

CHAPTER-III
PERFORMANCE REVIEWS

HEALTH DEPARTMENT

3.1 FUNCTIONING OF RURAL HEALTH SERVICES

Highlights

Rural health care units failed to provide basic minimum services and bring about improvement in referral linkages. The health care services in rural areas of the State were grossly inadequate. Shortage of medical officers and paramedical staff ranged upto 95 per cent. There were huge shortages of health care units compared to the GOI norms. Infrastructural facilities such as buildings, drinking water, electricity, labour room facilities, equipment and diagnostic facilities were lacking in most of the health units.

The number of rural health care units in the State was inadequate compared to the standards set as per the Minimum Needs Programme. The shortfall ranged between 29 and 88 per cent.

(Paragraph 3.1.7)

Infrastructural facilities such as availability/ functioning of X-ray units, essential equipment and diagnostic facilities were lacking in most of the sub-centres, PHCs/APHCs and referral hospitals.

(Paragraph 3.1.7)

Out of test-checked districts, 49 per cent sub-centres and 41 per cent PHC/APHCs had no building. The buildings housing 45 per cent sub-centres and 36 per cent PHC/APHCs and 38 per cent referral hospitals were in dilapidated condition.

(Paragraph 3.1.7)

Immunisation programme suffered due to non-functional cold chain equipment. Physical performance in immunisation of children in the State was low at 20 per cent.

(Paragraph 3.1.9)

Health care units lacked medical and paramedical staff and technicians. Thirty nine APHCs had no doctor during 2002-04 and medicines were prescribed by para medical staff.

(Paragraph 3.1.12)

Out of the central fund of Rs 10.11 crore released to 10 test-checked districts, Rs 8.68 crore were credited to civil deposit, Rs 0.50 crore were spent on purchases of medicine and Rs 0.93 crore were surrendered.

(Paragraph 3.1.5)

Introduction

The objective of primary health care is to provide basic health services at the door steps of rural people through a network of Sub-Centres (SCs), Primary Health Centres (PHCs), Additional Primary Health Centres (APHCs) and Referral Hospitals (RHs). The major components of primary health care are (i) health education to the community, (ii) maternal, child health and family welfare, (iii) curative services, (iv) maintenance of demographic services (v) prevention and control of local epidemics and (vi) implementation of national health programmes.

Health care services in Bihar are rendered in rural areas through 397 PHCs, 1330 APHCs, 7024 SCs and 70 RHs.

3.1.2 Organisational set-up

Commissioner-cum-Secretary to Government, Health and Family Welfare Department assisted by a Director-in-chief, three Directors, seven Additional Directors and 10 other State level programme officers, is responsible for administering rural health services in the State. At the district level, Civil Surgeon-cum-Chief Medical Officers (CS-cum-CMO) oversee rural health services rendered by the PHCs, APHCs, SCs and RHs.

3.1.3 Audit objectives

Audit objectives were to assess whether:

- Infrastructural facilities including manpower were available as per norms laid down by the Government of India;
- Quality of health care services was satisfactory and immunization goals were achieved;
- Essential and life saving drugs, machine and equipment were available in rural hospitals.

3.1.4 Audit coverage

Records of Director, Health Services Bihar, Patna and 10 Civil-surgeons-cum-Chief Medical Officers¹ along with 21 RHs, 511 PHCs/APHCs and 3318 Sub-centres for the period 1999-2004 were test checked in audit during August 2003 and March 2004. Significant audit findings were as follows.

¹ *Bhagalpur, Bhojpur, Gaya, Katihar, Motihari, Muzaffarpur, Nalanda, Purnea, Samastipur and Vaishali*

3.1.5 Financial management**Funds provided by the State Government**

Funds provided by the State Government and the expenditure on rural health services during 1999-2004 were as under:

Substantial savings

Year	Budget provision			Expenditure			Saving (-)/Excess (+)		
	Plan	Non-plan	Total	Plan	Non-plan	Total	Plan	Non-plan	Total
(Rupees in crore)									
1999-2000	396.02	348.02	744.04	247.57	234.51	482.08	(-)148.45	(-)113.51	(-) 261.96
2000-01	413.67	244.89	658.56	225.89	195.09	420.98	(-)187.78	(-) 49.80	(-) 237.58
2001-02	159.43	172.91	332.34	147.22	151.19	298.41	(-) 12.21	(-) 21.72	(-) 33.93
2002-03	189.96	179.65	369.61	147.85	139.96	287.81	(-)42.11	(-) 39.69	(-) 81.80
2003-04	182.55	143.98	326.53	165.66	134.88	300.54	(-) 16.89	(-) 09.10	(-) 25.99
Total	1341.63	1089.45	2431.08	934.19	855.63	1789.82	(-) 407.44	(-) 233.82	(-) 641.26

(Source :- Appropriation Account of relevant years;)

Funds provided by the Central Government

The Government released Rs 58.92 crore during 2001-04 out of the Central funds received under Pradhan Mantri Gramodaya Yojana (PMGY) for purchase of medicine and equipment (Rs 29.40 crore) and for maintenance, renovation, water supply and sanitation in RHs and PHCs (Rs 29.52 crore).

Funds aggregating Rs 9.85 crore meant for medicine, equipment and infrastructure locked up

Out of Rs 10.11 crore released to 10 test –checked DMs, Rs 8.68 crore were credited to civil deposit Rs 0.50 crore were spent on purchase of medicine and Rs 0.93 crore surrendered.

Out of Rs 5.86 crore received by the test checked divisions for maintenance, renovation, water supply and sanitation of PHCs and RHs, Rs 4.69 crore were spent on 261 works (completed 209; incomplete: 52) up to March 2004. Of these, 143 works executed at a cost of Rs 2.47 crore were not sanctioned by the Government. The expenditure was incurred on construction of residential buildings and their compound walls and repairs to roads. Rupees 1.17 crore remained unutilised with the divisions as of March 2004.

Unauthorized retention of Rs 22.96 crore by SCOVA

Government of India (GOI) released Rs 36.18 crore during 1999-2004 directly to the State Committee on Voluntary Action (SCOVA), a registered society, for immunisation, maintenance of cold chain, Dai training, RCH camps, ANMs awareness training etc. under the Reproductive Child and Health (RCH) programme, SCOVA did not release Rs 22.96 crore to the districts as of May 2004.

3.1.6 Programme management

The primary health care infrastructure provides the first level contact between the rural population and the health care providers and forms the pathway for implementation of all the health and family welfare programmes. However, the number of rural hospitals as required in terms of national norms were not in place to meet the needs of the rural people. Availability of essential machines, equipment, indoor and outdoor facilities and availability of medicines, drinking water, sanitation and electricity as against the requirement for these services are discussed in succeeding paragraphs.

3.1.7 Inadequate infrastructure

Under the Minimum Needs Programme, one SC for every five thousand population, one PHC for every 30 thousand population and one RH for every four PHCs (or every one lakh population) were to be provided by 2000 in a phased manner to cater to the needs of health care of the rural people. Based on the rural population of Rs 7.31 crore (census 2001) the number of PHCs/SCs and RHs required as per norms and the number actually available are given in the table below:

Health care units	Number required as per the norms	Available	Shortfall	Percentage shortfall
(In number)				
Sub-centres	14620	7024	7596	52
PHCs/APHCs	2436	1727	709	29
Referral hospitals	609	70	539	88

The number of rural health care units not adequate to meet the needs of rural population

The number of health care units was not adequate to meet the health care needs of the rural people of the State. Further, 1330 APHCs created between 1981-82 and 1987-88 were to be upgraded under the State policy, to the level of PHCs by 1993-94 but these were not upgraded (June 2004).

Buildings

Test-check of 21 RHs 511 PHCs/APHCs, and the records of the CS-cum-CMO of 10 districts disclosed the following points:

1612 SCs (49 per cent), 210 PHC/APHCs (41 per cent) and one RH (five per cent) had no building. 1489 SCs (45 per cent), 185 PHC/APHCs (36 per cent) and eight RHs (38 per cent) had buildings in dilapidated or damaged condition. One RH building taken up for execution in 1987 had not been completed.



Building of PHC, Lalgang, Vaishali

Thirteen RHs were non-operational due to lack of infrastructure

In addition to the existing 70 RHs in the State, 13 RHs constructed at a cost of Rs 5.06 crore between January 1991 and February 2000 were not operational due to non-availability of medical and paramedical staff and equipment.

Beds

Meagre availability of beds in health care units

Health sub-centres were intended to provide outdoor services to patients while PHC/APHC and RHs were to extend both indoor and outdoor services. Accordingly, the PHC/APHCs were to have a strength of six beds and RH 30 beds. In the test-checked 10 districts, against total of 3558 beds sanctioned for 493 PHCs/APHCs and 20 RHs, only 787 beds (22 per cent) were available in 136 PHCs/APHCs and 19 RHs.

Equipment

Non-availability/ non functioning of X-ray units

In 32 PHCs, only a few machines and equipment such as freezer, weighing machine, stethoscope, oxygen cylinder etc. were available. 377 APHCs in 10 test-checked districts had no surgical instruments for surgical procedures. RHs had no machines and equipment for specialised treatment of patients referred by the PHCs/APHCs. X-ray machines were not available in 7 RHs², while X-ray machines (cost : Rs 8.28 lakh) available in 12 RHs³ were not in operation due to their non-installation since August 1984.

Diagnostic labs lacked infrastructure

Facility for pathological tests was not available in any of the PHCs/APHCs/ RHs. The laboratory lacked technicians, machinery, equipment and chemicals required for the tests.

² Asthama, Amaur, Dhamdaha, Dumaria, Sherghati, Sultanganj and Pirpaiti

³ Areraj, Barsoi, Barari, Chakia, Dhaka, Islampur, Khaje-Chand Chhapra, Lalganj, Rajgir, Sahapur, Sakara and Sandesh

3.1.8 Health care services

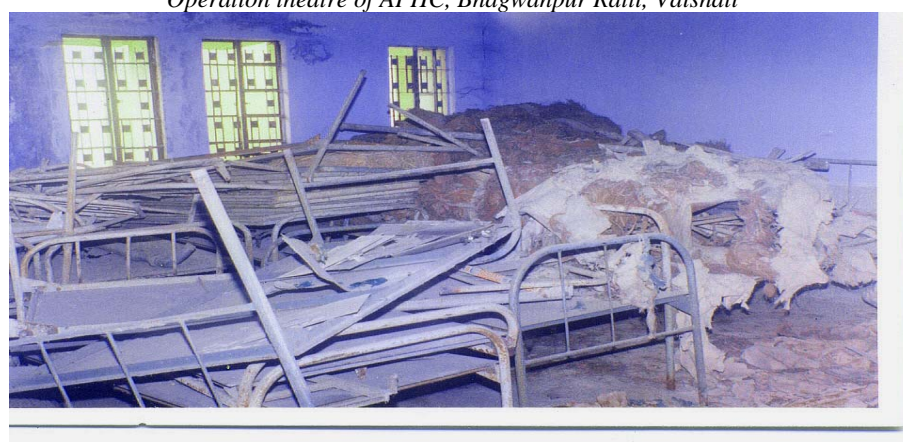
No indoor patient was admitted during 1999-2004 in 482 out of 493 PHCs/ APHCs and five out of 20 RHs, due to lack of basic infrastructure. Even in the remaining 11 PHCs/APHCs and 15 RHs only a small number of patients was admitted as shown in the table below:

Year	PHCs/APHCs				RHs			
	Beds available	Patients admitted	Admission		Beds available	Patients admitted	Admission	
			Per day (average)	Per PHC per day (average)			Per day (average)	per hospital per day (average)
1999-2000	66	1405	4	0.36	235	5036	14	0.93
2000-01	66	1892	5	0.45	235	6219	17	1.13
2001-02	66	2443	7	0.64	235	6440	18	1.20
2002-03	66	2637	7	0.64	235	6318	17	1.13
2003-04	66	2115	6	0.55	235	5593	15	1.00

It was noticed that only surgical operation for family planning were carried out in the PHCs and RHs.



Operation theatre of APHC, Bhagwanpur Ratti, Vaishali



Ward of Referral hospital Lalganj, Vaishali



Ward of APHC, Bhagwanpur Ratti, Vaishali

None of the test-checked SCs were equipped to provide even the first aid. Most of the SCs had no medicines, syringes and needles. It was noticed that medicines purchased by health care units lasted for only two to three months in a year while Rs 1.47 crore (out of Rs 7.48 crore provided in the budgets during 1999-2004) for purchase of medicines were not utilised and lapsed due to release of funds near the end of the budget periods and non-finalisation of rates in time.

No dietary facility

There was no provision for dietary articles for rural health care units.

No emergency service facility and medicines prescribed by ANMs in health sub-centres

None of the health sub centres and RHs provided emergency services to patients. As per standing instructions of the Government one Medical Officer was to visit health sub centres at least once a week for OPD health care.

The Medical Officers (MOs) of the PHCs never visited health sub-centres in the test-checked sub centres. In their absence the Auxiliary Nurses and Midwives (ANM) prescribed medicines. Thirty eight doctors of Deshi Chikitsa (Homeopathy, Ayurvedic, Unani) were posted in 31 APHCs. However, no Deshi medicines were supplied to the APHCs for treatment of the patients affecting the quality of health care.

The Additional Secretary to Government stated (December 2004) that due to inadequate infrastructure facility rural health care services are deficient. However steps are being taken to upgrade health care services.

3.1.9 Reproductive child and health care

The universal immunisation programme (UIP) aimed at reducing mortality and morbidity among infants and younger children by application of preventive vaccines for Polio, Tetanus, DPT, DT, Measles, etc. The Pulse Polio immunisation campaign taken up (1995) for eradication of polio by the year 2000 supplemented the programme. Physical achievement against targets in the 10 test-checked districts was as follows:

Poor physical achievement under immunization programme

Year	DPT		OPV		BCG		Measles		Tetanus	
	T	A	T	A	T	A	T	A	T	A
1999-2000	8.29	3.41 (41)	8.29	3.64 (44)	8.29	4.95 (60)	8.29	3.20 (39)	8.69	2.27 (26)
2000-01	8.00	5.35 (66)	8.00	5.13 (64)	8.00	6.33 (79)	8.00	4.60 (58)	8.22	3.79 (40)
2001-02	8.31	5.24 (63)	8.31	5.20 (63)	8.31	6.52 (78)	8.31	4.40 (53)	9.08	3.67 (40)
2002-03	8.17	4.94 (60)	8.17	5.41 (66)	8.17	6.61 (81)	8.17	4.57 (56)	9.19	3.77 (41)
2003-04	9.12	4.11 (45)	9.12	4.21 (46)	9.12	5.21 (57)	9.12	2.70 (30)	14.25	2.89 (20)

(T: Target; A: Achievement and figures in bracket indicate percentage)

As per the Tenth Plan document, the level of immunization in Bihar was 20 per cent against the all India level of 42 per cent. Lack of essential facilities like cold chain maintenance, Dai training, etc. as discussed below contributed to poor progress of the immunisation programme.

Immunisation suffered due to non-functional cold-chain equipment

Availability of cold chain facility was a pre-requisite for preserving the potency of vaccines at two to eight degrees centigrade. Test check revealed that in PHCs of 10 districts 77 per cent of Ice Lined Refrigerators (ILR), 73 per cent of Deep Freezers and 63 per cent of Vaccine Day Carriers were non-functional due to lack of funds for repair, electricity and technical staff. As a result, implementation of the immunisation programme was affected and despite 33 rounds of pulse polio drives undertaken since 1995, polio was not eradicated completely as of May 2004.

Kits not provided to trained Dais

With a view to providing at least one trained Dai to each village having population of 1000 to cater to the health care needs of pregnant rural women, Rs 1.18 crore (2000-01) were provided to SCOVA by GOI for training and supply of kits. Test-check revealed that 1597 Dais were trained in eight districts⁴ but no kit was provided to the trained dais which affected the delivery of health care services and rendered unfruitful the expenditure of Rs 0.23 crore incurred on training of Dais in seven districts. No training was organised in the other two districts (Muzaffarpur and Purnea) as of June 2004.

3.1.10 Administration of sub-standard drugs

Sub-standard medicines dispensed to patients

In three districts, Drug Inspectors obtained (1999-2000) samples of medicines for quality test but their test reports were sent to CS-cum-CMO after a delay of two to three years. Medicines worth Rs 23.06 lakh (Purnea: Rs 1.04 lakh; Muzaffarpur: Rs 4.80 lakh; Samastipur : Rs 17.22 lakh) were found (May 2000) to be substandard in the tests conducted by the Drug Testing laboratory, Patna. By the time the test reports were received the medicines from which

⁴ Bhojpur, Bhagalpur, Gaya, Katihar, Motihari, Nalanda, Samastipur and Vaishali

samples were taken had been dispensed to the patients. Purchase of sub-standard medicine required investigation for fixation of responsibility.

3.1.11 Defective maintenance of drug store records

Expired medicines provided to patients

Date of expiry of all medicines taken into stock should be noted in the medical store to ensure the timely consumption of drugs. The officer incharge of medical stores should periodically (quarterly) verify if medicines beyond shelf life are not in stock. Test-check revealed that dates of expiry of medicines were not noted and the quarterly verification of stores was not done as per norm by the MOs (I/C). As a result, medicines valued at Rs 3.88 lakh which had expired were distributed to patients (1999-2004).

Medicines short accounted

In nine districts⁵ test checked medicines valued at Rs 6.98 lakh issued from CS-cum-CMOs store to PHCs and then to APHCs were not taken into stock in the APHCs. This resulted in short accountal of medicines valued at Rs 6.98 lakh.

3.1.12 Human resource management

Inadequate health care providers

As per norms under the National Health Policy 1983 one Doctor, one Lady Health Visitor (LHV) and one ANM are required for a population of every two thousand, five thousand and three hundred respectively and one Pharmacist for every three doctors in the State.

There was substantial shortage of medical and para medical staff in rural areas of the State. The Additional Secretary to Government stated (December 2004) that the department is considering appointment of medical and para medical staff. Information in respect of men-in-position with reference to the sanctioned strength was not made available with the department. However, in the test-checked districts, (population : 2.76 crore) 13800 doctors and 1.02 lakh para medical staff (LHV:5520; ANM: 92000; Pharmacist:4600) were required as per the norms. Against this, the number of posts sanctioned and the staff in position as on April 2004 were as under:

Health care units	Medical		Para-Medical		Total	
	Sanctioned strength	Men-in-position	Sanctioned strength	Men-in-Position	Sanctioned strength	Men-in-position
	(In number)					
PHC (including HSC)	519	386 (74)	4011	3110 (78)	4530	3496 (77)
APHC	754	436 (58)	1678	652 (39)	2432	1088 (45)
Referral hospital	84	73 (87)	189	79 (42)	273	152 (56)
Total	1357	895	5878	3841	7235	4736

(Figure in bracket indicate percentage)

⁵ Bhagalpur, Bhojpur, Katihar, Motihari, Muzaffarpur, Nalanda, Purnea, Samastipur and Vaishali`

**Health care units
lacked staff**

As against the requirement of 13800 doctors and 1.02 lakh para medical staff as per norms, the number of sanctioned posts in the two categories of staff was 1357 and 5878 respectively. The number of men in position was still lower at 895 doctors and 3841 para medical staff.

In eight districts⁶ test-checked, 39 APHCs had no doctor during 2002-04 and the medicines were prescribed by the para medical staff. The health care units were clearly not fully operational.

**Only 30 specialist
doctors posted to
RHs against 76
required**

Four posts of specialists in the fields of obstetrics and gynaecology, paediatrics, surgery and medicine were sanctioned by the Government for each RH in the State for specialized treatment of patients. Accordingly, 76 specialists were required to be posted in 19 functional RHs in the test-checked districts. Against this only 30 specialists (39 per cent) were in position as of March 2004. Four hundred forty seven (out of 493) PHC/APHCs did not have the services of lady doctors.

**Lack of lady doctors
to provide services to
rural women.**

In 10 districts only 73 lady doctors were posted in 64 PHCs/APHCs and three RHs, while 447 PHCs/APHCs and 17 Referral hospitals were without lady doctors.

**Nugatory
expenditure of 10.24
crore on idle
personnel**

In six PHCs⁷ no indoor and out door facilities were available. Consequently six MOs and 24 other officials posted in these PHCs did not perform any duty resulting in nugatory expenditure of Rs 0.91 crore on their pay and allowances during 1999-2004. Seventeen X-ray technicians in 17 RHs and one Radiologist in one RH (Lalganj) were without work as X-ray machines in the RHs were either not available (three RHs) or were non-functional (14 RHs) for want of repairs, X-ray films, chemicals and indoor facilities. Further, 24 cooks/ assistant cooks in 19 RHs and a few Class-III and IV officials in RH, Manihari (Katihar) remained without work. This resulted in nugatory expenditure of Rs 2.04 crore on their pay and allowances during 1999-2004. Besides, 237 to 249 ward attendants were posted during 1999-2004 in 158 APHCs where there was no bed facility and no indoor patients. They remained without work resulting in nugatory expenditure of Rs 7.29 crore on their pay and allowances during 1999-2004.

3.1.13 Conclusions

**Poor quality of health
care**

The health care services were characterised by underspending against budget provisions which led to lack of basic and essential infrastructure like building, electricity, water, sanitation, , machine and equipment, manpower, labour rooms, etc. Despite inadequate number of health care units in the State, the number of patients admitted as indoor patients was very low reflecting the lack of treatment facilities in these units. The immunisation programme achieved only a fraction of its targets. There were instances of substandard drugs being

⁶ Bhagalpur; Gaya; Katihar; Motihari; Muzaffarpur; Purnea; Samastipur; Vaishali

⁷ PHCs: Amaur (Purnea); Lalganj (Vaishali); Katihar; Pirpaiti (Bhagalpur); Sherghati (Gaya); Sultanganj (Bhagalpur)

dispensed and faulty management of medical stores. Large amounts were spent as salary of medical and paramedical personnel posted in many health care units who were not in a position to treat any patient for want of infrastructural facilities.

Recommendations

- There is a need to revitalise the rural health care units by providing and improving basic and essential infrastructure of building, water, electricity, sanitation, machinery and equipment, manpower and medicines;
- At least one lady doctor should be posted in each PHC and RH in order to provide health care to rural women who constitute 46 per cent of the rural population
- Linkages of PHCs, APHCs and SCs with referral hospitals should be established by making the latter functional by posting specialist doctors and providing equipment and medicine.
- Management of medical stores and the procedure for testing of drugs and follow up actions thereon need to be revamped.

The points were referred to Government (July 2004); the reply received (December 2004) has been incorporated in the review at appropriate places.

RURAL DEVELOPMENT DEPARTMENT
RURAL ENGINEERING ORGANISATION

3.2 Pradhan Mantri Gram Sadak Yojana (PMGSY)

Highlights

In Bihar 17920 habitations having population of 500 and more were required to be provided with all weather road connectivity by constructing 9628 roads (33351 kilometres). But only a small number of habitations (10 per cent) was targeted for providing such connectivity in two phases (phase I and phase II) by constructing 969 roads (2400 kilometres) against which only 172 roads (466 kilometres) were constructed. Department had no statistics about the number of habitations benefitted by these roads. The scheme suffered due to defective project reports, improper planning and absence of effective monitoring and evaluation.

Out of Rs 149.90 crore sanctioned for Phase I of PMGSY and Rs 302.98 crore sanctioned for Phase II, only Rs 95.06 crore (63 per cent) and Rs 91.75 crore (61 per cent) respectively were spent as of May 2004.

(Paragraph 3.2.5)

Out of 299 roads (860 km) sanctioned for connecting 629 habitations under Phase I, only 280 roads were taken up of which 127 roads were completed and out of 670 (1540 km) roads sanctioned for connecting 1236 habitations in Phase II, only 45 roads were completed as of May 2004.

(Paragraph 3.2.6 & 3.2.8)

The project reports deviated from the technical specifications prescribed in the Government of India (GOI) guidelines.

(Paragraph 3.2.9)

Work was awarded to six contractors beyond their capacity resulting in work valued at Rs 32.87 crore remaining incomplete.

(Paragraph 3.2.9)

Bank guarantee of Rs 21.20 crore was not obtained on 449 road works as a result contractors had no liability to maintain the road works.

(Paragraph 3.2.13)

In nine packages of seven districts works worth Rs 4.26 crore were abandoned due to naxal problem, non availability of bitumen/land, delay in payment etc.

(Paragraph 3.2.10)

Out of 226 roads inspected by National Quality Monitors only 10 per cent of roads were constructed as per norms.

(Paragraph 3.2.13)

Introduction

Government of India (GOI) launched the Pradhan Mantri Gram Sadak Yojana (PMGSY) in December 2000 to provide connectivity by way of an all weather road (with necessary culvert and cross drainage structure) to unconnected habitations in the rural areas with a population of 1000 and above by 2003 and habitations with a population of 500 and above by the end of the Tenth Plan (2007) as a measure of promoting access to economic and social services in rural areas. In Bihar 24321 habitations (36625 Km road) have been identified as unconnected rural habitations out of which 11,717 (26687 Km road) had a population of more than 1000 people and the rest had population between 250 and 1000.

3.2.2 Organisational set up

Rural Development Department is the nodal department for implementation of PMGSY. Rural Engineering Organisation (REO) is a part of the department headed by Secretary, REO who is assisted by one Engineer-in-Chief-cum-Special Secretary and one Chief Engineer at the Secretariat level. He is assisted by two Chief Engineers at zonal level and 10 Superintending Engineers at the range levels. The execution of work is carried out by 45 Project Implementing Unit (PIUs) headed by Executive Engineers, spread over 38 districts. State Level Standing Committee (SLSC) headed by Chief Secretary is also formed to vet the Core Network and Annual Project Proposal received from District Panchayats and Detailed Project Reports (DPR) prepared by the PIUs. In pursuance of GOI instructions, State Government created the Bihar Rural Road Development Agency (BRRDA) headed by one Chief Engineer.

3.2.3 Audit objective

The audit objectives were to see whether:

- Planning for covering all unconnected habitations under this scheme in a given time frame has been made.
- Guidelines of PMGSY have been followed while preparing detailed project report.
- Due economy has been observed in implementation of the scheme.
- The implementation of the scheme has been efficient and effective.

3.2.4 Audit coverage

Implementation of PMGSY in 14 districts¹ (out of 38) was test-checked during August to October 2004. Selection of test checked districts was based on the

¹ Araria, Begusarai, Bhagalpur, Gaya, Gopalganj, Madhubani, Motihari, Muzaffarpur, Patna, Purnea, Samastipur, Saran, Siwan and Vaishali.

norm of expenditure incurred and geographical location. Points noticed are discussed in the succeeding paragraphs.

3.2.5 Funding pattern

The scheme provides 100 per cent Central assistance in four instalments. Twenty five per cent is released after clearance of the schemes by the National Rural Road Development Agency (NRRDA) and the other instalments are payable after utilisation of 60 per cent of funds received upto the previous year. Funds sanctioned by GOI and expenditure incurred as of May 2004 in phase I (2000-01) and phase II (2001-02) were as under.

(Rupees in crore)

	Amount sanctioned	Amount released	Expenditure as of May 2004	Percentage of expenditure
Phase I	149.90	149.90	95.06	63
Phase II	302.98	150	91.75	61

Non utilisation of funds in phase I and II

State Government received Rs 149.90 crore for phase I in March 2001 and released the amount in May 2001 to Deputy Development Commissioners (DDC) who released the funds to PIUs in only May 2002. Thus the funds remained blocked with DDC for over a year due to delay in finalisation of tender.

An amount of Rs 152.98 crore for Phase II, though sanctioned, was not released by GOI upto March 2004 due to non-utilisation of funds received by the State in the previous year.

3.2.6 Programme management

In Bihar 11717 and 6203 habitations having population of more than 1000 and 500 people respectively were identified as unconnected habitations. For providing connectivity to these habitations 9628 roads were required to be constructed with length of 33351 Km. But construction of only 969 roads (10 per cent) with 2400 Km length was sanctioned for construction in two phases (phase I-2000-01 and phase II 2001-02) for providing connectivity to 1865 habitations. Out of 299.90 crore (upto December 2003) made available for construction of these roads, only Rs 186.81 crore (62 per cent) could be spent as of May 2004.

3.2.7 Planning

Preparation of core network is the basis of for all planning in the rural road sector. Core network² of roads identified and approved by district boards should be submitted to State level agency and NRRDA. Roads undertaken under PMGSY should form a part of the core network. However, no core network of roads existed at the time of selection of roads to be constructed under phase I. Even the core network prepared for phase I (after selection of

² A core network is that minimal network of roads that is essential to provide basic access to essential social economic services to all eligible habitations in the selected areas through at least one all-weather road connectivity.

roads) and phase II in 38 districts though approved by District Boards were pending submission to NRRDA as of May 2004.

Selection of roads done without preparation of core network

As per guidelines all roads being constructed under PMGSY should be part of core network. Core network should be prepared after due consultation with the elected representatives of the people from panchayat level to MLAs and MPs. However, selection of roads to be constructed in phase I was done without preparation of core network.

3.2.8 Implementation

Poor physical progress of road construction

As per guidelines of PMGSY, roads constructed were to be completed within 10 months from the date of sanction of the scheme by GOI. Number of packages sanctioned for phase I and phase II and achievement there against in the state were as given below:

	Target			Achievement			Achievement (in per cent)		
	Package (No.)	Road (No.)	Road (Km.)	Package (No.)	Road (No.)	Road (Km.)	Package (No.)	Road (No.)	Road (Km.)
Phase I	108	299	860	31	127	364	29	42	42
Phase II	183	670	1540	6	45	102	3	7	7
Total	291	969	2400	37	172	466	32	49	

The shortfall was mainly due to the problem of naxalities, land acquisition problems, damage by floods etc

Connectivity not ensured despite huge expenditure

In 14 test-checked districts, GOI sanctioned construction of 1130 Km roads under Phase I and Phase II to be completed by March 2003 at a cost of Rs 20.10 lakh per km (total cost Rs 227.16 crore). Against this, 998 Kms (449 number) of roads were taken up for construction at an average cost of Rs 21.24 lakh per km (total cost Rs 211.99 crore.) resulting in increase in the cost of construction by Rs 11.38 crore. To adjust this increase in cost and to keep the expenditure within the sanctioned limit, the length of road was reduced by 132 Km without prior approval of GOI which resulted in less connectivity to habitations.

Shortfall in achievement of physical target

In 14 test-checked districts, 763 habitations were to be provided connectivity with 998 Km (449 nos.) of roads. However, it was noticed that only 178 habitations (23 per cent) were provided connectivity with 211 Km (83 nos.) of roads (21 per cent) under phase I and II by March 2004. Shortfall in achievements in 12 districts ranged from 13 to 94 per cent. In two districts (Gaya and Araria) shortfall was 100 per cent. The shortfall was mainly due to naxal related problems in the area, land acquisition problems and allotment of work to contractors beyond their working capacity.

3.2.9 Violation of Rural Road Manual and PMGSY guidelines

As per guidelines of PMGSY construction of roads under PMGSY was to be carried out as per specification of Rural Road (RR) Manual. It was noticed that in construction of 998 Kms of roads in 14 districts test-checked, GOI guidelines were not followed as shown below:

In the DPR height of embankment did not take into account highest flood level

- As per provisions of RR Manual, height of embankment of road was to be 0.6 metre to one metre above the highest flood level. However, this aspect was ignored while preparing detailed project report. As such roads constructed are exposed to risk of damage by floods.

Roads passing through populated habitations were not cemented

- As per guidelines of PMGSY, in case of a road passing through populated habitations, it should be either stone paved or cemented (50 meter before start of habitations to 50 meter after end of habitations). Proper provision for side drainage was also to be made but no such provision was made in the Project Reports. This omission made the roads susceptible to damage by water and other waste coming out of the houses of the habitations.

Primer coat not laid on WBM surface

- As per specifications of road and bridge works of MORT&H, a layer of primer coat was required to be laid on WBM surface before application of tack coat over it. But no provisions for laying of primer coat on WBM surface was made in project reports for construction of 23 number of roads of phase I in Muzaffarpur, Rosera and Samastipur Divisions (Package no. 23-01, 23-02 and 23-03 of REO Muzaffarpur & package 30-03, 30-04 and 30-05 of REO Rosera and package no 30-01 and 02 of REO Samstipur) resulting in execution of road work amounting to Rs 11.41 crore below specification.

PIUs stated (October 2004) that estimates of the roads were approved by the STA. The reply was not tenable as the estimates were prepared in violation of the guidelines. In phase II, provision has been made for primer coat on WBM surface.

Works awarded to agencies beyond their capacity resulting in works remaining incomplete

- As per PMGSY guidelines the contractors bidding for work should possess one hot mix plant, one road roller and one tractor with water tanker. The contractors were also required to set up a field laboratory at the work site to carry out quality test of materials and to have sufficient manpower including technical staff to carry out the work as per required specification in time. But in six districts more than one package of road work was allowed to one agency though it did not have sufficient number of equipment and manpower to carry out work simultaneously in a number of packages. It was noticed that 23 packages of 54 number of road works were allotted by the Superintending Engineers to six contractors in six districts³ beyond their capacity. This resulted in 23 packages of road works valued at Rs 32.87 crore remaining incomplete (total expenditure Rs 16.73 crore). Besides, because of award of work without judging the working capacity of the contractors, the works which were to be completed between March 2002 and December 2003 were lying incomplete even as of March 2004.

³ *Begusarai, Gopalgang, Motihari, Samastipur Saran, Vaishali*

3.2.10 Abandoned road works**Unfruitful expenditure on abandoned road works**

Construction of 43.10 Km road of eight REO Divisions was awarded to eight different contractors at an estimated cost of Rs 8.73 crore. The construction of these roads was abandoned since March 2003 due to earth work being damaged in floods and demand of compensation for damages, naxal problem in the area, non-availability of bitumen, delay in payment, non-availability of land, insufficient width of the road and non-rectification of damage work. This resulted in unfruitful expenditure of Rs 4.26 crore on abandoned road works. The details were as under:

(Rs in crore)

Division	Package No	Length of road	Estimate	Actual payment	Reason
(1)	(2)	(3)	(4)	(5)	(6)
Muzaffarpur	3	2.21 Km	0.23	0.08	Non payment of compensation due to damage by flood
Gaya	12-04 & 12-07	17.05 Km	4.11	1.07	Naxal problem
Munger	24-01	9.36 Km	1.03	0.65	Non-availability of bitumen
Purnea	27-01	6.40 Km	1.27	0.98	Non-availability of bitumen
Patna	26-11 & 26-14	1.48 Km	0.46	0.11	Due to delay in payment
Benipatti	21-1	4.45 Km	1.22	1.02	Non-availability of land
Masaurhi	26-01	1.50 Km	0.27	0.22	Insufficient width of the road
Samastipur		0.65 Km	0.14	0.13	Non-rectification of damage work
Total		43.10 Km	8.73	4.26	

3.2.11 Undue aid to contractor**Short recovery of mining cess from the bills of contractor**

As per notification issued by Government of Bihar, mining cess at the rate of Rs 100 per cubic metre with effect from April 2001 on consumption of stone metals was to be realized from the bills of contractor. Audit scrutiny revealed that mining cess for road works in three divisions (Rosera, Madhubani and Begusarai) was realised from the bills of the contractor at rates ranging between Rs 25 and Rs 50 per cubic meter resulting in short recovery of Rs 17.91 lakh and undue financial aid to the contractor.

Extra expenditure due to undue award to agency to carry stone chips from distant quarry

As per project report approved for East Champaran District stone chips to be utilized in road works under PMGSY was to be obtained from nearby Bhikhathori quarry. On the contrary, due to delay in construction of work on four packages (10 number of road) under two divisions (Motihari & Dhaka) of East Champaran district, extra expenditure of Rs 75.66 lakh has been incurred by allowing carriage of stone aggregate from quarry other than that approved in the Detailed Project Report. Executive Engineers (Motihari and Dhaka) stated (October 2004) that the quarry of Bhikhathori was closed, hence the contractor was allowed to carry stone chips from Shekhpura quarry.

3.2.12 Penal clause of contract not enforced

Non recovery of penalty due to non-enforcement of penal clause

In case of default in execution of works, Clause 2 of normal contract provided for levying penalty at ½ per cent per day of the value of the work remaining incomplete limited to 10 per cent of the contract value. It was noticed that 123 packages of 366 number of road works in 14 districts were not completed by stipulated period (March 2002) but penalty clause was not enforced, resulting in non-recovery of penalty of Rs 12.95 crore from 73 contractors.

3.2.13 Quality control and on line management system

Quality control envisaged three-tier quality control mechanism, one at PIUs level, second being the quality control monitors independent of PIUs and the third the National Quality Monitors (NQM) under the control of NRRDA. The State quality co-ordinator or officers of the State quality control agency were also required to conduct random test of works being executed but no such test was conducted by the State quality control agency as of March 2004.

Ninety per cent of roads inspected by NQM graded good as against norm of very good

As per guidelines of PMGSY quality of completed road should be very good. The State Government should ensure that the contractor replaces the material or rectify the workmanship within the stipulated time. But it was noticed that seven completed roads valuing Rs 3.65 crore in five districts⁴ were graded good instead of very good.

Further out of 226 roads inspected by the National Quality Monitor (NQM) as of May 2004 only 10 percent of roads was graded very good. Balance were graded as good (72 per cent), average (17 per cent) and poor (one per cent). Agencies carrying out road works of average and poor grades were to be blacklisted. But no agency was black listed and no action whatsoever was taken by the State Government to fix accountability for not constructing roads graded very good as per the norms.

Guidelines of PMGSY also provided for payment of bills only after quality test. It was noticed that during January to June 2004 payment of Rs 3.39 crore in Patna REO was made for six packages (package no 26-02, 03, 04, 05, 08, 15) of road works (33.83 Kms) without quality test of the roads. However the division kept back Rs 1.88 lakh only for quality test to be carried out in future.

Road work (0.815 Km) carried out in package No. 26-11 of Patna district (Moriyama to Sheogarh Path) at a cost of Rs 15.89 lakh was quality tested (May 2003) by NQM. In its report NQM suggested (May 2003) to re-do the work, which was not done as of March 2004. The contractor carried out only rectification works. No action was taken by the Government against the contractor, the agency and the officials.

Construction of 3.66 Kms of road in Package No. BR 11-05 of East Champaran district carried out at an estimated cost of Rs 62.60 lakh was inspected (October 2002) by NQM. It was found that estimate of earth work

⁴ *Vaishali, Gopalgang, Saran, Madhubani, Samastipur*

No action on guilty official despite NQM direction for exemplary punishment

was inflated and height of embankment was found only three feet against estimated height of 5.97 ft. Further drawing of the road suggested three ft earth work on old road surface, however, only nine inches new earthwork was carried out at site. Though NQM suggested (November 2002) exemplary punishment against the guilty official, no action was initiated as of April 2004.

Bank guarantee not obtained for road works

As per guidelines of PMGSY, the roads to be constructed were to be of very good quality, requiring no repair for five years. Accordingly provision was to be made in NIT for such quality assurance and the contractor entrusted with work were to provide bank guarantee valid for 5 years for the value of 10 per cent of the cost of the work. However, no such provision was made in the NIT for 449 road works (998 Kms) valued at Rs 211.99 crore in districts and the Department failed to obtain bank guarantee of Rs 21.20 crore. Thus roads were not backed by quality assurance and performance guarantee.

As per guidelines, a module of the On line Management System was to be evolved in which test results carried out by two tiers of monitors (one carried out by PIUs and another by independent monitors) was to be recorded.

Online management system remained non-operative

It was noticed that in spite of supply of two sets of computers to all the 15 REO Divisions by the GOI, online management system could not be started due to lack of computer operators and electricity. Further none of the divisions had internet facility. Thus online management system was not in place in the test-checked divisions.

3.2.14 Conclusion

PMGSY failed to provide all weather road connectivity to the targeted habitations as the progress of the programmes was very slow. In 14 test-checked districts, 763 habitations having population of 20.30 lakh were to be provided connectivity with 998 Km (449 nos) of roads. However, only 178 habitations (23 per cent) having population 4.46 lakh (22 per cent) were provided connectivity with 211 Km (83 nos) of roads (21 per cent).

Recommendations

- Progress of road works including the incomplete and abandoned road works should be expedited on priority basis.
- Road works should be effectively monitored for execution of works in time and as per specification of GOI.
- Quality tests of roads and material by State level monitors should be carried out from time to time for quality assurance of roads constructed.
- Online management system should be started immediately.

The points were referred to Government (December 2004), their reply had not been received (February 2005).

LABOUR, EMPLOYMENT AND TRAINING DEPARTMENT

3.3 Implementation of Child Labour (Prohibition & Regulation) Act, 1986

Highlights

The Child Labour (Prohibition and Regulation) Act 1986 (Act) is a Central Act to be implemented by all the States. The Act along with the Rules framed thereunder seeks to prevent the employment of children below 14 years of age in hazardous occupations. The Act lays down a procedure to decide modification to the schedule of banned occupations and processes, regulates the conditions of work of children and imposes penalties. Follow up action taken on prosecution cases launched for violating provisions of the Child Labour Act was not effective. The Child Labour Rehabilitation-cum-Welfare Fund (CLRWF) could not be raised to provide employment to the affected families. Special schools for the education of child labour were not opened as per guidelines of Government of India (GOI).

The State Government notified the Rules under the Child Labour Act only in February 1996 after eight years of the framing of Rules.

(Paragraph 3.3.7)

Against child labour violation cases of 17632 only 1468 (eight per cent) were prosecuted during 1999-2004.

(Paragraph 3.3.10)

Only three out of 38 districts were covered under NCLP.

(Paragraph 3.3.11)

Special schools had withdrawn children mainly from home-based occupations instead of from hazardous occupations.

(Paragraph 3.3.12)

Neither any employment was given to adult member of any affected family nor was any amount deposited by the State Government in the Welfare fund.

(Paragraph 3.3.13)

Introduction

The Child Labour (Prohibition & Regulation) Act 1986 seeks to achieve the basic objective of protecting children below the age of 14 years from exploitation and preventing them from being employed in hazardous occupations and to regulate the working conditions of children in other employments. The State Government adopted the Act by notifying the rules in February 1996. GOI fixed the target of eliminating child labour in the

hazardous sector by the end of the 10th Plan. National Child Labour Projects (NCLPs) focussed on different development and welfare programmes for the benefit of child labour in the project area.

The Bihar State Child Labour Commission (BSCLC) Act, 1996 was enacted (September 2003) for the welfare of child labour.

As the National Policy on Child Labour was not being implemented effectively, the Supreme Court of India issued (December 1996) further directions for:

- identification of working children;
- withdrawal of children working in hazardous employment and ensuring their education in appropriate institutions;
- contribution of Rs 20,000 per child by the offending employer of child labour to CLRWF to be established for the purpose; and
- employment of one adult member of the family of child so withdrawn from work and if that is not possible, a contribution of Rs 5000 to the CLRWF to be made by the State Government.

3.3.2 *Main features of the Child Labour Act, 1986*

- To ban the employment of children below the age of fourteen years in specified occupations and processes;
- To lay down a procedure to decide modification to the Schedule of banned occupations or processes;
- To regulate the conditions of work of children in employments where they are not prohibited from working;
- To lay down enhanced penalties for employment of children in violation of the provisions of this Act, and other Acts which forbid the employment of children;
- To obtain uniformity in the definition of “child” in the related laws.

3.3.3 *Organisational set up*

In Bihar, the Act is being implemented through the Department of Labour Employment and Training headed by Commissioner-cum-Secretary to the Government of Bihar. However, the Labour Commissioner, Bihar has been appointed ‘Inspector’ in the State, who is assisted by other officers¹ appointed as ‘Inspector’.

¹ 1. All DM/DC, 2. Chief Inspector of Factories, 3. Director, Agriculture Labour, 4. All Joint Labour Commissioners, 5. All Deputy Labour Commissioners, 6. All Deputy Chief Inspectors of Factories, 7. All Sub-Divisional Officers, 8. All Assistant Labour Commissioners (Agri. Labour), 9. All Factory Inspectors, 10. All Labour Enforcement Officers, 13. All Circle Officers, 14. All Panchayat Supervisors, 15. All Co-operative Extension Officers

NCLPs are managed through Project Societies² headed by the District Magistrate of the area as Chairman and actually run by the Project Director. The composition of the Project Societies is such as to represent both official and non-official functionaries and representatives of the departments of health, education, rural development, welfare and labour.

3.3.4 *Audit objectives*

The Audit objectives of the review were mainly to examine:

- the extent of implementation of the Act with regard to the prohibition and regulation of child labour,
- the steps taken under the National Policy on Child Labour and Programmes for rehabilitation of child labour and results achieved.

3.3.5 *Audit coverage*

Records of three NCLP societies, three District offices of Labour Department (Saharsa, Jamui and Nalanda) and of the Secretariat for the period 1999-2004 were test-checked during April 2004 to July 2004.

3.3.6 *Financial management*

Hundred per cent funds for NCLPs were released by GOI, Ministry of Labour. Funds received by NCLPs were being kept in savings accounts in the banks.

The details of funds released by GOI and expenditure incurred in three NCLPs were as under:

<i>(Rupees in lakh)</i>										
Name of NCLPs	Year	Funds allotted by GOI	Opening Balance	Funds released	Funds released short (-) Excess(+)	Interest earned	Others	Total (4+5+7+8)	Expenditure	Unspent Balance
1	2	3	4	5	6	7	8	9	10	11
Saharsa	2000-01	67.01	73.72	22.34	(-) 44.67	2.88	--	98.94	5.51	93.43
	2001-02	85.94	93.43	--	(-) 85.94	2.02	--	95.45	28.95	66.50
	2002-03	85.94	66.50	--	(-) 85.94	1.70	--	68.20	54.39	13.81
	2003-04	85.94	13.81	61.41	(-) 24.53	0.16	--	75.38	58.19	17.19
Total		324.83		83.75	(-)241.08	6.76	--		147.04	
Jamui	2000-01	59.91	69.37	19.64	(-) 40.27	1.13	--	90.14	34.20	55.94
	2001-02	74.66	55.93	31.19	(-) 43.47	4.76	--	91.88	54.81	37.07
	2002-03	71.16	37.07	35.58	(-) 35.58	1.56	--	74.21	49.21	25.00
	2003-04	71.16	25.00	58.28	(-) 12.88	0.42	--	83.70	65.80	17.90
Total		276.89		144.69	(-)132.20	7.87	--		204.02	
Nalanda	2000-01	74.29	25.94	24.76	(-) 49.53	0.75	3.90	55.35	37.64	17.71
	2001-02	88.68	17.71	63.84	(-) 24.84	0.69	0.81	83.05	76.82	6.23
	2002-03	92.18	6.23	99.01	(+) 06.83	0.39	2.68	108.31	88.55	19.76
	2003-04	92.18	19.76	88.24	(-) 03.94	1.29	--	109.29	62.25	47.04
Total		347.33		275.85	(-)71.48	3.12	7.39		265.26	
Grand Total		949.05		504.29	(-)444.76	17.75	7.39		616.32	

² 1. Saharsa 2. Jamui and 3. Nalanda.

It would be clear from the above table that the NCLPs in the State could not utilise the entire funds released by GOI though GOI released much less than the funds allotted to the State.

3.3.7 Regulatory functions under the Act, 1986

Although the Act was passed in 1986 and the related Child Labour (Prohibition and Regulation) Rules were framed by the Central Government in 1988, the Rules were notified in February 1996 after a delay of eight years for application in the State by Government of Bihar. The delay in notification in turn delayed taking definite steps for tackling the problem of child labour. The Commissioner and Secretary however stated (November 2004) that action plan for elimination of child labour will be submitted to GOI shortly.

3.3.8 Regulatory functions under the BSCLC Act, 1996

For eradication, welfare and rehabilitation of Child Labour, the BSCLC Act, 1996 was notified in September 2003 to perform the following main functions:

- to review the implementation of various rules passed by the GOI and the State Government for welfare of child labour;
- to help and encourage the NGOs and educational institutions working in the field of welfare and rehabilitation programme and rights of child labour;
- to advise education department in preparation and implementation of major programme for compulsory, free vocational training for child labour;
- to collect, compile and publish facts and figures relating to child labour employed in hazardous and non-hazardous occupations in the State;
- to suggest remedies to prevent new entry of child labour specially in hazardous occupations.

It was noticed that there was nothing on record to show the action taken to collect, compile and publish facts and figures relating to child labour employed in hazardous and non-hazardous occupations in the State. However, the Commissioner and Secretary to Government stated (November 2004) that the Commission is an autonomous body and the State Government can not issue directions to the commission.

Prohibitory functions under the Act

3.3.9 Survey

A survey was conducted by the District Magistrates in May 1997 which identified 21281 children in hazardous and 27761 children in non-hazardous occupations in the State. No follow up survey was done as of July 2004.

However, the Commissioner and Secretary to Government stated (November 2004) that direction was issued for undertaking survey to identify child labour.

3.3.10 Inspection and Prosecution

The monthly quota of inspections was fixed by the Labour Commissioner as ten inspections for Labour Superintendents, five for Assistant Labour Commissioners and two for Deputy Labour Commissioners. However, the number of inspections, violations of the Act and prosecution in the State were as under:-

Year	Inspection	Violation	Prosecution launched	Percentage
1999-2000	14,313	581	234	40.3
2000-01	20,552	1,836	136	7.4
2001-02	48,415	3,719	315	8.5
2002-03	48,276	6,065	398	6.6
2003-04	36,835	5,431	385	7.1
Total	1,68,391	17,632	1,468	8.1

Prosecutions launched in only eight per cent of detected cases

Against 17632 violation cases detected by the Department in 168391 inspections carried out in the State during 1999-2004, 1468 (eight per cent) prosecution cases were filed. On the query relating to action taken after filing the cases for prosecution, no reply was furnished. The Commissioner and Secretary to Government stated (November 2004) that it is difficult to ascertain whether the violation and prosecution cases related to the Act or regulatory provision. He did not provide information in respect of disposal of 1468 prosecution cases filed. The Government did not have any separate information in respect of inspections conducted in hazardous and non-hazardous industries.

Number of inspections, violations and prosecution in the districts having NCLPs during 1999-2004 were as under:

Year	Inspections				Violations				Prosecutions			
	Saharsa	Jamui	Nalanda	Total	Saharsa	Jamui	Nalanda	Total	Saharsa	Jamui	Nalanda	Total
1999-2000	52	300	20	372	21	63	--	84	14	09	--	23
2000-01	50	150	60	260	10	35	05	50	02	03	02	07
2001-02	73	200	811	1084	26	54	59	139	02	08	03	13
2002-03	255	120	1117	1492	57	15	84	156	08	02	10	20
2003-04	223	135	796	1154	49	21	100	170	05	11	08	24
Total	653	905	2804	4362	163	188	248	599	31	33	23	87

Of 4362 inspections, 599 cases of violations were detected but only 87 prosecution cases were launched against the defaulters.

3.3.11 *Rehabilitation programme in NCLP*

The main objective of the NCLP was to withdraw children working in hazardous occupations and rehabilitate them through their education in the Special Schools where they are provided non formal education, vocational training, stipend, nutrition, etc.

Under the Project Based Plan of Action, the main thrust of NCLP was to reduce the incidence of Child labour in the project area thereby encouraging the elimination of child labour progressively. The action to be taken in these projects were:

- stepping up of enforcement of child labour laws;
- formal / non-formal education;
- provision of vocational training;
- income and employment generation activities;
- direct rehabilitation of child labour;
- raising of public awareness; and
- survey and evaluation.

Only three out of 38 districts covered under NCLP

However, out of 38 districts of Bihar only three districts (Saharsa, Jamui and Nalanda) were covered by NCLPs as the majority of child labour were identified in these districts. The objective of NCLP remained neglected as discussed below:

Vocational training not imparted in Saharsa District

- Up to 2002-03, the Project societies had not implemented vocational training for the children in Saharsa due to non- availability of skilled teachers. The Commissioner and Secretary to Government stated (November 2004) that vocational training in Saharsa was not provided to children in the absence of qualified teachers.
- There was shortage of one field officer and one steno at NCLP Nalanda since inception of the society. The Commissioner and Secretary to Government accepted (November 2004) the audit comment and intimated that action is being taken for their appointment.

3.3.12 *Special schools under NCLPs*

As per Government guidelines, special schools were to be opened for rehabilitation of child labour withdrawn from hazardous occupations by encouraging voluntary efforts for imparting formal/non formal education and pre-vocational/craft training. The children were to be provided with supplementary nutrition, stipend, health care services etc.

Special schools had withdrawn children mainly from home based occupations

Forty special schools for 2000 child labour each in Saharsa and Jamui and 25 in Nalanda districts for 2500 child labour students were opened. As per provisions, child labour in hazardous work should be given priority in the

NCLP schools. However, it was found that children were drawn from home based occupations and enrolled in these schools.

The number of child labour who were enrolled in special schools, mainstreamed after completing education and dropped out of the special schools during study was as under:

Name of Districts	No. of Child labour:	Number of child labour enrolled, mainstreamed and dropped out.														
		1999-2000			2000-01			2001-02			2002-03			2003-04		
		M	F	T	M	F	T	M	F	T	M	F	T	M	F	T
Saharsa	Enrolled	1995	05	2000	1995	05	2000	1995	05	2000	1995	05	2000	1804	122	1926
	Mainstreamed	1249	05	1254	--	--	--	--	--	--	--	--	--	1576	122	1698
	Dropped out	572	--	572	--	--	--	--	--	--	--	--	--	228	--	228
Jamui	Enrolled	883	1017	1900	883	1017	1900	883	1017	1900	937	1063	2000	850	1150	2000
	Mainstreamed	--	--	--	--	--	--	--	--	--	895	1057	1952	850	1150	2000
	Dropped out	--	--	--	--	--	--	--	--	--	20	28	48	--	--	--
Nalanda	Enrolled	1259	952	2211	1213	1287	2500	1163	1338	2501	1174	1326	2500	1174	1326	2500
	Mainstreamed	185	182	367	952	831	1783	250	130	380	267	293	560	NA	NA	1210
	Dropped out	07	04	11	48	78	126	05	08	13	07	06	13	NA	NA	NA

Scrutiny further revealed that these NCLP schools were lacking in basic facilities like:

- Twenty two schools in Saharsa were conducting four classes in a single room with inadequate space. The Commissioner and Secretary to Government stated (November 2004) that required accommodation was not available in villages.
- Due to non receipt of funds in 2001-02 and 2002-03 from GOI, mid day meal was not supplied.
- Toilet facilities were not provided in the special schools despite enrolment of female child labour students during 1999-2004. The Commissioner and Secretary to Government stated (November 2004) that due to location of special schools in remote village areas, it was not possible to arrange toilet facilities in these schools.

3.3.13 Welfare Fund not created

As per direction of the Hon'ble Supreme Court of India, the offending employer was to pay compensation of Rs 20000 for every child employed in a hazardous work and this amount was to be deposited in the Child Labour Rehabilitation-cum-Welfare Fund. Another amount of Rs 5000 was required to be deposited in the fund for each child by the State Government where it was not possible to provide job to an adult member of the affected family whose child was withdrawn from hazardous work.

No welfare funds raised under CLRWF

However, it was noticed that only Rs 0.80 lakh was collected from the employers in four cases in Patna in July 1997. Neither any employment was given to adult member of any affected family nor any amount was deposited

by State Government in the welfare fund. However the Commissioner and Secretary to Government stated (November 2004) that in view of the advice furnished by Law department Child Labour should be given compensation at the rate of Rs 20000. However, the fact remains that no welfare fund was raised (March 2004).

3.3.14 Monitoring and evaluation

Monitoring was poor

The activities of NCLP were required to be monitored by GOI through the Ministry of Labour and by State Government through the Labour Department. The Senior functionaries of the Ministry of Labour, GOI were required to visit the project location from time to time. The State Government was also required to have regular interaction with the project societies and ensure timely submission of audited accounts and utilisation certificates etc. by the project society. The State Government was to review the progress of implementation of the Child Labour programme twice in a year.

However, it was noticed that monitoring was not done as per norms at the State level. A meeting of State Monitoring Committee was held in May 2003 to review the implementation of its earlier decision (February 2002) to supply meals regularly to child labour students in schools. However, the Commissioner and Secretary to Government stated (November 2004) that enforcement agencies have been given responsibilities to review implementation of the Act in the State.

3.3.15 Conclusions

Poor coverage of districts under NCLP

The actual number of child labour could not be ascertained in the absence of any follow up survey of child labour since May 1997. The NCLP was in operation in only three out of 38 districts of the State. The administrative machinery has not been strengthened to undertake follow up action for violating the Child Labour Act as a result of which there was prosecution in only eight per cent of the detected cases during 1999-2004.

Recommendations

- The State Government should commission surveys at periodic intervals to correctly assess the impact of the Act and the implementation of the scheme in the State.
- The NCLP schools should be started in a phased manner in all the Districts of the State and only children withdrawn from hazardous occupations are to be enrolled in the NCLP-run schools under the guidelines of the scheme.
- Vocational education in special schools should be given a market orientation. Post mainstreaming monitoring of the special school children should be made mandatory for NGOs as well as Project Societies.

- Review and monitoring of the activities of the NCLP schools by the Project Society as well as the Directorate and the Department must be regular and effective.

The points were referred to Government (September 2004); their reply received (November 2004) has been incorporated wherever necessary.

MEDICAL EDUCATION AND FAMILY WELFARE DEPARTMENT

3.4 INDIAN SYSTEM OF MEDICINE & HOMOEOPATHY

Highlights

The Government established the department of Indian System of Medicine and Homoeopathy (ISM&H) for making available doctors practising these systems of medicine and providing medical and health care services to the masses at an affordable price. The Department failed to provide adequate educational and research facilities in Indian System of Medicine and Homoeopathy (ISM&H). Medical and health care services were also poor in the State.

Ayurvedic, Unani and Homoeopathic Medical Colleges and hospitals did not fulfill the required standard prescribed by the Central Council of Indian Medicine and the Central Council of Homeopathy New Delhi in respect of deployment of teaching, non-teaching, medical and para medical staff.

(Paragraph 3.4.7)

In the Government Homoeopathic Medical College and Hospital, Muzaffarpur considerable number of students dropped out every year.

(Paragraph 3.4.7)

Functioning of the Ayurvedic College-cum-Hospital, Begusarai and the Government Tibbi College, Patna suffered due to lack of basic infrastructure facilities.

(Paragraph 3.4.8)

No patient was admitted in paediatric emergency and research department of Government Ayurvedic College hospital, Patna during 1999-2003.

(Paragraph 3.4.8)

Out of Rs 1.25 crore released by the GOI for strengthening of infrastructure in Ayurvedic & Unani Colleges / Pharmacies, expenditure of Rs 73.22 lakh incurred on the facilities was rendered unfruitful

(Paragraph 3.4.10)

The ISM&H department had not established any monitoring mechanism for evaluating the functioning of Ayurvedic, Homoeopathic and Unani colleges, hospitals and dispensaries.

(Paragraph 3.4.11)

Introduction

The Government established the department of Indian System of Medicine and Homoeopathy (ISM&H) for making available doctors practising these systems of medicine and providing medical and health care services to the masses at an affordable price in the State. These systems include Ayurveda, Siddha, Unani, Yoga, Naturopathy and Homoeopathy.

There are five Government Ayurvedic and one Unani and one Homoeopathic medical colleges / hospitals in the State. There is also one Ayurveda Post Graduate Department (Government Ayurvedic Medical College, Patna), one Ayurvedic and Unani Research Unit and one Ayurvedic and Unani Pharmacy. Institutions established for providing education and health care services under ISM&H are regulated by rules and instructions issued by the Central Council of Indian Medicine (CCIM) and the Central Council of Homoeopathy (CCH), New Delhi. There is a ten-bedded Government Homoeopathic Hospital, besides 69 ayurvedic, 30 unani and 28 homeopathic dispensaries in the State.

3.4.2 Programme objectives

The ISM&H department has been functioning for attainment of and propagation of these systems of medicine with the following objectives:

- Providing better educational and research facilities.
- Providing medical and health care services at an affordable price.
- Ensuring adequate infrastructure facilities.
- Developing herbal gardens for raw materials used in manufacture of medicines.

3.4.3 Organisational set-up

The ISM&H Department is headed by the Secretary, Health Education (Family Welfare), who is assisted by the Director and three Deputy Directors at the secretariat level. There are 27 District Indigenous Medical Officers (DIMOs) at the district level who are also in charge of Joint dispensaries at the district headquarters which had doctors of Ayurveda, Unani and Homoeopathy streams and State dispensaries (at the block level) which had a doctor of either Ayurveda or Unani or Homoeopathy stream.

3.4.4 Audit objectives

The main objectives of audit were to assess whether:

- Norms laid down by CCIM/CCH, New Delhi for running of medical colleges/hospitals were observed.
- Adequate infrastructure was provided to the ISM&H institutions for efficient delivery of services.
- Medical and health care services were provided to patients at an affordable price.
- Ayurvedic and unani medicines of required quality were produced for use in hospitals, etc.

3.4.5 Audit coverage

Performance of the three Ayurvedic Medical College-cum-Hospitals at Patna, Begusarai and Bhagalpur, Government Tibbi College (Unani) Patna, Ayurvedic Post Graduate Department Patna, Government Ayurveda and Unani Research Institute Patna, State Ayurvedic and Unani Pharmacy Patna, Rai Bahadur Tunkee Shah (RBTS) Government Homoeopathic Medical College-cum-Hospital, Muzaffarpur and eight¹ DIMOs for the period 1999-2004 was reviewed by test check of records during May 2004 to October 2004.

3.4.6 Financial outlay and expenditure

The position of budget allotment and expenditure during 1999-2004 was as under:

<i>(Rupees in crore)</i>			
Year	Allotment	Expenditure	Saving
1999-2000	24.22	22.31	1.91
2000-2001	23.44	21.32	2.12
2001-2002	17.07	10.25	6.82
2002-2003	16.36	9.48	6.88
2003-2004	20.02	15.72	4.30
Total	101.11	79.08	22.03

(Source - Appropriation Accounts, Government of Bihar, 1999-2004)

3.4.7 Programme management

Government (Ayurvedic, Unani and Homeopathic) Medical Colleges in the State were to function as per the standards and regulations laid by the CCIM and CCH, New Delhi. Scrutiny of records revealed:

Shortage of teaching and non teaching staff

In none of the test-checked Ayurvedic, Unani and Homoeopathic Medical Colleges-cum-Hospitals, the strength of teaching and non-teaching staff was as per the norms prescribed by CCIM and CCH (*Appendix XXX & XXXI*). The number of men in position was less (Professors: 88 per cent, Readers : 76 per cent and Lecturers : 35 per cent) than the sanctioned strength.

No post of demonstrators in Ayurvedic medical colleges of the State

Against the requirement of 27 posts of Demonstrators in each Ayurvedic Medical College, no post had been sanctioned in any of the Ayurvedic Medical Colleges.

Post Graduate (PG) Department of the Government Ayurvedic Medical College, Patna is the sole institution in the State imparting post graduation courses in two disciplines namely "Dravyaguna" and "Ras Shastra". The CCIM, New Delhi after considering the available facilities of teaching,

¹ Begusarai, Muzaffarpur, Hazipur, Samastipur, Gaya, Aurangabad, Nawada and Biharsharif

practical training and infrastructure decided not to permit admission of students for the session 1997-98 and advised (September 1997) creation of independent hostel facility for boys and girls. In October 1998, however, the CCIM permitted admission of four students in each discipline with the condition to fill up the vacant posts of Professor (one) and Reader (one) and to establish a laboratory of P.G. standard in "Dravyaguna" and "Ras Shastra" within one year. However, these courses were continued without providing these facilities. In PG Department of the Ayurvedic college, Patna it was observed that admission of students for the session 2002-03 onwards was pending as confirmation in respect of number of seats reserved as per new Reservation Policy 2000 was awaited from the Government.

Lack of basic facilities in colleges / hospitals

Functioning of Ayurvedic College-cum-Hospital, Bhagalpur suffered due to lack of basic infrastructure facilities like electricity, equipment and shortage of beds. The CCIM, New Delhi had derecognised the college in 2001 due to non-functioning of the Indoor Patient Department (IPD). The IPD was still not functioning (March 2004).

Admission of students

Admission of students in medical colleges below the norms

Government Tibbi College, (Unani) Patna, the sole institute in the State for providing degree in Unani System of medicine, with enrollment capacity of 40 students, did not fulfill the minimum standard of three beds per student, separate hostel for boys and girls and herbal garden as fixed by CCIM, New Delhi. Despite these deficiencies, 106 students were admitted during 1999-2003.

Rajkiya Ayodhya Shivkumari Ayurveda Mahavidyalaya, Begusarai was permitted (August 2001) by CCIM, New Delhi to admit 30 students for BAMS degree course. Against the capacity of 30 students only 17 and 14 students were admitted in 2002-2003 and 2003-2004 respectively. Examinations for the sessions 2002-03 and 2003-04 were also not conducted. No reasons were furnished in this regard.

It was also observed in RBTS Government Homoeopathic Medical College-cum-Hospital, Muzaffarpur that students were not enrolled to the full capacity during 2003-04. Moreover, a substantial number of students dropped out every year as indicated in the table below.

High dropouts of students

(In number)

Year	Sanctioned by CCH	Students admitted	Dropped out students
1999-2000	60	38	9
2000-2001	60	60	26
2001-2002	60	60	28
2002-2003	60	55	28
2003-2004	60	12	5

Shortage of teaching / non-teaching staff and inadequate infrastructure in the Colleges-cum-Hospitals contributed to shortfall in admission of students in the colleges and high drop-out rate.

3.4.8 *Functioning of Government Ayurvedic, Homoeopathic and Unani Hospitals*

The functioning of Ayurvedic, Homoeopathic and Unani Hospitals suffered from lack of medical / para-medical staff, poor infrastructure and non-availability of medicines as discussed below.

Shortage of staff

Shortage of medical/ para medical staff in the hospitals attached to Ayurvedic colleges

The functioning of three test checked Government Ayurvedic Colleges-cum-Hospitals² suffered due to non sanctioning / posting of Medical and para-Medical staff as tabulated below:

Post	CCIM norm	Sanctioned by Government	(In number)
			Men-in-Position
House Physician	30	Nil	Nil
Anaesthetist	3	Nil	Nil
Clinical Registrar	3	Nil	Nil
Casualty Officer	3	Nil	Nil
Assistant Matron	3	Nil	Nil
Nursing Sister	9	1	Nil

Consequently, no medical and health care services were rendered by these hospitals during 1999-200.

RBTS Government Homoeopathic Medical College and Hospital, Muzaffarpur was taken over by Bihar Government in 1981 and was recognised by CCH, New Delhi in 1999. The hospital attached to the college had a capacity of 60 beds. As per CCH norm one Deputy Medical Superintendent, four Resident Medical Officers and eight house staff were required to be posted in the hospital but the State Government did not sanction these posts (October 2004). No patient was admitted during 1999-2002 whereas only three and 20 patients were admitted during 2002-2003 and 2003-2004 respectively.

Poor infrastructural facilities in hospitals

Lack of infrastructure facilities in Ayurvedic College, Begusarai

The RBTS Government Ayurveda Hospital, Begusarai was functioning without the facility of "Panchkarma", X-ray, Operation Theatre, Delivery Room, Family Planning and Emergency child welfare unit. Dravyaguna and Ras Shastra Departments were functioning in a single room.

The hospital attached to the Government Tibbi College (Unani), Patna had the building in a dilapidated condition, no electric and water supply and was without bathroom and toilet facilities. The hospital was also without any operation theatre.

² *Government Ayurvedic College Hospital Patna, Begusarai: and Bhagalpur*

Indoor patients were not provided with essential facilities like bed sheets, pillow cover, mosquito net, mattress etc

Herbal garden was neglected due to lack of fund

All Ayurvedic Medical College and Hospitals were required to maintain a herbal garden for obtaining raw material for production of medicines as well as study of medicinal plants. It was observed that only the Ayurvedic Medical College, Patna had a three acre herbal garden which was not maintained due to lack of funds. Consequently, no raw material for preparation of medicines was obtained from the garden.

The laboratories for pharmacy of Unani and Ayurvedic medicines were non-functional. In PG Department of the Government Ayurvedic Hospital, Patna bed capacity was not utilized in full during 2000-03. No patient was admitted in the Paediatric, Emergency and Research Departments during 1999-2003.

Negligible expenditure on medicines

Despite availability of funds, most of the hospitals suffered from shortage of medicines and equipment due to their non-purchase as shown below:

Negligible expenditure on medicines and equipment

Name of institute	Years	Purpose of allotment	(Rupees in lakh)	
			Amount of allotment	Amount utilised
Government Ayurvedic College, Patna	2000-2001 to 2003-2004	Medicine	1.04	-
		machine & equipment	1.85	-
Ayurveda and Unani Medicine Manufacturing Unit	1999-2000 to 2002-2003 1999-2004	Raw material	6.40	0.88
		Machine & equipment	6.40	0.08
Post Graduate Deptt. Patna	1999-2000 to 2003-2004	Equipment medicine	2.28	0.41
			0.63	-
Ayurvedic and Unani Research Unit, Patna	1999-2000 to 2003-2004	Diet	1.06	-
		Medicine	1.50	0.30
		Equipment	2.32	-
Ayurvedic Medical College Hospital Begusarai	2001-2002 to 2003-2004	Machine equipment and Material	3.60	-
Total			27.08	1.67

The head of the PG Department stated that the meeting of the purchase committee under Chairmanship of District Magistrate could not be held to finalise the rates.

3.4.9 Functioning of dispensaries

Inadequate infrastructure facilities in dispensaries

District joint dispensaries (DJD) and the attached State dispensaries (SD) (sub-divisional level) were under the administrative control of DIMO. Seven District joint dispensaries and 32 State dispensaries out of eight DJD and 36 SD) test-checked in audit were running in private buildings. Only seven State dispensaries had the facility of electricity, nine were provided with water supply and three had toilet facility.

None of the dispensaries was provided with pathological, X-ray and indoor treatment facility. One Unani Dispensary in Muzaffarpur was running without Medical Officer since May 2001.

During 1999-04 out of Rs 10.29 crore, negligible funds (one per cent) were provided to dispensaries for medicine.

The State dispensaries had not maintained any record of the number of outdoor patients treated and details of medicines prescribed.

Shortage of staff and poor infrastructure led to poor functioning of the hospitals and dispensaries defeating the objective of providing medical and health care services to the masses.

3.4.10. *Unfruitful expenditure on incomplete / unused infrastructure*

Out of Rs 1.25 crore released by the GOI for strengthening of infrastructure in Ayurvedic & Unani Colleges / Pharmacies, expenditure of Rs 73.22 lakh incurred on the facilities was rendered unfruitful due to their non-completion / non-use, as detailed in the table below:

Sl No	Name of the Construction	Amount released (Rs in lakh)	Year of release	Expenditure incurred (Rs in lakh)	Remarks
1	State Ayurvedic & Unani Pharmacy, Patna	75.00	2000-01	25.00	Expenditure of Rs 25 lakh incurred on construction of the pharmacy building at Patna was unfruitful due to its non-completion for want of additional funds of Rs 5 lakh earmarked for it. Another Rs 50 lakh meant for purchase of machines and equipment for the pharmacy was lying unutilized.
2	Hostel building at Government Ayurvedic College, Patna	15.00	2000-01	15.00	The building was lying incomplete for want of additional funds of Rs 15 lakh
3	Hospital building for Government Tibbi College, Patna	10.00	1997-98	10.00	The building taken up for execution in November 2003 was lying incomplete due to paucity of funds.
4	Girls' hostel building in RBTS Homeopathic College, Muzaffarpur	15.00	2000-01	13.32	Hostel building completed in July 2003 was not put to use in the absence of security arrangements and non-fixation of rent by the Government. The balance of Rs 1.68 lakh was not refunded by the executing agency.
5	Computer lab, Government Ayurvedic College Patna	10.00	2001-02	9.90	The computer lab set up in July 2002 was lying unutilized in the absence of trained personnel.
	Total	125.00		73.22	

The balance of Rs 51.78 lakh was lying with the executing agencies.

3.4.11 *Conclusions*

The ISM&H department failed to provide education in ISM&H as the medical colleges lacked in basic infrastructure facilities and shortage of teaching and non-teaching staff. Medical and health care services in the hospitals were also

poor for want of medical and para medical staff, infrastructure facilities and medicines. Raw materials for preparation of medicines could not be obtained from the herbal gardens due to their non-maintenance.

Recommendations

- CCIM/CCH norms for providing infrastructure and manpower need to be followed.
- Adequate funds for medicines and equipment and other infrastructure in hospitals / dispensaries should be provided to improve the quality of health care services.
- Pharmacies and quality control system for Ayurvedic and Unani medicines need to be made functional.
- Proper monitoring systems need to be put in place for effective functioning of the ISM&H.

The points were referred to Government (November 2004); their reply had not been received (February 2005).

INDUSTRIES DEPARTMENT

3.5 FUNCTIONING OF INDUSTRIES DEPARTMENT

Highlights

Financial management in the Industries Department was characterised by weakness in budgetary control procedures as indicated by huge savings, unnecessary drawal of funds without budget provisions etc. The implementation of the industrial development schemes was poorly managed as evident from the cases of unspent funds, misuse and diversion of funds, expenditure on incomplete and abandoned schemes and low employment generation. The department failed to provide essential infrastructural facilities for setting up new industries in the State. Initiatives of the department like mega growth centres and mini growth centres did not bear fruit. The Industrial Park at Hajipur remained a non-starter. The Industrial Area Development Authorities (IADAs) failed to develop industrial estates between 1999 and 2004, as planned out of 1236 entrepreneurs functioning in the allotted plots, 675 entrepreneurs closed their units during 1999-2004.

The budget of the department was not based on actual needs. The result was huge savings of Rs 200.02 crore during 1999-2004.

(Paragraph 3.5.5)

The Director of Industries and the Director of Technical Development irregularly drew Rs 3.11 crore (March 2001 and March 2003) from the treasury to avoid lapse of funds and the entire amount was retained in Civil Deposit since then. Besides, Rs 32.25 crore shown as expenditure under plan schemes were actually lying in the bank accounts of the IADAs and the Industrial Data Bank, Patna.

(Paragraph 3.5.6 and 3.5.8)

Director of Industries paid Rs one crore to Indian Craft Village Trust, Kolkata in March 1998 for construction of Bihar Pavilion in Kolkata. No construction was carried out by the Trust and the amount was being utilised by the Trust.

(Paragraph 3.5.9)

Out of 1236 entrepreneurs functioning on land developed by the IADAs, 675 entrepreneurs closed their units during 1999-2004 due to inadequate infrastructure.

(Paragraph 3.5.15)

Mega Growth Centres could not come up even after a lapse of 12 years due to non-acquisition of land. The Export Promotion Industrial Park at Hajipur also remained a non-starter.

(Paragraph 3.5.10 and 3.5.12)

Due to poor infrastructure support, the industrial development in the State was far behind the declared policy objectives of the Government.

Only 20 per cent of the industrial units were functional in the State. Under the Small Scale Industries sector though the investments increased marginally from Rs 37.24 crore to Rs 46.38 crore during 1999-2003 the employment generation dropped from 15475 to 13622 during the same period.

(Paragraph 3.5.20)

Introduction

The Industries Department has been functioning with a view to establishing and developing a comprehensive network of large, medium, and small scale industries as well as rural artisan based industries in the State. Besides, it has to ensure the effective implementation of State and Centrally sponsored schemes and different rehabilitation schemes for sick and closed industrial units.

The State had introduced the State Industrial Incentive Policy 1993 for five years (upto March 1998) primarily based on cash incentives like subsidy, loan, exemption in sales tax etc. Meanwhile an Industrial Policy was initiated in September 1995 by the Government, which withdrew earlier cash incentives and focused on providing infrastructural facilities to entrepreneurs. However, this policy (1995) was not finally published. After division of the State into Bihar and Jharkhand, the Government felt the necessity of a new industrial policy and launched Industrial Policy 2003 stressing on infrastructural facilities and some reformative steps to facilitate entrepreneurs. In the latest policy Government also identified some thrust industries (e.g. information technology, power generation, bio-technology, export, agro based industries etc.) for special attention.

3.5.2 Organisational set-up

The Industries Department is administered by the Commissioner-cum-Secretary who is assisted by one Special Secretary, one Joint Secretary, two Deputy Secretaries, one Under Secretary and three Directors¹ at the secretariat level and seven Regional Directors² and 27 General Managers in the District Industries Centers³ (DIC) at the district level.

The Director of Industries is responsible for implementing the Industrial Policy adopted by the government and also in charge of the Single Window System. The Director of Handloom and Sericulture is entrusted with the job of development of handloom and sericulture industries as well as to implement schemes for the welfare of weavers and silk producers. Schemes belonging to

¹ *Director of Industries, Director of Technical Development, and Director of Handloom and Sericulture*

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

³ *Ara, Aurangabad, Begusarai, Betiah, Gopalganj, Jahanabad, Khagaria, Katihar, Madhepura, Madhubani, Motihari Munger, Nalanda, Nawada, Purnia, Rohtas, Samastipur, Sitamarhi, Siwan, Vaishali and including above mentioned seven districts.*

Village and Small Industries (VSI) sector were also supervised by him. An Industrial Data Bank (IDB) was functioning under the Director of Technical Development with the objectives of collection, storage and documentation of necessary data required for setting up new industries. Besides, the implementation of the Large and Medium Industries (LMI) sector was also placed under his supervision.

3.5.3 *Audit objectives and methodology*

The review of the Industries Department was conducted to ascertain the effectiveness and performance of the department in respect of induction and growth of industries in the State. The audit objective was to assess if the following main functions were carried out with the economy, efficiency and effectiveness.

- Financial management;
- Programme management; and
- Monitoring and evaluation

For the review the auditee units were selected on the basis of budget provision, expenditure and their socio-economic importance in the industrial growth of the State. Audit observations were based on the scrutiny of documents related to Industrial Policies, physical and financial reports on the schemes maintained at the secretariat level as well as the district level offices and implementing agencies.

3.5.4 *Audit coverage*

Records relating to formulation and implementation of Industrial Policies were examined in the Secretariat. Budget provision and expenditure of three Directorates were reviewed. At the district level records of three Regional Directorates (Bhagalpur, Muzaffarpur and Patna) and ten District Industries Centres (DICs) ⁴ were checked during November 2003 to August 2004. The period covered in the test check was 1999-2004.

Financial management

Budget provision and expenditure on the establishment and schemes of the Industries department during 1999-04 were as under:-

(Rupees in crore)

Year	Budget provision			Expenditure			Saving		
	Plan	Non-plan	Total	Plan	Non-Plan	Total	Plan	Non-plan	Total
1999-2000	81.93	37.59	119.52	27.65	22.11	49.76	54.28	15.48	69.76

⁴ Bhagalpur, Begusarai, Darbhanga, Gaya, Muzaffarpur, Madhubani, Nalanda, Patna, Purnea and Vaishali

Audit Report (Civil) for the year ended 31st March 2004

2000-01	52.67	73.08	125.75	15.98	45.84	61.82	36.69	27.24	63.93
2001-02	22.04	31.21	53.25	10.30	17.30	27.60	11.74	13.91	25.65
2002-03	25.48	69.27	94.75	22.74	53.74	76.48	2.74	15.53	18.27
2003-04	28.36	49.43	77.79	12.67	42.71	55.38	15.69	6.72	22.41
Total	210.48	260.58	471.06	89.34	181.7	271.04	121.14	78.88	200.02

(Source: Appropriation Accounts of 1999-2004)

3.5.5 Budget prepared on ad hoc basis

Budget was unrealistic

It was observed in audit that statements of expenditure, men-in-position and sanctioned strength were not compiled at the secretariat level and budgets were prepared on ad hoc basis leading to huge savings of Rs 200.02 crore during 1999-2004, which was 42.46 per cent of the total budget provision during the five years. The savings of Rs 200.02 crore comprised of savings of Rs 132.20 crore under Revenue head and Rs 67.82 crore under the Capital head.

Government stated (February 2005) that savings were mainly due to cut in plan outlay. It was observed in audit that savings were due to poor spending on schemes and non sanction of schemes by the government.

3.5.6 Irregular placing of funds in banks, civil deposits

As per Bihar Treasury Code, no amount should be drawn from the treasury unless required for immediate disbursement. In violation of the codal provision, a sum of Rs 3.11 crore was drawn by the Director of Technical Development (Rs 0.30 crore) and the Director of Industries (Rs 2.81 crore) in March 2001 and March 2003 respectively and irregularly retained in Civil Deposits.

Further, three Directorates drew Rs 64.50 crore from Patna Secretariat treasury for execution of plan schemes during 1999-2004, of which Rs 59.38 crore were drawn in the month of March alone and the amount was kept in demand drafts. Besides, the closing balance of cash at the end of every year (1999-2004) in the three Directorates ranged from Rs 3.98 crore to Rs 11.22 crore indicating that the funds were drawn without immediate need, in total disregard of the codal provisions.

3.5.7 Mismanagement of funds under Single Window Clearance

Single Window System (SWS) was established in 1994 under the Director of Industries to provide full assistance, information and guidance to entrepreneurs under one roof for establishment of industries. In March 1998, the SWS Unit was converted to a registered society and the Director of Industries was its ex-officio chairman. Director of Industries, Bihar drew Rs 37.48 crore, for implementation of various State and Central schemes, from the Patna Secretariat Treasury and transferred the entire amount to Single Window System during the period from March 1998 to October 2002. The drawal of funds from the treasury were made mainly to avoid lapse of

budgeted funds of the respective years. Out of this, the society disbursed Rs 34.56 crore to various executing agencies (DICs, Industrial Area Development Authorities, State owned Corporations etc.) and the balance of Rs 1.54 crore remained deposited in the Personal Ledger Account of the Director of Industries since October 2002. No permission was obtained to open the PL Account from the Accountant General (A&E), Bihar. As of March 2004 a sum of Rs 0.65 crore was lying in the Bank accounts of the society. Thus, the drawal of funds from treasury without immediate need, transfer of Government funds to a society outside the Government Account and retention of scheme funds in the Bank accounts of the society were irregular.

3.5.8 Plan funds transferred to autonomous bodies remained unutilised

A sum of Rs 32.25 crore shown as spent under various plan schemes actually remained unutilised with the IADAs, Patna (Rs 6.99 crore), Darbhanga (Rs 7.87 crore), Muzaffarpur (Rs 14.77 crore) and Industrial Data Bank, Patna (2.62 crore). These amounts were lying in various bank accounts of these bodies as of 31 March 2004.

3.5.9 Misutilisation and diversion of funds

Director of Industries, Bihar drew (March 1998) Rs one crore for construction of Bihar pavilion in Kolkata by Indian Craft Village Trust (ICVT) Kolkata. The trust in turn invested the amount in fixed deposits in the Standard Chartered Bank. Even the Government did not take up with the Trust the issue of non-construction of the pavilion and misutilisation of State funds. The Government stated (February 2005) that on verification the Joint Director of the Department found (July 2004) that no construction work was started and that the department had requested the ICVT, Kolkata to return the amount with interest.

Further, Director of Industries drew Rs 3.50 crore (March 1995: Rs 2.00 crore; March 1999: Rs 1.50 crore) for assistance to Khadi Gramodyog Board for rebate on sale of Khadi. However, Rs 1.75 crore were disbursed to Khadi Gramodyog Board as of August 2004 and the balance of Rs 1.75 crore misutilised during May 1999 to April 2000 on contingent and miscellaneous payments (Rs 49.04 lakh), payment of municipal taxes of Khadi Gramodyog Board building at Patna (Rs 19.42 lakh), and repayment of loans to Industrial Development Bank of India (Rs 1.06 crore) to discharge liabilities of Bihar Drug and Chemical Limited for which the Government was a guarantor. The department's reply (February 2005) that out of Rs 3.50 crore, Rs 2.43 crore were disbursed for rebate and Rs 1.09 crore deposited in PL account was not accepted because they did not furnish details of expenditure of Rs 2.43 crore on rebate or the supporting documents showing deficit of Rs 1.09 crore in PL account.

Programme management

To extend and strengthen the process of industrialisation in the State, various State and Centrally sponsored schemes (including PMRY) were being

implemented during 1999-04 by the Industries Department. These schemes were in the Large and Medium Industries (LMI) sector as well as the Village and Small Industries (VSI) sector.

The implementation of the schemes suffered from improper planning and delivery mechanism. On examination of the records in respect of implementation, deficiencies like non-functioning of schemes, abandonment of schemes, low achievement of targets, non co-ordination among the different organs of the department etc. were noticed. The scheme wise deficiencies are discussed in the succeeding paragraphs.

3.5.10 Mega Growth Centres

None of the MGCs were functional due to incomplete infrastructure

This Centrally Sponsored Scheme was launched to develop five⁵ centres in the State for establishing various industries at one place with adequate infrastructural facilities (**Appendix-XXXII**). The scheme was to be executed through respective Industrial Area Development Authorities (IADAs). The scheme was sanctioned during the Eighth Five Year Plan (1992-97) at an estimated cost of Rs 30 crore each to be funded by GOI (Rs 10 crore) and State Government (Rs 5 crore). The remaining resources of Rs 15 crore were to be raised by IADA through loans from financial institutions (Rs 4 crore), banks (Rs 1 crore) and market borrowings (Rs 10 crore).

It was noticed that out of Rs 21.13 crore (Central: Rs 7 crore and State: Rs 14.13 crore received by the three IADAs Patna, Muzaffarpur and Darbhanga) for development of mega growth centres only 817 acres of land out of targeted 3645 acres could be acquired for two centres (Bhagalpur and Begusarai) at a cost of Rs 13.48 crore (including cost of development of site). There was no progress in developing the centres at Darbhanga, Chapra and Motipur-Muzaffarpur due to non-acquisition of land. The IADAs failed to mobilise resources from financial institutions, banks and market borrowings. Thus none of the targeted five centers could be completed even after a lapse of 12 years as of March 2004. In their reply department stated (February 2005) that the process of land acquisition was in progress.

IADAs at Chapra and Muzaffarpur spent Rs 19.28 lakh as of March 2004 on pay and preparation of project report etc. which were not related to development of the centers and allotment of land. In their reply (February 2005) the department informed that process of acquisition of land for MGCs at Darbhanga, Chapra and Motipur were in progress and that steps were being taken for infrastructure development on land acquired for MGCs at Begusarai and Bhagalpur.

3.5.11 Mini Growth Centres

This Centrally Sponsored Scheme of six mini growth centres was launched in 1986-87 at an estimated cost of Rs six crore each to be shared equally by GOI, State Government and the Industrial Development Bank of India (IDBI).

⁵ *Bhagalpur, Begusarai, Muzaffarpur, Chapra and Darbhanga*

Additional cost if any was to be borne by the State Government. Under the scheme four mini growth centres⁶ were to be set up by IADA, Patna and two centres⁷ by IADA, Darbhanga. But none of the mini growth centres was functional as of July 2004. IADAs failed to mobilise resources from IDBI as envisaged in the scheme. Despite availability of funds for setting up centres at Nalanda and Saharsa, no amount was spent as of March 2004. However the mini growth centres of Giddha (Bhojpur) and Aurangabad that accounted for expenditure of Rs 6.05 crore were partially activated. In their reply, the department stated (February 2005) that Mini Growth Centres at Purnea was fully functional and the scheme at Saharsa had been dropped. However records relating to the functioning of Purnea centre, requisitioned in August 2004, were not made available to audit. Details of the schemes are given in *Appendix XXXIII*.

3.5.12 *Export Promotion Industrial Park (EPIP)*

This Centrally Sponsored Scheme (sanctioned 1993) aimed to construct an Industrial Park at Hajipur to encourage export oriented industries in the State at an estimated cost of Rs 11.50 crore which was revised to Rs 14.92 crore (February 1999). The cost was to be shared by the Central and the State Government in the ratio of 75:25. The park was to provide stall and infrastructure facilities to entrepreneurs. The work was to be completed by the Bihar State Export Corporation (BSEC). It was noticed that out of Rs 14.92 crore (Central share : Rs 10.00 crore; State share : Rs 4.92 crore) Rs 12.91 crore (Central share : Rs 8 crore and State share: Rs 4.91 crore) were paid during 1999-2003 to BSEC for the work. But the construction of roads, tube wells, water tower, storm water drainage, boundary walls, effluent discharge pipeline, common facility building and health centre were still incomplete after incurring an expenditure of Rs 11.81 crore (upto Feb 2004).

Scheme could not attract entrepreneurs

Further as per GOI guidelines, the element of Central grants was to be excluded for working out the sale price or rent for allotment of plots/sheds in order to make the scheme attractive to the entrepreneurs. On the contrary, State Government fixed the sale price of plots and sheds taking into account the element of Central assistance. Incomplete infrastructure facilities and unattractive pricing made the scheme unviable. As a result, against the target of 55 only 15 entrepreneurs applied for shed/plots as of March 2004 and only three plots could be allotted to three entrepreneurs. The prospect of the project was bleak as its nodal agency i.e. BSEC had gone into liquidation in May 2004. In their reply department stated (February 2005) that the Bihar Industrial Area Development Authority (BIADA) was appointed nodal agency for completing the remaining work and the matter had been taken up with the BSEC/State Government and Central Government to sort out the issue.

⁶ *Giddha in Bhojpur, Aurangabad, Khagaria, Nalanda*

⁷ *Purena and Saharsa*

3.5.13 Critical Infrastructure Balance (CIB) Scheme

This Centrally Sponsored Scheme (funded equally by the State and the Central Government) envisaged development of infrastructure facilities surrounding the Export Promotion Industrial Park at Hajipur at an estimated cost of Rs 9.83 crore sanctioned during 1999-2000 and targeted to be completed in two years i.e. by 2001-2002. Meanwhile the estimated cost of the scheme was revised and reduced to Rs 3.91 crore. The Central Government released Rs 99.81 lakh in 2000-2001 but the work could not be started then due to the failure of State Government to provide matching grant .

In 2001-03 Rs 96.95 lakh was paid to Bihar State Export Corporation for development of industrial park at Hajipur. In 2002-03 Rs 54.66 lakh was paid to Bihar State Water Board for drainage of water logged areas and in 2002-03 Rs 77.31 lakh was given to Road Construction Department for widening of Hajipur Jandaha road. Neither the Road Construction Department nor the Water Board had completed the works as of August, 2004 and the funds provided to Bihar State Export Corporation (Rs 96.95 lakhs) had proved unfruitful as the BSEC did not carry out any work with the funds and in the mean time had gone into liquidation (May 2004).

3.5.14 Prime Minister Rojgar Yojana (PMRY)

Ineffective implementation of PMRY

PMRY was being implemented through the DICs. The scheme was started with a view to providing training to new entrepreneurs and arrange loan from banks to help them in self employment. During 1999-04 the scheme had a target of providing self employment to 72449 through bank loans but only 24985 (34 per cent) persons were benefitted under the scheme. The shortfall was due to the fact that the entrepreneurs failed to meet the terms and conditions of bank and there was delay in sending recommendations by the DICs to banks.

3.5.15 Industrial Areas/Estates (IAEs)

Fifty five per cent entrepreneurs closed their units in IADA.

This State funded scheme was started (1972-76) with a view to providing infrastructural facilities like water and power supply, effluent treatment, telecommunication, industrial housing, common facilities etc. in selected areas of the State. Under the scheme 44 IAEs (Patna-21, Muzaffarpur-8 and Darbhanga-15) were identified for development and the execution of the schemes was entrusted to respective Industrial Area Developmental Authorities (Patna, Muzaffarpur and Darbhanga). But none of the three IADAs could develop any plot or shed during the period 1999-2004. However it was noticed that out of 1236 entrepreneurs (who were functioning on the land developed by the IADAs prior to 1999), 675 entrepreneurs had closed their units as of March 2004.

In IADAs Darbhanga and Muzaffarpur, 178 acres of land valued at Rs 10.08 crore remained unallotted (December 2004).

Out of 454 acres of land acquired for Industrial Estate, Ramnagar, Government allotted 25 acres of land in 1993 for mulberry farm and

transferred 60 acres to Charwaha Vidyalaya in 1993 instead of developing them for entrepreneurs.

3.5.16 Publicity and Publication Scheme

This State funded scheme was initiated (1999) with a view to attracting entrepreneurs (from outside and within the State) through publicity of Government programmes. Bihar State Credit and Investment Corporation (BICICO) was provided Rs 95 lakh (between March 1999 and May 2003) for implementing the scheme. Out of Rs 95 lakh, Rs 61.20 lakh were spent (March 2001) for which vouchers were not produced to Audit. The balance of Rs 33.80 lakh was diverted and spent on survey work of software technology park (Rs one lakh), Bhojpuri conference at Mauritius (Rs 2.70 lakh) and meeting staff cost and contingent expenditure of BICICO (Rs 30.10 lakh), which had no connection with publicity and publication for industrial development.

3.5.17 Non-submission of utilisation certificate

Government made available (1999-2004) an amount of Rs 10.89 crore to the Chief Executive Officer, Khadi Gramodyog Board, Patna to meet the establishment cost of the Board but utilisation certificate for the amount was not obtained by the Director. He did not also obtain utilisation certificates for Rs 26.92 lakh made available to eleven others Board, Corporations and Government Companies and Undertakings as loan in 2001-02 for updating their accounts which had been in arrears from two to 11 years.

It was noticed that Rs 30.15 lakh were paid to six cooperative societies and the Bihar State Export Corporation (BSEC) as assistance for development of marketing of handloom products under project package schemes during 1998-2002 but the department failed to obtain utilisation certificates as of March 2004 from the societies and the BSEC.

3.5.18 Infructuous expenditure

Two processing units of raw handloom products situated at Darbhanga (Dying and Finishing Plant) and at Biharsharif (Central Processing Unit) closed in 1997-98. The department had, however, incurred expenditure Rs 1.46 crore on pay and allowances of the idle staff in these processing units during 1999-2004.

3.5.19 Internal Audit

Internal audit of the Industries department had not been conducted by the Finance Department of the State Government. One post of Accounts Inspector had been sanctioned but even that post was vacant during 1999-2004.

3.5.20 Impact analysis

Due to poor infrastructure support, industrial development in the State was far behind the declared policy objectives of the Government. Only 20 per cent of

**Expenditure of
Rs 1.46 crore on idle
staff**

the industrial units were functional in the State. Under the Small Scale Industries sector though the investments increased marginally from Rs 37.24 crore to Rs 46.38 crore during 1999-2003 the employment dropped⁸ from 15475 to 13622 during the same period.

The contribution of the manufacturing sector to the Gross State Domestic Product of the State during 2000-2004 was merely three *per cent* as shown below:

Year	Manufacturing Sector*	Total GSDP**	Percentage
	(Rupees in crore)		
2000-01	1362	49383	3
2001-02	1499	50987	3
2002-03	1561	56688	3
2003-04	1617	59862	3

Source of information: *GSDP at factor cost by industry of origin of Bihar at constant prices (1993-94)

**Chapter I of Audit Report (2003-04), Government of Bihar

3.5.21 Conclusions

The Industries department failed to provide adequate infrastructure facilities to promote industrialisation of the State. The implementation of developmental schemes in respect of industries were suffering from lack of proper planning, misutilisation and diversion of funds and absence of monitoring by the department. Thus the department could not achieve any noticeable growth in development of industries or in employment generation.

Recommendations

- IADAs need to formulate a clear strategy for speedy development of land acquired for use of entrepreneurs.
- The policy regarding investments in mega and mini growth centres may be reviewed in view of the lack of interest of the financial institutions.
- The Industrial Park at Hajipur should be provided with proper infrastructure facilities to attract entrepreneurs.
- There is a clear need for devising a strictly time bound approach for implementation of various infrastructure development schemes.

⁸ Source: Data Bank, Technical Development Directorate, Bihar, Patna.

The points were referred to Government (September 2004); their reply was received (February 2005) and incorporated in this review.