1996-97: Rs 3.84 crore) and taken into account. Balance amount of Rs 1.59 crore was neither shown in accounts as having been drawn nor did these figure in accounts as deposits in banks since 1996-97. In all Rs 5.15 crore (Rs 3.56 crore + Rs 1.59 crore) remained unaccounted and needed investigation.

## Non-accounting of funds involved misappropriation/ frauds

## Funds diverted to other schemes

(iii) 6 DRDAs<sup>7</sup> diverted funds of Rs 32.40 crore from one scheme to another during 1995-2001. The funds so diverted were not recouped as of June 2002. Due to diversion of funds 847962 beneficiaries were deprived of the intended benefits under various schemes.

(iv) In 6 DRDAs Rs 2.39 crore were misutilised for construction of Vikash Bhawan at district headquarter, purchase of vehicles/ generator and other contingent expenses as indicated below:

<sup>6</sup> Jehanabad, Muzaffarpur, Vaishali

<sup>7</sup> Bhagalpur, Gaya, Muzaffarpur, Madhubani, Vaishali, Samastipur



**Funds misutilised for miscellaneous contingent expenditure**

Sl. No.	District	Scheme	Amount (Rupees in crore)
1	East Champaran	IRDP JRY	0.22 0.03
2	Saharsa	IRDP Interest	0.85
3	Vaishali	IRDP	0.31
4	Samastipur	IRDP JRY	0.22 0.51
5	Madhubani	IRDP	0.17
6	Jehanabad	Interest	0.08
	<b>Total</b>		<b>2.39</b>

(v) Nine DRDAs drew Rs 138.64 crore from the treasuries on 194 Abstract Contingent bills during 1995-2001 for implementation of schemes while detailed contingent bills were not submitted.

(vi) In 8 DRDAs test-checked Rs 72.08 crore paid to different officials/agencies for implementing various rural development schemes during 1995-2000 remained unrecovered/ unadjusted in accounts as of July 2002, while no action was initiated against them.

**Advances for contingent expenses not recovered/ unadjusted**

Further, advances for Rs 2.27 crore were paid by the DRDA, Patna during June 1994 to March 2001 to officers and staff of various field offices to meet contingent charges under JRY. However, no accounts of advances received were rendered and they remained unadjusted/ unrecovered as of August 2002.

**Misappropriation of advances and receipts of Rs 118.06 lakh**

Besides, Block Development Officer, Koch (Gaya) paid an advance of Rs 20.63 lakh to a Junior Engineer REO Division, Gaya during 1996-97 for premixing work of Usas-Daura road under JRY Scheme. Against this, no work was started as of July 2002. An advance of Rs 124.36 lakh was also paid to the same Junior Engineer during 1996-98 for execution of 12 schemes. Again Rs 35.76 lakh was paid to the Junior Engineer for execution of 7 schemes. Thus total advance of Rs 180.75 lakh was paid to the Junior Engineer for execution of 20 schemes during 1996-98. Against this, only Rs 74.90 lakh had been adjusted upto March 1998 and Rs 105.85 lakh remained unadjusted as of June 2002. Apart from this, a departmental receipt of Rs 12.21 lakh (March and September 1997) was not accounted for by the Junior Engineer. Thus, non-accountal of Rs 118.06 lakh by the Junior Engineer needed investigation.

**Expenditure on administrative infrastructure in excess of norm**

(vii) As per norms laid down by Government of India, 10 per cent of the allocation for districts having 8 or more blocks, 12.5 per cent of the allocation for districts having 5 to 7 blocks and 15 per cent of the allocation for districts upto 4 blocks could be utilised for administrative infrastructure. However, in 8 DRDAs test-checked, Rs 8.68 crore were spent on administrative infrastructure in excess of norms resulting in reduced expenditure on the rural development schemes.

**Funds misappropriated**

(viii) 3 Executive Engineers misappropriated funds amounting to Rs 3.89 crore as detailed below:

Sl. No.	District	Scheme	Executing agency	Amount misappropriated (Rs.in crore)	Year	Remarks
1	Gaya	EAS	REO Division, Gaya	0.03	1998-99	Work not completed and account of expenditure not rendered as of July 2002. FIR was lodged (27 October 1998).
2	Madhubani	Different schemes	Executive Engineer, NREP	0.52	1995-2000	No record of expenditure was maintained. Executive Engineer is placed under suspension since March 2001.
3	Saharsa	-do-	Executive Engineer, NREP	2.97	1993-99	Assistant Engineer and 4 Junior Engineers did not complete the work even after a delay of 4 to 10 years. No action was taken against them as of July 2002 except lodging FIR with the Police (25 January 2000).
4	Saharsa	JRY	-do-	0.37	1993-98	--
	<b>Total</b>			<b>3.89</b>		

### 3.2.5 Physical progress of schemes

Physical targets and achievements of various schemes were as under:

Sl. No.	Scheme	Year	Target achieved (In number)	Percentage	
				Funds utilized	Physical progress against targets
1.	MWS	1995-99	16145	82	50
2.	BMS	1996-02	373616	102	59
3.	IAY (up)	1999-02	105244	91	49
4.	IAY (Gen.)	1995-02	604363	103	57
5.	TRYSEM	1995-99	82024	76	51
6.	DWACRA	1995-99	7531	96	56
7-	MLA/ MLC	1995-02	45486	78	45
8.	IRDP/ SGSY	1995-02	818091	71	60

#### 3.2.5.1 Physical performance in districts checked

Physical performance of selected schemes in the districts test-checked as compared to expenditure was as under:

Scheme	Year	Funds utilised (Rupees in crore)	Target achieved	Percentage of achievement
				<b>Physical</b>
IAY (New)	1996-02	373.83	166560	70
BMS	1996-2000	349.74	91443	74
TRYSEM	1995-99	7.43	22977	49

Audit scrutiny also revealed the following:

#### (a) Selection of beneficiaries beyond ambit of schemes

**Ineligible beneficiaries**

Financial assistance for construction of houses under IAY was admissible to one member of a family living below poverty line. On the contrary, in Ghosi block of Jehanabad district 43 beneficiaries under the scheme did not belong

to BPL category but payment of Rs 8.60 lakh was made to them depriving the eligible beneficiaries of the intended benefit under the scheme.

**(b) Non-observance of norm in payment of subsidy**

Subsidy paid without fulfilling preconditions

Payment of subsidy under IRDP/SGSY was to be adjusted towards the last few instalments for repayments of loans. No beneficiary under the scheme was entitled to subsidy if the loan was fully repaid before a certain fixed period as per schedule of repayment. Benefit of subsidy to a beneficiary was also subject to proper utilisation of loan as also its prompt repayment and maintenance of assets created in good condition.

Rural Development Department did not watch recovery of loans of Rs 820.18 crore disbursed to 818091 beneficiaries during 1995-2002 and did not ensure utilisation of loans on intended purposes. Repayment of loans of Rs 1.22 crore only was effected during the same period.

Procedures for payment of subsidy subverted

It was also observed that in contravention of GOI norms DRDA, Madhubani disbursed cash subsidy of Rs 58.43 lakh under IRDP to beneficiaries during 1996-98 whose names did not figure in the BPL list. The matter needed investigation.

**(c) Expenditure on incomplete schemes**

Huge unfruitful expenditure on incomplete schemes

Although, the rural development schemes taken up were to be completed during the same financial year, in 8 out of 9 DRDAs test-checked, 2504 schemes taken up during 1995-2000 remained incomplete for 2 to 7 years as of July 2002, while Rs 18.15 crore were spent on these schemes. Details were as under:

Districts	JRY		EAS		MWS		IAY (Gen)		MLA/MLC		MNP		MPLADS	
	Sche-mes (In num-ber)	Expen-diture (Rs in lakh)	Sche-mes (In num-ber)	Expen-diture (Rs in lakh)	Sche-mes (In num-ber)	Expen-diture (Rs in lakh)	Sche-mes (In num-ber)	Expen-diture (Rs in lakh)	Sche-mes (In num-ber)	Expen-diture (Rs in lakh)	Sche-mes (In num-ber)	Expen-diture (Rs in lakh)	Sche-mes (In num-ber)	Expen-diture (Rs in lakh)
Madhubani	9	19.38	97	286.04	--	--	10	1.29	5	15.81	23	65.22	--	--
Samastipur	18	19.23	104	230.05	--	--	94	11.06	53	32.51	1	24.96	--	--
Gaya	48	49.73	34	32.61	71	15.99	--	--	2	1.06	15	96.52	--	--
Muzaffar-pur	--	--	29	56.46	--	--	--	--	9	15.56	--	--	--	--
Jehanabad	--	--	--	--	--	--	--	--	--	--	21	114.48	--	--
Saharsa	--	--	--	--	--	--	--	--	--	--	26	43.80	--	--
East Champanan	--	--	--	--	--	--	936	114.42	--	--	19	61.47	--	--
Bhagalpur	40	103.85	62	158.77	122	16.35	478	57.74	170	164.92	--	--	8	5.78
<b>Total</b>	<b>115</b>	<b>192.19</b>	<b>326</b>	<b>763.93</b>	<b>193</b>	<b>32.34</b>	<b>1518</b>	<b>184.51</b>	<b>239</b>	<b>229.86</b>	<b>105</b>	<b>406.45</b>	<b>8</b>	<b>5.78</b>

**(d) Wasteful expenditure on schemes abandoned subsequently**

In 7 DRDAs test-checked, 104 schemes taken up were abandoned and Rs 1.75 crore were spent on these. The details were as under:

Schemes	Districts	Year	Abandoned scheme	Estimated cost	Total expenditure on abandoned work
			(In number)	(Rupees in lakh)	
EAS	Samastipur	1998-99	6	28.17	6.50
	East Champanan	2000-01	19	28.00	19.11
MNP/EAS	Jehanabad	1997-98	11	133.64	43.91
	Gaya	1996-99	13	40.57	11.62
MNP	Samastipur	1998-99	6	28.27	6.50
	East Champanan	2000-01	19	28.00	19.11
MPLAD	Jehanabad	1995-96	1	--	1.68

Huge funds spent on abandoned schemes proved wasteful

Schemes	Districts	Year	Abandoned scheme	Estimated cost	Total expenditure on abandoned work
			(In number)	(Rupees in lakh)	
Road	Bhagalpur	1995-2000	2	14.79	2.07
	Hajipur	-do-	8	36.11	19.84
	Jehanabad	-do-	1	7.75	3.37
	Madhubani	-do-	18	--	41.40
<b>Total</b>			<b>104</b>	<b>345.30</b>	<b>175.11</b>

No reason for abandoning the schemes was available. Entire expenditure of Rs 1.75 crore was thus rendered wasteful.

(e) *Inventory of assets not maintained*

Inventory of assets created not maintained at any level

Inventory of assets created was not maintained in any of the DRDAs test-checked nor was such inventory maintained at the State level.

(f) *Generation of employment*

(i) *Wage-employment*

Employment generation minimal

JRY envisaged 100 days employment in a year to one member of each registered BPL family while EAS envisaged 100 days to two members. Instead employment was provided only for 6 to 35 days under JRY and for 2 to 4 days under EAS as per details below:

Scheme	Year	Total registered family of labourers (Number in lakh)	Total mandays generated in a year (Number in lakh)	Average mandays provided in a year (In number)
<b>JRY</b>	1995-96	14.81	525.24	35
	1996-97	24.10	266.63	11
	1997-98	31.31	315.81	10
	1998-99	31.00	344.69	11
	1999-2000	34.68	254.68	7
	2000-01	35.55	205.68	6
	2001-02	35.55	233.19	7
	<b>EAS</b>	1995-96	14.81 x 2	68.44
1996-97		24.10 x 2	148.23	3
1997-98		31.31 x 2	267.12	4
1998-99		31.00 x 2	270.54	4
1999-2000		34.68 x 2	249.85	4
2000-01		35.55 x 2	192.06	3
2001-02		35.55 x 2	215.60	3

(ii) *Self employment*

Self employment provided to negligible 1 to 7 per cent of BPL youth

IRDP/SGSY provided subsidy to rural youth for setting up micro enterprises for self employment ventures. As indicated in the table below self employment was provided to only 1 to 7 per cent of eligible BPL youth:



Year	Total BPL Youth	Registered family of labourer	Total BPL Youth eligible for self employment (2-3)	Subsidy provided to BPL Youth	BPL Youth benefited (Per cent)	Subsidiary required to be paid to BPL Youth (Column 5)	Subsidiary paid
1	2	3	4	5	6	7	8
(Number in lakh)			(Rupees in Crore)				
1995-96	48.43	14.81	33.62	1.71	5	85.50	55.41
1996-97	48.43	24.10	24.33	1.68	7	83.76	70.54
1997-98	68.93	31.31	37.62	1.31	3	65.55	NA
1998-99	68.93	31.00	37.93	1.21	3	60.42	75.92
1999-2000	68.93	34.68	34.25	0.45	1	39.48	42.18
2000-01	68.93	35.55	33.38	0.78	2	68.70	55.41
2001-02	68.93	35.55	33.38	1.05	3	92.71	73.94
<b>Total</b>						<b>496.12</b>	<b>373.40</b>

(g) *Payment on fake muster rolls*

Payment through fake muster rolls

In 3 districts (Jahanabad, Madhubani and Samastipur) 12 executing agencies paid Rs 1.87 crore to labourers through 54 muster rolls by exhibiting the name of same labourer twice or thrice in the same period between 1996-2001. In all Rs 1.87 crore were paid against fake muster rolls.

3.2.6 *Material management*

(a) In 4 DRDAs test-checked oil companies short supplied 291.26 tonne of bitumen valued at Rs 25.93 lakh during 1996-2000 as indicated below :

Short supply of bitumen not recouped/ recovered

Name of district	Year	Quantity ordered	Value paid	Quantity supplied	Value	Quantity short supplied	Value
(Quantity in Tonne; Value : Rupees in lakh)							
East Champaran	1998-2000	359.46	35.90	284.66	28.85	74.80	7.05
NREP, Vaishali	1999-2000	172.89	16.53	78.52	8.06	94.37	8.47
DRDA, Gaya	1996-98	600.00	42.69	514.26	36.59	85.74	6.10
DRDA, Jehanabad	1997-98	99.85	9.51	5.20	95.54	36.35	4.31
<b>Total</b>		<b>1232.20</b>	<b>104.63</b>	<b>940.94</b>	<b>78.70</b>	<b>291.26</b>	<b>25.93</b>

District Magistrates/ Deputy Development Commissioners did not take up the issue of short supply of bitumen with the oil companies.

No recovery of cost of bitumen misappropriated

(b) Deputy Development Commissioner, Gaya placed orders (March/May 1997) on Bharat Petroleum Corporation Ltd. for supply of 600 tonne of bitumen valued at Rs 42.69 lakh. The payment was made alongwith the supply orders. A Junior Engineer was designated to lift bitumen from Haldia depot of the oil company. The Junior Engineer lifted 378.11 tonne of bitumen during November 1997. As per statement (17 June 2001) of the Executive Engineer, REO Division, Gaya receipt of bitumen lifted by the Junior Engineer was not on record. Thus, 378.11 tonne bitumen valued at Rs 25.92 lakh was misappropriated. However, on the direction of the Deputy Development Commissioner/ District Magistrate (May 2001) Assistant Project Officer, Gaya lodged FIR (25 August 2001) against the Junior Engineer for misappropriation of 169.94 tonne of bitumen valued at Rs 12.17 lakh only. Findings of the Police were not available. The recovery of Rs 13.75 lakh being

the cost of 208.17 tonne of bitumen not supplied was not taken up with the oil company.

**Short supply of cement**

(c) In 2 DRDAs and one BDO office test-checked 26614 bags of cement valued at Rs 32.03 lakh were short supplied. No action was taken by the District Magistrate/ Deputy Development Commissioners for recovery of Rs 32.03 lakh from the supplier.

### 3.2.7 *Manpower management*

#### 3.2.7.1 *Infructuous expenditure on idle staff*

**Nugatory expenditure on drivers without work**

In Rural Engineering Organisation, Division, Motihari 20 vehicles were off the road due to mechanical defects since 1990 while 27 drivers were in position. Rs 50.02 lakh were spent on their pay and allowances during 1996 to 2002 without work.

### 3.2.8 *Other points*

#### 3.2.8.1 *Unauthorised approval of project*

**District Magistrate, Madhubani unauthorisedly approved a major project costing Rs 1.28 crore**

As per Government of India instruction (7<sup>th</sup> June 1994) District Magistrates/ Deputy Development Commissioners were authorised to approve a project valued upto Rs 10 lakh in each case. On the contrary, District Magistrate, Madhubani approved a project (Dairy Development) of Rs 1.28 crore under IRDP proposed by Mithila Dugdha Utpadan Co-operative Society, Samastipur (1996-97) and released Rs 20.62 lakh to the society during November and December 1996. The DRDA, Madhubani proposed (August 1997) to government for ex-post facto sanction of the project which was refused (September 1997). Then, the District Magistrate directed the society to refund the advance. Meanwhile, the society had spent (July 1997) Rs 17.49 lakh of which Rs 4.36 lakh was misutilised and Rs 3.23 lakh was of doubtful nature. However, no responsibility was fixed.

#### 3.2.8.2 *Fake adjustment of advances*

**Fake adjustment of advances needed investigation**

DRDA, Jahanabad exhibited advances of Rs 51.82 lakh in the balance sheet of TRYSEM scheme from the year prior to 1995-96 without any details of payees. Subsequently the DRDA adjusted Rs 48.64 lakh during 1997-98. Such adjustments were doubtful and needed investigation. Also Rs 3.18 lakh remained to be accounted.

#### 3.2.8.3 *Defalcation of cash*

**Defalcation of cash Rs 8.70 lakh**

A test-check of subsidiary cash book of the Rural Development Department, Patna revealed that as on 25 October 1991 there was a closing balance of Rs 3.12 lakh under the head of Account '2505', Rs 4.67 lakh under '3451' and Rs 0.89 lakh under '2501'. These balances were not carried over as opening balance on 26 October 1991 and onwards. Besides, a contingent bill (362/1994-95) for Rs 0.37 lakh was withdrawn from treasury (TV No.-24

dated 31.3.95) but Rs 0.35 lakh only was taken in cash book as receipt. Thus Rs 8.70 lakh was defalcated.

### 3.2.8.4 Wastage of Government money on vehicles

According to standards prescribed by Government of India (December 1994) and orders issued (December 1997) by Rural Development Department, only three vehicles (one car and 2 diesel jeeps or 2 gypsies) were to be used in a DRDA. However, in 2 DRDAs (Motihari and Nalanda) vehicles borrowed from other government department, District Board, Blocks etc. were operated in excess of standards prescribed as per following:

DRDA	Period	Vehicles operated	Vehicles required as per norm	Vehicles operated in excess of norms	Operation & maintenance expenses on vehicles operated in excess of norm
		(In number)			(Rupees in lakh)
Motihari	1996-2003	14	3	11	29.37
Nalanda	1995-2003	10 to 18	3	7 to 15	21.82
<b>Total</b>					<b>51.19</b>

The number of vehicles in excess of norm resulted in excess expenditure of Rs 51.19 lakh on POL which could have been utilised for various developmental schemes. This requires investigation.

### 3.2.8.5 Funds in transit

**Funds remaining in transit for long susceptible to defalcations/ frauds**

In 2 DRDAs funds of Rs 2.63 crore released to executive agencies were not received by them for 2 to 6 years and the same were being shown as "Funds in Transit" as of March 2002. The details were as under :

DRDA	Scheme	Year in which funds released	Amount (Rs. in lakh)
Jehanabad	TRYSEM	1994-95	0.71
	JRY	1996-97	38.15
Saharsa	EAS	1998-99	19.52
	JRY	1999-2000	204.39
<b>Total</b>			<b>262.77</b>

Huge funds remaining untraced for long was fraught with the risks of defalcation and frauds.

**3.2.9 Monitoring and evaluation****Poor monitoring**

Although monitoring cell was functioning at State headquarters, no schedule of inspection of supervisory functionaries at the State level was drawn up till March 2002. In the districts test-checked monitoring cells were not in operation and no schedule of inspection was prepared.

**Programmes implemented did not bring about any noticeable impact**

As registers of assets created and income generated under JRY (JGSY), EAS, IRDP, SGSY and other schemes were not maintained at any level, impact of the programmes could not be analysed by the department. However, it was observed that number of BPL families increased from 48.43 lakh in 1991-92 to 68.93 lakh in 1997 and total rural population in the State increased from 120.89 lakh in 1991 to 158.61 lakh in 1997. Thus implementation of various rural development programmes did not bring about any noticeable impact on the socio-economic condition of rural poor.

The points were referred to Government (September 2002); their reply had not been received (September 2003).



### 3.3 Rural Housing

#### *Highlights*

*Indira Awaas Yojana and 5 other rural housing schemes launched by Government of India aimed to provide dwelling units to rural poor below poverty line belonging to SC/ST, free bonded labour of non-SC/ST categories and retired defence personnel.*

*The implementation of the schemes was poor and suffered from diversion of funds, mis-utilisation of funds, blocking of funds, inadmissible payments, coverage of ineligible beneficiaries, incomplete construction of houses etc. Most of the houses were constructed without sanitary latrine and smokeless chulha facility. Five of the rural housing schemes (Credit-cum-subsidy scheme, Samagra Awaas Yojana, Innovative Scheme for Rural Housing and Habitat Development, Rural Building Centres, Pradhanmantri Gramodaya Yojana) which were introduced in April 1999 and 2000-01 did not take off. Thus, the rural housing schemes failed to deliver intended benefits to the targeted people.*

**Rupees 96.43 crore remained unutilised. Consequently, the State failed to obtain assistance of Rs 401.40 crore from Government of India.**

*(Paragraph 3.3.5.1)*

**DRDA, Patna diverted Rs 9.29 crore to other schemes for 4 to 5 years causing loss of interest of Rs 2.23 crore as of March 2002. In Muzaffarpur, Nawada and Patna districts Rs 17.27 lakh were misutilised for office and contingent expenditure.**

*(Paragraph 3.3.5.1 (i) and (ii))*

**Two Block Development Officers (Goradih and Sabour) unauthorisedly kept Rs 1.46 crore in a private co-operative society. Block Development Officer and Circle Officer, Nawada kept Rs 92.17 lakh in current accounts in banks sustaining loss of interest.**

*(Paragraph 3.3.5.1 (iv) and (v))*

**6934 houses involving an expenditure of Rs 9.01 crore remained incomplete/abandoned for 2 to 5 years in the districts test checked.**

*(Paragraph 3.3.6.1 (i))*

**3050 houses were constructed at a cost of Rs 4.78 crore for ineligible beneficiaries.**

*(Paragraph 3.3.6.1 (iii))*

**Financial and physical progress under Credit-cum-subsidy Scheme for rural housing and Pradhan Mantri Gramodaya Yojana (PMGY) was low and negligible.**

*(Paragraph 3.3.7.1 & 3.3.7.2)*

#### **3.3.1 Introduction**

Indira Awaas Yojana (IAY), a Centrally Sponsored Scheme was launched in 1985-86 as a component of the Rural Landless Employment Guarantee Programme (RLEGP). Since January 1996 it became an independent scheme. The scheme aimed to provide dwelling houses to below poverty line households living in the rural areas belonging to SC/ST, freed bonded

labourers of non-SC/ST categories, and the benefits were also available to physically handicapped persons and ex-servicemen/ para military forces or their families living in rural areas.

The IAY was subsequently supplemented by the following rural housing schemes: (i) Credit-cum-subsidy Scheme for rural housing; (ii) Prime Minister Gramodaya Yojana; (iii) Samagra Awaas Yojana; (iv) Innovative scheme for rural housing and habitat development; (v) Rural housing centre. However, last three schemes were not implemented in the State.

### 3.3.2 *Organisational set-up*

Rural Development Department administered rural housing schemes

The Commissioner-cum-Secretary, Rural Development Department was overall responsible for implementation of IAY in the State. District Rural Development Agencies (DRDAs) headed by the District Magistrates administered the scheme at the district levels with assistance of Deputy Development Commissioners and Block Development Officers under them.

### 3.3.3 *Audit coverage*

Nine districts and 38 blocks their under test-checked

Performance of the scheme during 1997-2002 was reviewed by Audit between December 2001 and May 2002 in 9 (out of 37) District Rural Development Agencies (DRDAs)<sup>1</sup> and 38 block offices of the districts test-checked.

### 3.3.4 *Survey and planning*

Survey of poverty ratio and housing shortages not done

Assistance under IAY available to States from GOI was based on proportion of rural poor in the State to the total poor in the country upto 1998-99 and thereafter on the basis of poverty ratio and housing shortages in the proportion of 50 : 50. For this, survey and identification of the beneficiaries was to be conducted. However, no such survey was conducted, nor were any steps taken to conduct survey.

### 3.3.5 *Funding pattern*

Central and State Governments shared the rural housing schemes in the ratio of 75:25 since April 1999

Funds under IAY were shared between Central and State Governments in the ratio of 80:20 upto 31<sup>st</sup> March 1999. The ratio was revised to 75:25 thereafter. GOI released funds every year to DRDAs in two instalments subject to fulfilment of certain conditions. First instalment from GOI was to be released at the very beginning while second instalment was to be released on utilisation of 60 per cent of the available funds by the DRDAs at the time of application for second instalment and unutilised balance at the end of the year should not exceed 25 per cent (reduced to 20 per cent from 1<sup>st</sup> April 1999) of the total allocation. In case such unutilised balances exceeded the limits, the excess amount was to be deducted by Government of India while releasing second instalment. Besides, the interest money earned on deposits of IAY funds was to be treated as part of the corpus of the IAY.

<sup>1</sup> Bhagalpur, Bhojpur, East Champaran, Katihar, Muzaffarpur, Nalanda, Nawada, Patna and Vaishali

**3.3.5.1 Financial outlay and expenditure**

**28 to 50 per cent of available funds remained unutilised**

Central assistance received, state's share released and expenditure incurred by the State were as under :

Year	Opening balance	Funds received from		Total	Expenditure	Unutilised Balance (per cent)
		Centre	State			
(Rupees in crore)						
1997-98	104.33	111.64	27.19	243.16	122.52	120.64 (50)
1998-99	120.64	135.21	32.02	287.87	178.47	109.40 (38)
1999-2000	109.40	193.76	82.02	385.18	249.17	136.01 (35)
2000-01	136.01	133.25	46.69	315.95	220.81	95.14 (30)
2001-02	95.14	183.92	63.24	342.30	245.87	96.43 (28)
<b>Total</b>	<b>104.33</b>	<b>757.78</b>	<b>251.16</b>	<b>1113.27</b>	<b>1016.84</b>	<b>96.43</b>

(Source : Information as furnished by the department)

28 to 50 per cent of available funds remained unutilised. As a result, against central allocation of Rs 1159.18 crore only Rs 757.78 crore was received.

In the test-checked districts audit scrutiny revealed as under:

**Rs 9.29 crore diverted for other purposes**

(i) DRDA, Patna diverted Rs 9.29 crore to the state Basic Minimum Service scheme during 1997-99. The funds diverted were not recouped for 4 to 5 years resulting in loss of interest of Rs 2.23 crore as of March 2002.

**Rs 17.27 lakh were misutilised for office and contingent expenses**

(ii) Rupees 17.27 lakh were misutilised for payment of telephone bills (Rs 0.48 lakh), repair and maintenance of vehicles (Rs 2.94 lakh), wages to contingent labourer (Rs 2.95 lakh) and other office expenses (Rs 10.90 lakh) in 3 districts<sup>2</sup> test-checked.

**Rs 20.08 lakhs not accounted**

(iii) In Mushahari block of Muzaffarpur District, pass book of Bank of Baroda showed a balance of Rs 1.14 lakh as on March 2002 whereas closing balance of the cash book showed a balance of Rs 21.22 lakh. Rupees 20.08 lakh was not accounted for and is likely to have been misappropriated.

**Rs 146.27 lakhs deposited in unauthorised co-operative societies**

(iv) Two Block Development Officers (Goradih and Sabour in Bhagalpur District) kept (March- May 2002) IAY (Rs 138.69 lakh) and PMGY (Rs 7.58 lakh) funds in a private co-operative society (Srijan Mahila Vikas Sahyog Samitee Ltd.) which was not authorised by Reserve Bank of India to receive public deposits.

**Keeping IAY funds in current account led to loss of interest**

(v) Block Development Officer, Nawada Sadar kept Rs 28.58 lakh in a current account during 2000-02. Similarly during 1997-2000, Circle Officer, Nawada kept Rs 63.59 lakh in current account in 3 banks. Such deposits resulted in loss of interest of Rs 7.64 lakh as of March 2002 at an average rate of 5 per cent per annum.

<sup>2</sup> Muzaffarpur (Rs 1.71 lakh), Nawada (Rs 5.86 lakh) and Patna (Rs 9.70 lakh)

### 3.3.6 Physical progress

Targets and achievements were as under :

Year	Previous year balance of houses remaining incomplete	Targets	Total	Houses completed (Per cent in bracket)	Houses under progress
(In number)					
1997-98	63028	61620	124648	57433 (46)	67215
1998-99	67215	96016	163231	75654 (46)	87577
1999-2000	87577	159109	246686	104386 (42)	142300
2000-01	142300	159109	301409	121353 (40)	180056
2001-02	180056	170873	350929	116136 (33)	234793
<b>Total</b>		<b>646727</b>		<b>474962</b>	

(Source : Annual report of Rural Development Department)

Audit scrutiny revealed the following :

**A large number of houses remained incomplete while substantial funds remained unutilised**

(i) 54 to 67 per cent of houses remained incomplete. Number of incomplete houses increased steadily from 67,215 at the end of 1997-98 to 2,34,793 at the end of 2001-02. But the amount of unspent balance decreased from Rs 120.64 crore to Rs 96.43 crore during the period.

**Physical achievement was disproportionate to the funds spent**

(ii) Though 50 to 72 per cent of the available funds were spent only 33 to 46 per cent of targeted constructions of houses were completed.

**Sanitary latrine not constructed**

(iii) The IAY envisaged providing smokeless chullah and sanitary latrine facilities in each house. The Secretary to Government of India, Ministry of Social Justice and Empowerment observed (August 2001) that most of the houses under the IAY were constructed without sanitary latrine and smokeless chulahas facility though provision of this facility in the dwelling units constructed under IAY was an integral part of the scheme. No remedial actions for the deficiencies in the houses constructed were taken.

#### 3.3.6.1 Physical achievement in the districts test-checked

**A large number of houses involving huge expenditure of Rs 9.01 crore remained incomplete**

(i) Although dwelling units taken up for construction were to be completed within 3 months of the first instalment of payments, in 23 blocks of 8 districts<sup>4</sup> test-checked, 6934 houses remained incomplete/ abandoned for 2 to 5 years as of March 2002 involving expenditure of Rs 9.01 crore.

**IAY funds of Rs 5.64 lakh were defalcated by fictitious entry in the cash book**

(ii) In Patna Sadar and Masaurhi blocks, Rs 4.06 lakh were paid during 1992-97 to 29 beneficiaries. Rs 5.64 lakh was again shown as disbursed to the same 29 beneficiaries in 1998-99. This requires investigation.

<sup>4</sup> Bhagalpur (Rs 36.78 lakh), Bhojpur (Rs 150.35 lakh), East Champaran (Rs 161.26 lakh), Katihar (Rs 35.83 lakh), Muzaffarpur (231.98 lakh), Nawada (Rs 71.30 lakh), Patna (Rs 101.25 lakh), Vaishali (Rs 112.36 lakh).



3050 houses constructed at a cost of Rs 4.78 crore for ineligible persons

BDOs failed to effect economy in construction

Inventory of houses not maintained

Boards and logo of houses constructed not displayed, though required

(iii) In 26 blocks of 7 districts<sup>5</sup> test-checked, 3050 houses were constructed at a cost of Rs 4.78 crore for people who did not belong to BPL category.

(iv) The scheme envisaged use of lime and lime surkhi manufactured locally in construction of houses instead of use of costly cement. On the contrary, 3 Block Development Officers (Bhaktiarpur, Pandarak and Barh) of Patna district purchased 2628.95 tonne of cement costing Rs 65.33 lakh.

(v) No inventory of houses was maintained in any of the DRDAs and blocks test-checked. As a result, correctness of the figures of houses constructed under IAY and their physical presence were not verifiable.

(vi) On completion of an IAY dwelling units, the DRDAs concerned should ensure that for each house so constructed, a display board was to be fixed indicating IAY logo, year of construction, name of the beneficiary. However, no such arrangement was made by the DRDAs test-checked.

### 3.3.7 Supplementary rural housing schemes

Other rural housing schemes which supplemented IAY were as under:

#### 3.3.7.1 Credit-cum-subsidy scheme for rural housing

The scheme was launched on 1<sup>st</sup> April 1999. The scheme targeted rural families having annual income upto Rs 32000. The assistance for construction of houses under the scheme comprised loan and subsidy components. The subsidy was restricted to Rs 10000 while the maximum loan amount admissible was Rs 40000. Subsidy element of the scheme was to be shared by the Centre and State in the ratio of 75 : 25.

Financial performance under the scheme was negligible as detailed below:

Year	Opening balance	Funds released		Total fund available	Expenditure	Closing balance	Shortfall (in per cent)
		Centre	State				
(Rupees in lakh)							
1999-2000	NIL	968.91	322.95	1291.86	1.30	1290.56	
2000-01	1290.56	NIL	NIL	1290.56	38.23	1252.33	97
2001-02	1252.33	NIL	NIL	1252.33	70.69	1181.64	94
<b>Total</b>					<b>110.22</b>		

Thus only 9 per cent of available funds (Rs 1291.86 lakh) were utilised. No reason for poor utilisation of fund was available. Government of India, did not release any amount for implementation of the scheme during 2000-02.

Further, against the target of providing financial assistance to 1188 persons only 437 persons benefited under the scheme. Physical achievement against targets was thus, low at 37 per cent. No reason for short achievement was available.

<sup>5</sup> Bhagalpur (Rs 15.60 lakh), Bhojpur (Rs 215.49 lakh), East Champaran (Rs 34.86 lakh), Muzaffarpur (Rs 30.53 lakh), Nawada (Rs 27.88 lakh), Patna (Rs 109.61 lakh) and Vaishali (Rs 44.39 lakh).

### 3.3.7.2 Pradhan Mantri Gramodaya Yojana (PMGY)

The scheme introduced in 2000-01 was based on the pattern of Indira Awaas Yojana in the two components viz. construction of houses and upgradation of houses. Out of Rs 90.55 crore available (Central Funds: Rs 63.55 crore + State funds: Rs 27 crore), only Rs 52.36 crore (58 per cent) were spent. Reason for poor utilisation was not stated.

The targets for construction and achievement thereagainst were as under:

Year	Opening Balance	Target for the year	Houses completed	Shortfall (in per cent)
(In number)				
2000-01	NIL	12297	NIL	100
2001-02	12297	27955	16045	60

Against available funds of Rs 22.51 crore for upgradation of houses during 2000-02, only Rs 12.86 crore was utilised and Rs 9.65 crore (43 per cent) remained unutilised. Similarly against the target of upgrading 20364 houses during 2000-02, 8196 houses (40 per cent) only were upgraded. No reason for shortfalls was available.

### 3.3.8 Monitoring and evaluation

**Absence of monitoring at all levels**

State Level Co-ordination Committee (SLCC) to monitor implementation of the rural development schemes was belatedly formed in September 1999. However, the SLCC did not prescribe the minimum number of field visits in a month by each supervisory level functionary from block to state levels as of March 2002. This indicated lack of interest evinced by the Government/ SLCC towards effective implementation of the scheme in the State.

State Government directed (December 1998) formation of district level monitoring committees but no such committee was formed.

**The scheme failed to deliver intended benefits to target groups of people**

Xavier Institute of Social Service, Ranchi in their report (August 2000) observed that norms prescribed were violated while implementing the scheme. Around 46 per cent of the beneficiaries under the scheme were above poverty line. Smokeless chulhas and sanitary latrines were provided to only one per cent of the beneficiaries. Each beneficiary generally received less than the required funds of Rs 20000. Nearly two-third of the beneficiaries did not have required size (20 sqr metre) of the house. Thus, due to absence of proper monitoring at State and district levels the scheme failed to deliver intended benefits to the target groups of rural people.

The points were referred to government (August 2002); their reply had not been received (September 2003).

## 3.4 Swarnjayanti Gram Swarozgar Yojana (SGSY)

### Highlights

Swarnjayanti Gram Swarozgar Yojana (SGSY) was launched by Government of India (GOI) with effect from 1 April 1999 as a holistic programme covering various aspects of self employment to help rural poor families/swarozgaris come up above poverty line in 3 years by providing them income generating assets through bank credit and government subsidy. Funding was shared by Central and State Governments in the ratio of 75 : 25. Yet only 4 per cent of the BPL families were benefited during 1999-2002. The scheme faltered midway due to poor utilisation of funds, large scale diversions and misutilisation of funds, non-observance of norms, inadmissible payments, unfruitful and irregular expenditure, doubtful payments, etc.

Rupees 75.63 crore remained unutilized. Hence, Central Funds were short released by Rs 141.87 crore.

(Paragraph 3.4.4 (i))

Only 3 per cent (Rs 5.89 crore) of earmarked funds for revolving fund were utilised for assistance to Self Help Groups (SHGs). As a result, capacity building of SHGs was not effective.

(Paragraph 3.4.4 (iii))

Only 4 per cent (Rs 9.48 crore) of earmarked funds was utilised for imparting training. This indicated that financial assistance was provided to Swarozgaris without imparting training and minimum skill.

(Paragraph 3.4.4 (v))

DRDA, Motihari advanced Rs 2.78 crore for construction of godowns without recommendation of the block level SGSY committee and constructions remained incomplete. Godowns constructed were misutilised for other purposes.

(Paragraph 3.4.6 (f))

In DRDA, Motihari financial assistance of Rs 1.10 crore was provided to 121 SHGs without preconditions being fulfilled.

(Paragraph 3.4.6 (g))

### 3.4.1 Introduction

GOI launched SGSY to help rural poor come up above poverty line by way of self-employment

"Swarnjayanti Gram Swarozgar Yojana" (SGSY) was launched by Government of India (GOI) with effect from 1<sup>st</sup> April 1999 as a Self Employment Programme (SEP) for rural people by restructuring and merging six erstwhile employment generating/ relating schemes viz, Integrated Rural Development Programme (IRDP), Training of Rural Youths for Self Employment (TRYSEM), Development of Women and Children in Rural Areas (DWCRA), Supply of Improved Tool Kits to Rural Artisans (SITRA) Ganga Kalyan Yojana (GKY) and Million Wells Scheme (MWS).

It was a holistic programme covering various aspects of self employment such as organisation of the poor into Self Help Groups (SHGs), training, credit,

technology, infrastructure, monitoring etc. to help swarozgaris come up above poverty line in three years by providing them income generating assets through bank credit and government subsidy. The scheme envisaged that each swarozgari had a monthly net income of at least Rs 2000 per month and at least 30 per cent of the rural families below the poverty line would be covered in each block during the next five years.

### 3.4.2 Organisational set-up

Rural Development Department administered SGSY in the State

Commissioner-cum-Secretary to the Government, Rural Development Department had overall responsibility for implementation of SGSY in the State. District Rural Development Agencies (DRDA) headed by District Magistrates and Block Development Officers were responsible for implementation of the scheme at district and block levels.

### 3.4.3 Audit coverage

Implementation of SGSY was reviewed in audit between December 2001 and June 2002 based on test-check of records of Rural Development Department and 9 out of 37 DRDAs<sup>1</sup> with 38 blocks under them.

### 3.4.4 Financial outlay and expenditure

Allocation of funds by GOI and the State and expenditure were as under:

Year	Allocation of funds			Opening balance	Release of Funds by				Expenditure	Unutilised balance (Percent)
	GOI	State	Total		GOI	State	Miscellaneous receipts	Total		
(Rupees in crore)										
1999-2000	147.97	41.25	189.22	116.38	79.77	27.72	Nil	223.87	67.18	156.69 (70)
2000-01	81.62	27.21	108.83	156.69	26.44	30.17	Nil	213.30	99.85	113.45 (53)
2001-02	72.99	24.33	97.32	113.45	54.50	10.31	3.38	181.64	106.01	75.63 (42)
Total	302.58	92.79	395.37		160.71	68.20	3.38	348.67	273.04	

(Source : Information as furnished by the department)

Scrutiny revealed the following:

Due to poor utilisation of funds GOI did not release Rs 141.87 crore

(i) Rupees 75.63 crore remained unutilised at the end of March 2002. Resultantly, GOI did not release Rs 141.87 crore allocated by them.

Subsidy claimed by banks not scrutinised

(ii) 60 per cent (Rs 137.35 crore) of funds was earmarked for payment of subsidy. Against this, subsidy claimed by banks was Rs 193.38 crore. As the claims of the banks were not scrutinised either at State or district levels, excess subsidy claim by banks was not ruled out.

Against the norm of 10, only 3 per cent of the funds utilised as revolving fund assistance to SHGs

(iii) Against 10 per cent norm only 3 per cent (Rs 5.89 crore) of the funds released were utilised for revolving fund. This indicated that capacity building of the SHGs was not effective.

<sup>1</sup> Bhagalpur, Bhojpur, East Champaran, Katihar, Muzaffarpur, Nalanda, Nawada, Patna and Vaishali



Excess expenditure of Rs 9.34 crore on development of infrastructure

(iv) Twenty per cent (Rs 45.78 crore) was earmarked for development of infrastructure. Against this, Rs 55.12 crore were spent. Excess expenditure of Rs 9.34 crore was unjustified as provision for infrastructure was the responsibility of State Government and SGSY funds were intended to meet only the critical gaps in necessary infrastructure.

Against 10 per cent, only 4 per cent of the funds utilised for training to swarozgaris

(v) Against 10 per cent of earmarked funds (Rs 22.89 crore) for training the swarozgaris, only 4 per cent (Rs 9.48 crore) were utilised. This indicated that swarozgaris were not adequately trained or provided with minimum skill to receive the financial assistance under SGSY.

### 3.4.4.1 Credit mobilisation by banks

SGSY was basically credit driven and subsidy supported. Targets for credit mobilisation by banks and achievements thereagainst were as under:

Poor credit mobilisation

Year	Target	Achievement	Per cent
(Rupees in crore)			
1999-2000	371.25	76.81	21
2000-01	406.39	143.17	35
2001-02	371.07	192.35	52

The table indicated that there was tardy progress of credit mobilisation in the State under the scheme indicating poor co-ordination with the banks.

### 3.4.5 Physical progress

Physical progress of the scheme was as under:

Year	BPL families	Swarozgaris assisted	Swarozgaris imparted training	Swarozgaris assisted (Percent)	Swarozgaris brought above BPL
(In number)					
1999-2000	7077190	44736	13377	0.63	NA
2000-01	7077190	125792	82349	1.78	NA
2001-02	7077190	146925	101997	2.08	NA
<b>Total</b>		<b>317453</b>	<b>197723</b>	<b>4.47</b>	

(Source: Information as furnished by the department).

NA:- Not available.

Scrutiny of records revealed the following:

Only 4 per cent of the BPL families benefited

(i) The scheme stipulated coverage of 30 per cent of rural poor families within 5 years. Accordingly at least 18 per cent of the rural poor should have been covered in the three years. Against this only 4 per cent of the BPL families were benefited in three years. The pace of progress was slow.

(ii) No information on swarozgaris who were brought above BPL under the scheme as of March 2002 was available.

Training not imparted to 38 per cent of swarozgaris selected

(iii) Out of 3,17,453 swarozgaris assisted under the scheme, no training was imparted to 1,19,730 (38 per cent) swarozgaris. As a result sustainability of the rozgar to the beneficiaries was not ensured.

### 3.4.6 Deficiencies in implementation

#### (a) Financial assistance to non-BPL families

Assistance of Rs 3.31 crore provided to ineligible groups/families

In 7 DRDAs<sup>2</sup> test-checked financial assistance of Rs 3.19 crore were provided to 44 Self Help Groups (Rs 96.40 lakh) and 464 individuals (Rs 2.23 crore) who were not identified as belonging to BPL families as per the survey report.

In Ramgarhwa block of East Champaran district, Rs 12.33 lakh was provided to 4 groups during 1999-2001 who did not belong to BPL category.

#### (b) Diversion of funds and loss of interest

Unauthorised diversion of SGSY funds adversely affected the scheme

In 8 DRDAs<sup>3</sup> test-checked District Magistrates/ Deputy Development Commissioner unauthorisedly diverted SGSY funds of Rs 8.05 crore during 1999-2002 to other schemes/ salary payments. Of this only Rs 4.30 crore were recouped by 5 DRDAs<sup>4</sup> as of March 2002 and Rs 3.75 crore remained unrecovered (31 March 2002). Such diversion resulted in loss of interest of Rs 40.10 lakh (5 per cent per annum) as of March 2002.

#### (c) Misutilisation of funds

SGSY funds misutilised for office and other expenses

In 9 districts<sup>5</sup> test-checked, Rs 103.88 lakh were misutilised during 1999-2002 for purchase of cars (Rs 11.30 lakh), payment of telephone bills (Rs 21.74 lakh), electric bills (Rs 3.15 lakh) repair and maintenance of vehicles (Rs 5.26 lakh), petrol oil and lubricants (Rs 41.16 lakh) lunch and dinner (Rs 2.10 lakh) and wages etc. (Rs 19.17 lakh) in disregard of the provisions of the scheme.

Further, in DRDA, East Champaran Rs 12.25 lakh was advanced (2000-01) to six Sub-Divisional Officers (Rs 9 lakh) and 20 Circle Officers (Rs 2 lakh) for the purpose of updating of records and to District Magistrate (Rs 1.25 lakh) for fuel and maintenance of records etc. out of SGSY training funds which were meant to be paid to such persons who had skill and expertise in different rozgars. Besides, Rs 1.56 lakh were spent (February 2002) for training of Panchayat Sewak, Mukhia, Nazir of blocks and Block Development Officers beyond the scope of the scheme.

<sup>2</sup> Bhagalpur (Rs 34.75 lakh), East Champaran (Rs 58.56 lakh), Katihar (Rs 7.08 lakh), Muzaffarpur (Rs 27.24 lakh), Nalanda (Rs 5.28 lakh), Nawada (Rs 181.38 lakh) and Vaishali (Rs 5.00 lakh).

<sup>3</sup> Bhagalpur (Rs 275.00 lakh), Bhojpur (Rs 62.31 lakh), East Champaran (Rs 19.00 lakh), Muzaffarpur (Rs 21.47 lakh), Nalanda (Rs 59.62 lakh), Nawada (Rs 35.46 lakh), Patna (Rs 174.66 lakh) and Vaishali (Rs 157.75 lakh)

<sup>4</sup> Bhagalpur (Rs 275.00 lakh), Nalanda (Rs 47.49 lakh) and Vaishali (Rs 107.47 lakh)

<sup>5</sup> Bhagalpur (Rs 4.38 lakh), Bhojpur (Rs 2.04 lakh), East Champaran (Rs 42.63 lakh), Katihar (Rs 7.55 lakh), Muzaffarpur (Rs 18.17 lakh), Nalanda (Rs 3.84 lakh), Nawada (Rs 10.15 lakh), Patna (Rs 7.51 lakh) and Vaishali (Rs 9.32 lakh)

**(d) Undue financial aid to Co-operative Societies**

**Private co-operative society was allowed to thrive on SGSY funds**

(i) SGSY funds were to be kept in nationalised banks and financial assistance to Self Help Groups (SHGs) was to be credited in the bank accounts of the SHGs concerned. On the contrary, DRDA, Bhagalpur deposited Rs 62.92 lakh\* in Srijan Mahila Vikas Sahyog Samiti a Co-operative Society at Sabour which had no license for conducting banking business under section 22 of Banking Regulation Act 1949. This was undue financial aid to the Society. It was also observed that loan of Rs 25 lakh (out of Rs 62.92 lakh) was disbursed by the Co-operative Society to 10 SHGs whose members did not belong to BPL category.

**DRDAs did not obtain utilisation certificates for a large sum**

(ii) Six DRDAs<sup>6</sup> advanced Rs 3.39 crore (out of SGSY funds) to Bihar State Co-operative Milk Producers Federation Ltd. (COMPFED), Bihar, Patna for development of infrastructure during 1999-2002. Against this, utilisation certificate for Rs 2.19 crore\*\* was not obtained by DRDA, Nalanda as of March 2002.

Though not permissible under the scheme Rs 1.15 crore out of Rs 3.39 crore were advanced by DRDA, Nalanda (out of Rs 161.97 lakh received in 2001-02) to the COMPFED a State Co-operative society for installation of bulk cooler, milk chilling plant etc. Thus benefit under the scheme was not extended to the target group of people.

**(e) Unjustified construction of godowns and waiting halls**

**Rupees 2.78 crore advanced for construction of godowns and waiting halls did not serve swarozgaris**

District Magistrate, East Champaran, Motihari ordered (December 2000) construction of a godown and a waiting hall for swarozgaris in each of 27 blocks of the district at a total estimated cost of Rs 3.05 crore and advanced (during December 2000 to October 2001) Rs 2.78 crore to 3 Executive Engineers, NREP, Motihari. Construction was incomplete as of July 2002 and at 3 places (Dhaka, Raxaul, Motihari) completed buildings were used as office of a Sub-Divisional officer (Sikrahana), Sub-Divisional Police Officer (Sikrahana) and for storage of food grains (Motihari and Raxaul). The buildings did not serve swarozgaris. Besides, as noticed in test-check TRYSEM buildings at 3 places (Raxaul, Motihari, Sugauli) which could be utilised for swarozgaris were misutilized for other purposes.

Thus, taking up construction of godowns and waiting halls without considering their need and without utilising the available TRYSEM buildings lacked justification.

\* Revolving funds Rs 7.25 lakh, Loan amount Rs 25 lakh, Construction of 11 workshop-cum-godowns, Rs 24.40 lakh and training fund of Rs 6.27 lakh.

<sup>6</sup> East Champaran (Rs 28.83 lakh), Muzaffarpur (Rs 102.98 lakh), Nalanda (Rs 115.00 lakh), Nawada (Rs 14.05 lakh), Patna (Rs 36.71 lakh) and Vaishali (Rs 41.00 lakh)

\*\* Nalanda: (Rs 1.15 crore), East Champaran (Rs 0.29 crore), Muzaffarpur (Rs 0.19 crore), Nawada (Rs 0.14 crore), Patna (Rs 0.37 crore) and Vaishali (Rs 0.05 crore).

**(f) Irregular assistance to Self Help Groups**

Assistance irregularly provided to 121 SHGs

Self Help Groups (SHGs) have to undergo three stages viz. group formation, capital formation and taking up economic activity for income generation and were to be graded every six month to determine their capability and eligibility for financial assistance. Status of SHGS in the State was as under:

Year	No. of SHGS formed	Different stages passed		Amount of revolving fund (Rs. in crore)	No. of SHGS took up economic activity and received assistance	Total number of members	Amount of subsidy (Rs. in crore)
		Grade I No.	Grade II No.				
1999-2000	7380	952	957	1.78	2251	24631	42.18
2000-2001	10010	1678	966	1.46	3757	43443	69.28
2001-2002	10683	3219	1336	2.65	3671	44928	81.92
<b>Total</b>	<b>28073</b>	<b>5849</b>	<b>3259</b>	<b>5.89</b>	<b>9679</b>	<b>113002</b>	<b>193.38</b>

Only 34 per cent (9679) of the SHGs formed received assistance while only 12 per cent (3259) of the SHGs formed had the potential of becoming viable.

Further, in DRDA, East Champaran, Motihari Rs 1.10 crore (loan: Rs 59.53 lakh; subsidy: Rs 50.52 lakh) was provided to 121 SHGs without grading and evaluating their capability and without any financial assistance for revolving fund for capacity building. Thus, financial assistance of Rs 1.10 crore was irregularly provided.

**3.4.7 Other points**

Debit of Rs 9.90 lakh in the cash book needs investigation

(i) SGSY cash book of DRDA, Motihari contained a debit of Rs 9.90 lakh on 31 March 2001 on account of subsidy claimed by the "Land Development Bank, Motihari". This was classified as doubtful payment by the Deputy Development Commissioner but no action was taken.

Accountability for payments on fake and fictitious muster rolls required to be fixed

(ii) In four blocks<sup>7</sup> and one Rural Engineering division of four districts<sup>8</sup> Rs 5.24 lakh were paid on fictitious muster rolls (60 nos) for development of infrastructure/ construction of buildings.

Advances remained unrecovered/ unadjusted

(iii) DRDA, Nawada advanced Rs 4.49 lakh (March 1998) to a firm for supply of improved tool kits to be used by artisans. No supply was made nor was the advance recovered.

Physical verification of assets not conducted

(iv) In disregard of guidelines, physical verification of assets procured by swarozgaris was not conducted at any level in the districts test-checked.

Separate component wise accounts not maintained

(v) As per SGSY guideline, separate accounts for each component viz subsidy for economic activities, infrastructure fund, training fund and revolving fund of the total SGSY funds were required to be maintained in each district.

<sup>7</sup> Naugachiya, Kursella, Sauchi, Biharsharif Sadar.

<sup>8</sup> Bhagalpur, East Champaran, Katihar, Nalanda



In the absence of separate accounts the correctness of funds available under each component and excess/ saving of funds in each component could not be ascertained.

**Inventory of assets created under the scheme not maintained**

(vi) Inventory of assets created under SGSY were required to be maintained at the district, block and panchayat levels showing details of completion of work, cost involved therein, benefits obtained, employment generated, date of handing over the assets to concerned departments etc. Further, the assets created under SGSY were required to be handed over to the concerned departments of the State Government and Panchayati Raj Institutions for maintenance. But no such inventory was maintained at any level. Besides, assets if any created were not found transferred to department concerned for maintenance. Further, it was seen that in none of the DRDA/ Blocks test-checked, register/ ledger showing details of applicants, key activities, financial status, loan recommended/ sanctioned etc. were maintained.

**Unfruitful expenditure on printing Vikash Patrika**

(vii) DRDA, Bhagalpur spent Rs 5.49 lakh (January 2000) on printing "Vikash Patrika" for identification of Swarozgaris, Vikas Patrikas were supplied to all blocks for obtaining detailed information of the swarozgaris. However, all the patrikas remained dumped in stores of the blocks without any use. This resulted in unfruitful expenditure of Rs 5.49 lakh.

### **3.4.8 Monitoring and evaluation**

**Absence of monitoring at all levels**

Implementation of SGSY scheme was to be monitored through field inspection. The District Magistrate/ Chairman, DRDA was to prescribe suitable number of field visits.

On the basis of their inspection reports, the monitoring wing at DRDA was to submit the consolidated report to the governing bodies of the DRDA. But no such schedule had been drawn at any level. Nothing had been done to assess monthly income of the beneficiaries and recovery of loan from them.

**Implementation of the scheme not evaluated**

No evaluation studies on the implementation of the scheme either by State Government or by reputed institution and organisation was conducted till March 2002.

The matter was referred to Government (August 2002); their reply had not been received (September 2003).

## SECTION - B : PARAGRAPHS

### CO-OPERATION DEPARTMENT

#### 3.5 Co-operative rural storage centre in Bihar

Co-operative Rural Storage Centre (Bihar), an European Economic Community assisted (through Government of India) project was approved by Government of India (GOI) in March 1988 in 28 (now Bihar 25, Jharkhand 3) districts<sup>1</sup> of Bihar at a cost of Rs 33.78 crore (revised to Rs 46.77 crore in December 1994). The project was supplemented by GOI grant of Rs 20.35 crore in January 1998 for completion by March 2001. The project aimed at increasing agricultural production, storage and marketing of primary Co-operative Society in the State by construction of godowns in rural areas, improving agricultural credit and upgrading professional skills and managerial efficiencies. Accordingly, 1500 godowns of capacity of 100 tonne each (Bihar: 1361 and Jharkhand: 139) were to be constructed in a period of 5 years.

Secretary to Government, Co-operation Department was overall responsible for implementation of the project who was assisted by the Registrar Co-operative Societies and the Chief Project Manager, Project Implementation Cell. Construction of godowns under the project was entrusted to the Engineering Cell, Bihar State Co-operative Marketing Union (BISCOMAUN) (combined Bihar : 233 ; Bihar : 196), Bihar State Warehousing Corporation (75), Project Cell (69) and the Deputy Development Commissioner in the districts (combined Bihar : 1123; Bihar : 1021).

Expenditure on various components of the project was initially met by State Government and was subsequently reimbursed by the National Co-operative Development Corporation (NCDC).

The NCDC received funds from Government of India by way of loan to cooperative societies. It funded 85 percent of construction cost of godowns by way of loan (50 percent) and share capital (35 percent), while the rest of the cost was borne by State Plan (10 percent) and society (5 percent).

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<sup>1</sup> Bihar: Araria, Begusarai, Darbhanga, East Champaran, Katihar, Kishanganj, Madhepura, Muzaffarpur, Purnea, Samastipur, Saharsa, Supaul, Vaishali, West Champaran, Aurangabad, Banka, Bhagalpur, Jamui, Jehanabad, Lakhisarai, Munger, Nalanda, Nawada, , Patna and Shekhpura; Jharkhand: Garhwa, Gumla, Palamu.

### 3.5.1 Financial outlay and expenditure

Funds released by the State Government to Project Implementation Cell (PIC) headed by Chief Project Manager for various components of the project upto 31 March 2001 and expenditure thereagainst were as under:

Year	Fund provided to PIC				Expenditure			
	Godown construction	Business promotion	Institutional building	Total	Godown construction	Business promotion	Institutional building	Total
(Rupees in crore)								
Upto 1995-96	30.71	7.50	5.77	43.98	27.84	5.38	3.54	36.76
1996-97	0.95	-	-	0.95	0.29	2.00	0.86	3.15
1997-98	--	--	--	--	2.12	--	0.89	3.01
1998-99	--	--	--	--	0.13	--	0.82	0.95
1999-2000	--	--	--	--	0.02	--	1.06	1.08
2000-01	--	1.92	13.61	15.53	--	1.92	12.02	13.94
<b>Total</b>	<b>31.66</b>	<b>9.42</b>	<b>19.38</b>	<b>60.46</b>	<b>30.40</b>	<b>9.30</b>	<b>19.19</b>	<b>58.89</b>

(Source: Information as furnished by the Project Implementation Cell)

Audit scrutiny revealed the following:

**Fund released shown as spent**

(i) Rupees 58.89 crore shown as spent upto 31 March 2001 represented the amount released by the PIC to various executing agencies and did not represent the amount actually spent by the latter. The Project Manager, PIC did not also obtain monthly progress of expenditure and utilisation certificate.

**On closure of project, unutilised funds not credited to government account**

(ii) In view of closure of the project in March 2001 unutilised balance of Rs 1.57 crore was required to be credited to Government account but it remained with the PIC.

(iii) In 5 districts test-checked Rs 2.57 crore (23 per cent) remained unutilised. 87 per cent (Rs 97.08 lakh) of earmarked funds for managerial subsidy and 75 percent (Rs 62.00 lakh) of funds for income generating scheme for women remained unutilised. Secretary to Government, Department of Cooperation stated (October 2002) that managerial subsidy was invested by the Societies for business activity as and when required. He also stated that societies had formed women groups and those who have not done so were motivated to do so. The reply was not tenable as major chunk of earmarked funds for managerial subsidy and income generating scheme for women remained unutilised even after a lapse of one and half years.

### 3.5.2 Project implementation

#### (a) Unfruitful expenditure on incomplete godowns

**Incomplete godowns involving expenditure of Rs 66.67 lakh remained non-functional**

Of 1500 godowns (Bihar: 1361, Jharkhand : 139) taken up 1472 godowns (Bihar : 1339, Jharkhand: 133) were reportedly completed. Secretary to Government (Department of Cooperation) stated (October 2002) that only 28 godowns (Bihar: 22; Jharkhand: 6) were incomplete due to litigations, disagreement among members. The number of incomplete godown furnished by the Government was not reliable since in the 3 test checked districts alone 28 godowns were incomplete.

Expenditure of Rs 66.67 lakh incurred on these incomplete godown was rendered unfruitful.

**(b) Poor performance of Primary Agricultural Co-operative Societies (PACS)**

Project Implementation Cell graded operating Co-operative Societies into 5 categories as under:

87 PACs had no business activity resulting in infructuous investment of Rs 1.97 crore

Grades	Value of business over (Rs in lakh)	Viability status
A	Over Rs 20 lakh	Viable
B	Between Rs 15-20 lakh	Needs efforts
C	Between Rs 10-15 lakh	Needs immediate attention
D	Between Rs 5-10 lakh	Requires core monitoring
E	Less than Rs 5 lakh	Alarming

It was noticed that 87 (out of 1361) PACS in the State did not have any business activity during 1997-2001. Rupees 1.97 crore released to these PACS on account of construction of godowns, margin money, banking business, managerial subsidy etc. was infructuous.

**(c) Non-repayment of loans by PACS**

Majority of the PACs did not repay loans

State Government provided loans of Rs 15.21 crore to 1361 PACS during 1991-96 for construction of godowns. The loans with interest\* were recoverable in 12 annual equal instalments commencing on fourth anniversary of deemed date of drawal of loans. It was seen in audit that only 257 PACS had started repayment of loan and Rs 60.90 lakh (Principal:Rs 37.18 lakh, Interest: Rs 23.72 lakh) was recovered as of June 2002. Project Implementation Cell did not initiate action to recover loans from the defaulting PACS. Secretary to Government stated (October 2002) that department was keeping a close watch and was committed to realise the loans in full.

**3.5.3 Monitoring and evaluation**

Chief Project Manager, Project Implementation Cell was to monitor business activities of the PACS to assure their viability with the assistance of Project Development Manager. It was observed that 87 PACS (out of 1361) had no business activity. This indicated that there was a total absence of monitoring.

The project closed in March 2001. As per the agreement processing of payments and evaluations was to be completed by March 2003. The EEC fielded a team of experts in July 2001 to evaluate the project. The Secretary to Government stated (October 2002) that the report of the team was submitted to the EEC and the NCDC. However, the copy of the report was not made available to Audit.

\* Interest recoverable as calculated by the PIC was Rs 9.89 crore as of March 2001.



Rupees 1.57 crore remained unutilised. Majority of the primary agricultural cooperative societies did not repay loans. 87 primary agricultural cooperative societies had no business activity and the Project Implementation Cell did not initiate actions to improve their business activity. Number of godowns remained incomplete though funds were released and remained unspent with executing agencies. Managerial subsidy and Income generating schemes also did not realise the objectives.

The points referred to Government (August 2002); their reply had been received (October 2002) and incorporated in the preceding sub paras to the extent possible.

### **3.6 Loans and investments by Government in Co-operative sector**

Under Section 13 (A) of the Bihar Co-operative Societies Act 1935, State Government made investments in the co-operative societies in shape of share capital, loans or advances etc. As on 31 March 2002, Rs 237.54 crore was invested in share capital and Rs 255.57 crore as loan.

Records of the offices of the Secretary, Co-operation Department, Registrar Co-operative Societies, Bihar, Patna, Bihar State Co-operative Land Development Bank (BSCLDB), Patna and Bihar State Co-operative Bank (BSCB), Patna pertaining to the period 1997-2002 were test-checked during February to May 2002. The points noticed were as under:

#### **(a) Government investment as share capital in co-operative sector**

The return on investments in share capital of the co-operative societies was either nil or negligible. The Registrar, co-operative societies did not maintain details of investments made nor ascertained financial health of the co-operative societies resulting in investment in loss making/ financially un-viable societies.

#### **(b) Loans raised by Government and advanced to Societies**

Details of loans raised by Government from NCDC for advancing loans to co-operative institutions during 1997-2002, repayments made and balance due for repayment by government to NCDC were as under:

Year	Loan raised from NCDC		Repayments		Closing balance
	Opening balance	During the year	Principal	Interest	
(Rupees in crore)					
1997-98	33.75	Nil	2.95	3.35	30.80
1998-99	30.80	3.74	3.44	3.06	31.10
1999-2000	31.10	11.13	4.02	3.14	38.21
2000-01	38.21	Nil	2.84	2.61	35.37
2001-02	35.37	15.20	3.32	3.00	47.25
<b>Total</b>		<b>30.07</b>	<b>16.57</b>	<b>15.16</b>	

(Source: Figures as furnished by the Co-operation Department)

The government was not aware of total loans due/ overdue for recovery from co-operative institutions as on 31 March 1997. However, as per Finance Accounts government loans of Rs 185.23 crore were outstanding for recovery from co-operative institutions as of 31 March 1997. During 1997-2002 the government advanced loans of Rs 71.26 crore at rates varying between 11.75 and 16 per cent per annum. Of this Rs 64.33 crore advanced to BISCOMAUN and BSCLDB was for repayment of existing loans.

The following table indicates recovery of loans from co-operative institutions:

Year	Opening balance	Add loan advanced to societies	Loans repaid by societies	Closing balance	Interest received
(Rupees in crore)					
1997-98	185.23	6.47	0.08	191.62	2.11
1998-99	191.62	6.28	0.38	197.51	0.03
1999-2000	197.51	6.33	0.39	203.46	0.28
2000-01	203.46	29.50	0.07	232.89	0.28
2001-02	232.89	22.68	NA	255.57	NA
<b>Total</b>	-	<b>71.26</b>	<b>0.92</b>	--	<b>2.70</b>

(Source: Finance Accounts and figures furnished by the Co-operation Department)

It was noticed that the department did not take follow up action to ensure recoveries. As a result, only Rs 0.92 crore towards principal and Rs 2.70 crore towards interest were paid by the co-operative societies against Rs 22.58 crore (Principal: Rs 8.59 crore; interest: Rs 13.99 crore) due for recovery as of 31 March 2002.

Further, it was also seen that the government repaid loan of Rs 31.73 crore (Principal: Rs 16.57 crore; Interest: Rs 15.16 crore) to NCDC while they received only Rs 3.62 crore (Principal: Rs 0.92 crore; interest: Rs 2.70 crore) from the co-operative societies.

(c) *Non-encashment of matured debentures*

It was seen that debentures valuing Rs 13.05 crore purchased (date not available) from BSCLDB had matured for encashment between February 1981 and January 2002. These debentures carried interest at rates varying between 6 and 12 per cent. However, the government had not taken any initiative for encashment of these debentures. Lack of initiative on the part of the government for encashment of matured debentures resulted in a loss of Rs 13.05 crore calculated at the rate of 6 per cent per annum only from the dates of maturity.

(d) The department did not monitor return on investments and recovery against loans from co-operative institutions.

The points referred to Government (August 2002). Secretary to Government has stated (December 2002) that due to low level of assistance in last decade, the Societies did not perform well and the department has recently launched campaign to recover loans from societies. He has also stated that the field offices have been asked to keep records for each society and they have been

made responsible for the recovery of loans as well as to widen the activities of the Societies.

## HEALTH, MEDICAL EDUCATION AND FAMILY WELFARE DEPARTMENT

### 3.7 Funds drawn for keeping in "Civil Deposits"/ banks in violation of rules

*Rupees 2.50 crore were drawn from treasury (March 2000) in violation of rules. The intended object of extending medical treatment to people below poverty line was not also realised as the money remained unutilised in "Civil Deposits"/ bank.*

A Drawing and Disbursing Officer was required to draw money from treasury to meet necessary immediate disbursement and no money was to be drawn by him from treasury to keep the same in banks and deposits under rules.

It was noticed in test-check of records of Assistant Director, Health Services, Bihar, Patna (July 2000) that in violation of these provisions, Additional Commissioner-cum-Special Secretary to Government, Health, Medical Education and Family Welfare Department sanctioned (14 March 2000) drawal of Rs 2.50 crore from Contingency Fund of the State towards contribution of State share to State Medical Aid Funds. A society in the name of Bihar State Illness Assistance Society was formed (March 2000) to control the Fund. The expenditure out of the Fund was to be incurred on medical treatment of people below poverty line for cure of major diseases. Accordingly, Assistant Director (Administration), Health Services, Bihar, drew Rs 2.50 crore (March 2000) and kept the same in "Civil Deposits". Subsequently, he transferred the funds (16 June 2000) to State Bank of India.

It was also noticed in test-check (July 2000) of records of Assistant Director, Health Services, Bihar, Patna that the salient features of the scheme was not publicised to attract attention and interest of the beneficiaries and to generate awareness of the targeted beneficiaries. As a result, only Rs 1.33 lakh was spent on treatment of 3 patients as of August 2002. Further, by parking funds in the bank the Government sustained a loss of interest of Rs 69.91 lakh (at Government borrowing rate of 12 per cent per annum) upto August 2002. Further, Rs 1.25 crore provided (July 2002) by the Government of India to supplement the contribution of the State Government was credited to the Government account instead of being credited to the fund.

The matter was referred to Government (June 2002). Commissioner and Secretary to Government stated (August 2002) that the scheme was in infant stage and therefore progress was slow. The reply was not tenable as the

welfare scheme did not take off even after a delay of over two years. Commissioner cum Secretary also stated that the scheme Fund were kept in bank account as per orders of the GOI. He did not clarify why the money had not been deposited in interest bearing account.

## HOME (PRISON) DEPARTMENT

### **3.8 Avoidable expenditure on purchase of water for prisoners**

*The District Jail, Sasaram functioning since April 1988 has no drinking water facility which resulted in avoidable expenditure of Rs 46.50 lakh on purchase of water.*

Test check of records of District Jail, Sasaram (June 2000) and further information collected (May 2002) revealed that Sub-Jail, Sasaram was upgraded to District Jail and shifted to a new building. All the prisoners of the then Sub-Jail, Sasaram were transferred to the newly created District Jail. As the Jail was without drinking water facility the Superintendent, District Jail, Sasaram purchased water from the Sasaram Municipality through water tanks and spent Rs 46.50 lakh during April 1988 to March 2003.

Superintendent, District Jail, Sasaram stated (May 2002) that water was being purchased from the Sasaram Municipality because alternative source of water was not available in the Jail premises.

Thus, the drinking water facility was not established by the PHED for 14 years in the District Jail at Sasaram resulting in avoidable expenditure of Rs 46.50 lakh on purchase of water during April 1988 to March 2003. The Jail has to bear this avoidable liability in future also till such time the water facility is developed.

The matter was referred to Government (July 2002); their reply had not been received (September 2003).

## PLANNING AND DEVELOPMENT DEPARTMENT

### **3.9 Unfruitful expenditure on incomplete and abandoned District Plan Schemes : Rs 48.49 lakh**

*Taking up schemes without ensuring availability of funds resulted in unfruitful expenditure of Rs 48.49 lakh on 35 incomplete and abandoned schemes in Jahanabad district.*



Administrative sanction to various District Plan Schemes was accorded by District Magistrates after these were approved by District Planning and Development Council (DPDC). The District Magistrates were to take up schemes under district plans after assessing their administrative, technical and financial feasibility so that the schemes selected could be completed within the same financial year.

Scrutiny of records (January 2002) of the District Planning Officer, Jahanabad revealed that under District Plan Scheme 47 schemes for construction of bridges, community hall, drainage, installation of hand pumps, construction of roads etc. were sanctioned by the District Magistrate, Jahanabad upto 1996. Of these, 35 schemes (estimated to cost Rs 84.25 lakh) taken up upto March 1996, were abandoned by DPDC (September 1996) due to paucity of funds. All these schemes remained incomplete as of May 2002, though a sum of Rs 48.49 lakh were spent on these incomplete and abandoned schemes. There is little likelihood of completion of these schemes.

Thus, an injudicious decision to take-up a large number of district plan schemes without ensuring availability of funds resulted in their abandonment midway and unfruitful expenditure of Rs 48.49 lakh. There was no proposal for revival of these schemes. The entire expenditure of Rs 48.49 lakh had become wasteful as there is no plan to pursue these incomplete schemes.

The matter was referred to Government (June 2002); their reply had not been received (September 2003).

## **SECONDARY, PRIMARY AND ADULT EDUCATION DEPARTMENT**

### **3.10 Nugatory expenditure on payment of salary to teachers: Rs 1.11 crore**

*District Superintendent of Education, Patna delayed posting of 456 teachers, who reported to him on their return from in-service training for over 4 months resulting in nugatory expenditure of Rs 1.11 crore.*

As per Government instruction (March 2000) all the persons who did not possess requisite qualification of teaching and appointed by District Superintendent of Education as teachers should undergo in-service training in schools before they were posted as teachers.

Test-check of records (March 2002) of District Superintendent of Education, Patna revealed that 496 untrained persons were appointed as teachers and sent to different schools for one year in-service training during April to June 2000. Of them, 456 teachers returned from in-service training and reported to the

Superintendent of Education, Patna (April 2001) for further posting to schools and 40 teachers left their jobs during in-service training.

The District Superintendent of Education, Patna did not promptly post those 456 teachers to schools. All these teachers had to wait for posting upto August 2001 without any reason on record. During the period of waiting for posting (April to August 2001) all the teachers remained without work resulting in nugatory expenditure of Rs 1.11 crore on their pay and allowances.

The matter was referred to Government (June 2002); their reply had not been received (September 2003).

### HOME (POLICE), HOME (PRISON), REVENUE AND LAND REFORMS AND RURAL DEVELOPMENT DEPARTMENTS

#### 3.11 Defalcation and losses

Series of failures of the Drawing and Disbursing Officers, Controlling Officers and the Treasury Officers concerned facilitated defalcation of Rs 1.90 crore in 4 offices of the 4 civil departments test-checked. Details were as under :

Sl. No.	Department	Office where defalcation occurred	Year	Amount defalcated (Rupees in lakh)	Remarks
1.	Home (Police)	DIG (CID)	April-May 1996 and October 1996 to January 1997	43.27	Non-compliance to codal provisions prescribed under Rule 972, 937, 963 of Bihar Police Manual and Rule 270, Rule 305 A and 306 A of Bihar Treasury Code by the DDO and the Controlling Officer with regard to drawal and disbursement of salary despite being pointed out by Audit. No FIR was lodged nor any departmental action taken.
2.	Home (Prison)	Superintendent, Sub Jail, Benipur	October 1998 to March 2000	19.33	Non-observance of procedures prescribed under Bihar Treasury Code by the Superintendent, the Treasury Officer and the Controlling Officer in regard to drawal and disbursement of money and inspection of accounts.
3.	Revenue and Land Reforms	Sub-Divisional Officer, Pupri, Sitamarhi	1998-2000	6.06	Non-observance of provisions prescribed under Rule 107 of Bihar Chaukidar Manual in regard to drawal and disbursement of salary to chaukidars and fake/forged

Sl. No.	Department	Office where defalcation occurred	Year	Amount defalcated (Rupees in lakh)	Remarks
					acknowledgements on acquittance rolls facilitated defalcation. Though FIR was lodged (July 2002) no departmental action was taken against guilty officials.
4.	Rural Development Department	Block Development Office, Kiratpur, Darbhanga	1997-99	10.84	No proof for construction of houses under Indira Awaas and Basic Minimum Service Schemes.
			1997-2000	30.39	Documentary evidence like muster rolls, vouchers etc. not available for expenditure on 41 incomplete schemes; fictitious entries in the measurement books was not ruled out.
			1997-2001	69.60	Misappropriation of money advanced to different officials (BDO, Revenue Clerk, Junior Engineer, Panchayat Sevak, VLW and Nazir)
			1998-2001	10.26	Defalcation through fictitious entries of transaction in the cash book and accounts.
	<b>Total</b>			<b>189.75</b>	

The points were referred to Government (June, August, September 2002); their reply had not been received (September 2003).

## WELFARE DEPARTMENT

### 3.12 Liberation and rehabilitation of scavengers in Bihar

Liberation and rehabilitation of scavengers, a centrally sponsored scheme was launched in 1980-81 to liberate scavengers and engage them in alternative and dignified occupation. Government of India (GOI) stressed the need of effective implementation of the scheme by modifying it (April 1996) and imparting thrust to it (January 2000). GOI prohibited employment of manual scavengers and construction of dry latrines through an Act, 1993. Main components of the scheme were as under:

- Time bound programme for identification of scavengers and their dependents and their aptitude for alternative trade through survey.
- Training in identified trades for scavengers and their dependents.

- Rehabilitation of scavengers and their dependents in various trades and occupation by providing subsidy, margin money loan, bank loan etc.
- Conversion of existing dry latrines into waterborne ones.

Financial assistance for training of scavengers was met wholly by Central Government while rehabilitation of scavengers was to be shared by Central Government, State Government/SCDCs and nationalised banks. Average cost of rehabilitation was worked out as Rs 20,000 against which Central Government was to share funds of Rs 11470 and State Government/SCDC the rest. Funds available for training and rehabilitation and expenditure thereagainst was as under:

Year	Unspent balance	Fund from Centre	Contribution made by State Govt./ SCDC/ Bank	Total funds available	Funds released		Total	Un-spent balance (percent in bracket)
					Bihar area	Jharkhand area		
Rupees in lakh								
1997-98	612.47	Nil	Nil	612.47	1.33	--	1.33	611.14 (99.8)
1998-99		464.23	Nil	1075.37	15.68	1.88	17.56	1057.81 (98)
1999-2000		Nil	Nil	1057.81	63.22	18.02	81.24	976.57 (92)
2000-01		Nil	Nil	976.57	24.33	4.18	28.51	948.06 (97)
2001-02		Nil	Nil	948.06	28.39	(-) 1.58*	26.81	921.25 (97)

(\* - Amount refunded by the districts of Jharkhand)

Analysis revealed the following :

- (a) Of Rs 10.77 crore available with the SCDC only Rs 1.55 crore (14 per cent) were released to the District Executive Officers (DEO). However SCDC exhibited the entire amount received by it as spent.
- (b) SCDC did not refund unutilised funds to the GOI nor did it obtain permission for carrying over the balance for utilisation in subsequent years.
- (c) Margin money loan to beneficiaries was to be shared between the GOI and the State Government in the ratio of 49:51. Though GOI released Rs 4.64 crore State Government did not release any amount.
- (d) Monthly progress of expenditure was to be sent to GOI by 10<sup>th</sup> of every month but no such report was sent.
- (e) Audited accounts along with utilisation certificates were to be furnished by SCDC to GOI within a month of the following year. However, no audited accounts or utilisation certificates were furnished to GOI as of May 2002.

Funds available and expenditure thereagainst in 10 districts<sup>1</sup> test-checked were as under :

<sup>1</sup> Bhagalpur, Gaya, Jehanabad, Katihar, Motihari, Munger, Muzaffarpur, Nalanda, Nawada and Rohtas

*Audit Report (Civil) for the year ended 31 March 2002*

Year	Opening balance	Funds received	Total	Expenditure	Unspent balance (per cent in bracket)
(Rupees in lakh)					
1997-98	23.34	0.83	24.17	10.41	13.76 (57)
1998-99	13.76	8.06	21.82	4.16	17.66 (80)
1999-2000	17.66	11.55	29.21	5.97	23.24 (80)
2000-01	23.24	22.18	45.42	17.84	27.58 (61)
2001-02	27.58	10.79	38.37	11.19	27.18 (71)
<b>Total</b>		<b>53.41</b>		<b>49.57</b>	

(Sources : Information supplied by DEOs)

Scrutiny revealed that 57 to 80 per cent of the funds available were not spent. In Katihar and Jahanabad districts no amount was spent.

Cash balance shown in the cash book/ledger of the District Executive Officers in all the 10 districts could not be relied upon as the balances in cash books were not reconciled with the balances in banks.

According to the guidelines of the scheme training was to be imparted to each identified scavenger and his/her dependents as per aptitude, preferences and competence. It was noticed that 462 (out of 4508) scavengers were proposed to be trained during 1998-99 (332) and 2000-01 (130). However, no training was imparted to them by the SCDC and Rs 44.66 lakh received for training remained unutilised with the SCDC as of May 2002.

Targets for rehabilitation of scavengers and achievement thereagainst were as under:

Year	Scavengers to be rehabilitated	Actually rehabilitated	Shortfall (Per cent in bracket)
(In number)			
1997-98	4000	72	3928 (98)
1998-99	4000	129	3871 (97)
1999-2000	4000	38	3962 (99)
2000-01	4000	174	3826 (96)
2001-02	4000	165	3835 (96)
<b>Total</b>		<b>578</b>	

First step in the implementation of scheme was identification of scavengers. It was observed that 4508 scavengers were identified during 1997-98. From the targets it is seen that 4000 scavengers were to be rehabilitated every year. This indicates that either the survey was unreliable or targets fixed were unrealistic. Director, Accounts-cum-Financial Advisor, SCDC intimated (March 2002) that the survey was still going on.

(i) As no survey was conducted during 1998-2002, target of rehabilitating 16000 scavengers was not realistic and reliable. Moreover, there was no rationale for fixing a target for rehabilitating 4000 scavengers each year when only 4508 scavengers were identified in 1997-98.



(ii) Against unrealistic and unreliable targets, shortfall in achievement ranged from 96 to 99 per cent. Director (Project), SCDC attributed (March 2002) the reasons for shortfall to delay in sanction of loan by the banks and non-issue of required eligibility certificates by municipal bodies. However, the Director did not take up the matter with the banks and the municipal bodies for removing the bottlenecks.

(iii) Trained scavengers were to be rehabilitated by providing financial assistance of Rs 20000 (on an average) per scavenger. It was noticed that altogether 578 scavengers were rehabilitated during 1997-02 without undergoing training in any trade while Rs 1.55 crore were spent on their rehabilitation. The Director (Project) intimated (May 2002) that no training was required to be imparted to them in the trade/occupation they preferred. Reply was not tenable as increase in skill in trade/occupation depended on proper training.

In the test-checked districts achievement ranged between 2 and 13 per cent. The District Executive Officers intimated (March 2002) that due to non-cooperation of banks targets could not be achieved. However, they did not take up the matter with the appropriate authorities of the banks.

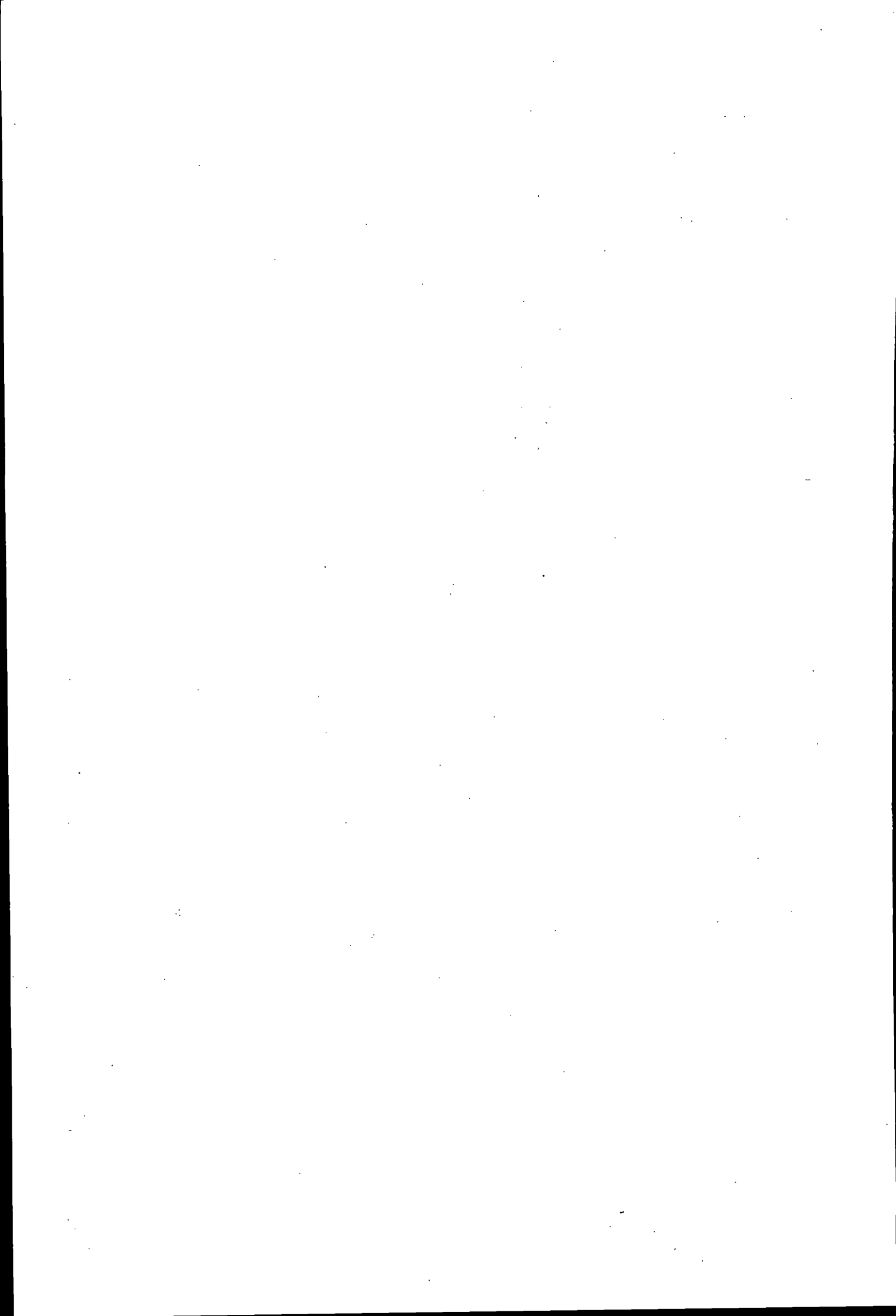
Success of the scheme depended on complete conversion of dry latrines into wet latrines, else practice of scavenging would perpetuate. Despite introduction of an Act, in 1993 which prohibited employment of manual scavengers as well as construction or continuance of dry latrines and provided for construction and maintenance of water seal latrines, no action was taken by State Government/ SCDC to identify the dry latrines and arrange their conversion into waterborne ones. The Director (Project) intimated (March 2002) that no survey was conducted regarding number of dry latrines.

**Absence of monitoring and evaluation**

The Scheduled Caste Development Corporation responsible for monitoring implementation of the scheme under the supervision of Commissioner-cum-Secretary, Department of Welfare failed to monitor implementation of the scheme. No state level monitoring and evaluation committee was formed as of April 2002, though required. Director (Project) stated (March 2002) that district level monitoring and evaluation committee was formed but the provisions of the Act 1993 had not been implemented for prevention of manual scavenging and construction of dry latrines in the state. Thus, the absence of monitoring contributed to the dismal performance of the scheme.

Further, effectiveness of the scheme was not evaluated by the Commissioner-cum-Secretary to Government of Bihar, Welfare Department, Patna or by any other independent agency.

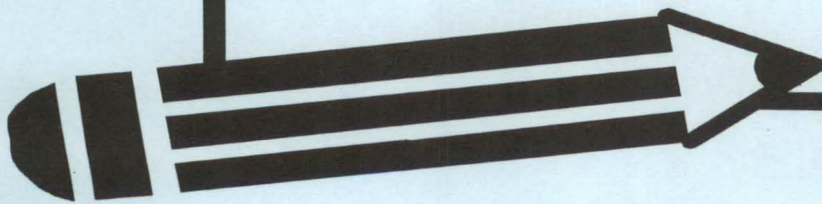
The points were referred to Government (June 2002); their reply had not been received (September 2003).



# **CHAPTER-IV**

## **Works Expenditure**

**Section-B:** Contains other major audit points on transactions in works expenditure in various departments





# CHAPTER IV

## THE HISTORY OF THE

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## CHAPTER-IV

### WORKS EXPENDITURE

#### SECTION - B : PARAGRAPHS

#### PUBLIC HEALTH ENGINEERING DEPARTMENT

##### 4.1 Extra cost in construction of iron removal plants with hand tubewells

*Executive Engineer, PHE Division, Purnea constructed 2898 iron removal plants with hand tubewells at extra cost of Rs 72 lakh. Further, 1277 (44%) iron removal plants constructed at a cost of Rs.1.70 crore were non functional.*

Public Health Engineering Department, Government of Bihar launched a new scheme during 1998-99 for removal of excess iron in potable water. Accordingly 3764 iron removal plants with hand tubewells were to be constructed during 1998-99 in 1862 (1146+716) villages of Purnea and Kishanganj districts at an estimated cost of Rs 4.08 crore sanctioned by the Chief Engineer (Rural), Public Health Engineering Department, Patna at the rate of Rs 10830/- each under Kosi Amrit Drinking Water Yojana. Government released Rs 4.08 crore in July 1998 for completion of work by March 1999.

Scrutiny revealed that the Executive Engineer, PHE Division Purnea departmentally constructed only 2898 iron removal plants with hand tube wells as of June 2002 at a total cost of Rs 3.86 crore, the average expenditure being Rs 13320 per plant against the approved cost of Rs 10,830. The slippage in the completion schedule caused increase in cost of labour and material of Rs 2490 per plant amounting to Rs 72 lakh while 866 of the targeted iron removal plants were not constructed. Further, 1277 of 2898 iron removal plants constructed became non-functional and there was no effort to make these functional as of June 2002 resulting in infructuous expenditure of Rs 1.70 crore on their construction.

Thus, the intended object of providing safe potable water to all the rural people of Purnea and Kishanganj districts was not achieved.

The matter was referred to the Government (June 2002). The Commissioner and Secretary to Government, PHED stated in his reply that the scheme was new and activities like awareness creation, training programmes etc were involved in its execution and hence there was delay in execution. The reply was not tenable as these activities should have been adequately planned to complete the scheme in cost effective manner and ensure delivery of intended



benefit of supply of potable water to people belonging to Purnea and Kishanganj district.

## ROAD CONSTRUCTION DEPARTMENT

### 4.2 Loss due to substandard execution of works

*Execution of road works without ensuring technical feasibility resulted in substandard execution of works and avoidable repair to damaged road estimated to cost Rs 48.35 lakh, besides emergency repair for Rs 6.30 lakh.*

Renovation of Ara-Buxar road (km 36-74) was approved for Rs 5.10 crore in March 1998 and technically sanctioned for Rs 5.66 crore in four parts (between March 1998 and January 2000) by the Chief Engineer, Central Design Organisation, Road Construction Department.

For the first part of the work Executive Engineer, Road Construction Division, Buxar invited tenders in July 1998. The Tender Committee (TC) approved (November 1998) the rate of Rs 3.72 crore at 17 per cent above the estimated cost of Rs 2.45 crore plus Rs 0.85 crore being the cost of departmental materials. This was irregular as the TC could not approve contract in excess of 5 per cent of the estimated cost. The Chief Engineer, (Communication) Road Construction Department, South Bihar wing, Patna allotted (November 1998) the work to an agency for Rs 3.71 crore for completion by October 1999 (extended upto March 2000). Rupees 4.54 crore were paid to the agency (upto July 2000) against work done by the contractor valuing Rs 4.60 crore upto March 2000.

A joint inspection of the road works conducted in January 2000 revealed depression in the road in 91 places, breakages and pot holes. Subsequently, the inspection of the road works by the Chief Engineer (Communication) in July 2001 revealed that the road works failed due to soil testing not being conducted before technical sanction. The repair to damaged portions of the road were estimated to cost Rs 48.35 lakh while Rs 6.30 lakh were spent (March 2001) on emergency repairs.

Thus, execution of the road works without ensuring technical feasibility resulted in substandard execution at a cost of Rs 4.54 crore and loss to Government estimated to cost Rs 48.35 lakh and emergent repair works of Rs 6.30 lakh.

The matter was referred to Government (August 2002); their reply had not been received (September 2003).

**ROAD CONSTRUCTION (NATIONAL HIGHWAY)  
DEPARTMENT**

**4.3 Unauthorised award of work at higher rate**

*Unauthorised award of road work in NH 30 by the Chief Engineer NH wing, RCD at higher rates resulted in extra cost of Rs 1.03 crore.*

National Highway Division, Patna awarded the work of strengthening NH 30 (Mohania to Bakhtiyarpur) from 101 to 116 Km on the basis of sanction issued by Ministry of Surface Transport (MORT&H) in September 1999 for Rs 3.61 crore. Executive Engineer, National Highway (West) Division, Patna invited tenders (November 1999) for the work of road crust which included Bill of Quantity for Rs 2.99 crore approved by the Chief Engineer. Based on the recommendation of tender committee Chief Engineer Road NH wing allotted the work (May 2000) to the lowest tenderer at Rs 2.74 crore which was 33 per cent above the tendered cost (excluding the cost of bitumen Rs 0.93 crore supplied by the department) for completion by September 2000. Against the contracted cost of Rs 3.67 crore, the work was completed in April 2001 at a cost of Rs 3.68 crore.

Similarly the work of widening and strengthening of the same highway in the stretch of 154 to 159 Km was sanctioned for Rs 1.54 crore by the MORTH in September 1999. The work was put to tender by the same Executive Engineer in December 1999. Based on the recommendation of the tender committee the work was allotted to the lowest tenderer for Rs 1.85 crore at 23 per cent above the tendered cost of Rs 1.50 crore for completion of work by November 2001. Rupees 1.64 crore were paid to the agency as of August 2002 and the work was yet to be completed.

As per the guidelines of the MORTH tenders in excess of 5 per cent of the estimated/ tendered cost were to be rejected and approval of the MORTH was to be obtained for revised estimate. Thus, award of work at 33 per cent and 23 per cent above the estimated/ tendered cost in two stretches of the road works in NH 30 was unauthorised resulting in extra cost of Rs 1.03 crore (Rs 68 lakh + Rs 35 lakh) and consequential extra financial burden to the State.

The matter was referred to Government (June 2002); their reply was awaited (September 2003).

## WATER RESOURCES DEPARTMENT

### 4.4 Increase in cost of construction of a bridge and loss of interest

*Non-sanction of revised estimate and non-payment of Rs 3.38 lakh in time by the Chief Engineer, Darbhanga resulted in locking up of funds of Rs 21.85 lakh with the Railway and loss of interest of Rs 35.39 lakh, besides estimated cost over run of Rs 32.17 lakh on construction of a bridge.*

Western Kosi Canal Division; Jhanjharpur submitted (March 1991) two estimates to North Eastern Railway, Samastipur for construction of two railway bridges over Jhanjharpur branch canal (between Mahrail and Chandreshwar Asthan Railway stations: RD 63.10 and Jhanjharpur Mithladeep Railway Stations: RD 99.756) for Rs 37.65 lakh and Rs 22.27 lakh respectively approved by the Chief Engineer, Darbhanga. The estimate for one bridge between Jhanjharpur and Mithladeep Railway station for Rs 22.27 lakh was suggested by the Railway (25 March 1991) to be revised to Rs 25.23 lakh. In the meantime, the Western Kosi Canal Division paid (26 March 1991) Rs 59.50 lakh against the estimated cost of Rs 59.92 lakh for both the bridges. However, the revised estimate for Rs 25.23 lakh for Jhanjharpur Mithiladeep bridge was approved by the Chief Engineer, Darbhanga in June 1992 after a delay of 14 months.

As the full estimated cost of 2 bridges for Rs 62.88 lakh was not paid to Railway, they completed one bridge between Mahrail-Chandreshwar Asthan Railway station in May 1995 at a cost of Rs 37.65 lakh. Subsequently, at the request of the division, the Railway submitted (February 2000) an estimate for the second bridge for Rs 57.40 lakh against previous estimated cost of Rs 25.23 lakh. Balance amount of Rs 35.55 lakh as demanded by Railway for execution of the other bridge was paid by the division in March 2000.

Thus, non-sanction of revised estimate and non-payment of Rs 3.38 lakh in time resulted in locking up of funds of Rs 21.85 lakh with the Railways for 9 years (from April 1991 to March 2000) with loss of interest of Rs 23.60 lakh at the rate of 12 per cent per annum, besides estimated cost over run of Rs 32.17 lakh. It was also observed that the bridge was not completed as of June 2002.

The matter was referred to Government (July 2002). The Commissioner and Secretary to Government, Water Resources Department stated (November 2002) that due to restriction imposed in November 1990 on execution of west Kosi Canal Project and lack of funds, Rs 3.38 lakh were not paid to Railway in time. His reply was not tenable as Rs 59.50 lakh were paid to Railway in March 1991 after the stated ban was imposed in November 1990. He also

stated that Railway has since initiated tender process for construction of the bridge.

#### **4.5 Infructuous expenditure on construction of land spurs**

*Construction of land spurs instead of the recommended revetment works resulted in infructuous expenditure of Rs 3.72 crore and avoidable expenditure of Rs 46.49 lakh on flood fighting works.*

To prevent erosion by river Ganga near Kasba-Roopnagar embankment 70<sup>th</sup> Technical Advisory Committee recommended in November 1998 construction of revetment (250 metre long in upstream and 150 metre long in downstream). The Government of Bihar, Water Resources Department however approved (February 1999) construction of 2 land spurs at a cost of Rs 3.66 crore. The work was awarded to two agencies (February 1999) at an estimated cost of Rs 3.45 crore for completion by May 1999.

Test-check of records (February 2002) revealed that the construction of land spurs was carried out at a cost of Rs 3.72 crore during the onset of flood (August 1999). As a result, erosion of river bank could not be prevented. Flood control work at Rs 46.49 lakh was also undertaken by the same agency in August 1999 on the orders of Engineer-in-Chief. Even then the embankment suffered massive erosion and breaches.

Subsequently administrative approval for construction of revetment was accorded (January 2000) at a cost of Rs 3.48 crore. The construction of revetment was completed at a cost of Rs 3.40 crore including contingencies, land acquisition etc.

Thus, construction of land spurs instead of revetment works resulted in infructuous expenditure of Rs 3.72 crore besides avoidable expenditure of Rs 46.49 lakh on flood protection measures.

The matter was referred to the Government (July 2002). Reply of the Commissioner and Secretary (September 2002) that construction of two spurs was carried out on the recommendation of 70<sup>th</sup> Technical Advisory Committee was not factually correct as the said committee had recommended (Agenda No. 70/118) construction of revetment only.

**4.6 Infructuous expenditure on drainage and renovation work**

*Construction of cross drainage structure and renovation works in Kursela distributory without proper planning resulted in infructuous expenditure of Rs 29.08 lakh.*

Water Resources Department decided (May 1998) to increase the discharge capacity of water of Kursela distributory from 500 cusec to 2000 cusec at RD 61.90 across river Fariyani in Purnea district and renovate Kursela distributory and canal below RD 61.90 in order to increase the irrigation capacity from 981 to 5854 hectares. Accordingly, Government entrusted (February 1999) the work of construction of cross drainage (CD) structure to Bihar State Construction Corporation at an estimated cost of Rs 75.54 lakh for completion by May 1999. The renovation works of the distributory and canal below RD 61.90 in the down stream were awarded to 12 different agencies during 1998-2000 at a total cost of Rs 47.72 lakh for completion between March 1999 and April 2000.

Chief Engineer, Purnea during inspection noticed (September 1999) that there was heavy flow of water from the gaps of embankment during 1999 flood (approximately 10000 cusec of water) and without closure of the gaps the cross drainage structure was in danger. Consequently, construction of non drainage structure and renovation work were stopped by the Chief Engineer (December 2000). Rupees 29.08 lakh had been spent on incomplete works (Rs 1.18 lakh on construction of structure and Rs 27.90 lakh on renovation work) by then. The construction of structure and renovation works were not resumed nor the gaps of the embankment closed as of July 2002. Before taking up construction of non drainage structure and renovation work the Chief Engineer should have ensured closure of the gaps of embankment.

Thus, the construction of cross drainage structure of Kursela distributory and renovation works of the distributory and the canal taken up by the department without proper planning resulted in infructuous expenditure of Rs 29.08 lakh. Besides, targeted increase in irrigation capacity of the distributory was not achieved.

The matter was referred to Government (August 2002); their reply had not been received (September 2003).



## BUILDING CONSTRUCTION AND HOUSING AND ROAD CONSTRUCTION DEPARTMENTS

### 4.7 Defalcation

Non-observance of the codal provisions as prescribed in Rule 86 of the Bihar Treasury Code and Rule 93 (1) and (3) of Bihar Public Works Account Code by the 2 Executive Engineers of the works divisions concerned in regard to maintenance of cash book for recording monetary transactions and remittances into the treasuries facilitated defalcation of Rs 20 lakh as detailed below :

Sl. No.	Department	Office where defalcation occurred	Year	Amount defalcated (Rupees in lakh)	Remarks
1.	Building Construction and Housing	Patliputra Building Construction Division, Patna and Rent and Cess Division, Patna	Between June 1999 and January 2001, between September 1991 and October 1998.	15.72	Amount defalcated by fictitious entries in the cash book of remittances into the Patna Secretariat (Sichai Bhawan and Nirman Bhawan) Treasury.
2.	Road Construction Department	Road Construction Division, Ram Nagar, West Champaran	June 2000, December 1999, April-May 1999	4.28	Interpolation in cheques for payment of personal claims, fake disbursement of DCRG gratuity and salary payment and fake transfer of cash within the division indicated in accounts facilitated defalcation.
	<b>Total</b>			<b>20.00</b>	

On being pointed out (August 2002) Secretary to Government, Building Construction Department stated (October 2002) that FIRs were lodged against the cashiers of the divisions concerned and they were placed under suspension.

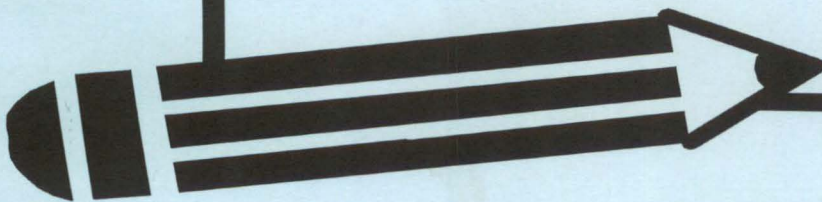
On being pointed out (July 2002), Secretary to Government, Road Construction Department also stated (January 2003) that FIR was lodged against the then cashier who was prima facie guilty and the police charge sheet against him was filed in the court of law. He was also placed under suspension.



# **CHAPTER-V**

## **Stores and Stock**

**The Chapter contains misappropriation of stores in  
Road Construction Department**





# CHAPTER V

THE HISTORY OF THE

REPUBLIC OF THE UNITED STATES

FROM 1776 TO 1861

## CHAPTER - V

### STORES AND STOCK

#### **SECTION - B : PARAGRAPH**

#### ROAD CONSTRUCTION DEPARTMENT

##### **5.1 Shortage of bitumen**

*Executive Engineer, Road Construction Division, Dhaka failed to fix responsibility for the shortage/pilferage of bitumen resulting in loss of Rs 37.02 lakh.*

Scrutiny of records of the Road Construction Division, Dhaka, East Champaran revealed (May 2001) that two Junior Engineers of the division received 480.62 tonne of bitumen valuing Rs. 20.19 lakh during 1993-96 from different suppliers against supply orders issued by the Engineer-in-Chief. The bitumen received by the Junior Engineers were not accounted for in sub-divisional records. No responsibility was fixed as of May 2002 for non-accounting and pilferage of bitumen valued at Rs 20.19 lakh.

It was also seen in audit that shortages of 371.136 tonne of bitumen (352.397 tonne of bulk bitumen and 18.739 tonne packed bitumen) valued at Rs 16.73 lakh detected in physical verification (May 1996, September 1999 and June 2000) of stores of Road Construction Division, Dhaka were not recovered from the official responsible.

Executive Engineer, Road Construction Division, Dhaka did not report pilferage of bitumen to Finance Department and the Accountant General, though required under Rule. Further his failure to initiate departmental and legal action against defaulting officials for recovery of the cost of 851.76 tonne of bitumen resulted in loss of Rs 37.02 lakh.

The matter was referred to the Government (June 2002); their reply had not been received (September 2003).



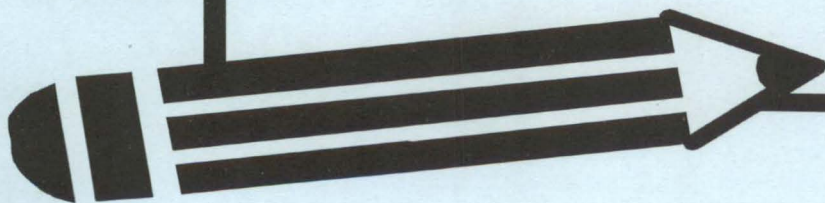


# **CHAPTER-VI**

## **Financial Assistance to Local Bodies and others**

**Section-A :** Working of Patna University

**Section-B:** Contains other major audit points





# CHAPTER VI

THE HISTORY OF THE UNITED STATES

1877

THE HISTORY OF THE UNITED STATES

THE HISTORY OF THE UNITED STATES

**CHAPTER-VI**  
**FINANCIAL ASSISTANCE TO LOCAL BODIES AND**  
**OTHERS**

**SECTION - A : REVIEW**

**HIGHER EDUCATION DEPARTMENT**

**6.1 Working of Patna University**

*Highlights*

Delay in Publication of result was between 92 days to 211 days affecting the students.

*(Paragraph 6.1.5.1)*

Interim relief of Rs 1.97 crore was irregularly paid to teachers during 1997-2000.

*(Paragraph 6.1.7(i))*

Excess payment of salary of Rs 1.12 crore to teaching and non-teaching staff during April 1997 to February 2002 remained unrecovered.

*(Paragraph 6.1.7(ii))*

Salary of Rs 81.73 lakh was irregularly paid to 17 laboratory-incharge who were irregularly appointed and continued in service. Bonus of Rs 14.58 lakh was irregularly paid to non-teaching staff.

*(Paragraph 6.1.7(iii) & (v))*

Expenditure of Rs 47.16 lakh under UGC INFLIBNET programme was infructuous as desired objectives could not be achieved.

*(Paragraph 6.1.8)*

Development grant of Rs 1.35 crore received from UGC remained unutilised.

*(Paragraph 6.1.9)*

**6.1.1. Introduction**

Patna University established in 1917 is presently governed by Patna University Act 1976. It has 11 constituent colleges, 28 post graduate

departments, 4 Institutes and one Engineering College. The University has four allied units viz library, dispensary, press and guest house. The main objectives of the University are to impart instructions in the faculties of Humanities, Social Sciences, Science, Commerce and Engineering.

### 6.1.2. Organisational Set-up

The Governor of Bihar is the Chancellor of the University. The Vice-Chancellor (VC) is the principal executive and academic officer of the University and is appointed for a term of three years. He is assisted by the Pro-VC and the Registrar in the administrative matters and by the Financial Adviser and Finance Officer in financial aspects.

### 6.1.3. Scope

Working of the Patna University for the period 1997-2002 was reviewed between February 2002 to July 2002. The accounts of six colleges, 15 Post Graduate departments, central library, dispensary, press, Directorate of Distance Education, Adult and Continuing Education, Population Research Centre, Academic Staff College, Institute of Psychological Research etc. along with University main accounts were test checked under Section 14 of the CAG (DPC) Act 1971. The findings are embodied in succeeding paragraphs.

### 6.1.4. Budgetary Procedure and Accounts Control

The University has mainly been financed by State Government through grants-in-aid. In addition funds were also received from University Grant Commission (UGC), Central Government and other central bodies for research and development purposes. A summary of receipt and expenditure of the University for 5 years ending 31 March 2002 was as given below:

(Rs. In lakh)								
Year	Receipt					Expenditure		
	State Government	UGC & others	Own Source	Other Source	Total	Estt/ Revenue	Capital & others	Total Exp
1997-98	2047.46	226.78	296.99	235.79	2807.02	2486.80	114.07	2600.87
1998-99	1940.27	26.38	286.72	94.65	2348.02	2625.00	118.56	2743.56
1999-2000	3835.11	247.14	506.81	183.27	4772.33	4282.26	182.87	4465.13
2000-2001	2541.77	129.83	471.29	101.24	3244.13	3201.56	113.78	3315.34
2001-2002	2786.22	107.76	964.87	264.33	4123.18	4084.90	124.87	4209.77
<b>Total</b>	<b>13150.83</b>	<b>737.89</b>	<b>2526.68</b>	<b>879.28</b>	<b>17294.68</b>	<b>16680.52</b>	<b>654.15</b>	<b>17334.67</b>

Account records incomplete and authenticity of figures unverifiable.

Opening balance and closing balance were not mentioned by University in annual accounts. It was noticed that incomplete Cash Books and other subsidiary records rendered it impossible for audit to verify the authenticity of figures in the budgets and receipt and payment accounts.

The increase in own sources of revenue during 2001-2002 was due to contra entry of receipt of Rs 2.70 crore on account of deduction from gross salary and mobilisation of additional receipts of Rs 1.44 crore from the colleges/institutes and Examination Section. During 2000-2001 there was fall in expenditure due to less receipt of grant from Government resulting in non-payment of full salary etc.



Besides there was under statement of receipt of Rs 40.49 lakh in annual accounts as under:

Sl. No	Particulars	1998-99	1999-2000	2000-2001
(Rupees in lakh)				
A	Grants received as per subsidiary cash book	37.27	273.23	133.34
B	Grants shown in the Annual Accounts	26.38	247.14	129.83
C	Less shown in Annual Accounts	10.89	26.09	3.51

### 6.1.5 Examination

#### 6.1.5.1 Inordinate delay in publication of results

Publication of examination result delayed for 6 to 211 days.

Patna University Act, 1976 requires that the results of examination should be published within sixty days of the termination of examination extendable to further period of sixty days for reasons to be recorded in writing. It was noticed that prescribed time limit for publication of results was not observed in almost all cases. Delay in publication of result beyond the prescribed period of 60 days ranged from 92 days to 211 days as under:

Sl.No	Particulars of Examination	Last date of Examination	Date of Publication of result	No. of days after last date of examination	Delay beyond 60 days
1	B.A part I 1997	11.4.1997	11.9.1997	152	92
2	B.A., B.Sc., B.Com Part I 1998	23.6.1998	31.12.1998	190	130
3	B.Sc. Part II 1997	10.5.1997	20.10.1997	162	102
4	B.A. Part II 1998	20.5.1998	13.11.1998	176	116
5	B.Sc. Part II 1998	20.5.1998	2.11.1998	165	105
6	B.Com. Part II 1998	20.5.1998	6.11.1998	169	109
7	B.A. part II 2000	22.6.2000	21.3.2001	271	211
8	B.Sc. Part II 2000	22.6.2000	5.3.2001	255	195
9	B.Com. Part II 2000	22.6.2000	28.2.2001	250	190
10	B.A. Part II 2001	21.8.2001	28.2.2002	190	130

Delay in publication of results affected the career of the students. Further, the examination of Master Course 1998-2000 sessions was held during 21.3.2001 to 20.4.2001 after a delay of over one year of the completion of the course.

#### 6.1.5.2 Non observance of academic calendar

Academic calendar not observed.

As indicated in table below academic calendars for 1997-2002 were not observed by the Controller of Examination:

Sl.No	Name of Examination	As per Academic Calendar		As per actual	
		Date of commencement of Examination	Date of publication of result	Date of commencement of exam	Date of publication of result
1	Bachelor Part I 1998	2 <sup>nd</sup> week May 1998	July 1998	26.5.98	31.12.98
2	Bachelor part II 1998	3 <sup>rd</sup> week April 1998	June 1998	21.4.98	November 98
3	Bachelor part III 1998	1 <sup>st</sup> Week April 1998	June 1998	2.4.98	August 98
4	Master course 1999-01 part.I 1999-2000	29.11.01	N.A	8.12.01	N.A
5	Master course 2000-2001	1.12.01	N.A	5.7.02	N.A

University stated (March 2003) that delay in holding of examinations and publication of results as well as non observance of Academic Calendar was attributable to strike of teaching/non teaching staff and agitation by students.

### 6.1.6 Research activities

Altogether 821 candidates conducted research and were awarded Ph.D (including 5 D. Litt) between 1997 to March 2002 as per details below:

Faculty	1997	1998	1999	2000	2001	2002 (upto March 02)	Total
Humanities & Social Science	92	105	173	114	115	18	617
Commerce	4	10	9	9	3	1	36
Science	29	20	28	28	17	3	125
Education	1	2	Nil	8	8	Nil	19
Law	Nil	Nil	1	1	Nil	Nil	2
Engineering	2	Nil	4	1	1	Nil	8
Medical	5	1	1	3	3	Nil	13
Fine Arts	Nil		Nil	Nil	1	Nil	1
<b>Total</b>	<b>133</b>	<b>138</b>	<b>216</b>	<b>164</b>	<b>148</b>	<b>22</b>	<b>821</b>

Research activities suffered due to procedural delays.

It was noticed that there was delay of 2 to 8 ½ years in holding Viva- voce examination from the date of submission of thesis for Ph.D affecting adversely the research activities. The University stated (July 2002 and March 2003) that delay was due to late submission of panel of Examiner by the Supervisors, refusal to evaluate the thesis by the Examiners appointed resulting in appointment of fresh Examiners, delay in sending evaluation report by the Examiners, delay on the part of external examiners in attending viva-voce etc..

### 6.1.7 Irregular/excess payment in establishment

Irregular payment of interim relief.

(i) State Government (May 1996 & December 1999) directed all the Universities that interim relief was not payable to the teaching staff. Government also did not authorize payment of interim relief in the approved pay fixation slips effective from January 1996 (implemented from March 2000). There was no instruction from the U.G.C. either regarding payment of interim relief to teachers. In disregard of Government direction, VC irregularly allowed payment of Rs 1.97 crore to teachers as interim relief during 1997-2000. University stated (March 2003) that payment of interim relief was stopped from the salary of March 2000 and interim relief paid earlier would be adjusted from their arrear claims on this account.

Excess payment of salary of Rs 1.12 crore not recovered.

(ii) State Government allowed Revised Pay Scales to the non-teaching staff from March 1989 and to the teaching staff from August 1989. Accordingly, University paid revised salaries to the staff on provisional basis. Though the University sent the pay fixation chart to the State Government in 1997 for approval the pay was refixed between 1998 and 2000. Though the University paid salary from March 2000 on the basis of government approval the employees received more pay than admissible prior to March 2000. As calculated in audit, there was excess payment of Rs 1.12 crore (Non-teaching Rs 45.94 lakh and teaching Rs 66.20 lakh) during April 1997 to February 2000. The University stated (March 2003) that recoverable amounts pertaining to the period March 1989/August 1989 to February 2000 were being worked out for immediate recovery.

19 employees appointed against sanctioned post of two Lab-incharge.

(iii) Against sanctioned post of two Lab-incharge, 19 employees were working in 4 Colleges and one Post Graduate Department. Out of that 17\* employees were initially appointed for six months between August 1980 to February 1993 but they continued in service resulting in irregular payment of salary of Rs 81.73 lakh during 1997-2002 to them.

Penal rent of Rs. 26.21 lakh not recovered from employees.

(iv) The University did not initiate any legal action for recovery of the penal rent of Rs 26.21 lakh from 83 employees for unauthorised occupation of university quarters by them. University stated (March 2003) that the amount of penal rent was being recovered from dues of the employees concerned.

Bonus aggregating Rs. 14.58 lakh irregularly paid to non-teaching staff.

(v) In defiance to Government instructions (May 1996 and December 1997), University paid bonus for the period 1995-97 to its non-teaching staff amounting to Rs 14.58 lakh during 1997-98 (Rs 6.55 lakh) and 1998-99 (Rs 8.03 lakh).

Irregular appointment of Audit and Accounts Officer.

(vi) There is no post of Audit and Accounts Officer sanctioned in the University. The VC irregularly appointed (May 1995), a retired officer of State Government to this post to look after work of pension and other retirement benefits though the pension payments were to be finalised by the Budget-cum-Accounts Officer, Finance Officer and the Registrar of the University resulting in irregular payment of Rs 3.56 lakh to the irregularly appointed official during May 1995 to February 1998 and July 1998 to June 1999.

### 6.1.8 *Infructuous expenditure on UGC/INFLIBNET Programme*

University received Rs 50.00 lakh in March 1995 from UGC as special grant for updating library facilities under INFLIBNET (Information in Library Networking) Programmes for networking the libraries of the Universities in India alongwith other academic institutions. University released the entire grant to its Central Library in 1995. Library spent Rs 47.16 lakh during 1995-2002 leaving Rs 2.84 lakh unutilised.

Equipment installed were non-functional.

Scrutiny revealed that out of 8 computers purchased in September 1995 at cost of Rs 8.69 lakh, three computers costing Rs 3.26 lakh were not functional since their installation (September 1995). Besides, one computer (Rs 1.08 lakh), one air conditioner (Rs 0.58 lakh), one FAX machine (Rs 0.71 lakh), one photo copier (Rs 1.00 lakh) and one Dish Antenna (Rs 0.34 lakh) valued at Rs 3.71 lakh were out of order for two to four years.

Information Scientist not appointed.

Out of 2,06,000 books and 16,189 thesis, only 1,500 books (0.72%) and 389 thesis (2.40%) were loaded in the computer (April 2002) indicating negligible achievement even after a lapse of five years. The University did not appoint any Information Scientist as required by UGC. The University did not also submit utilisation certificate to the UGC for the funds received.

\* August 1980 -2, September 1980 -1, November 1980 -3, February. 1981-5, September 1987-4, August 1992-1, February 1993-1

**Infructuous expenditure.**

The Librarian replied (March 2002) that desired result was not achieved due to lack of funds for maintenance. The reply was not tenable because the library received Rs 1.72 lakh in April 2000 for recurring expenditure under this programme against which only Rs 0.31 lakh was spent during 2000-2001. Thus, the desired objectives of the programme were not achieved and the expenditure of Rs 47.16 lakh on the programme was rendered infructuous.

**6.1.9 Non-utilisation of UGC development grant**

The UGC sanctioned (March 1998) IX plan development grants to the University for Rs 2.70 crore but released Rs 2.43 crore<sup>1</sup> during 1997-2002 in nine instalments. The itemwise allocation and expenditure incurred upto March 2002 were as follows.

Sl.No	Particulars	Sanctioned amount	Amount spent	Balance	Percentage of utilisation.
(Rupees in lakh)					
1	Opening of Department of Bio-Chemistry and Rural studies	39.00	8.66	30.34	22
2	Construction of staff quarters	40.00	0.20	114.80	0.17
3	Construction of Examination Building	50.00			
4	Construction of Administrative Building	25.00			
5	Completion of unfinished Building	10.00	8.98	1.02	90
6	Repair of Building	10.00	9.41	0.59	94
7	Purchase of Equipments	45.00	37.38	7.62	83
8	Purchase of Books and journal	35.00	30.54	4.46	87
9	Sports and Cultural activities	3.40	3.40	Nil	
10	Adult and Continuing Education	10.00	9.44	0.56	94
11	National Assessment and Accreditation Council (NAAC) for 28 Departments	2.60	0.47	2.13	18
	<b>Total</b>	<b>270.00</b>	<b>108.48</b>	<b>161.52</b>	
	<b>Less not released</b>	<b>27.00</b>		<b>27.00</b>	
	<b>Total</b>	<b>243.00</b>		<b>134.52</b>	<b>45</b>

**Major fund either remained unutilised or were misutilised.**

Balance of Rs 1.35 crore remained unutilised. The UGC however allowed (July 2002) extension of 2 years for building works and six months for purchase of equipment, books and journals. It was noticed that grant of Rs 83.88 lakh was diverted towards payment of salary (Rs 80.87 lakh) and other items (Rs 3.01 lakh<sup>2</sup>) during 1997-2001.

**6.1.10 Non disbursement of scholarship and stipend**

**Undisbursed scholarship fund not refunded to Govt.**

(i) The undisbursed funds of scholarship for Rs 15.01 lakh (State Scholarship Rs 13.99 lakh and Post Graduate Scholarship Rs 1.02 lakh) were not refunded to Government as of March 2003.

<sup>1</sup> In 1997-98, Rs. Nil received, Rs. 0.16 lakh utilised ; in 1998-99 Rs. 54 lakh received, Rs. 9.20 lakh utilised ; in 1999-2000 Rs. 108 lakh received, Rs. 28.55 lakh utilised ; in 2000-2001 Rs. 54 lakh received, Rs. 15.75 lakh utilised ; in 2001-02 Rs. 27 lakh received, Rs. 54.93 lakh utilised.

<sup>2</sup> Expenditure on UGC visiting team Rs. 1.33 lakh (1997-98), workshop on Assessment Accreditation Council Rs. 0.94 lakh (1998-99), payment to Tele-Cooperative Service for contract of EPABX Rs. 0.19 lakh (1999-2000), Computer Centre Training Programme Rs. 0.14 lakh (1999-2000) and expenditure on Senate meetings Rs. 0.41 lakh (2000-2001) by the orders of the VC.



**Interest on Govt. money not refunded.**

(ii) Further, the University earned interest of Rs 3.62 lakh during 1991-2002 on deposit of Scholarships in the saving Bank account. The interest earned forming part of Government money, was not refunded to Government.

**Scholarship account not reconciled.**

(iii) Rupees 4.54 lakh\* deposited by the University during 1991-96 was not credited to the Post Graduate Scholarship Account. The University did not take steps to get the discrepancy reconciled (March 2003).

#### **6.1.11 Non adjustment of outstanding advances**

**Overdue advances of Rs 3.62 crore.**

Recovery of outstanding advances was not watched by the University. Total outstanding advances as on 31<sup>st</sup> March 2002 aggregated Rs 3.62 crore comprising Examination Fund (Rs 274.74 lakh) and General Fund (Rs 87.29 lakh).

University stated (March 2003) that it had adjusted outstanding advance of Rs 178.49 lakh from Examination Fund and Rs 9.09 lakh from General Fund and adjustment process of remaining balance was in progress. However, Rs 1.74 crore; (Examination fund:Rs 96.25 lakh; General fund: Rs 78.20 lakh) remained unrecovered as of march 2003.

#### **6.1.12 Non-production of records**

**Failure to produce records**

University had released Rs. 83.00 lakh to Academic Staff College and Rs 5.14 lakh to Minority coaching centre during 1997-2002 out of grants received from UGC and Rs 2.28 lakh to HOD Sociology during 1999-2000 and 2001-2002 received from Ministry of Social Justice and Empowerment for Research Projects. Despite repeated reminders and discussion with the VC these three units did not furnish relevant records to audit. As a result, possibility of serious irregularities in these units was not ruled out.

\* 1991-92 (Rs. 1.64 lakh), 1992-93 (Rs. 0.26 lakh), 1993-94 (Rs. 0.59 lakh), 1994-95 (Rs 1.55 lakh) and 1995-96 (Rs. 0.50 lakh).

## SECTION – B : PARAGRAPHS

### 6.2 General

**6.2.1** As per the provisions of section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, receipts and expenditure of bodies and authorities substantially financed by grants and loans from the consolidated fund are to be audited by the Comptroller and Auditor General of India. Section 15 of the Act provides that where any grants or loans is given for any specific purpose from the consolidated fund, the Comptroller and Auditor General of India shall scrutinise the procedure by which the sanctioning authority satisfies itself as to the fulfillment of the conditions subject to which such grants and loans were given. Under section 19 of the Act, audit of the accounts of a statutory corporation may be entrusted by the Governor after consultation with the Comptroller and Auditor General of India.

During 2001-02, Rs 564.64 crore were paid as grant to various non-government bodies and institutions. This constituted 5.06 per cent of Government's total expenditure on revenue account. During 2000-2001 grants aggregating Rs 633.60 crore were paid which constituted 4.69 per cent of the revenue expenditure. The details are given below:

	Amount (Rupees in crore)	
	2000-01	2001-02
(i) Educational Institutions (Including universities)	463.00	369.13
(ii) Panchayati Raj Institutions Local Bodies	2.90	106.60
(iii) Corporation and autonomous bodies	0.0006	6.35
(iv) Municipalities	57.17	28.99
(v) Others	110.53	53.57
<b>Total</b>	<b>633.60</b>	<b>564.64</b>

The table below shows the broad purposes for which the grants were given.

	2000-01	2001-02
	(Rupees in crore)	
Assistance to the universities, primary and secondary schools, Agricultural Universities and other educational institutions.	463.00	369.13
Municipalities and Panchayati Raj establishment, contribution for revised pay and allowances and other benefits to non-teaching staff of District Boards Municipalities and Notified Area Committees, Construction of roads in rural areas etc.	18.68	116.88
Assistance to small and marginal farmers for increasing agricultural production, control and prevention of water pollution, environmental improvement etc.	19.15	4.27
Sewerage schemes and urban water supply programme for health sanitation.	47.39	5.00
Assistance to Municipalities, corporations, Notified Area committee for payment of arrear electricity bills to Bihar State Electricity Board.	16.00	16.00
Others.	69.38	53.36
<b>Total</b>	<b>633.60</b>	<b>564.64</b>

Where grants were given for specific purposes, the departmental officers were required under financial rules of Government, to furnish certificate to audit within a year, to the effect that the grants were utilised by the recipients for the purposes for which these were paid. At the end of September 2002 utilisation

certificates in respect of grants totalling Rs 138361.28 crore were awaited as shown in Appendix-XV.

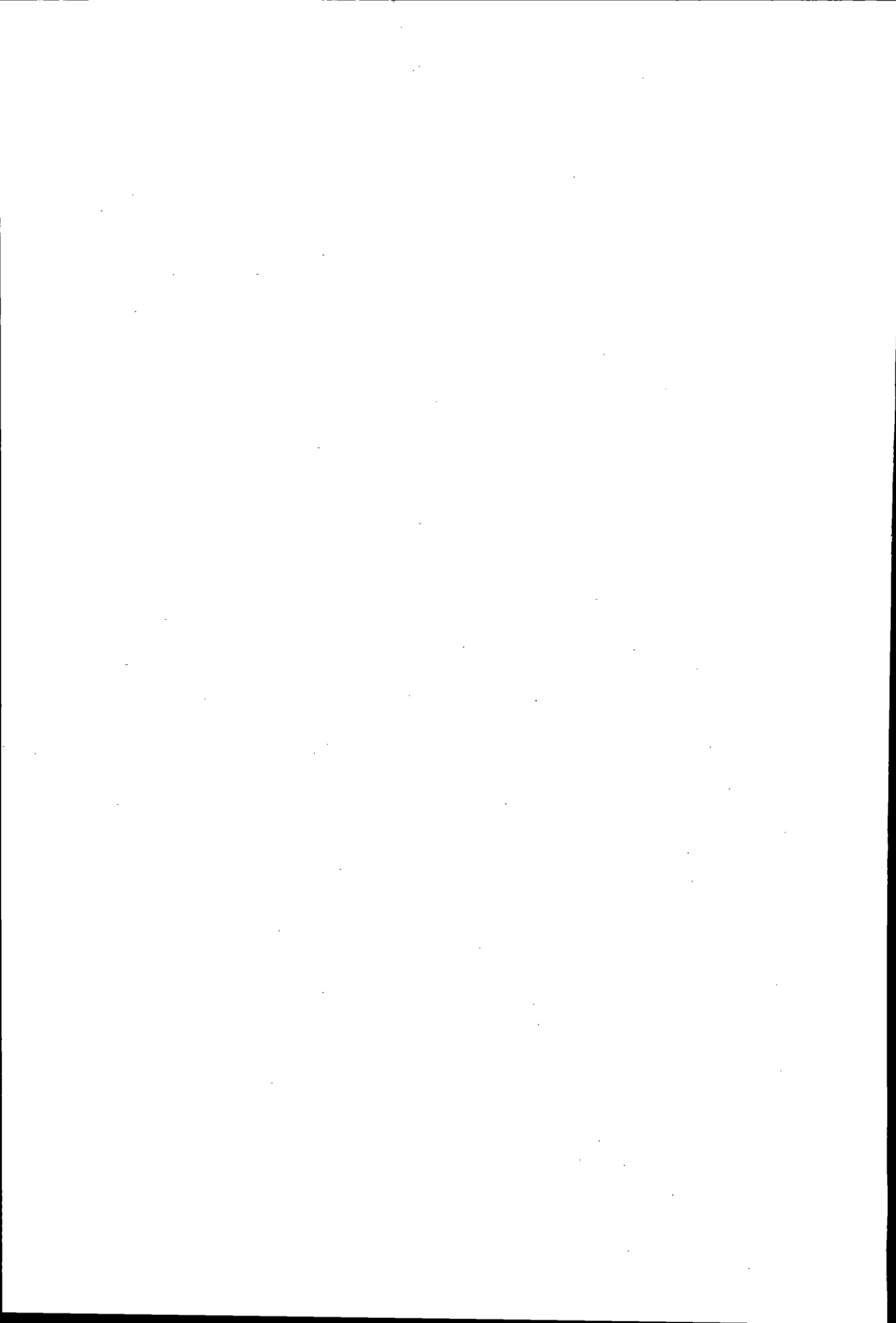
In the absence of utilisation certificates, it was not clear how the departmental officers satisfied themselves whether and to what extent the recipients spent the grants for the purpose or purposes for which these were given.

### 6.3 Bodies and authorities substantially financed by Government grants and loans

The number of bodies/ authorities which received grants/ loans of not less than Rs 5 lakh (Rs 25 lakh with effect from 1983-84) and from which the accounts were not received (September 2002) to determine the applicability of Section-14 of the Comptroller and Auditor General (Duties, Power and Conditions of Services) Act 1971 are given below:

Year	No. of Bodies/authorities which received grants/ loans of not less than Rs 5 lakh (Rs 25 lakh from 1983-84) in a year	No. of Bodies authorities from which accounts were not received as of September 2002
1981-82	34	1
1982-83	29	0
1983-84	24	1
1984-85	20	2
1985-86	42	4
1986-87	48	4
1987-88	21	5
1988-89	48	9
1989-90	49	12
1990-91	33	11
1991-92	35	15
1992-93	36	24
1993-94	38	2
1994-95	13	14
1995-96	49	16
1996-97	67	18
1997-98	50	19
1998-99	65	41
1999-2000	65	37
2000-01	33	73
2001-02	11	95
<b>Total</b>	<b>810</b>	<b>403</b>

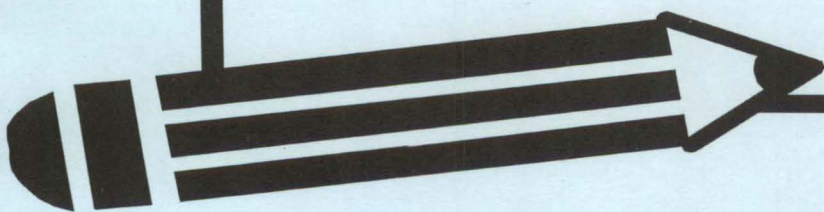
Non submission of accounts by the bodies/ authorities concerned for audit scrutiny may render it difficult for timely comments on cases of non-utilisation, misutilisation, diversion as well as defalcation of fund. Besides, cases of non achievement of target fixed for development of works on other Government activities for redressal of difficulties of poorer/ backward sections of the societies e.g. providing financial assistance to the family below poverty line may remain unreported to the Government/ authorities concerned through audit comments in the absence of audited accounts. Financial aspects of failure/success of welfare, development and research activity may remain unnoticed and uncommented upon.



# **CHAPTER-VII**

## **Commercial Activities**

**The Chapter contains status of commercial activities of  
the Government and Other major points**





# 1914-1915

Annual Report of the

Department of the Interior

and Geological Survey



## CHAPTER-VII

### COMMERCIAL ACTIVITIES

#### SECTION - B : PARAGRAPHS

##### 7.1 General

On 31 March 2002, there were 29 departmentally managed commercial/ quasi commercial undertakings in the State. Of these 26 undertakings detailed in Appendix-XVI had not prepared Proforma Accounts since their inception. The matter had been taken up with the concerned administrative departments and the Finance Department from time to time.

The Proforma Accounts of 3 other undertakings were in arrears for varying periods ranging from 14 to 25 years as of March 2002. Relevant details are furnished in Appendix-XVII.

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

#### ENVIRONMENT AND FOREST DEPARTMENT

##### 7.2 Non-fixing of responsibility for the losses of the quality of timber

*Conservator of Forests, Gaya did not comply with the orders of the Chief Conservator of Forests in naming the officers who were responsible for loss of timber valued at Rs 27.82 lakh.*

Test-check (April-May 2002) of the records of State Trading Division, Gaya revealed that 613 cubic metre of timber logs and 85565 pieces of timber valued at Rs 27.82 lakh<sup>1</sup> were lying unsold in the various depots since 1992-93. Out of these, 335 cubic metre of timber logs and 81801 pieces of timber valued at Rs 18.61 lakh were completely damaged and 278 cubic metre of timber logs and 3764 pieces of timber valued at Rs 9.21 lakh were partially damaged (30 to 70 per cent) as of July 2000 due to storage under open sky.

<sup>1</sup> (Kowakol: 250 cu.m and 71115 pieces; Rajauli: 136 cu.m and 4789 pieces; Rohtas: 188 cu.m; Gurpa: 10 cu.m and 634 pieces and Gaya 29 cu.m plus 9027 pieces)

Conservator of Forests, Gaya Circle, Gaya sought (August 2000) approval of Chief Conservator of Forests and Director, State Trading Bihar, Ranchi for their disposal. The Chief Conservator of Forests directed (September 2000) the Conservator of Forests, Gaya to put up proposal to government for write off of loss and to furnish the names of the officer responsible for the loss and also to intimate the same to the Accountant General.

It was noticed in Audit that the Conservator of Forests did not comply with any of these instructions. As a result, the timber logs and pieces valuing at Rs 27.82 lakh which were damaged remained undisposed as of June 2002.

Further, loss to the quality of timber logs and timber pieces by their exposure to vagaries of nature was not ruled out.

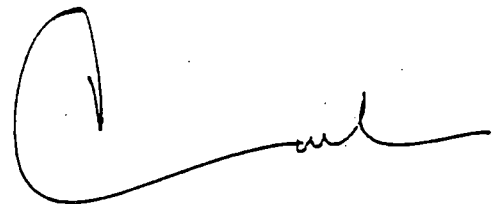
The matter was referred to Government (August 2002); their reply had not been received (September 2003).



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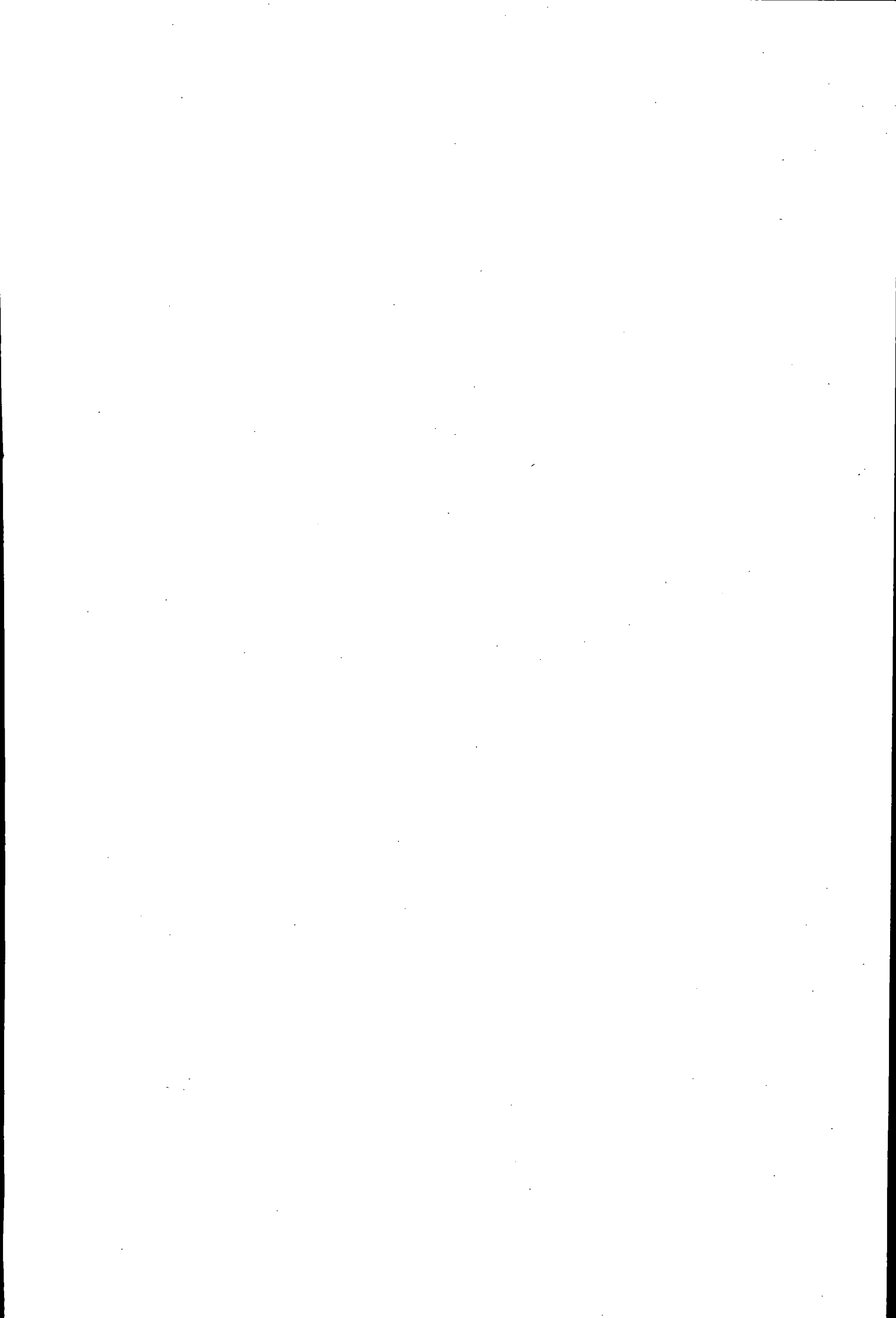
(Vikram Chandra)  
Principal Accountant General (Audit), Bihar

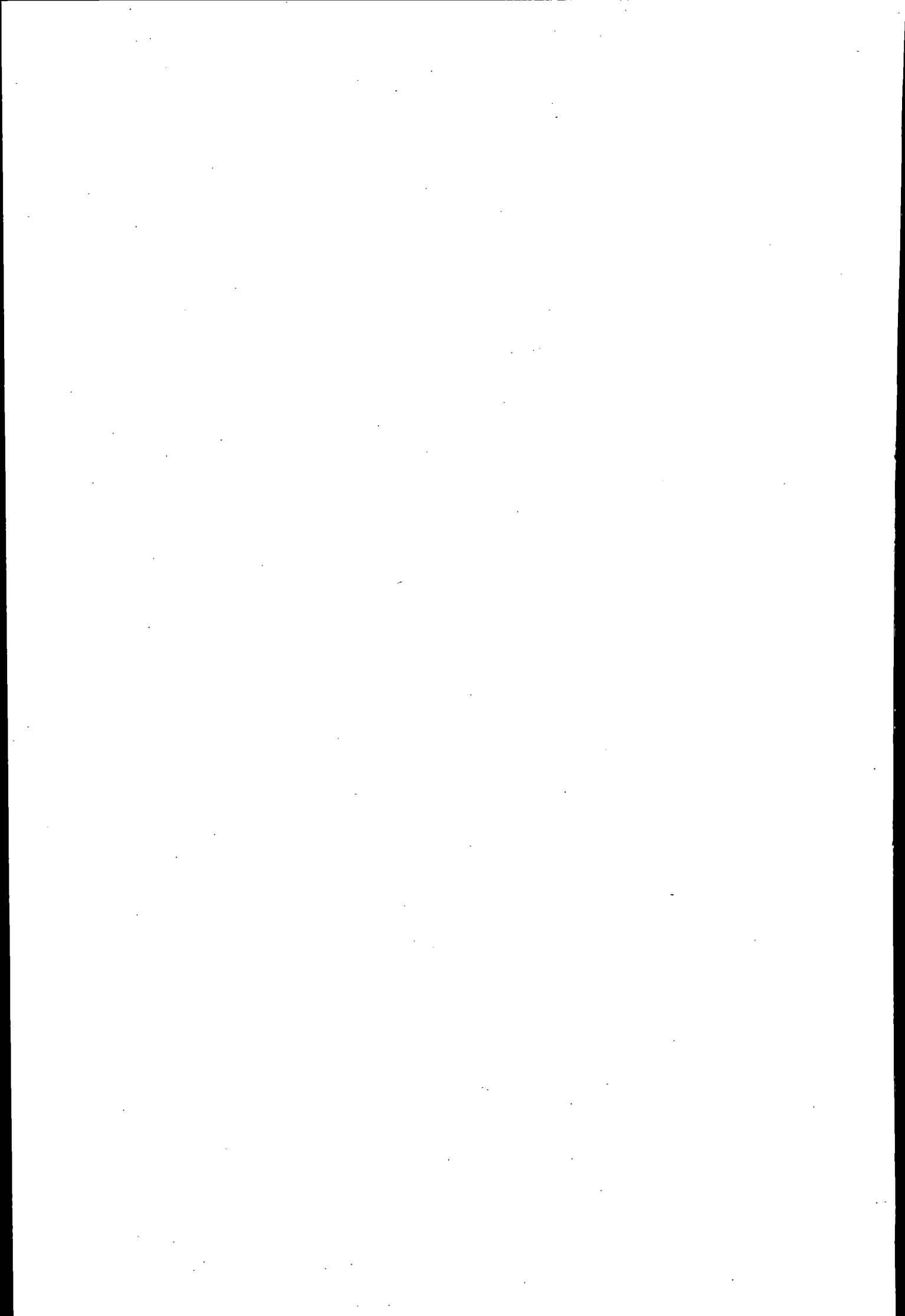
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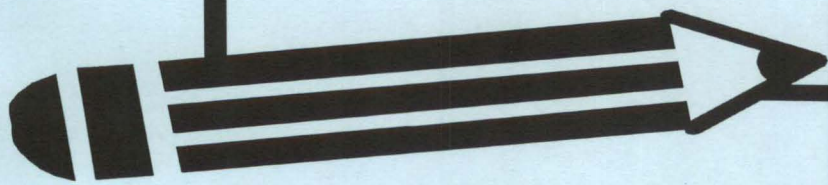
(Vijayendra N. Kaul)  
Comptroller and Auditor General of India







# APPENDICES





APPENDICES

## APPENDIX-I

### Part – A. Government Accounts

(Refer: Paragraph 1.1 & 1.11.2; Page 3 & 24)

#### I. *Structure:*

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 receipts of the State Government from revenues, loans and recoveries of loans go into the Consolidated Fund of the State, constituted under Article 266 (1) of the Constitution of India. All expenditure of the Government is incurred from this Fund from which no amount can be withdrawn without authorization from the State Legislature. This part consists of two main divisions, namely revenue accounts (revenue, receipts and revenue expenditure) and capital accounts (Capital receipts, expenditure, public debt and loans etc.)

#### *Part II. Contingency Fund*

The contingency fund created under Article 267 (2) of the Constitution of India is in the nature of an imprest placed at the disposal of the Government of the state to meet urgent unforeseen expenditure pending authorization from the State Legislature. Approval of the State Legislature is subsequently obtained for such expenditure and for transfer of equivalent amount from the Consolidated Fund to Contingency Fund. The corpus of this Fund authorized by the Legislature during the year was Rs 150 crore.

#### *Part III. Public Fund*

Receipts and disbursement in respect of small savings, provident funds, deposits reserve fund, suspense, remittance etc. which do not form part of the Consolidated Fund, are accounted for Public Account and not subject to vote by the State Legislature.

#### II. *Form of Annual Accounts:*

The accounts of the State government are prepared in two volumes viz., the Finance Accounts and the Appropriation Accounts. The Finance Accounts present the details of all transaction pertaining to both receipts and expenditure under appropriate classification in the Government Accounts. The Appropriation Accounts present the details of expenditure by the State Government vis-a-vis the amount authorized by the State Legislature in the budget grants. Any expenditure in excess of the grants requires regularization by the Legislature.

**Part – B. List of indices/ ratios and basis for their calculation**

<i>Indices / Ratios</i>		<i>Basis for calculation</i>
<b><u>Sustainability</u></b>		
Balance from the Current Revenue	BCR	Revenue receipts minus all Plan grants (under Major Head 1601-02,03,04 and 05) and Non-Plan revenue expenditure
Primary Deficit		Fiscal Deficit minus interest payments
Interest Ratio		Interest payment-Interest receipts
		Total Revenue receipts-Interest receipts
Capital outlay Vs Capital receipts	Capital Outlay	Capital expenditure as per statement No.12 of the Finance Accounts
	Capital Receipts	Internal Loans (excluding ways and means advances) + Loans and advances from Government of India + Net receipts from small savings, PF etc. + Repayments received on loans advanced by the State Government – Loans advanced by the State Government.
Total tax receipts Vs GSDP	Total Tax Receipts	State Tax receipts plus State's share of Union Taxes
	GSDP	Exhibit IV
State tax receipts Vs GSDP	State Tax Receipts	Statement No. 11 of Finance Accounts
<b><u>Flexibility</u></b>		
Balance from Current Revenue	BCR	As above
Capital repayments Vs Capital borrowings	Capital Repayment	Disbursements under Major heads 6003 and 6004 minus repayments on account of ways and means advances / overdraft under both the Major heads
	Capital borrowings	Addition under Major Heads 6003 and 6004 minus addition on account of ways and means advances/overdraft under both the major heads.
State Tax Receipts Vs GSDP		As above
Debt Vs GSDP	Debt	Borrowings and other obligations at the end of the year (Statement No. 4 of Finance Accounts).

<i>Indices / Ratios</i>		<i>Basis for calculation</i>
<b><u>Vulnerability</u></b>		
Revenue Deficit		Paragraph No. 1.9.5 of the Audit Report.
Fiscal Deficit		-----do-----
Primary Deficit Vs Fiscal Deficit	Primary Deficit	As above
Outstanding guarantees including letters of Comfort Vs Revenue receipts of the Government	Outstanding Guarantees Revenue Receipts	Exhibit IV Exhibit II
Assets Vs Liabilities	Assets and Liabilities	Exhibit I



APPENDIX – II

Statement of large savings under State Plan Schemes, Central Plan Schemes and Centrally Sponsored Schemes

(Refer: Paragraph 1.8.3; Page 16)

I. Overall position of Saving

Schemes	Total provision including supplementary	Expenditure	Saving
(Rupees in crore)			
State Plan	2555.37	1263.12	1292.25
Central Plan	45.55	11.26	34.29
Centrally Sponsored	613.92	383.11	230.81
<b>Total</b>	<b>3214.84</b>	<b>1657.49</b>	<b>1557.35</b>

II. Large saving affected schemes (Rs 1.00 crore and above)

Sl. No.	Name of the Scheme	Total Provision	Actual Expenditure	Saving
(Rupees in crore)				
<b>State Plan Scheme</b>				
1	<b>Grant No. 1 Agriculture Department</b> 2401-Crop Husbandry 109- Extension and Farmer's Training 0102-Agriculture Information Service	12.60	9.69	2.91
2	2705-Command Area Development 105- Aycut Development 0102-Area Development-Command Level	20.83	6.08	14.75
	<b>Total</b>	<b>33.43</b>	<b>15.77</b>	<b>17.66</b>
3	<b>Grant No.3 Building Construction and Housing Department</b> 4059- Capital Outlay on public works. 01- Office Buildings 051- Construction-General pool Accommodation. 0101-Building	2.95	1.06	1.89
4	80- General 051- Construction 0103-Building Construction (Welfare Department)	2.00	-	2.00
5	051-Construction 0104-Jail Department-Construction and repairs of central/divisional/sub-jail buildings in the light of recommendation of 11 <sup>th</sup> Finance commission	5.78	--	5.78
6	051- Consturction 0105-Building Construction Department Construction of judicial buildings in the light of recommendation of 11 <sup>th</sup> Finance Commission	9.00	2.03	6.97

Sl. No.	Name of the Scheme	Total Provision	Actual Expenditure	Saving
(Rupees in crore)				
<b>State Plan Scheme</b>				
7	051- Construction 0107-Heritage protection ,construction and renovation of museum and art buildings and maintenance and preservation of archaeological monuments (11 <sup>th</sup> Finance Commission)	3.38	--	3.38
8	4216-Capital Outlay on Housing 01-Government Residential Buildings 700-Other Housing 0601-Other area sub plan(Lump sum)	2.00	0.54	1.46
	<b>Total</b>	<b>25.11</b>	<b>3.63</b>	<b>21.48</b>
9	<b>Grant No. 8 Civil Aviation Department</b> 3053-Civil Aviation 80- General 003- Training and Education 0100-Training and Education	2.63	0.50	2.13
	<b>Total</b>	<b>2.63</b>	<b>0.50</b>	<b>2.13</b>
10	<b>Grant No. 9 Co-operative Department</b> 2425-Co-operation 107- Assistance to credit Co-operatives 0101-Managerial Subsidy to Primary Agricultural Societies	2.00	1.00	1.00
11	4425-Capital outlay on co-operation 190- Investments in Public Sector and other undertakings 0135-Contribution to share capital of Central Co-operative banks for Consolidated Co-operative Development Project	1.24	--	1.24
	<b>Total</b>	<b>3.24</b>	<b>1.00</b>	<b>2.24</b>
12	<b>Grant No. 10. Energy Department</b> 2810 -Non-conventional sources of Energy 60- Others 600- Other sources of energy 0101-Non-conventional sources of energy Grants-in-aid	3.21	0.77	2.44
13	6801-Loans for Power Projects 201- Hydel Generation 0105-Bihar State Hydel Corporation (NABARD)	10.00	--	10.00
14	204-Rural Electrification 0701-Loans to Bihar State Electricity Board for rural electrification under Pradhan Mantri Gramodaya Yojna	30.11	12.90	17.21
	<b>Total</b>	<b>43.32</b>	<b>13.67</b>	<b>29.65</b>

*Audit Report (Civil) for the year ended 31 March 2002*

Sl. No.	Name of the Scheme	Total Provision	Actual Expenditure	Saving
(Rupees in crore)				
<b>State Plan Scheme</b>				
15	<b>Grant No. 22 Home Department</b> 2055- Police 800- Other Expenditure 0102-Grants-in-aid to police Housing construction corporation	1.13	--	1.13
16	800- Other Expenditure 0103-Standardisation of Administration levels recommended by Eleventh Finance Commission.	6.53	--	6.53
17	2070- Other Administrative Services 109- Fire Protection and Control 0102-Fire Protection Service on recommendation of 11 <sup>th</sup> Finance Commission.	1.49	--	1.49
18	108-Fire Protection and Control 0103-Fire-Brigade Services	1.49	--	1.49
19	4055-Capital Outlay on Police 207-State Police 0000-Modernisation	25.00	10.00	15.00
20	102-Small Scale Industries 0103-Establishment of District Industries Centre	9.15	5.65	3.50
21	2852-Industries 80- General 102-Industrial Productivity 0152-C.I.B (Critical Infrastructure Balance Scheme)	2.12	0.60	1.52
	<b>Total</b>	<b>46.91</b>	<b>16.25</b>	<b>30.66</b>
22	<b>Grant no. 27 Law Department</b> 2014- Administration of Justice 105- Civil and Session Courts 0701- Civil and Session Courts	6.03	2.22	3.81
	<b>Total</b>	<b>6.03</b>	<b>2.22</b>	<b>3.81</b>
23	<b>Grant No. 40- Revenue and Land Reforms Department</b> 2029- Land Revenue 102-Survey and Settlement Operation 0101-Revision of survey and settlement operation	12.49	9.88	2.61
24	102- Survey and Settlement Operations 0102-Implementation of Tenant's accounts book	2.00	--	2.00
	<b>Total</b>	<b>14.49</b>	<b>9.88</b>	<b>4.61</b>
25	<b>Grant No. 41- Road Construction Department</b> 5054-Capital Outlay on Roads and Bridges 03-State Highways 101-Bridges 0101-Bridges	29.80	11.77	18.03

Sl. No.	Name of the Scheme	Total Provision	Actual Expenditure	Saving
(Rupees in crore)				
<b>State Plan Scheme</b>				
26	337- Road Works 0104-Border Area Development Scheme- Road works	2.32	0.50	1.82
27	337- Road Works 0105-State share for Centrally Sponsored Scheme	1.82	0.57	1.25
28	337- Road Works 0106-Central Road Fund	35.00	4.84	30.16
	<b>Total</b>	<b>68.94</b>	<b>17.68</b>	<b>51.26</b>
29	<b>Grant No. 42 Rural Development Department.</b> 2501-Special Programme for Rural Development 01-Integrated Rural Development Programme 800-Other Expenditure 0102A-Swarna Jayanti Gram Swaraj Yojna Establishment	11.77	10.01	1.76
30	0102B-Swarna Jayanti Gram Swaraj Yojna Scheme for General	13.90	8.40	5.50
31	0102C-Swarna Jayanti Gram Swaraj Yojna Special Integrated Scheme for Scheduled Caste	13.90	1.34	12.56
32	2505 -Rural Employment 01- National Programmes 702- Jawahar Rozgar Yojna 0105-National Rural Employment Programme Regional Establishment	19.28	14.40	4.88
33	0106-Jawahar Gram Samridhi Yojna	56.00	47.20	8.80
34	0107-Indira Awas Yojna	106.00	62.02	43.98
35	0109-Assured Employment Programmes- Special integrated scheme for Scheduled Castes	38.05	34.11	3.94
36	0109A Assured Employment Programmes- scheme for General	88.79	23.99	64.80
37	2515-Other Rural Development Programmes 101-Panchayati Raj 0101- Assistance to Panchayati Raj Institute on the recommendation of 11 <sup>th</sup> Finance Commission.	113.50	106.60	6.90
38	4515-Capital outlay on other Rural Development Programmes 103-Rural Development 0101A-Minimum Needs Programmes Establishment	11.15	9.93	1.22
39	0101E-Minimum Need Programmes NABARD (RIDP)	73.68	--	73.68

*Audit Report (Civil) for the year ended 31 March 2002*

Sl. No.	Name of the Scheme	Total Provision	Actual Expenditure	Saving
(Rupees in crore)				
<b>State Plan Scheme</b>				
40	0109-Implementation of Schemes on the recommendation of members of legislative assembly and members of legislative council	301.10	286.39	14.71
41	0111-Prime Ministers Upliftment Scheme- Road Construction	185.41	--	185.41
	<b>Total</b>	<b>1032.53</b>	<b>604.39</b>	<b>428.14</b>
42	<b>Grant No. 43 Science and Technology Department</b> 2203-Technical Education 105-Polytechnics 0101-Diploma course-World Bank Subsidised Polytechnic Education Strengthening project	1.96	0.41	1.55
	<b>Total</b>	<b>1.96</b>	<b>0.41</b>	<b>1.55</b>
43	<b>Grant No. 44 – Secondary, Primary and Adult Education Department</b> 2202- General Education 01- Elementary Education 101- Government Primary and Middle School 0101- Government Primary and Middle School.	23.00	1.73	21.27
44	0801- Government Primary and Middle School- Pradhan Mantri Gramodaya Yojna	24.58	12.29	12.29
45	01- Elementary Education 800- Other Expenditure 0102- Employment Oriented Scheme under minimum needs programme	52.00	28.19	23.81
46	0106- Informal Education	8.32	0.90	7.42
47	109-Government Secondary Schools 0701- Under recommendation of 11 <sup>th</sup> Finance Commission.	1.07	--	1.07
48	4202- Capital Outlay on Education, Sports Arts and Culture 01-General Education 201-Elementary Education 0701- Under Recommendation of 11 <sup>th</sup> Finance Commission—Building Construction of Elementary School	28.41	7.38	21.03
49	0801- Pradhan Mantri Gramodaya Yojna Building construction and arrangement of drinking water, lavatory for Primary School.	24.58	12.29	12.29
	<b>Total</b>	<b>161.96</b>	<b>62.78</b>	<b>99.18</b>



Sl. No.	Name of the Scheme	Total Provision	Actual Expenditure	Saving
(Rupees in crore)				
State Plan Scheme				
50	<b>Grant No. 46 –Tourism Department</b> 3452- Tourism 01- Tourist Infrastructure 101- Tourist Centre 0101D-State share from 1990-91 to 1999-2000 to the Project assisted by Central Government	1.60	0.29	1.31
	<b>Total</b>	<b>1.60</b>	<b>0.29</b>	<b>1.31</b>
51	<b>Grant No. 47- Transport Department</b> 5055- Capital Outlay on Road Transport 190- Investments in Public Sector and Other undertakings 0101-Share to the Bihar State Road Transport Corporation	3.49	1.00	2.49
	<b>Total</b>	<b>3.49</b>	<b>1.00</b>	<b>2.49</b>
52	<b>Grant No. 48- Urban Development Department</b> 2217- Urban Development 80- General 800- Other Expenditure 0113- Grants under environmental improvement scheme for scheduled castes-share clearance and environmental improvement	18.33	--	18.33
53	0114- Grants-in-aid to labour Local bodies from Government of India on recommendation of 11 <sup>th</sup> Finance Commission.	13.55	--	13.55
54	0115- Grants-in-aid for Swarna Jayanti Urban employment scheme	3.50	--	3.50
	<b>Total</b>	<b>35.38</b>	<b>--</b>	<b>35.38</b>
55	<b>Grant No. 49- Water Resources Department</b> 4701- Capital outlay on Major and Medium Irrigation 80- General 001- Direction and Administration 0101- Technical Control and Supervision Establishment.	1.93	0.54	1.39
56	0100- Survey and Investigation Establishment	3.44	1.09	2.35
57	0110- South Bihar Irrigation Project Establishment	70.24	61.18	9.06
58	0113-North Bihar Irrigation Project-Establishment	36.90	27.35	9.55
59	0117-Irrigation Project of South Bihar (AIBP) Works	180.14	60.45	119.69
60	0118-Irrigation Project of North Bihar (AIBP)	60.05	25.16	34.89

*Audit Report (Civil) for the year ended 31 March 2002*

Sl. No.	Name of the Scheme	Total Provision	Actual Expenditure	Saving
(Rupees in crore)				
State Plan Scheme				
61	0120-North Bihar Irrigation Projects (NABARD)	80.00	--	80.00
62	0121- South Bihar Irrigation Project (NABARD)	45.00	--	45.00
63	4711- Capital Outlay on Flood Control Projects 01- Flood Control 001- Direction and Administration 0102A-North Bihar Flood Control Project-Works.	36.00	14.67	21.33
64	0103-South Bihar Flood Control Project-Direction and Administration	6.40	2.69	3.71
65	0104-Priority Basis Flood Control Project Direction and Administration	7.56	4.37	3.19
66	0108-Anti Erosion Works on River Ganga-Works	11.00	7.60	3.40
	<b>Total</b>	<b>538.66</b>	<b>205.10</b>	<b>333.56</b>
67	<b>Grant No.50: Minor Irrigation Department</b> 2702- Minor Irrigation 02- Grand Water 005- Investigation 0101-Survey and Investigation	4.49	3.31	1.18
68	103- Tubewells 0101-State Tubewells	17.52	1.39	16.13
69	0104- Private Tubewells	26.62	25.23	1.39
70	101- Surface Water 0101-Minor Irrigation	4.48	1.78	2.70
71	4702-Capital Outlay on Minor Irrigation 102- Ground Water 0101- Loans from NABARD for completion of works of tube well schemes	60.31	9.79	50.52
72	0102- Loan from NABARD for completion of new/incomplete medium irrigation schemes	32.37	--	32.37
	<b>Total</b>	<b>145.79</b>	<b>41.50</b>	<b>104.29</b>
73	<b>Grant No. 51 Welfare Department</b> 2225-Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes. 03-Welfare of Backward Classes 277-Education 0101e-Pre-Matric Scholarships	1.35	--	1.35
74	0107-Hostel for students	2.50	--	2.50
75	0108-Hostel for girl students-Major Construction works	2.50	0.32	2.18

Sl. No.	Name of the Scheme	Total Provision	Actual Expenditure	Saving
(Rupees in crore)				
<b>State Plan Scheme</b>				
76	2236-Nutrition 02-Distribution of Nutritions food and Beverages 101-Special Nutrition Programmes 0801-Special scheme for distribution of nutritions food to Pregnant women, Children, Children and Nursing Mother	32.19	12.73	19.46
	<b>Total</b>	<b>38.54</b>	<b>13.05</b>	<b>25.49</b>
77	<b>Grant No. 52 Art Culture and Youth Department</b> 4202- Capital Outlay on Education, Sports Arts and Culture 03- Sports and Youth Services 101-Youth Hostels 0101-Youth Hostel	1.51	--	1.51
	<b>Total</b>	<b>1.51</b>	<b>--</b>	<b>1.51</b>
<b>Centrally Sponsored Scheme</b>				
1	<b>Grant No. 1- Agriculture Department</b> 2401- Crop Husbandry 01- Direction and Administration 0602- Agricultural Marketing	10.80	9.75	1.05
2	107- Plant Protection I.P.M. Programme	1.38	--	1.38
3	109- Extension and Farmer's Trainings 0609-Extension, Infrastructure Development and Training	1.90	0.02	1.88
4	113- Agricultural Engineering 0614-Promotion of agricultural work shop	7.57	--	7.57
5	2705- Command Area Development 105- Ayut Development 0602- Area Development-Command Level	5.68	--	5.68
	<b>Total</b>	<b>27.33</b>	<b>4.77</b>	<b>17.56</b>
6	<b>Grant No. 2 Animal Husbandry and Fisheries Department.</b> 2403- Animal Husbandry 106- Other Line Stock Development 0608- Management of Cattle Census	3.02	--	3.02
	<b>Total</b>	<b>3.02</b>	<b>--</b>	<b>3.02</b>
7	<b>Grant No. 3 Building Construction and Housing Department</b> 4059- Capital Outlay on Public Works 80- General 051- Construction. 0601- Other area sub plan (Lumpsum) Central share	3.00	1.68	1.32
8	4216- Capital Outlay on Housing 01- Government Residential Buildings 700- Other Housing 0601- Other area sub-plan (Lum sum)	2.00	0.54	1.46
	<b>Total</b>	<b>5.00</b>	<b>2.22</b>	<b>2.78</b>

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Sl. No.	Name of the Scheme	Total Provision	Actual Expenditure	Saving
(Rupees in crore)				
<b>State Plan Scheme</b>				
9	<b>Grant No. 10 Energy Department</b> 2801- Power 80- General 800- Other Expenditure 8603- Pradhan Mantri Gramodaya Yojna - Grants to Bihar State Electricity Board for rural electrification	12.90	5.53	7.37
	<b>Total</b>	<b>12.90</b>	<b>5.53</b>	<b>7.37</b>
10	<b>Grant No. 23- Industries Department</b> 2851- Village and Small Industries. 003- Training 0601- Prime Minister Employment Schemes for Educated unemployed for self employment- Grants-in-aid	2.46	--	2.46
	<b>Total</b>	<b>2.46</b>	<b>--</b>	<b>2.46</b>
11	<b>Grant No. 41- Road Construction Department</b> 5054- Capital Outlay on Roads and Bridges 03- State Highway 101- Bridges 0601-Railway Safety Works	2.00	--	2.00
	<b>Total</b>	<b>2.00</b>	<b>--</b>	<b>2.00</b>
12	<b>Grant No. 44- Secondary, Primary and Adult Education Department</b> 2202- General Education 01- Elementary Education 800- Other Expenditure 0602- Elementary Education- Education drive for all	30.00	28.50	1.50
13	0611- Informal Education	7.58	0.79	6.79
	<b>Total</b>	<b>37.58</b>	<b>29.29</b>	<b>8.29</b>
14	<b>Grant No. 46- Tourism Department</b> 3452- Tourism 01- Tourist Infrastructure 101-Tourist Centre 0601- Computerisation and renovation of Tourist Information Centre State share from 1990-91 to 1999-2000 to the projects assisted by Central Government	1.60	--	1.60
	<b>Total</b>	<b>1.60</b>	<b>--</b>	<b>1.60</b>
15	<b>Grant No. 48- Urban Development Department</b> 80- General 800- Other Expenditure 0601- Grants-in-aid to Urban Local Bodies for Urban Consolidated Development	9.50	1.60	7.90
	<b>Total</b>	<b>9.50</b>	<b>1.60</b>	<b>7.90</b>

Sl. No.	Name of the Scheme	Total Provision	Actual Expenditure	Saving
(Rupees in crore)				
<b>State Plan Scheme</b>				
16	<b>Grant No. 49- Water Resources Department</b> 4701- Capital Outlay on Major and Medium Irrigation. 80- General 800- Other Expenditure 0110B- Jamunia Pump Canal Scheme under South Bihar Irrigation Projects Work	2.00	--	2.00
17	0110C- Restoration of created irrigation capacity; under South Bihar Irrigation Project Works	3.00	--	3.00
18	0614- Restoration of Saran Main Canal under Gandak Project	21.39	16.95	4.44
19	4711- Capital Outlay on Flood Control Projects 01- Flood Control 800- Other Expenditure 0607- Barauni Begusarai Industrial Area Flood Protection Scheme on the left bank of River Ganga	2.00	0.94	1.06
20	0608- Extension of embankment build on Lal Bakeya River to Nepal for Indian Portion	1.30	--	1.30
21	0609- Extension and strengthening of embankment on River Bagmati	5.00	3.78	1.22
	<b>Total</b>	<b>34.69</b>	<b>21.67</b>	<b>13.02</b>
22	<b>Grant No. 51 Welfare Department</b> 2225- Welfare of Scheduled Castes Scheduled Tribes and Other Backward Classes 01- Welfare of Scheduled Castes 793- Special Central Assistance for Scheduled Castes Component Plan. 0602-Special Integrated Scheme for Harijan for mulierrous Development- Special Control Assistance.	50.91	42.67	8.24
23	02-Welfare of Scheduled Tribes 796-Tribal Area Sub Plan 0601-Special Central assistance received from Central Government for all round development of Scheduled Tribes	1.85	--	1.85
24	<b>Grant No. 51- Welfare Department</b> 2225- Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes 03- Welfare of Backward Classes	1.00	--	1.00



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Sl. No.	Name of the Scheme	Total Provision	Actual Expenditure	Saving
		(Rupees in crore)		
	<b>State Plan Scheme</b>			
	277- Education 0601- Post-entrance Scholarships			
25	0606- Hostel for students-Major Construction Works	2.50	--	2.50
26	0607- Hostel for girl students-Major Construction Works	2.50	0.32	2.18
27	2235- Social Security and Welfare 02- Social Welfare 102- Child Welfare 0602-Consolidated Child Development Scheme	21.59	15.51	6.08
28	0603-Externally Sponsored Scheme (World Bank) Sponsored Consolidated child development scheme	47.45	40.24	7.21
	<b>Total</b>	<b>127.80</b>	<b>98.74</b>	<b>29.06</b>
	<b>Central Plan Scheme</b>			
1	<b>Grant No. 2- Animal Husbandry and Fisheries Department</b> 2404- Dairy Development 102- Dairy Development Projects 0401- Chilling Centres	2.46	1.31	1.15
	<b>Total</b>	<b>2.46</b>	<b>1.31</b>	<b>1.15</b>
2	<b>Grant No.44- Secondary, Primary and Adult Education Department</b> 4202- Capital Outlay on Education, Sports, Arts and Culture 01- General Education 201- Elementary Education 0401- Border Area Development Programme	2.80	--	2.80
3	202- Secondary Education 0401- Building	7.24	3.91	3.33
	<b>Total</b>	<b>10.04</b>	<b>3.91</b>	<b>6.13</b>
4	<b>Grant No. 52- Art, Culture and Youth Department</b> 4402- Capital Outlay on Education , Sports, Art and Culture	2.10	--	2.10
	<b>Total</b>	<b>2.10</b>	<b>--</b>	<b>2.10</b>

## APPENDIX-III

List of incomplete irrigation projects where huge capital was blocked

(Refer: Paragraph 1.9.2; Page 18)

Sl. No	Name of the project / scheme	Expenditure (In Rupees)		
		Up to 2000-2001	In 2001-2002	Total
1	Subernarekha Multi Purpose Project	8670423552	Transferred to Jharkhand State	
2	Western Kosi Canal project	3334253952	Nil	333,42,53,952
3	Eastern Kosi Project Phase II	529790245	3,01,68,791	55,99,59,036
4	Gandak project Phase II	474977945	Nil	47,49,77,945
5	Integrated Drainage project	NA	N.A	NA
6	North Koel Project	3648427186	Nil	364,84,27,186
7	Konar Irrigation Project	706421627	Nil	70,64,21,627
8	Auranga Reservoir Project	365274217	Nil	36,52,74,217
9	Kadwan Reservoir	3040000	Nil	30,40,000
10	Durgawati Reservoir	520561397	Nil	52,05,61,397
11	Sone Canal Modernisation Project	476907329	26,99,28,985	74,68,36,314
12	National Water Management project	NA	NA	NA
	<b>Total (A)</b>	<b>10059653898</b>	<b>30,00,97,776</b>	<b>10,35,97,51,674</b>
1	Nakti Reservoir Scheme	140103285	Nil	14,01,03,285
2	Upper Sankh Reservoir	115352305	Nil	11,53,52,305
3	Ram Rekha Reservoir	29583886	Nil	2,95,83,886
4	Pamesh Khera Reservoir Scheme	NA	NA	NA
5	Kans Reservoir Scheme	86589490	Nil	8,65,89,490
6	Sonua Reservoir Scheme	245239163	Nil	24,52,39,163
7	Bhairwa Reservoir Scheme	74057882	Nil	7,40,57,882
8	Kesso Reservoir Scheme	32210882	Nil	3,22,10,882
9	Dhansingh Toli Reservoir Scheme	148253933	Nil	14,82,53,933
10	Katri Reservoir Scheme	333573432	Nil	33,35,73,432
11	Kamsjore Reservoir Scheme	173477499	Nil	17,34,77,499
	<b>Total (B)</b>	<b>1378441757</b>	<b>Nil</b>	<b>1,37,84,41,757</b>
	<b>Grand Total (A+B)</b>	<b>11438095655</b>	<b>30,00,97,776</b>	<b>11,73,81,93,431</b>

APPENDIX-IV

Working papers to financial indicators

(Refer: Paragraph 1.11.2; Page 24)

Sl.No		Particulars	2001-2002 (Rupees in crore)
1	(a)	Revenue Receipts	9839.29
	(b)	Less all plan grants under 1601- 02,03,04 & 05	789.94
	(c)	Less, Non-plan Revenue Expenditure	10291.70
	(d)	BCR	(-)1242.35
2.	(a)	Interest Receipts (0049)	11.75
	(b)	Interest Payment (2049)	2629.34
	(c)	Net Interest payment (b-a)	2617.59
	(d)	Revenue Receipts – Interest Receipts	9827.54
	(e)	Interest Ratio (2c/2d)	0.27
3.		Capital outlay	742.48
4.		Capital Receipts	
	(a)	Addition under 6003 Internal Debt minus Ways & Means Advances	2681.01
	(b)	Addition under 6004 Loans from Central Government minus W&M Advance	1076.66
	(c)	Net receipts under Small Saving, PF etc.	59.61
	(d)	Misc. Capital Receipts (4000)	-
	(e)	Net receipts (+) / disbursement (-) under loans and advances by State Government	520.76
	(f)	Total Capital Receipts (a+b+c+d)	3817.28
5.		Capital Outlay / Capital Receipts (3/4)	0.19
6.		State Domestic Product (SDP)	50987
7.		Total Tax Receipts (State ABC + State share of Union taxes)	8495.57
8.		Total Tax Receipts / GDP (7+6)	0.17
9.		State Tax Receipts (Tax Revenue – State's share of Union Taxes)	2318.95*
10.		State Tax Receipts / SDP (9-6)	0.05
11.		Total Investment	688.85
12.		Return on investment	Negligible
13.		Ratio of return on investment (12:11)	Negligible
14.		Capital Repayment	-
	(a)	Disbursement under 6003 Internal debt minus Ways & Means Advance	95.79
	(b)	6004 Loans and Advances from Central Government minus Ways & Means Advance	528.23
	(c)	Total (a+b)	624.02
15.		Capital borrowing i.e. (4a+4b)	3757.67
16.		Capital repayment / Capital borrowings	0.17

Sl.No	Particulars	2001-2002 (Rupees in crore)
17.	Debt	-
	(a) Borrowings (Receipt during the year)	10350.48
	(b) Other obligations	2104.77
	(c) Total (a+b) (Receipt during the year )	12455.25
18.	Debt /SDP (17 (C): 6)	0.24
19.	Revenue Deficit	1320.06
20.	Revenue expenditure	11159.35
21.	Fiscal Deficit ( Revenue Expenditure + Capital Expenditure + Net Loans and Advance) – ( Revenue Receipts + Misc Capital Receipts)	(-) 2583.30
22.	Primary Deficit (fiscal Deficit- Interest Payment (20-21)	(-) 46.04
23.	PD / FD (21/20)	0.02
24.	RD / FD (19+20)	0.51
25.	Outstanding Guarantees + Interest	209.21
26.	Outstanding Guarantees / Revenue Receipts	0.02
27.	Assets	23643.49
28.	Liabilities	32706.38
29.	Assets / Liabilities (26/27)	0.72

\* Corporation Tax, Taxes on Income, Other Corporation Tax, Other Taxes on Income and Expenditure, Taxes on wealth, Customs, Union Excise Duties, Service Tax, Other Taxes and Duties on commodities and services.

**APPENDIX-V**

**Statement of excesses requiring regularisation**

**(Refer: Paragraph 2.3.1; Page 34)**

Sl. No	Number and name of Grant/ Appropriation	Total Grant/ Appropriation	Expenditure	Excess	Excess requiring regularisation
1	2	3	4	5	6
<b>REVENUE SECTION</b>					
1	14. Repayment of Debt Capital charged	15,91,01,40,767	64,46,78,40,640	48,55,76,99,873	#
2	15- Pension Voted	17,81,64,63,000	22,72,88,99,659	4,91,24,36,659	4,91,24,36,659
	<b>Total</b>	<b>3372,66,03,767</b>	<b>8719,67,40,299</b>	<b>5347,01,36,532</b>	<b>4,91,24,36,659</b>

# The excess of Rs 48,55,76,99 873 in the Capital Section under Appropriation No. 14- Repayment of Loans does not require regularisation as the excess is covered by the second supplementary Appropriation of Rs 55,00,31,88,000 relating to Major Head '6003-Internal Debt of the State Government' and '6004- Loans and Advances from the Central Government' which fall under the Capital Section of Accounts was inadvertently included in Revenue Section in the Schedule of Grants and Appropriations appended to the Appropriation Bill.



## APPENDIX-VI

## Cases where supplementary provision proved unnecessary

(Refer: Paragraph 2.3.3; Page 35)

Sl No.	Number and name of Grant/Appropriation	Supplementary Grant/Appropriation	Saving
<i>(Rupees in lakhs)</i>			
<b>REVENUE SECTION</b>			
1.	1. Agriculture Department	20,36.31	66,46.69
2.	2. Animal Husbandry and Fisheries	4,44.98	47,65.41
3.	3-Building Construction and Housing Department	2.82	43,99.12
4.	4- Cabinet Secretariat and Co-ordination Department	27.64	117.41
5.	6- Election	2,43.94	3,03.25
6.	7-Vigilance	6.75	41.97
7.	8-Civil Aviation Department	1.58	2,75.96
8.	9-Co-operative Department	4.00	14,84.74
9.	11-Excise Department	85.00	351.56
10.	12-Finance Department	5,46.67	321,64.92
11.	13- Interest Payment	14,24.97	121,38.19
12.	16-National Saving	2.45	37.38
13.	19- Forest and Environment Department	1,28.07	13,07.19
14.	20-Health, Medical Education and Family welfare Department	42,47.10	234,25.02
15.	21-Higher Education Department	1,01.96	3361.07
16.	22-Home Department	28,65.81	262,70.32
17.	23-Industries Department	1,88.88	21,40.52
18.	24- Information and Public Relation Department	5.27	162.76
19.	26-Labour Employment and Training Department	22.85	53,46.62
20.	27-Law Department	4,02.55	31,67.75
21.	28- High Court of Bihar	22.91	9,76.04
22.	29- Mines and Geology Department	35.00	100.37
23.	30-Minority welfare Department	10.11	47.83
24.	32-Legislature	9.00	6,52.19
25.	35-Planning and Development Department	69.45	9,91.52
26.	36-Public Health Engineering Department	3,89.61	34,79.30
27.	37- Raj Bhasha Department	16.55	3,68.51
28.	38- Registration Department	2.07	1,34.52
29.	40-Revenue and Land Reforms Department	3,93.78	4071.30
30.	41-Road Construction Department	6.64	90,30.36

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Sl No.	Number and name of Grant/Appropriation	Supplementary Grant/Appropriation	Saving
<i>(Rupees in lakhs)</i>			
31.	42- Rural Development Department	18,52.12	252,66.63
32.	43- Science and Technology Department	5.30	5,07.66
33.	44-Secondary, Primary and Adult Education Department	10,65.49	511,08.05
34.	45-Sugarcane Department	0.70	5,09.83
35.	47-Transport Department	33.85	1,49.79
36.	48- Urban Development Department	4,74.31	46,40.11
37.	49-Water Resources Department	43.04	55,81.48
38.	50-Minor Irrigation Department	26,13.95	30,34.10
39.	51-Welfare Department	6,79.69	106,64.13
40.	52- Youth, Art and Culture Department	92.03	6,99.61
	<b>Total</b>	<b>20605.20</b>	<b>249921.18</b>
<b>CAPITAL SECTION</b>			
1.	3-Building Construction and Housing Department	1,35.00	24,85.36
2.	10-Energy Department	71,55.72	107,40.53
3.	12-Finance Department	19.67	6,94.17
4.	23-Industries Department	2,15.62	4,24.84
5.	36-Public Health and Engineering Department	13,73.57	84,27.39
6.	41-Road Construction Department	51.54	52,35.32
7.	42-Rural Development Department	86,13.03	27707.00
8..	44- Secondary, Primary and Adult Education Department	8,57.90	3945.41
9.	49-Water Resources Department	74,12.00	351,01.56
10.	50- Minor Irrigation Department	3.72	85,58.70
	<b>Total</b>	<b>25837.77</b>	<b>103320.28</b>
	<b>Grand Total</b>	<b>46442.97</b>	<b>353241.46</b>

## APPENDIX-VII

## Cases where supplementary provision proved excessive

(Refer: Paragraph 2.3.3; Page 35)

Sl. No.	Number and name of Grant/ Appropriation	Supplementary Grant/ Appropriation	Saving
		(Rupees in lakhs)	
	<b>REVENUE SECTION</b>		
1.	10- Energy Department	2077.17	1171.77
2.	18- Food Supply and Commerce Department	1598.51	491.02
3.	33- Personnel and Administrative Reforms Department	141.74	82.77
4.	39-Relief and Rehabilitation Department	9722.45	6718.85
	<b>Total</b>	<b>135,39.87</b>	<b>84,64.41</b>

**APPENDIX-VIII**

**Cases where expenditure fell short**

**(Refer: Paragraph 2.3.6; Page 36)**

Sl.No.	Description of the Grants/ Appropriation	Amount of Savings (Rupees in crore) (Percentage of provision in bracket)	Main reasons of Saving as furnished by the Government
<b>Voted Section</b>			
1.	<b>1 – Agriculture Department</b>	Revenue 66.47 (31.58)	Partly due to retirement of large numbers of employees, non-extension of temporary establishment, non-extension of the terms of two traveling soil, testing laboratories, ban on payment of arrear pay, non-sanction of bonus and enhanced rate of dearness allowance, ban imposed on drawal of fund for L.T.C and motor vehicles non-passing of bills due to restriction imposed by the Finance Department and non sanction of the scheme under CSS, National JAL CHAJAN development programme for agriculture. Reasons for the saving of Rs 52.01 crore have not been intimated (2003)
2	<b>2- Animal Husbandry and Fisheries Department.</b>	Revenue 47.65 (42.69)	Mainly due to restriction imposed on payment of arrear pay, non-release of instalments of Dearness Allowances by the government, posts kept vacant, economy measures, less sanction of fund for schemes non-approval of rates for materials, Ban on LTC, reduction in plan ceiling/outlay, delay in approval of extension of terms of scheme, restriction on expenditure on tour and motor vehicles, less release of

Sl.No.	Description of the Grants/ Appropriation	Amount of Savings (Rupees in crore) (Percentage of provision in bracket)	Main reasons of Saving as furnished by the Government
			funds by the Central Government, restriction on incurring expenditure imposed by Finance Department and non-revalidation of released fund by the Central Government. Reasons for the saving of Rs 6.66 crore have not been intimated.
3.	<b>3- Building Construction and Housing Department</b>	Revenue 43.99 (44.76)  Capital 24.85 (69.33)	Partly due to posts kept vacant, restriction on expenditure on minor works and repairs and maintenance of buildings and motor vehicles, non-demand of funds and non-ban on LTC. Reasons for the saving of Rs 4.62 crore have not been intimated (2003).The revenue section ban on overall excess of Rs 2.72 crore, which needs regularisation. Mainly due to slow progress of works, delay in accord of administrative approval, non-selection of sites, non-completion of tender's procedure and less release of Central share, Reasons for the saving of Rs 6.74 crore have not been intimated (2003). The capital section has an overall excess of Rs 1.73 crore which needs regularisation.
4	<b>4- Cabinet Secretariat and Co-ordination Department.</b>	Revenue 1.17 (17.75)	Mainly due to posts kept vacant, non-sanction of enhancement of dearness allowance, economy measures, less expenditure on telephone, transfer of staff, ban on L.T.C. No reasons have been intimated for savings of Rs 0.24 crore (2003)



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Sl.No.	Description of the Grants/ Appropriation	Amount of Savings (Rupees in crore) (Percentage of provision in bracket)	Main reasons of Saving as furnished by the Government
5.	<b>6 Election</b>	Revenue 3.03 (35.63)	Partly due to non-holding of bye-election (Rs 0.15 crore). Reasons for the balance saving have not been intimated.
6	<b>8 Civil Aviation Department</b>	Revenue 2.76 (36.60)	Reasons for the entire savings have not been intimated (2003)
7.	<b>9 Co-operative Department</b>	Revenue 14.85 (33.88)  Capital 14.45 (38.92)	Mainly due to non-payment of bonus and enhanced rate of dearness allowances, economy in expenditure of tour, office expenses and vehicles, ban on LTC, downward revision on Plan outlay and non-revalidation by Government of India. No reasons have been intimated for the saving of Rs 1.83 crore. Mainly due to lack of Plan Outlay, downward revision of Plan outlay and non-sanction of revalidation by Government of India.
8.	<b>10- Energy Department</b>	Revenue 11.72 (32.14)  Capital 107.41 (17.88)	Mainly due to restriction on expenditure imposed by Finance Department, excessive provision and non-release of Central share Mainly due to non-allocation of fund for the scheme in the revised Plan outlay and excessive provision of fund. Reasons for the saving of Rs 66.37 crore have not been intimated (2003)
9.	<b>11- Excise and Prohibition Department</b>	Revenue 3.52 (20.35)	No reasons have been intimated for the entire saving (2003)

Sl.No.	Description of the Grants/ Appropriation	Amount of Savings (Rupees in crore) (Percentage of provision in bracket)	Main reasons of Saving as furnished by the Government
10.	<b>12- Finance Department</b>	Revenue 321.65 (87.41)  Capital 6.94 (50.34)	Partly due to transfer of officers and staff to Jharkhand State, non-payment of bonus and enhanced rate of Dearness Allowance, non receipt of bills for municipal taxes and electric charges, ban on LTC, economy measures non-issue of sanction orders by Finance Department/Government for expenditure on maintenance of typewriters, purchase of stationery payment of bonus, enhanced rate of Dearness Allowances and payment of leave encashment of retirees from Pension head. Posts kept vacant, economy measures and less demand of fund . No reasons have been intimated for the savings Rs 314.54 crore (2003)  Mainly due to non-release of allotment for last quarter, restriction imposed on expenditure, less number of applicant and want of sanction order. Reasons for the saving of Rs 1.36 crore have not been intimated (2003)
11.	<b>17- Finance (Commercial Taxes) Department</b>	Revenue 5.50 (22.61)	Partly due to non-sanction of rent of the hired buildings by the Finance Department non-passing of bills by the Treasury and reduction in plan allocation. Reasons for the saving of Rs 1.46 crore have not been intimated (2003)

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Sl.No.	Description of the Grants/ Appropriation	Amount of Savings (Rupees in crore) (Percentage of provision in bracket)	Main reasons of Saving as furnished by the Government
12.	<b>18- Food Supply and Commerce Department</b>	Revenue 4.91 (10.87)	Mainly due to delay in extension of period of posts of officers, economy measures in tour and contingent expenditure, ban on L.T.C. and reduction in Plan outlay.
13.	<b>19- Forest and Environment Department</b>	Revenue 13.07 (30.73)	Mainly due to ban on payment of arrear of pay, posts kept vacant, economy measures, ban on LTC, restriction imposed by Finance Department on maintenance expenditure and non recurring expenses, transportation of felled trees by the National highway Authority, non-declaration of drawing and disbursing officer for State Trading Division, Gaya, Revision in Plan outlay less sanction of funds, less release of funds by the Government of India, less revalidation of funds by the Government of India, delayed receipt of allocation of funds, non sanction of schemes. Reasons for the saving of Rs 1.17 crore have not been intimated.
14.	<b>20- Health, Medical Education and Family Welfare Department</b>	Revenue 234.25 (31.29)	Mainly due to restriction imposed on drawal of fund, posts kept vacant, less sanction of fund by Plan Empowerment Committee less release of fund by the Government of India, excess provision of fund, non-starting of session for Nurses Training for girls students, stopping of ASP of Medical Officers, non-payment of bonus, non-issue of order for payment of arrear dearness allowance, ban on LTC non-sanction of

Sl. No.	Description of the Grants/ Appropriation	Amount of Savings (Rupees in crore) (Percentage of provision in bracket)	Main reasons of Saving as furnished by the Government
		Capital 10.86 (79.99)	funds, direct allotment of fund by the Government of India. Reasons for the saving of Rs 123.16 crore have not been intimated (2003). an expenditure of Rs 30.14 crore have been incurred without budget provision which partly offset the savings. No reasons have been intimated for the entire saving (2003).
15.	<b>21- Higher Education Department</b>	Revenue 33.61 (9.97)	Partly due to posts kept vacant non-sanction of enhanced rate of dearness allowance, restriction on expenditure under the direction of Finance Department non-concurrence of the Finance Department. Reasons for the saving of Rs 32.52 crore have not been intimated. (2003)
16.	<b>22-Home Department</b>	Revenue 262.70 (22.48)	Partly due to posts kept vacant, non-release of additional instalment of dearness allowances economy measures, ban on LTC, non-formation of the Directorate of Army Welfare, restriction imposed by Finance Department, non-receipt of bills for rent/tour expenses, non-purchase of dogs, less purchase of medicines, less expenses on pay and allowances and diet, want of sanction orders, non-purchase of some items, non-creation of trust for Wages of prisoners undergoing rigorous imprisonment, non-passing of bills by treasury retirement of officers and staff;

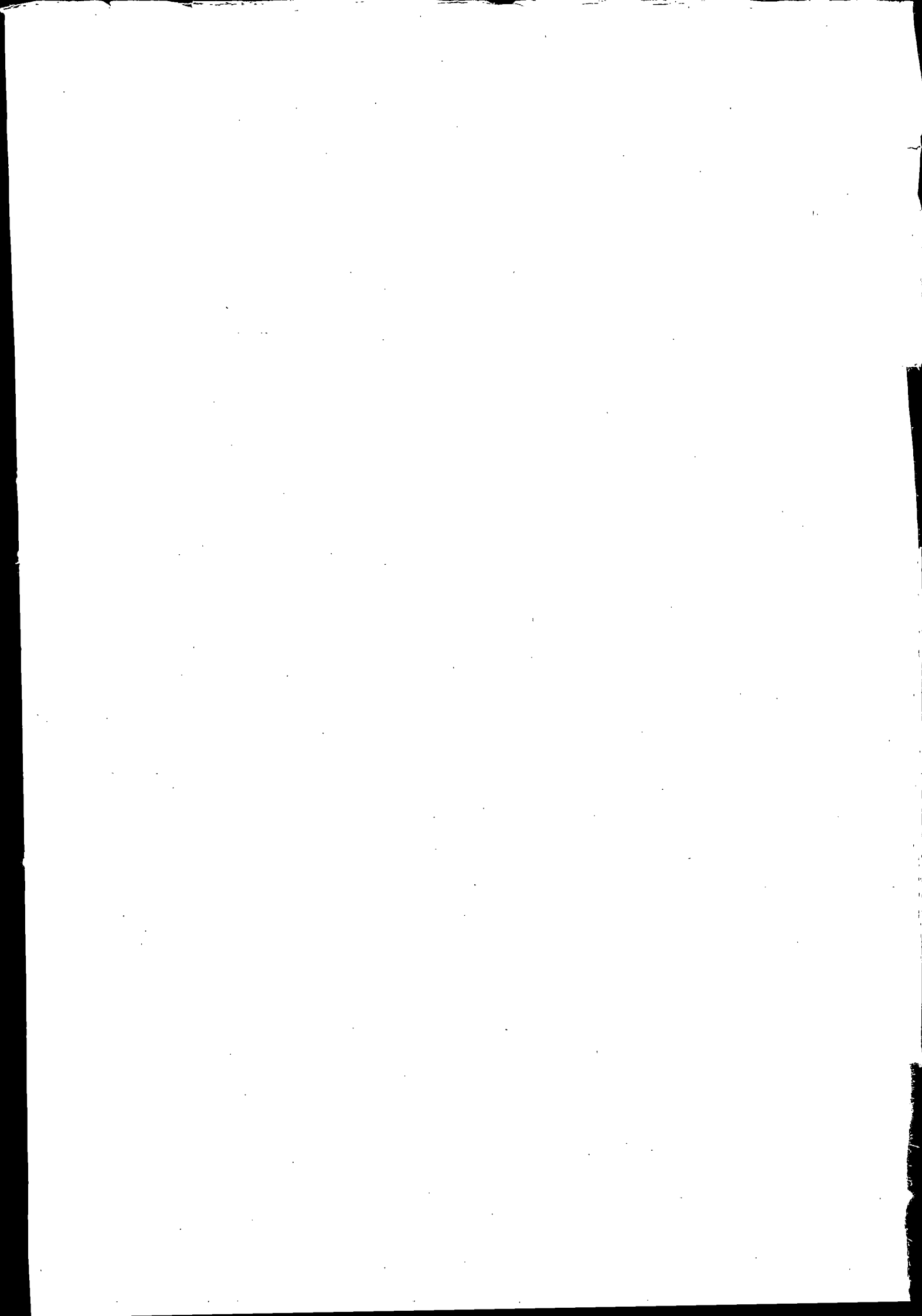
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Sl.No.	Description of the Grants/ Appropriation	Amount of Savings (Rupees in crore) (Percentage of provision in bracket)	Main reasons of Saving as furnished by the Government
		Capital 15.00 (60.00)	less payment for professional services, want of government sanction and non-sanction of expenditure. Reasons for the saving of Rs 75.46 crore have not been intimated 2003. Reasons for the entire saving have not been intimated (2003)
17.	<b>23-Industries Department</b>	Revenue 21.41 (46.28)  Capital 4.25 (60.65)	Partly due to non-passing of bills by treasury, cut in Plan size and non drawal of fund. No reasons have been intimated for the saving for Rs 12.42 crore (2003) No reasons have been intimated for the entire saving (2003)
18.	<b>26- Labour, Employment and Training Department</b>	Revenue 53.47 (36.81)	Mainly due to posts kept vacant, economy measures, restriction imposed on drawal of funds/arrear bill, return of services of 49 doctors to health Department by the firms, non supply of medicines, extension of period of posts of 21 doctors at the fag end of the year less expenditure on electricity charges, non-sanction of computerisation scheme due to non allocation of Plan outlay, less disbursement of pensions and less expenditure on salary.
19.	<b>27- Law Department</b>	Revenue 31.68 (25.04)	Mainly due to posts kept vacant and restriction imposed on drawal of funds. No reasons have been intimated for the saving of Rs 1.74 crore.



Sl.No.	Description of the Grants/ Appropriation	Amount of Savings (Rupees in crore) (Percentage of provision in bracket)	Main reasons of Saving as furnished by the Government
20.	<b>29- Mines and Geology Department</b>	Revenue 1.00 (16.20)	Mainly due to retirements in some regional offices and restriction imposed on drawal of funds by the Finance Department. Reasons for the savings of Rs 0.24 crore have not been intimated (2003)
21.	<b>30-Minority welfare Department</b>	Capital 1.80 (90)	No reasons have been intimated for the entire savings (2003)
22.	<b>32-Legislature</b>	Revenue 6.52 (20.39)	Mainly due to posts kept vacant, non-performing of journey by committees, keeping Telephone calls within the prescribed limit, non-submission of TA bills by the personal, staff, withholding of pay hike and promotion and allotment of 146 employees to Jharkhand State, with drawing STD and code 95 facility from telephones, payment of leave encashment from Pension head delay in publication of journal. No reasons have been intimated for the saving of Rs 1.23 crore. (2003)
23.	<b>33-Personnel and Administrative Reforms Department</b>	Capital 2.61 (62.90)	No reasons have been intimated for the entire savings (2003)
24.	<b>35- Planning and Development Department</b>	Revenue 9.92 (38.15)	Mainly due to economic measures posts kept vacant belated sanction of scheme and non-sanction of posts. Reasons for the saving of Rs 1.62 crore have not been intimated (2003)

Sl.No.	Description of the Grants/ Appropriation	Amount of Savings (Rupees in crore) (Percentage of provision in bracket)	Main reasons of Saving as furnished by the Government
25.	<b>36-Public Health Engineering Department</b>	Revenue 34.79 (25.36)  Capital 84.27 (86.05)	Mainly due to ban/restriction imposed on expenditure on minor works maintenance and repairs and payment of arrear pay, postponement of conference of elected members of Panchayat, ban on LTC and delegation of power of repair of hand pumps to Panchayats. Reasons for the savings of Rs 6.89 crore have not been intimated (2003)  Partly due to delay in purchase of material, shortage of staff, non-release of second instalment of share of expenditure by the Government of India, delay in sanction of scheme, delay in receipt of C.I. Pipe, belated sanction of scheme, direct payment of fund to the agency by the government of India, non implementation of scheme, non receipt of revalidation of fund from the government of India. Reasons for the saving of Rs 30.71 crore have not been intimated (2003)
26.	<b>37-Raj Bhasha Department</b>	Revenue 3.69 (28.28)	No reasons have been intimated for the saving (2003)
27.	<b>38-Registration Department</b>	Revenue 1.35 (6.88)	Mainly due to less supply of stamps by the Central stamp stores and non-payment of bills due to their being defective. No reasons have been intimated for the savings of Rs 4.68 crore. The grant has on over all excess of Rs 4.25 crore.



welfare scheme did not take off even after a delay of over two years. Commissioner cum Secretary also stated that the scheme Fund were kept in bank account as per orders of the GOI. He did not clarify why the money had not been deposited in interest bearing account.

## HOME (PRISON) DEPARTMENT

### 3.8 Avoidable expenditure on purchase of water for prisoners

*The District Jail, Sasaram functioning since April 1988 has no drinking water facility which resulted in avoidable expenditure of Rs 46.50 lakh on purchase of water.*

Test check of records of District Jail, Sasaram (June 2000) and further information collected (May 2002) revealed that Sub-Jail, Sasaram was upgraded to District Jail and shifted to a new building. All the prisoners of the then Sub-Jail, Sasaram were transferred to the newly created District Jail. As the Jail was without drinking water facility the Superintendent, District Jail, Sasaram purchased water from the Sasaram Municipality through water tanks and spent Rs 46.50 lakh during April 1988 to March 2003.

Superintendent, District Jail, Sasaram stated (May 2002) that water was being purchased from the Sasaram Municipality because alternative source of water was not available in the Jail premises.

Thus, the drinking water facility was not established by the PHED for 14 years in the District Jail at Sasaram resulting in avoidable expenditure of Rs 46.50 lakh on purchase of water during April 1988 to March 2003. The Jail has to bear this avoidable liability in future also till such time the water facility is developed.

The matter was referred to Government (July 2002); their reply had not been received (September 2003).

## PLANNING AND DEVELOPMENT DEPARTMENT

### 3.9 Unfruitful expenditure on incomplete and abandoned District Plan Schemes : Rs 48.49 lakh

*Taking up schemes without ensuring availability of funds resulted in unfruitful expenditure of Rs 48.49 lakh on 35 incomplete and abandoned schemes in Jahanabad district.*

Sl.No.	Description of the Grants/ Appropriation	Amount of Savings (Rupees in crore) (Percentage of provision in bracket)	Main reasons of Saving as furnished by the Government
28.	<b>39-Relief and Rehabilitation Department</b>	Revenue 67.19 (37.38)	Mainly due to posts kept vacant, restriction imposed on drawal of funds, release of the second instalment of annual contribution for 2001-02 by the Government of India in the following financial year, non-accord of sanction for transferring the first instalment of annual contribution, making funds available for assistance to destitute and handicapped persons and assistance for flood affected persons. Reasons for the saving of Rs 35.80 crore have not been intimated. (2003). Due to defective budgeting of Rs 70.31 crore, the saving of the grant was partly offset by an excess of Rs 70.31 as no sanction was accorded for transfer of relief expenditure to the Calamity Relief Fund.
29.	<b>40-Revenue and Land Reform Department</b>	Revenue 40.71 (19.61)	Partly due to sparing funds for establishment under consolidation of holdings, transfer of excess staff to the departments, restriction imposed by the Finance Department on drawal of arrear pay etc. delay in sanction by cabinet, non-issue of express order by the Finance Department, less expenditure due to lack of time, non-sanction of continuance of establishment. Reasons for the savings of Rs 36.51 crore have not been intimated.



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Sl.No.	Description of the Grants/ Appropriation	Amount of Savings (Rupees in crore) (Percentage of provision in bracket)	Main reasons of Saving as furnished by the Government
30.	<b>41-Road Construction Department</b>	Revenue 90.30 (41.65)  Capital 52.35 (61.05)	Mainly due to restriction imposed on maintenance and repairs and execution of works through tenders, delay in supply/disposal of tenders/approval of estimates, ban/restriction expenditure by the Finance Department, non-receipt of requisition, posts kept vacant, reduction in Plan outlay. Reasons for the saving of Rs 2.35 crore have not been intimated (2003)  Mainly due to non-receipt of loan from NABARD/non-receipt of funds from Railway belated sanction of schemes release of less grant by Central Government. Reasons for the saving of Rs 7.06 crore have not been intimated. The capital section had an over all excess of Rs 4.95 crore which no reasons have been intimated (2003)
31.	<b>42-Rural Development Department</b>	Revenue 252.67 (34.40)	Mainly due to ban on payment of arrear of salary, reduction in Central share, posts kept vacant, retirement of employee, reduction in plan outlay, non-holding of Panchayat Election to fill up vacancies and non-holding of Panchyat Representative conference, ban on traveling allowances of Panchayat Sevaks, less expenditure on allowances of Dalpati due to administrative difficulties, ban on LTC non-receipt of utilisation certificates, non fixation of rates of allowance under the new Bihar Panchayat Raj Act, non-

Sl.No.	Description of the Grants/ Appropriation	Amount of Savings (Rupees in crore) (Percentage of provision in bracket)	Main reasons of Saving as furnished by the Government
		Capital 277.07 (45.08)	sanction of fund. Reasons for the saving of Rs 40.46 crore were not been intimated (2003). The Revenue section has an excess expenditure of Rs 3.29 crore which partly off set the saving. Mainly due to reduction in plan outlay and restriction imposed by Finance Department on payment of arrear of pay, ban on LTC, non-sanction of schemes financed by Loans from NABARD and non-release of grant during the year by the Government of India.
32.	<b>43-Science and Technology Department</b>	Revenue 5.08 (25.23)	No reasons have been intimated for the entire savings.
33.	<b>44-Secondary, Primary and Adult Education Department</b>	Revenue 511.08 (19.23)	Partly due to reduction in Plan outlay, sanction of less fund by the Government, non passing of bills by the treasury, posts kept vacant, non-payment of enhanced rate of dearness allowance , non-receipt of demand for funds for electric charges, tour expenses, LTC, fuel, libraries, office expenses maintenance of vehicle and rent, non-sanction of fund , non-sanction of project, non-receipt of utilisation certificates of the grant paid in previous year from some districts, postponement of scheme by the Cabinet. Reasons for the saving of Rs 372.19 crore have not been intimated (2003)

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Sl.No.	Description of the Grants/ Appropriation	Amount of Savings (Rupees in crore) (Percentage of provision in bracket)	Main reasons of Saving as furnished by the Government
		Capital 39.45 (62.69)	Mainly due to reduction in Plan outlay and delay in sanction of the first instalment of grant by the Government of India. No reasons have been intimated for the saving of Rs 2.80 crore (2003) Rs 3.66 crore have been transferred to civil Deposit to prohibit budget lapse which is irregular on per State Financial Rules.
34.	<b>45-Sugarcane Department</b>	Revenue 5.10 (44.04)	Mainly due to retirements, excess provision of funds, restriction imposed on LTC less expenditure than anticipated and release of loans because valuation of units of Bihar State Sugar Corporation Ltd. had not been done. Reasons for the saving of Rs 2.62 crore have not yet been intimated (2003)
35.	<b>46-Tourism Department</b>	Revenue 3.37 (56.79)	Mainly due to transfer of officers/staff to Directorate reduction in Plan outlay and non-sanction of scheme by the Authorised Committee.
36.	<b>47-Transport Department</b>	Revenue 1.50 (24.91) Capital 6.75 (87.10)	Mainly due to transfer of employee and posts kept vacant.  Partly due to reduction in plan outlay. Reasons for the saving of Rs 4.26 crore have not been intimated.
37.	<b>48-Urban Development Department</b>	Revenue 46.40 (55.08)	Partly due to less sanction of fund by the Empowered Committee, non-availability of services of Deputy Collector against the sanctioned post non-sanction of fund by the Government of India non-allocation of fund in the revised Plan outlay, revision in Plan

Sl.No.	Description of the Grants/ Appropriation	Amount of Savings (Rupees in crore) (Percentage of provision in bracket)	Main reasons of Saving as furnished by the Government
			outlay non-release of Central share by the government of India and non-earmarking of States share in the revised Plan outlay. Reasons for the saving of Rs 9.04 crore have not been intimated (2003)
38.	<b>49-Water Resources Department</b>	Revenue 55.81 (22.00)  Capital 351.02 (54.90)	Mainly due to restriction on expenditure imposed by Finance Department excess provision of fund, less sanction of grant due to less expenditure in previous year. No reasons have been intimated for the saving of Rs 17.45 crore (2003). Partly due to lack of time for execution of work, making fund available for work in flood area, restriction imposed on drawal of fund by the Finance Department, reduction in plan outlay, objection raised by public, delay in sanction of scheme by NABARD belated receipt of information of release of fund by the Central government and less release/sanction of fund, Reasons for the saving of Rs 41.72 crore have not been intimated. The Capital section has an over all excess of Rs 22.05 crore which partly off set the savings.
39.	<b>50-Minor Irrigation Department</b>	Revenue 30.34 (19.58)	Mainly due to posts kept vacant, non-sanction/non-enhancement of dearness allowance, non-payment of bonus, economy measures, retirement of work charged muster roll labours, transfer of posts to Jharkhand

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Sl.No.	Description of the Grants/ Appropriation	Amount of Savings (Rupees in crore) (Percentage of provision in bracket)	Main reasons of Saving as furnished by the Government
		Capital 85.59 (88.09)	state, non delay in sanctioning expenditure less sanction of fund for minor works and non-sanction of scheme. Reasons for the saving of Rs 2.44 crore have not been intimated. (2003) Partly due to objection by Forest/land acquisition departments, non-finalisation of tenders, non-sanction of estimates for new/incomplete schemes delay in technical sanction and non-finalisation of tenders. Reasons for the saving of Rs 69.51 crore have not been intimated (2003).
40.	<b>51-Welfare Department</b>	Revenue 106.64 (37.18)	Partly due to restriction on arrear payment non-passing of bill, restriction on payment of arrear of salary, non-availability of electric bill, lack of time for distribution of scholarships relating to the year 2000-01 less release/non receipt of Central share and lack of demand for fund, less sanction of fund by the Finance Department, non sanction of scheme and non provision of fund under Centrally Sponsored Scheme. Reasons for the saving of Rs 70.41 crore have not been intimated (2003).



Sl.No.	Description of the Grants/ Appropriation	Amount of Savings (Rupees in crore) (Percentage of provision in bracket)	Main reasons of Saving as furnished by the Government
41.	<b>52-Youth, Art, Culture and Department</b>	Revenue 7.00 (34.20)	Partly due to restriction on drawal of funds imposed by Finance Department, non-sanction of fund/scheme by the Plan-Empowered Committee, non-passing of bills by the treasury, non-revision of pay restriction on payment of arrear pay, non-extension of some posts, non-sanction of bonus and enhanced rate of dearness allowance, economy measures and transfer of staff.
	<b><u>Charged section</u></b>		
1.	<b>13- Interest payment</b>	Revenue 121.38 (4.41)	Partly due to less payment. Reasons for the saving of Rs 1061.80 crore have not been intimated (2003). The grant has an excess of Rs 10.66 crore for which no reasons have been intimated Expenditure of Rs 286.49 crore without budget provision under the detailed head (i) Interest on Special securities issued to National Savings Security fund of the Central Governments by State Government (Rs 263.92 crore and (ii) Interest on 1984-89 Consolidated Loans (Rs 22.57 crore) respectively have partly off set the saving.

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Sl.No.	Description of the Grants/ Appropriation	Amount of Savings (Rupees in crore) (Percentage of provision in bracket)	Main reasons of Saving as furnished by the Government
2.	<b>28- High Court of Bihar</b>	Revenue 9.76 (41.94)	Mainly due to posts kept vacant non-payment of bonus and enhanced rate of dearness allowance from July 2001 non-receipt/less receipt of bills for office expenses, rents, publication and materials and ban on LTC for two years.
3.	<b>34- Bihar Public Service Commission</b>	Revenue 2.39 (31.72)	No reasons have been intimated for the entire saving.

## APPENDIX-IX

Cases of persistent saving exceeding Rs 2 crore in each case

(Refer: Paragraph 2.3.7; Page 36)

Sl. No.	Number and name of Grant/ Appropriation	Saving (Amount in crore of rupees and its percentage to provision in bracket)	
		2000-2001	2001-02
<b>REVENUE VOTED</b>			
1	1- Agriculture Department	64.75(28)	66.47(32)
2	2-Animal Husbandry and Fisheries Department	39.31(31)	47.65(43)
3	3-Building Construction and Housing Department	24.41(20)	43.99(45)
4	6-Election	3.31(30)	3.03(36)
5	8-Civil Aviation Department	4.47(49)	2.76(37)
6	9-Co-operative Department	17.08(21)	14.85(34)
7	10-Energy Department	8.23(41)	11.72(32)
8	11- Excise and Prohibition Department	2.68(14)	3.52(20)
9	12-Finance Department	19.39(26)	321.65(87)
10	13-Interest Payment	347.28(12)	121.38(4)
11	17-Finance (commercial Taxes) Department	9.59(28)	5.50(23)
12	18-Food Supply and Commerce Department	14.02(30)	4.91(11)
13	19-Forest and Environment Department	64.43(56)	13.07(31)
14	20-Health Medical Education and Family Welfare Department	321.94(32)	234.25(31)
15	21-Higher Education Department	56.71(13)	33.61(10)
16	22-Home Department	229.43(17)	262.70(22)
17	23-Industries Department	39.23(51)	21.41(46)
18	26-Labour, Environment and Training Department	67.41(38)	53.47(37)
19	27-Law Department	25.23(18)	31.68(25)
20	28-High Court	2.75(11)	9.76(42)
21	32-Legislature	5.58(15)	6.52(20)
22	34-Bihar Public Service Commission	3.44(38)	2.39(32)
23	35-Planning and Development Department	72.98(52)	9.92(38)
24	36-Public Health Engineering Department	23.95(12)	34.79(25)
25	37-Raj Bhasa Department	3.84(26)	3.69(28)
26	39-Revenue and Rehabilitation Department	32.90(8)	67.19(37)
27	40-Revenue and Land Reform Department	70.97(20)	40.71(20)
28	41-Road Construction Department	42.84(17)	90.30(42)
29	42-Rural Development Department	430.98(41)	252.67(34)
30	43-Science and Technology Department	12.86(34)	5.08(25)
31	44-Middle, Primary and Public Education Department	676.82(19)	511.08(19)
32	45-Sugarcane Department	5.50(38)	5.10(44)

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Sl. No.	Number and name of Grant/ Appropriation	Saving (Amount in crore of rupees and its percentage to provision in bracket)	
		2000-2001	2001-02
33	46-Tourisssm Department	5.61(62)	3.37(57)
34	48-Urban Development Department	13.80(27)	46.40(55)
35	49-Water Resources Department	37.99(14)	55.81(22)
36	50-Minor Irrigation Department	31.59(20)	30.34(20)
37	51-Welfare Department	235.04(65)	106.64(37)
38	52-Art, Culture and youth Department	7.31(33)	7.00(34)
<b>CAPITAL – VOTED</b>		<b>2000-01</b>	<b>2001-02</b>
1	3-Building Construction and Housing Department	21.62(66)	24.85(69)
2	9-Co-operative Department	11.75(23)	14.45(39)
3	10- Energy Department	114.05(16)	107.41(18)
4	12-Finance Department	4.16(18)	6.94(50)
5	23-Industries Department	24.69(51)	4.25(61)
6	33-Personnel and Administrative Reforms Department	2.10(27)	2.61(63)
7	36-Public Health Engineering Department	78.93(75)	84.27(86)
8	41-Road Construction Department	211.44(65)	52.35(61)
9	42-Rural Development Department	165.31(30)	277.07(45)
10	47- Transport Department	9.36(85)	6.75(87)
11	49- Water Resources Department	347.11(45)	351.02(55)
12	50-Minor Irrigation Department	20.23(53)	85.59(88)
13	52- Youth, Art and Culture Department	3.01(100)	3.61(100)

## APPENDIX-X

Expenditure on new services/new instruments of services in excess  
of the budget provision

(Refer: Paragraph 2.3.8; Page 36)

Sl. No.	Grants Appropriation Number/ Head of Account	Provision	Actual Expenditure	Excess
		(Rupees in lakh)		
1.	38-2030-Stamps and Registration 03- Registration 001-Direction and Administration 0001-Superintendence (Non-plan)	59.83	250.12	190.29



**APPENDIX-XI**

**Expenditure on new services/ new instrument of service  
without budget provision**

**(Refer: Paragraph 2.3.8; Page 36)**

Sl. No.	Grant / Appropriation Number Head of Account	Provision	Actual Expenditure	Excess
(Rupees in lakh)				
1	12-7610-Loans to Government Servant 800-Other advances 10-other advances (Non-Plan)	Nil	10.61	10.61
2	20-2211 -Family Welfare 109 -Reproductive and Child health Programme 0001-Cost of supplies of vaccines, and drug kits	Nil	3013.54	3013.54
	<b>Total</b>		<b>3024.15</b>	<b>3024.15</b>

## APPENDIX-XII

## Anticipated savings not surrendered

(Refer: Paragraph 2.3.9; Page 36)

Sl. No	Number and name of the Grant/ Appropriation	Savings	Unsurrendered savings
(Rupees in crore)			
<b>REVENUE SECTION – VOTED</b>			
1	1- Agriculture Department	66.47	50.40
2	2-Animal Husbandry & Fisheries Department	47.65	1.52
3	3-Building Construction and Housing Department	43.99	2.28
4	8-Civil Aviation Department	2.76	2.13
5	9- Co-operative Department	14.85	1.97
6	12- Finance Department	321.65	304.08
7	17- Finance (Commercial Tax) Department	5.50	1.15
8	20-Health, Medical Education and Family welfare Department	234.25	94.51
9	21-Higher Education Department	33.61	1.18
10	22-Home Department	262.70	54.78
11	23- Industries Department	21.41	6.68
12	26- Labour, Employment and Training Department	53.47	9.47
13	27- Law Department	31.68	1.76
14	32-Legislature	6.52	2.76
15	35- Planning and Development Department	9.92	1.66
16	37-Raj Bhasha Department	3.69	2.05
17	39-Relief and Rehabilitation Department	67.19	65.93
18	40- Revenue and Land Reform Department	40.71	4.39
19	42- Rural Development Department	252.67	37.61
20	43- Science and Technology Department	5.08	4.88
21	44- Secondary, Primary and Adult Education Department	511.08	152.03
22	45-Sugarcane Department	5.10	2.79
23	48-Urban Development Department	46.40	8.67
24	49-Water Resources Department	55.81	10.77
25	50-Minor Irrigation Department	30.34	5.01
26	51- Welfare Department	106.64	20.36
	<b>Total</b>	<b>2281.14</b>	<b>850.82</b>
<b>REVENUE SECTION (CHARGED)</b>			
1.	13- Interest Payment	121.38	120.62
2	14-Repayment of Debt.	644.55*	644.33
3	34-Bihar Public Service Commission	2.39	2.39
	<b>Total</b>	<b>768.32</b>	<b>767.34</b>
<b>CAPITAL SECTION – VOTED</b>			
1	3-Building Construction and Housing Department	24.85	2.01
2	10-Energy Department	107.41	80.20
3	20-Health, Medical Education and Family Welfare Department	10.86	10.86
4	22-Home Department	15.00	15.00
5	23-Industries Department	4.25	4.25
6	30- Minority Welfare Department	1.80	1.80

\* Net of the amounts shown in Revenue Section (Saving Rs 5500.32 crore and Capital Section (Excess Rs 4855.77 crore)

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Sl. No	Number and name of the Grant/ Appropriation	Savings	Unsurrendered savings
		(Rupees in crore)	
7	33-Personnel and Administrative Department	2.61	2.61
8	36-Public Health Engineering Department	84.27	35.01
9	42-Rural Development Department	277.07	15.87
10	44-Secondary, Primary and Adult Education Department	39.45	2.80
11	47-Transport Department	6.75	4.26
12	49-Water Resources Department	351.02	22.17
13	50- Minor Irrigation Department	85.59	69.51
14	52-Youth, Art and Culture Department	3.61	3.61
	<b>Total</b>	<b>1010.93</b>	<b>266.35</b>
	<b>Grand Total</b>	<b>4060.39</b>	<b>1884.51</b>

**APPENDIX-XIII**  
**Statement of unjustified / excessive surrenders**  
**(Refer: Paragraph 2.3.10; Page 37)**

Sl. No.	Grant / Appropriation No.	Sub-head / Schemes	Provision (original + Supplementary)	Surrender	Expenditure	Excess
(Rupees in lakh)						
1.	1	2402-Soil and Water Conservation 001-Direction and Administration 0001-Headquarter Establishment	46.13	26.98	48.20	29.05
2.	1	2402-Soil and Water Conservation 101-Soil Survey and Testing 0001-Survey Establishment	64.78	22.49	59.76	17.47
3	3	2059- Public works 80-General 053-Maintenance and Repairs 0001-Manintenance and Repairs	3300.00	1853.20	1668.22	221.42
4	3	4216-Capital Outlay on Housing 01-Govt. Residential Buildings 700-Other Housing 0601-Other Area Sub-Plan(lump-sum)	200.00	150.88	54.12	5.00
5	3	4216-Capital Outlay on Housing 01-Govt. Residential Buildings 700-Other Housing 0100-Other Housing	181.84	69.14	280.61	167.91
6.	11	2039-State Excise 001-Direction & Administration 0002-District Charges	1526.31	323.66	1227.70	25.05
7	12	7610-Loans to Government Servants etc. 202-Advance for purchase of Motor Conveyances 0001-Advance to Government Servant of purchase of Motor Conveyance	66.00	29.95	69.51	33.46
8	20	2210-Medical and Public Health 110-Hospitals and Dispensaries	3219.00	766.35	2457.90	5.25

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Sl. No.	Grant/ Appropriation No.	Sub-head / Schemes	Provision (original + Supplementary)	Surrender	Expenditure	Excess
(Rupees in lakh)						
		0801-Prime Minister Gramodaya Yojna Allopathy				
9	35	2053-District Administration 800-Other Expenditure 0101-Strengthening of Planning Machinery	321.84	68.29	295.40	41.85
10	36	2215-Water Supply and Sanitation 01-Water Supply 101-Urban Water Supply Programme 0004-Water Supply Scheme of Municipal Corporation	2260.44	401.29	1961.16	102.01
11	36	2215-Water Supply and Sanitation 01-Water Supply 102- Rural Water Supply Programme 0001-Rural Piped Water Supply Scheme	4688.96	879.51	3914.11	104.66
12	36	2215-Water Supply and Sanitation 01-Water Supply 102- Rural Water Supply Programme 0002-Head Tubewells, Tanks and Wells-High pressure Tube Wells	5331.05	1535.36	4006.23	210.54
13	38	2030-Stamp and Registration 03-Registration 001-Direction and Administration 0001-Superintendence	68.30	8.47	250.12	190.29
14	38	2030-Stamp and Registration 03-Registration 001-Direction and Administration 0002-District Charges	1612.24	340.19	1506.98	234.93
15	41	3054-Road and Bridges 80-General 001-Direction and Administration 0003-Execution	6301.37	1691.53	4844.99	235.15
16	41	5054-Capital Outlay on Roads and Bridges 03-State highway 337- Road Works	1480.00	390.95	1583.90	494.85



Sl. No.	Grant / Appropriation No.	Sub-head / Schemes	Provision (original + Supplementary)	Surrender	Expenditure	Excess
			(Rupees in lakh)			
		0101-Major Roads (NABARD Loan)				
17	42	2501-Special Programme for Rural Development 01-Integrated Rural Development Programme 800-Other Expenditure 0102-B-Swarna Jayanti Gram Swaraj Yojna Scheme at General (Plan)	1390.00	879.11	840.00	329.11
18	49	4701-Capital Outlay on major and medium Irrigation 80-General 800-Other Expenditure 0110-South Bihar irrigation Project-Establishment (Plan)	7023.50	1024.53	6117.93	118.96
19	49	4701-Capital Outlay on major and medium Irrigation 80-General 800-Other Expenditure 0118-North Bihar Irrigation Project (AIBP) (Plan)	6005.00	3634.48	2515.98	145.46
20	49	4711-Capital Outlay on Flood Control Projects 01-Flood Control 001-Direction and Administration 0102-North Bihar Flood Control Project-Direction and Administration (Plan)	1352.55	103.72	2310.03	1061.20
21	49	4711-Capital Outlay on Flood Control Projects 01-Flood Control 800-Other Expenditure 0609- Extension and Strengthening of Embankment or river Bagmati (C.S.S.)	500.00	350.00	378.18	228.18
22	49	4711-Capital Outlay on Flood Control Projects 01-Flood Control 800-Other Expenditure 0610- Anti erosion work on river Ganga (C.S.S.)	3300.00	1700.29	1833.19	233.48
		<b>Total</b>	<b>50239.31</b>	<b>16250.37</b>	<b>38224.22</b>	<b>4235.28</b>

**APPENDIX-XIV**

**Statement of unreconciled expenditure**

(Refer: Paragraph 2.3.11; Page 37)

Sl No.	Name of the Department	Units	Amount (Rs in crore)
1	Human Resources Development	236	2424.57
2	Finance Department	59	2294.56
3	Medical & Public Health	170	431.82
4	Rural Development Department	179	387.25
5	Social Security & F.W.	147	345.13
6	Panchayati Raj	03	323.62
7	Home (Police Vigilance Deptt.)	59	242.92
8	Water Resources & F.C.(M.I.)	33	251.10
9	Revenue & Land Reforms	17	204.80
10	Public Works Divisions	40	131.01
11	Law (Adnstv. & Justice) Deptt.	12	88.52
12	Food, Civil Supply	09	39.14
13	Urban Development	09	29.27
14	Forest & Environment	29	21.67
15	Electricity (Power) Deptt.	25	14.16
16	Excise Deptt.	40	13.75
17	Labour & Employment	27	10.10
18	Industries & Minerals	446	09.84
19	Information & Publicity	06	08.15
20	Transport Deptt.	30	05.66
21	Dairy Dev.	16	04.57
22	Housing Deptt.	05	03.91
23	Planning & Dev. Deptt.	25	03.27
24	Mines & Geology Deptt.	24	00.40
25	Bihar & Administrative Tribunal	02	00.34
26	Tourism Deptt.	01	00.10
27	Stamp & Registration	01	00.04
	<b>Total</b>	<b>1650</b>	<b>7289.67</b>

## APPENDIX – XV

Utilisation certificates relating to grants-in-aid paid upto March 2002 but not received upto 30<sup>th</sup> September 2002

(Refer : Paragraph 6.2.1; Page 112)

Sl. No.	Department	Year(s) to which grants were paid	Utilisation due		Utilisation received		Utilisation awaited	
			Number	Amount (Rupees in lakh)	Number	Amount (Rupees in lakh)	Number	Amount (Rupees in lakh)
1.	Animal Husbandry Department	Upto 2000-01 Combined State	514	1537.83	3	4.30	511	1533.53
		Bihar 2000-01	1	48.60	-	-	1	48.60
		Bihar 2001-02	4	139.15	-	-	4	139.15
2.	Agriculture	Upto 2000-01 Combined State	167	4811.84	-	-	167	4811.84
		Bihar 2000-01	1	25.00	1	25.00	-	-
		Bihar 2001-02	8	5417.17	7	4500.87	1	916.30
3.	Co-operative	Upto 2000-01 Combined State	471	7149.69	-	-	471	7149.69
		Bihar 2000-01	4	108.25	-	-	4	108.25
		Bihar 2001-02	2	44.00	-	-	2	44.00
4.	Education	Upto 2000-01 Combined State	63	4731.27	7	516.36	56	4214.91
		Bihar 2000-01	15	8742.13	6	2060.25	9	6681.88
		Bihar 2001-02	39	32144.84	18	31018.69	21	1126.15
5.	Welfare	Upto 2000-01 Combined State	1617	2912.37	2	315	1615	2909.22
		Bihar 2000-01	1	1087.12	-	-	1	1087.12
		Bihar 2001-02	37	55.50	10	7.28	27	48.22
6.	Industry	Upto 2000-01 Combined State	2495	33639.88	-	-	2495	33639.88
		Bihar 2000-01	29	930.25	-	-	29	930.25
		Bihar 2001-02	8	50.49	-	-	8	50.49
7.	Urban Development	Upto 2000-01 Combined State	6886	23316.17	34	400.41	6852	2291570

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Sl. No.	Department	Year(s) to which grants were paid	Utilisation due		Utilisation received		Utilisation awaited	
			Number	Amount (Rupees in lakh)	Number	Amount (Rupees in lakh)	Number	Amount (Rupees in lakh)
		Bihar 2000-01	146	1336.41	31	15701	115	1179.40
		Bihar 2001-02	96	1041.86	4	311.91	92	729.95
8.	Police	Upto 2000-01 Combined State	6	559.94	-	-	6	559.94
		Bihar 2000-01	-	-	-	-	-	-
		Bihar 2001-02	-	-	-	-	-	-
9.	Public Works	Upto 2000-01 Combined State	555	512.12	-	-	555	512.12
		Bihar 2000-01	-	-	-	-	-	-
		Bihar 2001-02	-	-	-	-	-	-
10.	Family welfare	Upto 2000-01 Combined State	34	8.42	34	8.42	-	-
		Bihar 2000-01	-	-	-	-	-	-
		Bihar 2001-02	-	-	-	-	-	-
11.	Medical	Upto 2000-01 Combined State	778	2233.09	-	-	778	2233.09
		Bihar 2000-01	-	-	-	-	-	-
		Bihar 2001-02	-	-	-	-	-	-
12.	Others	Upto 2000-01 Combined State	6822	34434.62	138	3731.78	6684	30702.81
		Bihar 2000-01	57	3449.87	2	178.48	55	3271.39
		Bihar 2001-02	117	10988.93	31	171.62	86	10817.31
<b>(a) Total (upto 2000-01)</b>			<b>20408</b>	<b>115847.24</b>	<b>218</b>	<b>4664.42</b>	<b>20190</b>	<b>111182.82</b>
<b>(b) Total (2000-01) only Bihar</b>			<b>254</b>	<b>15727.63</b>	<b>40</b>	<b>2420.74</b>	<b>214</b>	<b>13306.89</b>
<b>(c) Total (2001-02) only Bihar</b>			<b>311</b>	<b>49881.94</b>	<b>70</b>	<b>36010.37</b>	<b>241</b>	<b>13871.57</b>
<b>Grand Total (a+b+c)</b>			<b>20973</b>	<b>181456.81</b>	<b>328</b>	<b>43095.53</b>	<b>20645</b>	<b>138361.28</b>

## APPENDIX – XVI

**Departmentally managed commercial/quasi-commercial undertakings which have not prepared proforma accounts since their inception**

(Refer: Paragraph 7.1; Page 117)

Sl.No.	Name of the commercial/ quasi-commercial undertakings	No. of unit	Date of establishment of undertakings
	<b>Animal Husbandry &amp; Fisheries Department</b>		
1.	Central Poultry Farm, Patna	1	December 1948
2.	Regional Poultry Farm, Bhagalpur	1	December 1959
3.	Regional Poultry Farm, Muzaffarpur	1	October 1971
	<b>Industries Department</b>		
4.	Adarsh Iron workshop	5	1956-61
5.	Adarsh Wooden workshop	8	1956-64
6.	Procurement Centre	7	--
7.	Salt Petre Refinery, Mahesi, East Champaran	1	1953
	<b>Excise &amp; Prohibition Department</b>		
8.	Purchase & sale of opium stock	1	--
9.	Grain Gola	1	1947-48
	<b>Total</b>	<b>26</b>	

**Note:-**

1. Sl. No. 1 to 3 All units have been audited which had not prepared Proforma Account since inception.
2. Sl. No. 4 Adarsh Iron Workshop Munger, Samastipur & Ara audited which have not prepared the Proforma Accounts. Rest units are being intimated to report the position of Proforma Accounts.
3. Sl. No.5 Adarsh Woolen Workshop, Chapra, Muzaffarpur, Samastipur and Hajipur have been audited which have not prepared Proforma Accounts. Rest 4 units are being intimated to report the position of Proforma Accounts.
4. Sl. No.6 All the Procurement Centres are being intimated to report the position of Proforma Accounts.
5. Sl. No.7 The Salt Petre Refinery, Mahesi is being intimated to report the position of Proforma Accounts.



## APPENDIX-XVII

### Departmentally managed commercial/quasi-commercial undertakings, the proforma accounts of which are in arrears

(Refer: paragraph 7.1; Page 117)

Sl. No.	Name of the commercial quasi/commercial undertakings	Period of proforma account in arrears
	<b>Agriculture Department</b>	
1.	State Tractor Organisation, Purnea	1977 onwards (November to October)
	<b>Home (Jail) Department</b>	
2.	Manufacturing Department of Central Jail, Bhagalpur	1981 to 2000 (January to December )
3.	Manufacturing Department of Central Jail, Buxar	1987 to 2000 (January to December)

Note:-

1. The State Tractor Organisation, Purnea is reported to have been closed (As stated by District Agriculture Officer, Purnea).
2. Sl. No. 2 & 3 The Central Jail Bhagalpur and Buxar has not been audited.

Concerned department is being intimated to report the position of preparation of Proforma Accounts.



