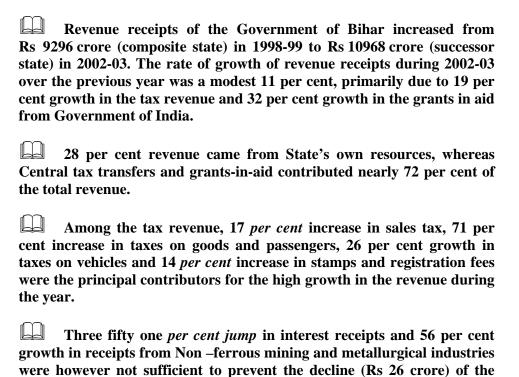
OVERVIEW

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

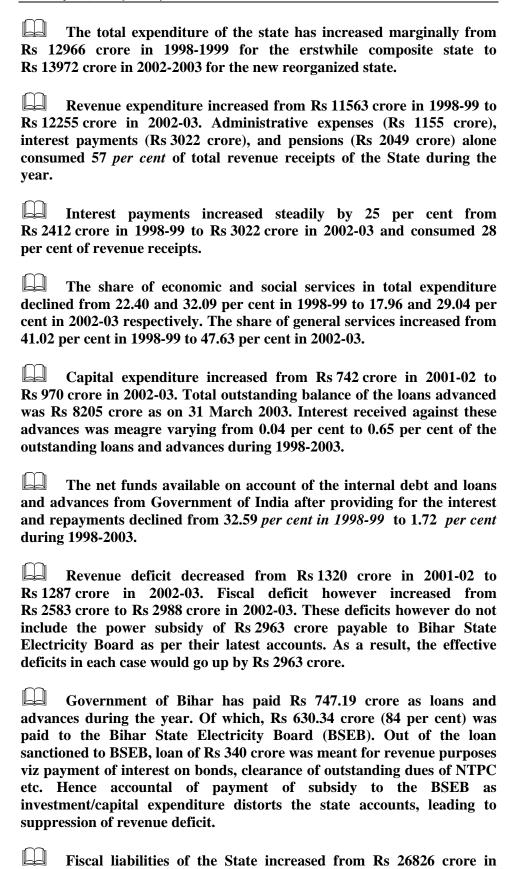
Finances of the State Government

non-tax revenue during the year.

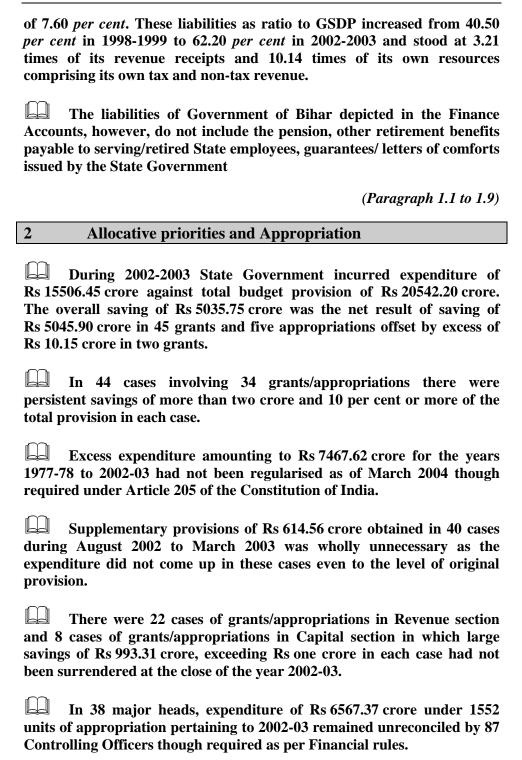
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The current levels of cost recovery in supply of merit goods and services by Government are 0.11 per cent for secondary education, 0.73 per cent for university and higher education, 5.81 per cent for technical education, 3.45 per cent in health and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



1998-1999 to Rs 35249 crore in 2002-2003 at an average trend growth rate

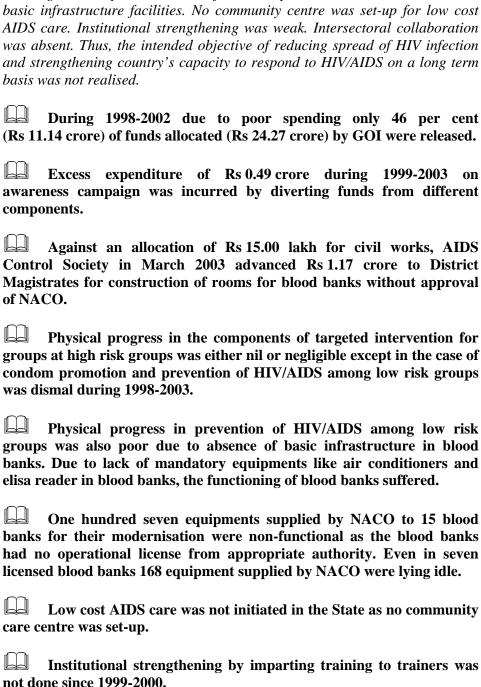


(Paragraph 2.2 to 2.8)

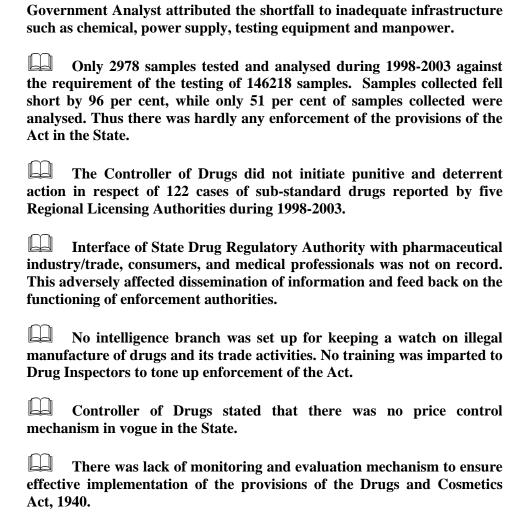
3 Performance reviews

National AIDS Control Programme

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



Intersectoral collaboration was non-existent. Level of awareness development was low and no society was formed at district level for effective implementation of the programme.
There was absence of effective monitoring of the programme. The reports on the impact analysis of the programme done by ORG Centre (May 2000) and World Bank Mission (May 2002) were not made available.
(Paragraph 3.1)
Implementation of Drugs and Cosmetics Act, 1940
The Drugs and Cosmetics Act, 1940 and Rules framed thereunder regulate the import, manufacturing, distribution, sale and clinical research of drugs and cosmetics.
The Act was not implemented effectively in the State. There was absence of internal control mechanism in the department. No master control register was available. Licenses to manufacturing and selling units were not renewed timely. There was huge shortfall in survey and inspections of manufacturing and selling units. Inordinate delay in testing of samples collected was observed. Price control mechanism was not in vogue. The possibility of manufacture and sale of sub-standard drugs and cosmetics could not be ruled out and the intended objective of making available essential life saving drugs at fair prices to masses was not realised.
The Controller of Drugs did not have a master control register which would indicate the actual status of manufacturing/selling units of the State and licenses to manufacturing/selling units were not periodically renewed, though required.
Of 851 manufacturing units as of March 2003, licenses of 21 units were not renewed. Similarly, licenses of 6077 selling units out of 31412 units were not renewed as of March 2003.
In 25 districts, as against 70332 units due for inspections in 2000-02, number of inspections carried out by 34 DIs was 13235 only.
Quality of drugs and cosmetics manufactured in the State was not assured because no manufacturing unit in the State sought approval during 1998-2003 of the Controller of Drugs for quality testing of drugs and cosmetics manufactured.
In a state with a large population of 8 crore, not a single sample of blood unit was taken and tested during 1998-2003.
Seventy five per cent of samples of drugs collected during 1998- 2003 by the State Drug Control Laboratory, Patna were tested.

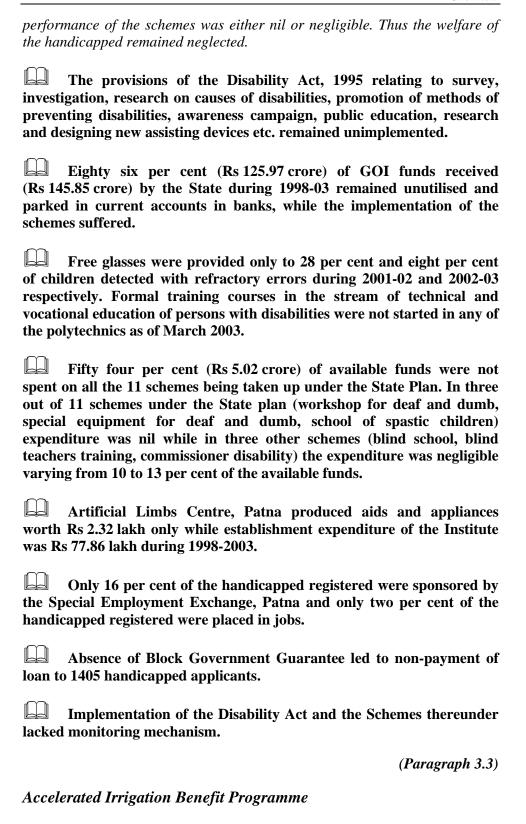


(Paragraph 3.2)

Welfare of handicapped

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

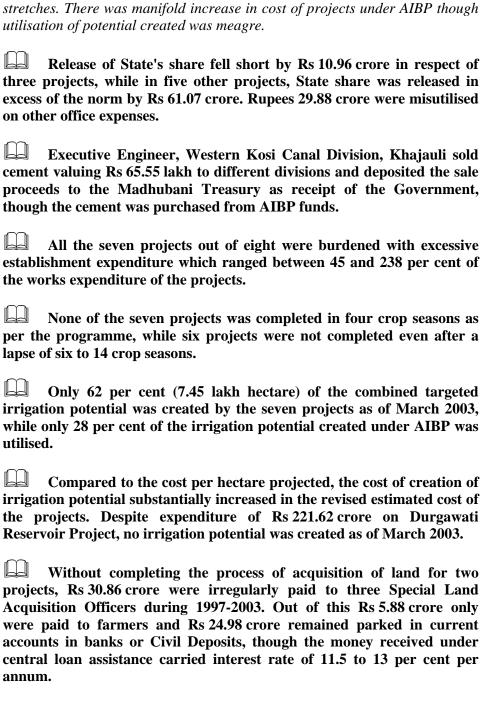
The review revealed that various provisions of the Acts remained unimplemented during 1998-03 and the schemes taken up suffered from mismanagement emanating from the lack of co-ordination and supervision. As a result, a major chunk of GOI funds remained unutilised and the



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

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

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



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

(Paragraph 3.4)

Prevention and control of fire

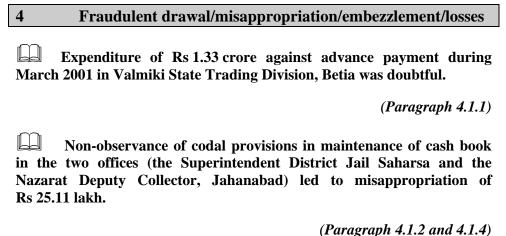
Implementation of Fire Service measures in the State was ineffective due to lack of effective monitoring and periodical evaluation. As a result substantial provision of fund remained unutilized. Upgradation and setting up of fire service units with Tenth and Eleventh Finance Commission grant was not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

(Paragraph 3.5)

Payment of Stipend and Scholarship to students

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

(Paragraph 3.6)



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

(Paragraph 4.1.3)

Expenditure of Rs 11.82 lakh during 1998-2002 in Block Development Office, Narhat, Nawada remained unadmitted in accounts for one to 15 years.
(Paragraph 4.1.5)
Block Development Officer, Choraut (Sitamarhi) and other officials misappropriated advance payment of Rs 35.62 lakh meant for disbursement to the beneficiary of Indira Awas Yojana, flood relief, old age pension and scholarships.
(Paragraph 4.1.6)
Fictitious booking of expenditure in accounts led to defalcation of Rs 13.16 lakh in the office of Child Development Project Officer, Manigachhi (Darbhanga).
(Paragraph 4.1.7)
5 Avoidable/ excess/ unfruitful expenditure
District Magistrate, Patna delayed payment to the suppliers of blankets, shawls etc. resulting in avoidable liability of Rs 17.94 lakh on account of interest.
(Paragraph 4.4.2)
The Executive Engineer, Road Construction Division, Ara spent Rs 37.68 lakh for excess supply of materials in Ara-Buxar road work.
(Paragraph 4.4.4)
In RCD Biharsharif there was doubtful use of stone metal valued at Rs 88.70 lakh in road work and bitumen valued at Rs 90.29 lakh issued to an agency in excess of requirement remained unrecovered.
(Paragraph 4.4.5)
Expenditure of Rs 28.22 lakh on repairs of Pansalwa-Baidyanathpur Road during 1999-2000, while original work was in progress, was doubtful.
(Paragraph 4.4.6)
The improvement and construction of link road (Kankarbagh road No.3) without acquisition of required land resulted in unfruitful expenditure of Rs 41.30 lakh on incomplete construction of the road.
(Paragraph 4.4.9)

Overview
Taking up the work of construction of approaches to Railway overbridge at Hajipur without survey and investigation resulted in extra cost of Rs 1.62 crore.
(Paragraph 4.4.10)
Taking up construction of Kakarghati branch canal of Western Kosi main canal (from RD 95 to RD 125) and cross drainage structure (chain 78 to 103.20) of Durgawati dam without acquisition of land at different points resulted in unfruitful expenditure of Rs 5.01 crore on incomplete construction of the branch canal.
(Paragraph 4.4.11 and 4.4.12)
6 Idle investment/Idle establishment/Blockage of funds
Five Drawing and Disbursing Officers drew funds of Rs 8.09 crore from treasuries and irregularly kept them in 'Civil Deposits'/banks.
(Paragraph 4.5.3)
As the construction of building was incomplete, the Cobalt machine for providing specialised treatment to cancer patients in DMCH was not installed.
(Paragraph 4.5.4)
7 Regulatory issues and other points
Failure of Magadh University, Bodhgaya and BRA Bihar University, Muzaffarpur to get the college and hostel buildings vacated from unauthorised possession of CRPF resulted in depriving the students of the teaching and hostel facilities. Besides, the rental charge of Rs 73.57 lakh was not recovered from them.
(Paragraph 4.6.1)
In the absence of sand filling, in Harnaut-Belchi-Chandi road, the quality of road work involving expenditure of Rs 1.05 crore was not assured.
(Paragraph 4.6.2)