

CHAPTER-I

INTRODUCTION TO PRIs IN THE STATE OF BIHAR

1.1 Background

The 73rd Constitutional Amendment gave constitutional status to Panchayat Raj Institutions (PRIs) and established a system of uniform structure, regular elections, and regular flow of funds through Finance Commission etc. As a follow up, the States are required to entrust these bodies with such powers, functions and responsibilities so as to enable them to function as institutions of self-government. In particular, the PRIs are required to prepare plans and implement schemes for economic development and social justice including those enumerated in the Eleventh Schedule of the Constitution.

After the 73rd amendment, the Government of Bihar enacted the Bihar Panchayat Raj Act (BPRA), 1993, subsequently replaced by Bihar Panchayat Raj Act, 2006 and a three tier system of Panchayat Raj (Zila Parishad, Panchayat Samiti and Gram Panchayat) came into existence after 1st general election held in April/May 2001. As of March 2010 there were 38 Z.P.s, 531 P.Ss and 8463 G.Ps in the state. The Panchayat Raj Department co-ordinates functioning of PRIs.

1.2 State Profile

The state of Bihar with an area of 94,163 sq.km accounts for about 3% of the total geographical area of the country. It has a population of 8.29 crore (approx.) which accounts for 8% of the population of the country. The adverse land-man ratio is reflected in the high density of population, which is 881 per sq.km. The decadal growth of population for 1991-2001 is 28.43% which is the highest in the country. Literacy rate in the state is 47.53% and is lowest in the country. As per census 2001 share of Rural population is 89% of state population (approximately). The economy of the state is characterized by high incidence of poverty, low literacy rate, unemployment and low per capita income. The human development indicators are also very poor. The comparative demographic and developmental picture of the State is given in Table: 1.1.

Table-1.1: Important Statistics of the State

Sl. No.	Particulars	Unit	State figure	Ranking among states	All India figure
1	Share in Country's Population	<i>per cent</i>	8.07	3	
2	Share of Rural Population	<i>per cent</i>	89.5	2	
3	Total Area	km ²	94,163	12	32,87,240
4	Population Density	<i>per km²</i>	881	2	313
5	Literacy rate (2001)	<i>per cent</i>	47	28	64.8
6	Sex ratio	<i>per 1000</i>	919	20	933
7	Population below poverty line (FY05)	<i>per cent</i>	41.4	28	27.5
8	Human Development Index (2001)		0.367	28	

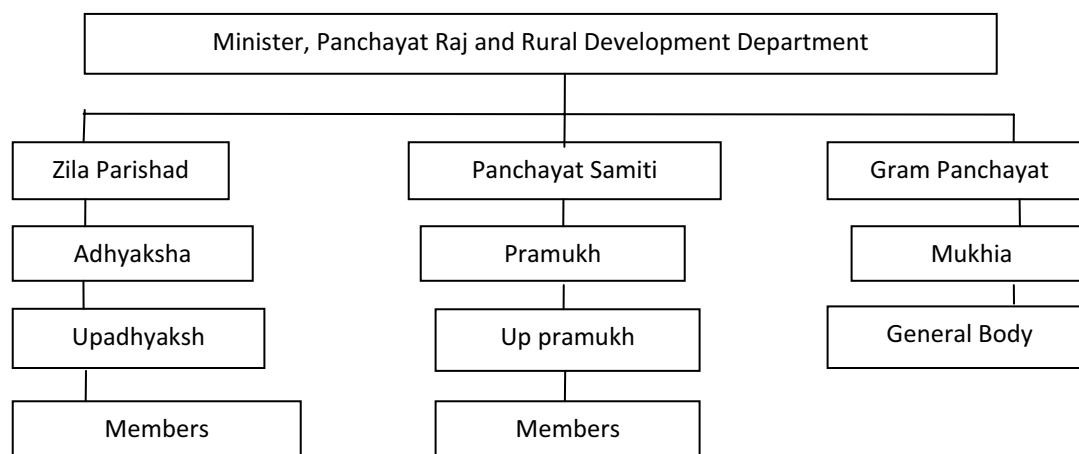
A comparison of population per Local Body of Bihar with all India figure and with State of Kerala, which is number one in Devolution Index, is provided in Table 1.2 (Census-2001):

Table-1.2

Sl. No.	Type of PRIs	Number of PRIs (Bihar)	Average population per PRI (Bihar)	Total number of PRIs (non SCS states of India)	Average population per PRI (non SCS states of India)	Number of PRIs (Kerala)	Average population per PRI (Kerala)
1	Zila Parishads	38	19,55,703	493	14,20,254	14	19,03,357
2	Panchayat Samitis	531	1,39,956	5728	1,22,239	152	1,75,309
3	Gram Panchayats	8463	8,781	228679	3,062	999	26,674
	Total	9032		234900		1165	

1.3 Organisational Structure of PRIs

Organisational set up of Elected Body

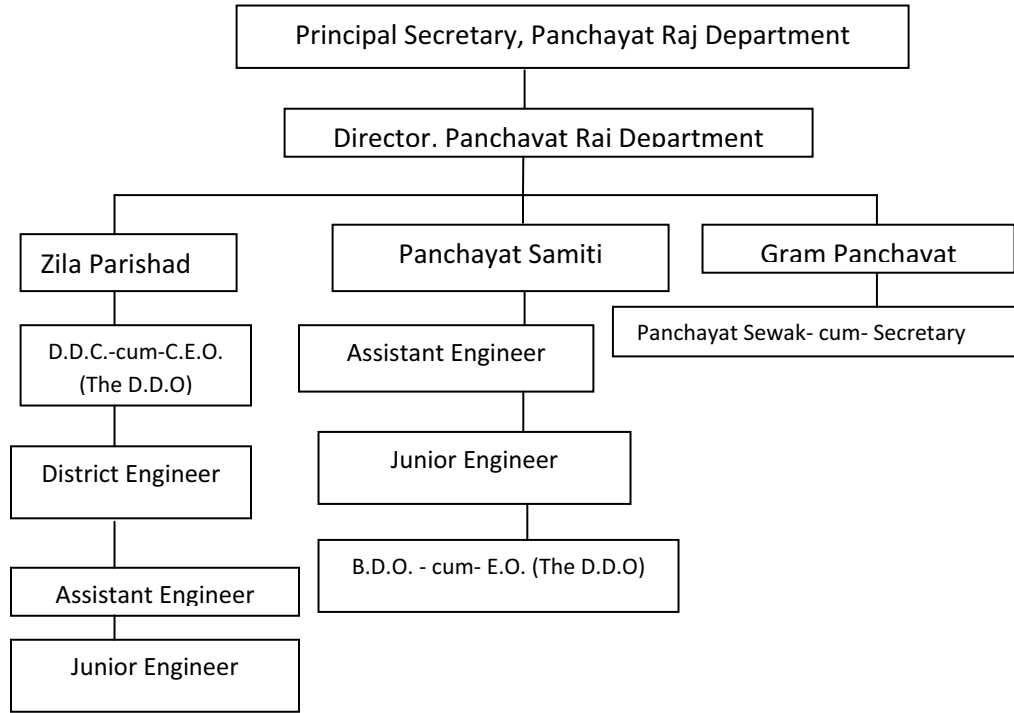


Elaborated organizational structure is depicted in the Table 1.3.

Table-1.3

Level of LB	Elected Body	Authorities	Others
District level	Zila Parishad	Adhyaksha, Upadhyaksha and Standing Committees	<ul style="list-style-type: none"> Members are elected from territorial constituencies. Elected head of Panchayat Samiti i.e. Pramukh is the ex-officio member of Zila Parishad. Members of Parliament and State Legislature are ex-officio members of Local Bodies of their respective constituencies or where they are registered voters.
Block Level	Panchayat Samiti	Pramukh, Up-pramukh and Standing Committees	<ul style="list-style-type: none"> Members are elected from territorial constituencies. Elected head of Gram Panchayat i.e. Mukhiya is the ex-officio member of Panchayat Samiti in concerned block. Members of Parliament and State Legislature are ex-officio members of Local Bodies of their respective constituencies or where they are registered voters.
Village Level	Gram Panchayat	Mukhiya, Up-mukhiya, Standing Committees	<ul style="list-style-type: none"> Members are elected from territorial constituencies. Gram Sabha is a body consisting of persons registered in the electoral rolls relating to a village comprised within the area of the Panchayat at the village level.
	Gram Katchahary	Sarpanch, Up-sarpanch	<ul style="list-style-type: none"> Panches (territorial constituencies of Panches are same as those of the members of Gram Panchayats)

Administrative set-up



Elaborated organizational structure is depicted in Table 1.4:

Table-1.4

Local Body	Administrative Head	Other Staff
Zila Parishad	D.D.C.-cum-Chief Executive Officer (The DDO)	Accountants, Head Clerk, Assistant Engineers/ Junior Engineers, District Engineer, etc.
Panchayat Samiti	B.D.O.-cum- Executive Officer	Accountants (MNREGS), Junior Engineer, Panchayat Technical Assistant (MNREGS), Assistant Engineer Panchayat Samiti, etc.
	Programme Officer (for MNREGS)	
Gram Panchayat	Panchayat Sevak-cum-Panchayat Secretary	No other staff
	Panchayat Rojgar Sewak (for MNREGS)	

1.4 Powers and Roles of State Government in relation to PRIs

The following **Table** depicts a brief summary of Powers and Role of State Government in relation to Panchayat Raj Institutions under Bihar Panchayat Raj Act 2006:

Table-1.5: Powers and Role of State Government

Authority	Powers and Role of State Government
Section 146 of BPR Act 2006	Power to frame rules Government may, by notification in Gazette, make rules to carry out purposes of Bihar Panchayat Raj Act 2006, subject to approval by the State Legislature.
Section 153 of BPR Act 2006	Power to inspect Office, records etc Government has the power to inspect any office or records under the control of the PRIs.
Sections 150 and 152 of BPR Act 2006	Model Regulations and Inquiry State Government has power to make model regulations for PRIs and inquire into affairs of Panchayats.
Section 172 of BPR Act 2006	Removal of difficulties If any difficulty arises in giving effect to the provisions of the Act, the State Government, may by order, do anything necessary to remove the difficulty.
Sections 166 and 167 of BPR Act 2006	Development and Planning Every Gram Panchayat is to prepare a development plan every year and submit it to the Panchayat Samiti. Each Panchayat Samiti is to prepare every year a development plan for its area including the development plans of the concerned Gram Panchayats and submit it to the Zila Parishad. Every Zila Parishad is to prepare every year a development plan for its area including the development plans of the concerned Panchayat Samitis and submit it to the District Planning Committee . The State government is to constitute in every district a District planning Committee to consolidate the plans prepared by the Panchayats and the Municipalities in the district to prepare a draft development plan for the district as a whole.

Note:-1. The DDC-cum-CEO of Zila Parishad carries out the policies and directives of the ZP, discharges duties defined under the Act, controls the officers/officials of ZP, has custody of all papers and documents of ZP and draws and disburses money.

2. The functions of the B.D.O.-cum-E.O. in Panchayat Samiti are to exercise all the power conferred under the Act, lay down the duties of officials, supervise and control the officers and officials under him, supervise the execution of all works, have custody of all papers and documents of Panchayat Samiti including drawal and disbursement of money out of the PS fund.

3. The Mukhia is responsible for convening the meeting of Gram Sabha, maintenance of the records of GP, financial and executive administration, supervision over the work of GP employees and transaction of business connected with the Act.

4. BPR Act 2006 provides for various Standing Committees (General Standing, Planning, Co-ordination and Finance Committee, Production Committee, Social justice Committees, Education Committees, Committee on Public Health, Family welfare and Rural Sanitation, Public works Committee) and other committees in each tier of PRIs headed by Adhyaksha/Upadhyaksha, Pramukh/Up-pramukh and Mukhia in ZP, PS and GP respectively to regulate the affairs of the PRIs.

1.5 Delegation of Functions to PRIs

The Government of Bihar has transferred¹ (September 2001) 79 functions to GPs, 60 functions to PSs and 61 functions to ZPs consisting of 20 departments (**Appendix-I**). A Table of activities delegated to PRIs by some departments is placed at **Appendix-II**. The delegation was very weak in nature. No substantial responsibilities and resources was given to these institutions.

¹Source: Fourth State Finance Commission Report (June 2010)

1.6 Best Practices

The government of Bihar has taken some steps towards strengthening the PRIs. Some of these are as follows:

- The Government has reserved 50% seats for women representative in each of its three tiers.
- The Zila Parishads are being given matching grant equal to the revenue raised by them by the state government encouraging to improve their financial position. The State government approved a matching grant of ₹ 9.72 crore in 2008-09 and ₹ 10.74 crore in 2009-10 to 38 Zila Parishads².

1.7 Audit Arrangement

As per provisions of BPR, 2006 under Section 31, 59 and 86, the audit of PRIs will be carried out by the authority as may be prescribed by the State Government. The Govt. of Bihar declared the Examiner of Local Accounts (ELA), Bihar as prescribed audit authority of PRIs and the audit is to be conducted as per provisions of the Bihar and Orissa Local Fund Audit (B&O LFA) Act, 1925. Accordingly the ELA, Bihar functions as the sole auditor of PRIs under the supervision of the Principal Accountant General (Audit), Bihar. The ELA is assisted by the Local Audit Department (LAD) in discharge of his duties and responsibilities.

The Audit Reports of the PRIs audited, are sent to the Chief Executive Officers, Executive Officers and Mukhias of the PRIs concerned with copies to Panchayat Raj Directorate. The follow up action on the Audit Report is to be taken by the executive of the auditee units and Standing Committees on Finance, Audit and Planning in ZPs and PSs.

Further, as per recommendation of the Pr.A.G (Audit), Bihar, the State Govt. has constituted a three tier committee for compliance of annual reports. The first level committee will function at District level which will be headed by the District Magistrate. It has the responsibility to ensure the compliance of audit reports received from PRIs/ULBs of that district. The second level committee has been set up at department level, which will be headed by the Secretary of the department. It will review the status of compliance made by the district level committee. Both the committees will have a member nominated from the Pr.A.G. (Audit), LAD, Bihar. The third and apex level committee will be headed by the Principal Secretary to the Finance Department, Govt. of Bihar. Pr.A.G. (Audit), Bihar has been made a member to this committee. The committee will meet once in six months to review the

² Source: Fourth State Finance Commission Report (June 2010)

function of District level committees and Department level committee and issue necessary guidelines.

1.8 Audit Coverage

Audit of the accounts of 12 ZPs, 44PSs & 628 GPs was conducted during 2008-09. And, during the year 2009-10, accounts of the 18 ZPs, 82PSs & 1210 GPs were audited. Important audit findings in respect of selected 30 ZPs, 122 PSs and 599 GPs are summarized in the succeeding chapters and paragraphs.

1.9 Status of Recovery by Surcharge Proceedings

As per provisions contained in Section 9 of Bihar and Orissa Local Fund Audit Act, 1925, the Examiner of Local Accounts, Bihar is empowered to order recovery of any loss due to negligence and misconduct of employees and loss of stores through surcharge from persons responsible. In four PRIs (ZP-katihar, PS-Bikram, Paliganj, Manjhaulia) seven cases of surcharge notices involving ₹1.90 lakh in 2008-09 and in PS, Parbatta three surcharge notices involving ₹ 0.71 lakh and in ZP, Katihar three cases of Surcharge Orders involving ₹0.32 lakh were issued in 2009-10 for recovery by the Examiner of Local Accounts, Bihar.

Surcharge notices have been issued to the person(s) responsible for lapses through the District Magistrates (D.Ms) but reports of serving the surcharge notices have not been received in any case.

1.10 Impact of audit

During the year 2008-09³ and 2009-10⁴ recoveries amounting to ₹1.09 crore and ₹0.41 crore respectively were made at the instance of audit for excess payment, collection amount, shop rent, outstanding advances *etc.*

³ ZP-Vaishali, Nawada, Aurangabad, Muzaffarpur, Madhepura, Sheohar, Munger, Kishanganj; PS-Bettiah; GP-Pargarhi Lakra

⁴ ZP-

Siwan, Saran, Motihari, Nalanda, Patna, Supaul, Madhubani, Kaimur, Bhojpur, Jehanabad, Gaya, Darbhanga; PS-Rohtas, Punpun, Sugauli, Danapur, Amour, Chautham; GP-Narhi Pirhi, Singhara Kopa, Bara Bharti, Tailia Kumri, Sahebganj, Dumaria, Bhargawan, Kaiyar