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## **PREFACE**

1. This Report has been prepared for submission to the Governor of the State of Bihar under Article 151 of the Constitution of India.
2. Chapter-I of this Report covers audited entity profiles, authority for audit, planning and conducting of audit and responses of the departments to draft paragraphs. Highlights of audit observations included in this Report have also been brought out in this chapter.
3. Chapter-2 deals with the findings of performance audit of Indira Awaas Yojana and Mitigation programme for arsenic, fluoride and iron pollutants. Chapter-3 covers audit of transactions in various departments, autonomous bodies, local bodies, etc. Chapter-4 includes comments on the Integrated Audit of Animal and Fisheries Resources Department.
4. Audit observations on matters arising from the examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2011 are presented separately.
5. The Report containing the observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing observations on Revenue Receipts are presented separately.
6. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts for the year 2010-11 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports. Matters relating to the period subsequent to 2010-11 have also been included, wherever necessary.

## CHAPTER-I

### INTRODUCTION

#### 1.1 About this Report

This Report of the Comptroller and Auditor General of India (CAG) relates to matters arising from the performance audits of selected programmes and activities and compliance audits of Government departments and autonomous bodies.

Compliance audit refers to the examination of transactions relating to expenditure of the audited entities, to ascertain whether the applicable laws, rules, regulations, orders and instructions issued by the competent authorities were being complied with. Performance audit on the other hand, in addition to compliance issues, also examines whether the objectives of the programme/activity/department were achieved economically and efficiently.

The primary purpose of this Report is to bring to the notice of the State Legislature, the important results of audit. Auditing Standards of the Indian Audit and Accounts Department require that the materiality level for reporting should be commensurate with the nature, volume and magnitude of transactions. The requirements have been complied with. The findings of audit are expected to enable the Executive to take corrective actions leading to improved financial management and better governance.

This Chapter, in addition to explaining the issues of planning and extent of audit, provides a synopsis of the significant achievements and deficiencies in implementation of selected schemes, significant audit observations made during the audit of transactions and follow-up on previous Audit Reports. Chapter-II of this Report contains findings arising out of performance audit of selected programmes/activities/departments. Chapter-III contains observations on audit of transactions in Government departments and autonomous bodies. Chapter-IV presents an assessment of the functioning of the Animal and Fisheries Resources Department.

#### 1.2 Audited entity profiles

There are 44 departments in the State at the Secretariat level, headed by Principal Secretaries/Secretaries with the overall control and guidance being provided by the Chief Secretary. In the performance of their duties, the Principal Secretaries/Secretaries are assisted by Special Secretaries/Additional Secretaries/Directors and other subordinate officers. In addition, there are 9838 local bodies, 32 autonomous bodies and 18 other autonomous bodies substantially funded by the Government, which are audited by the Office of the Principal Accountant General (Audit), Bihar on behalf of the CAG.

The comparative position of expenditure incurred by the Government during the year 2010-11 and in the preceding two years is given in **Table-1** below.

**Table 1: Comparative position of expenditure**

(₹ in crore)

Disbursement	2008-09			2009-10			2010-11		
	Plan	Non-Plan	Total	Plan	Non- Plan	Total	Plan	Non- Plan	Total
<b>Revenue Expenditure</b>									
General Services	282	10248	10530	351	11851	12202	178	15109	15287
Social Services	4366	7886	12252	5140	8046	13186	7779	7310	15089
Economic Services	2632	3094	5726	2947	4141	7088	2942	4894	7836
Grants-in-aid and Contributions	--	4	4	--	108	108	--	3	3
<b>Total</b>	<b>7280</b>	<b>21232</b>	<b>28512</b>	<b>8438</b>	<b>24146</b>	<b>32584</b>	<b>10899</b>	<b>27316</b>	<b>38215</b>
<b>Capital Expenditure</b>									
Capital Outlay	6337	99	6436	7268	64	7332	9150	46	9196
Loans and Advances Disbursed	197	354	551	487	410	897	835	268	1103
Repayment of Public Debt	--	--	1682	--	--	1983	--	--	2190
Contingency Fund	--	--	--	--	--	--	--	--	1150
Public Account Disbursements	--	--	17311	--	--	15448	--	--	16749
<b>Total</b>			<b>25980</b>			<b>25660</b>			<b>30388</b>
<b>Grand Total</b>			<b>54492</b>			<b>58244</b>			<b>68603</b>

### 1.3 Authority for audit

The authority for audit by the CAG is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. CAG conducts audit of expenditure of the departments of the Government of Bihar under Section 13<sup>1</sup> of the CAG's (DPC) Act 1971 and is the sole auditor in respect of 10 autonomous bodies which are audited under Sections 19(3)<sup>2</sup> and 20(1)<sup>3</sup> of the CAG's (DPC) Act. In addition, the CAG also conducts audit of 18 other autonomous bodies, which are substantially funded by the Government, under Section 14<sup>4</sup> of the CAG's (DPC) Act. The principles and methodologies for conducting various audits are prescribed in the Auditing Standards and the Regulations on Audit and Accounts issued by the CAG in 2007.

<sup>1</sup> Audit of (i) all transactions from the Consolidated Fund of the State, (ii) all transactions relating to the Contingency Fund and Public Accounts and (iii) all trading, manufacturing, profit and loss accounts, balance sheets and other subsidiary accounts.

<sup>2</sup> Audit of accounts of such corporation, established by law made by the Legislature, on the request of the Governor for which the Governor is of opinion that it is necessary in public interest so to do.

<sup>3</sup> Save as otherwise provided in section 19, where the audit of accounts of any body or authority has not been entrusted to the CAG, he shall, if requested so to do, by the President or the Governor, undertake the audit of accounts of such body or authority on such terms and conditions as may be agreed upon between the CAG and the Government.

<sup>4</sup> Audit of all receipts and expenditure of a body/authority substantially financed by grants or loans from the Consolidated Fund of the State and (ii) all receipts and expenditure of any body or authority where the grants or loans to such body or authority from the Consolidated fund of the State in a financial year is not less than ₹ one crore.

#### **1.4 Planning and conduct of audit**

The audit process starts with the assessment of risks faced by various departments of the Government. This risk analysis is based on the expenditure incurred, criticality or complexity of its activities, the level of delegated financial powers, assessment of overall internal controls and concerns of the stakeholders. The previous audit findings are also considered in this exercise. Based on this risk assessment, the frequency and extent of audit are decided.

After completion of audit of each unit, Inspection Reports containing audit findings are issued to the heads of the offices audited with copies to the next higher authorities. They are requested to furnish their replies to the audit findings within six weeks of receipt of the Inspection Reports. Based on replies received, audit findings are either settled or further action for compliance is advised. The important audit observations arising out of these Inspection Reports are processed for inclusion in the Audit Reports, which are submitted to the Governor of the State of Bihar under Article 151 of the Constitution of India.

During 2010-11, 9004<sup>5</sup> party-days were used to carry out transaction audit of 1075 units and to conduct three performance audit reviews and integrated audit of one department. The audit plan covered those units/entities which were vulnerable to significant risks as per our assessment.

#### **1.5 Significant audit observations**

In the last few years, audit has reported on several significant deficiencies in the implementation of various programmes/activities through performance audits, as well as on the quality of internal controls in the selected departments. Similarly, the deficiencies noticed during compliance audits of the Government departments/organisations have also been reported upon.

##### **1.5.1 Performance audits of programmes/activities/departments**

The present Report contains two performance audits and an integrated audit of the functioning of the Animal and Fisheries Resources Department. The highlights of these audits are given in the following paragraphs:

##### **1.5.1.1 Indira Awaas Yojana**

The Indira Awaas Yojana (IAY), with the objective of providing pucca houses to shelterless Below Poverty Line (BPL) families, is a Centrally Sponsored Scheme on cost sharing basis in the ratio of 75:25 between the Central and State Governments. A performance audit of the implementation of this scheme for the period 2006-07 to 2010-11 revealed deficiencies like non-preparation of annual plan, non-fixing of monthly targets, short releases of funds, diversion of funds, poor monitoring etc.. Some of the significant findings were as given below:

<sup>5</sup> *Inspection Civil including Autonomous Bodies: party days 6367 (Units Audited: 819) and Works/Forest: party days: 2637 (Units Audited: 256)*

- The permanent IAY waitlists of shelterless families were never prepared as required under the scheme guidelines as a result of which ineligible beneficiaries having pucca houses were provided assistance of ₹ 10.36 lakh. IAY houses were sanctioned to beneficiaries ignoring their ranking in the waitlist.
- Scheme parameters to ensure accrual of scheme benefit to targeted population, were ignored by District Rural Development Agencies during fixation of blockwise/panchayatwise targets.
- The central share of ₹ 794.14 crore was not released by Central Government due to carry-over of funds in excess of the prescribed norms of guidelines during 2006-11.
- IAY funds of ₹ 325.35 crore were not deposited in separate bank accounts of IAY but were deposited in general bank account of block offices in disregard to scheme guidelines.
- The department failed to utilise ₹ 53.34 crore provided by the GOI to acquire land for landless BPL families.
- Delays in sanction of annual targets by the District Panchayat/Zila Parishad/District Rural Development Agencies (DRDAs) regarding construction of IAY houses under Naxal package resulted in additional burden of ₹ 14.34 crore to the State exchequer.
- The monitoring and periodical review of the programme was ineffective and inadequate.

#### ***1.5.1.2 Mitigation programme for arsenic, fluoride and iron pollutants***

Under Accelerated Rural Water Supply Programme of the Government of India, sub-mission projects were undertaken by the Government for providing safe drinking water to the rural habitations facing water quality problems like presence of excess fluoride, arsenic, iron contaminants etc. In order to overcome the problem of groundwater pollution and to prevent and ameliorate the same, various programmes and schemes were started in the State. The implementation of the mitigation schemes in the State suffered from several deficiencies such as lack of planning, unsatisfactory financial management, failure to provide adequate safe drinking water in quality affected habitations, absence of operation and maintenance policy, meager achievement in testing of groundwater sources and ineffective monitoring systems during 2006-11. Some of the significant findings were as given below:

- Non-preparation of the Annual Action Plan during 2006-09 resulted in slow progress in implementation of mitigation schemes inspite of availability of funds.
- The mitigation schemes were sanctioned in non-priority habitations without considering the habitations with highest contamination. Co-ordination between the Central and State agencies for the planning was deficient and no meetings of the Water Quality Review Committee was held.



- The financial management by the department was unsatisfactory as 25 *per cent* of the schemes funds were surrendered apart from retention of funds (₹ 13 crore) in Civil Deposit.
- Of the 24420 habitations affected with arsenic, fluoride and iron contamination in the State, only 1375 habitations were covered under mitigation schemes by the Department during 2006-11.
- The sanction of technically non-feasible sanitary wells to cover arsenic affected habitations resulted in non-completion of 585 sanitary wells in the test-checked divisions and 262 habitations being deprived of safe drinking water.
- Arsenic and iron removal attachment units were installed at a cost of ₹ 5.14 crore without conducting pre-test of tube-well water in the test-checked divisions.
- Non-maintenance of the assets created after the completion of operation and maintenance period of schemes by the agencies affected the water quality.
- The Information, Education and Communication activities were not conducted efficiently resulting in non-optimisation of anticipated benefits from this component.
- Rupees 5.20 crore expended on training of grass root level workers and purchase of Field Testing Kits remained unfruitful because of non-submission of test report by gram panchayats.
- Due to non-periodical monitoring of progress of various pollution amelioration schemes, the deficiencies/shortcomings could not be addressed to.

#### ***1.5.1.3 Integrated Audit of Animal and Fisheries Resources Department***

Bihar is primarily a rural agrarian economy with 90 *per cent* of the State's population living in the rural areas where animal husbandry is extremely important. Animal husbandry is being implemented in the State by Animal and Fisheries Resources Department. The major activities of the department were to provide animal health care, to conduct livestock census, to increase production of major livestock products, poultry development, breeding facilities for livestock to upgrade and conserve indigenous breeds apart from prevention of cruelty against animals.

An integrated audit of the department revealed preparation of annual plans for livestock improvement without actual livestock census data, deficient financial management as there were instances of heavy surrender in plan schemes and parking of funds with implementing agencies. The scheme objectives of poultry development, artificial insemination facilities, establishment of fodder banks and animal health care were not achieved. The departmental manpower management system was inadequate and large number of vacancies affected

the working of the department. Insufficient monitoring by the departmental officers contributed to delays and non-completions of sanctioned schemes. Some of the significant findings were as given below:

- The livestock census work was completed in February 2010 after a delay of two years from the prescribed date of completion, whereas the detailed results of household wise data of all districts was yet to be submitted to GOI despite expenditure of ₹ 13.91 crore.
- Sample Survey was based on small samples sizes which were not reflective of the actual livestock population.
- Against the total saving of ₹ 222.71 crore, department surrendered ₹ 210.23 crore, of which ₹ 127.36 crore was surrendered during 2007-11 on the last date of the respective financial years.
- The drawing and disbursing officers on the instructions of the animal husbandry directorate withdrew ₹ 17.90 crore and deposited it in bank accounts in contravention of the State Financial Rules.
- Due to short supply of chicks to BPL/Mahadalit families in two test-checked districts, the intended benefits to protect them from malnutrition and to help generate monthly earnings through poultry development were not achieved.
- Bihar Livestock Development Agency, Patna failed to produce frozen semen for artificial insemination during 2007-11 despite spending of ₹ 7.89 crore.
- An amount of ₹ 9.55 crore was spent on pay and allowances/salaries and wages etc. of the staff deployed in non-functional establishments like cattle breeding farms at Patna and Dumraon (₹ 7.16 crore) and Frozen Semen Bank cum Bull Station, Patna (₹ 2.39 crore).
- The internal audit by Finance Department was not conducted during 2007-11 indicating the internal control mechanism in the department was deficient.

### **1.5.2 Compliance audit of transactions**

The Report highlights several significant deficiencies in critical areas which impacted the effective functioning of Government departments and organisations. These can be broadly categorised as:

- Non-compliance with rules.
- Propriety audit/excess/wasteful/infructuous expenditure.
- Irregular, avoidable/unjustified expenditure.
- Failure of oversight/governance.

#### **1.5.2.1 Non-compliance with rules**

For the sound financial administration and financial control, it is essential that expenditure conforms to financial rules, regulations and orders issued by the

competent authority. This not only prevents irregularities, misappropriation and frauds, but also helps in maintaining good financial discipline. This Report contains instances of non-compliance with rules involving ₹ 3.66 crore. Some of the significant audit findings are given below:

The Government suffered a loss of ₹ 72.94 lakh due to non-disposal of bitumen by Road Construction Division, Bhabhua under Road Construction Department and short lifting of bitumen of ₹ 4.54 lakh by Rural Works Division, Khagaria under Rural Works Department.

*(Paragraph 3.1.1)*

The Government suffered losses of ₹ 2.89 crore due to department's failure in encashing bank guarantees within its validity period apart from acceptance of fake bank guarantees by the Divisions of the Water Resources Department.

*(Paragraph 3.1.2)*

#### ***1.5.2.2 Audit against propriety/ Excess/ Wasteful/ Infructuous expenditure***

Audit detected instances of impropriety and excess/wasteful/infructuous expenditure involving ₹ 108.19 crore, which are highlighted below:

Road works costing ₹ 21.53 crore were awarded to ineligible contractors which were rescinded resulting in extra liability of ₹ 7.46 crore in Shahabad Road Construction Division, Ara and payment of price neutralisation of bitumen at higher rate resulted in excess payment of ₹ 25 lakh in Road Construction Divisions, Jehanabad and Kishanganj under Road Construction Department.

*(Paragraph 3.2.1)*

Execution of road works with lower specifications led to sub-standard work of ₹ 2.79 crore in National Highway West Division, Patna under Road Construction Department.

*(Paragraph 3.2.2)*

Non-adherence to the Ministry of Road, Transport and Highways specifications led to execution of sub-standard road work costing ₹ 1.22 crore of Sahabad Road Construction Division, Ara under Road Construction Department.

*(Paragraph 3.2.3)*

Award of a contract to an ineligible contractor resulted in infructuous expenditure of ₹ 1.42 crore in NH Division No. II, Muzaffarpur under Road Construction Department.

*(Paragraph 3.2.4)*

Rescission of two contracts after invoking the risk and cost clause without actual recovery led to an additional liability of ₹ 9.43 crore. In addition, forfeited security deposits amounting to ₹ 8.38 crore under 27 contracts of Road Construction Department and Rural Works Department were not deposited into treasuries.

*(Paragraph 3.2.5)*

Irregular cancellation of a brick soling tender led to extra payment of ₹ 2.69 crore in Champaran Division, Motihari under Water Resources Department.

*(Paragraph 3.2.6)*

Violation of purchase rules by the Principal/Superintendents of Medical College/Hospitals resulted in extra expenditure of ₹ 2.67 crore in Health Department.

*(Paragraph 3.2.7)*

Public Health Engineering Department in violation of the Ministry of Rural Development guidelines sanctioned ₹ 50.35 crore to implement Roof Top Harvesting Scheme. Expenditure of ₹ 19.76 crore incurred so far on this scheme proved infructuous as the structures constructed were non-functional.

*(Paragraph 3.2.8)*

### **1.5.2.3 Irregular/avoidable/unjustified expenditure**

An expenditure is deemed as irregular if there is a deviation, willful or otherwise, from the rules and norms prescribed by the competent authority while incurring the same. This indicates lack of effective monitoring which may encourage willful deviations from observance of rules/regulations leading to avoidable/unjustified expenditure. A few cases of such irregularities involving ₹ 150.73 crore are highlighted below:

Non-installation of capacitor banks and shunt capacitors led to an avoidable expenditure of ₹ 1.37 crore in the Bihar Rajya Jal Parishad under Public Health Engineering Department.

*(Paragraph 3.3.1)*

Non-adherence to codal provisions by Divisional Officers resulted in non-adjustment/non-recovery of temporary advances amounting to ₹ 67.38 crore under Building Construction, Environment and Forest, Minor Water Resources, Public Health Engineering, Road Construction, Rural Works and Water Resources Departments.

*(Paragraph 3.3.2)*

Inadmissible provision for the compaction of earth on a work where earthwork was being executed by Rajasthani tractors resulted in irregular payment of ₹ 1.43 crore to the contractor by Waterways Division, Bihar Sharif under Water Resources Department.

*(Paragraph 3.3.3)*

Irregularities in the purchase of medicines totalled ₹ 4.21 crore on account of irregular grant of advances of ₹ 3.26 crore including non-delivery of medicines of ₹ 58.54 lakh, avoidable creation of liability of ₹ 70.90 lakh and excess payment of ₹ 24.05 lakh on local purchase under Health Department.

*(Paragraph 3.3.4)*

Non-deduction of labour cess led to the creation of liability amounting to ₹ 8.42 crore under Public Health Engineering, Minor Water Resources, Road Construction, Water Resources and Rural Works Departments.

*(Paragraph 3.3.5)*

The Vice Chancellors of seven State Universities irregularly utilised ₹ 17.23 crore of fees collected from students for the payment of salaries of its staff which affected the infrastructural development and other facilities in the respective colleges of Human Resources Development Department.

*(Paragraph 3.3.6)*

An amount of ₹ 4.18 crore was irregularly paid to University employees on account of advance increments, assured career progression benefits and interim relief under Human Resources Development Department.

*(Paragraph 3.3.7)*

An amount of ₹ 42.78 crore drawn from the treasury without any immediate requirement was irregularly retained in savings bank accounts in violation of the provisions of the Bihar Treasury Code by Rural Development Department.

*(Paragraph 3.3.8)*

Funds of ₹ 3.74 crore earmarked for SC/ST farmers under the scheme were irregularly diverted in Agriculture Department.

*(Paragraph 3.3.9)*

#### **1.5.2.4 Failure of oversight/governance**

The Government has an obligation to improve the quality of life of the people for which it works towards fulfilment of certain goals in the areas of health, education, development and upgradation of infrastructure *etc.* Audit, however, noticed instances where funds released by Government for creating public assets for the benefit of the community aggregating ₹ 2.65 crore remained unutilised/blocked for six years and/or proved unfruitful/unproductive due to indecisiveness, lack of administrative oversight and lack of concerted action at various levels as mentioned below:

Lack of planning and deficient monitoring at the district and departmental levels resulted in nugatory expenditure of ₹ 1.89 crore and irregular retention of ₹ 76.25 lakh in Health Department.

*(Paragraph 3.4.1)*

## **1.6 Lack of responsiveness of the Government to Audit**

### **1.6.1 Insufficient response of the Government to Audit**

The Principal Accountant General (PAG) (Audit), Bihar conducts periodical inspections of Government departments to check the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed by the issuance of Inspection Reports (IRs). The heads of offices and the next higher authorities are required to comply with the observations contained in the IRs, rectify the defects promptly and report their compliance to the Audit Department.

However, a review of IRs issued during the period 2004-05 to 2010-11 relating to 30 departments revealed that 36119 paragraphs relating to 7202 IRs remained outstanding at the end of October 2011 as shown in the **Table no. 1**.

**Table no. 1**  
**Outstanding IRs/Paragraphs**

Outstanding IRs/Paragraphs for the year								
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	Total
IRs	904	847	1055	1118	1237	1088	953	7202
Paragraphs	5205	4255	5543	5101	5728	5611	4676	36119

The year-wise and department-wise breakup of outstanding IRs and paragraphs is mentioned in *Appendix 1.1*

The pendency of such large numbers of IRs/paragraphs indicates lack of responsiveness of the Government departments towards audit observations.

#### **1.6.2 Non-submission of Explanatory (Action Taken) Notes**

The Manual of Instructions (1998) of the Finance Department, Government of Bihar envisaged that the Secretaries to Government of the concerned departments submit explanatory notes to the Assembly Secretariat on audit paras and reviews included in Audit Reports (AR). Such notes were required to be submitted after vetting in audit within two months from the date of presentation of the ARs to the State legislature without waiting for any notice or call from the Public Account Committee (PAC). They were also required to indicate therein, the circumstances and reasons for occurrence of such irregularities and deviations from the prescribed norms and the action proposed to be taken to make good the losses and to prevent recurrence of such instances.

Further, Regulation 213 of the Regulations on Audit and Accounts (November 2007) envisaged that the Union, the States and the Union Territories having legislative assemblies, where legislative committees were functioning or where the Government desires the Comptroller and Auditor General to vet the Action Taken Notes (ATN), the concerned Secretaries to Government should send two copies of the draft self-explanatory ATN to the PAG (Audit) for vetting along with the relevant files and documents, properly referenced and linked. This was to be done within such period of time as might be decided for submission of the self-explanatory ATNs prescribed by the PAC.

It was noticed that as of October 2011, 17 departments had not submitted the ATN in respect of nine reviews and 43 paragraphs pertaining to the years 2001-2010 (*Appendix 1.2*).

#### **1.6.3 Follow up action on earlier Audit Reports**

Regulation 212 and 213 of the Regulations on Audit and Accounts envisage the settlement of paragraphs featured in the Audit Reports of the Comptroller and Auditor General of India. Departments were required to furnish ATNs to

the PAC within two months from the date of the recommendations made by the PAC in their reports.

Review of the outstanding ATNs on the paragraphs included in the earlier Reports of the Comptroller and Auditor General of India for the Government of Bihar revealed that the ATNs in respect of the PAC Reports pertaining to the period from November 2001 to October 2011, in respect of 393 paragraphs involving 30 departments remained outstanding as of October 2011 (*Appendix I.3*).



## CHAPTER-II

### PERFORMANCE AUDIT

#### RURAL DEVELOPMENT DEPARTMENT

##### 2.1 Indira Awaas Yojana

###### **Highlights**

*The Indira Awaas Yojana (IAY), with the objective of providing pucca houses to shelterless Below Poverty Line (BPL) families, is a Centrally Sponsored Scheme on cost sharing basis in the ratio of 75:25 between the Central and State Governments. A performance audit of the implementation of this scheme for the period 2006-07 to 2010-11 revealed deficiencies like non-preparation of annual plan, non-fixing of monthly targets, short releases of funds, diversion of funds, poor monitoring etc.. Some of the significant findings were as given below:*

**The permanent IAY waitlists of shelterless families were never prepared as required under the scheme guidelines as a result of which ineligible beneficiaries having pucca houses were provided assistance of ₹ 10.36 lakh. IAY houses were sanctioned to beneficiaries ignoring their ranking in the waitlist.**

*(Paragraph 2.1.6.2 and 2.1.8.2)*

**Scheme parameters to ensure accrual of scheme benefit to targeted population, were ignored by District Rural Development Agencies during fixation of blockwise/panchayatwise targets.**

*(Paragraph 2.1.6.3)*

**The central share of ₹ 794.14 crore was not released by Central Government due to carry-over of funds in excess of the prescribed norms of guidelines during 2006-11.**

*(Paragraph 2.1.7.1)*

**IAY funds of ₹ 325.35 crore were not deposited in separate bank accounts but were deposited in general bank account of block offices in disregard to scheme guidelines.**

*(Paragraph 2.1.7.2)*

**The department failed to utilise ₹ 53.34 crore provided by the GOI to acquire land for landless BPL families.**

*(Paragraph 2.1.8.4)*

**Delays in sanction of annual targets by the District Panchayat/Zila Parishad/District Rural Development Agencies (DRDAs) regarding construction of IAY houses under Naxal package resulted in additional burden of ₹ 14.34 crore to the State exchequer.**

*(Paragraph 2.1.8.6)*

**The monitoring and periodical review of the programme was ineffective and inadequate.**

*(Paragraph 2.1.11)*



### **2.1.1 Introduction**

Housing is a basic requirement for human beings. Realising the importance of housing in society, the Government of India (GOI) launched a Centrally Sponsored Scheme (CSS) called Indira Awaas Yojana (IAY), during 1985-86 to provide ‘*pucca*’ houses to shelterless rural people living below the poverty line (BPL).

Under this programme, financial assistance was to be provided to freed bonded labourers, members of Scheduled Caste (SC)/Scheduled Tribes (STs), minorities and non-SC/STs BPL rural households for construction/upgradation of dwelling units. The benefits of IAY were also to be given to physically and mentally challenged persons’ families, ex-servicemen and retired members of paramilitary forces, persons displaced by developmental projects and nomadic/semi nomadic and denotified tribal families in the order of their appearance, and widows and families of defence services/paramilitary forces personnel killed in action, irrespective of their economic status.

### **2.1.2 Organizational set-up**

The Rural Development Department (RDD) of the State is the nodal department for implementing the programme at the State level. The department is headed by a Principal Secretary, who is assisted by a Special Secretary, two Joint Secretaries, one Joint Development Commissioner, one Deputy Secretary and one Deputy Director at the department headquarters. At the district level, the programme is implemented through the District Magistrates, Deputy Development Commissioners (DDCs) and by Directors of the District Rural Development Agencies (DRDAs). At the block level, the Block Development Officers (BDOs) are responsible for implementing the programme with the assistance of Panchayat Samities (PSs) and Gram Panchayats (GPs).

### **2.1.3 Audit Objectives**

This performance audit intended to assess whether:

- the planning process for the identification and selection of beneficiaries was efficient;
- financial management was efficient and effective;
- the programme implementation was efficient, effective and economical; and
- the monitoring mechanism and internal control system was in place and effective.

### 2.1.4 Audit criteria

The criteria used in course of the performance audit were as under:-

- the guidelines issued by Government of India (GOI) for implementation of IAY;
- annual targets fixed by GOI;
- Bihar Financial Rules(BFR), 1950;
- Bihar Treasury Code (BTC); and
- relevant Circulars and departmental orders issued by State/GOI from time to time.

### 2.1.5 Scope of audit and methodology

This Performance audit covered the period 2006-11 and was conducted between June and October 2011. During the audit, the records at the departmental headquarters, eight<sup>1</sup> out of 38 DRDAs and 31<sup>2</sup> out of 162 blocks of these eight selected DRDAs were test checked. The selection of units for test check was done as follows:

Five DRDAs<sup>3</sup> were selected through Statistical sampling method by applying Probability Proportionate to Size with Replacement Method. DRDA Patna was selected since it was the central district of Bihar. Thereafter 23 blocks under these six DRDAs were selected by applying Simple Random Sampling without Replacement Method. The remaining two DRDAs<sup>4</sup> and eight blocks falling within their coverage were selected on the basis of risk perceptions.

In order to explain the objectives of this audit, its methodology, scope, coverage, focus and to elicit the departmental views and concerns, an entry conference was held in June 2011 with the Principal Secretary of the department.

The audit methodology included the updating and consolidation of domain knowledge/information, preparing detailed audit guidelines, checklists and questionnaires. Audit conducted field visits for examination, collection and analysis of relevant information/data. Discussions were held with the concerned departmental officers involved in programme implementation and its monitoring. Audit evidences were collected through replies to audit

<sup>1</sup> Banka, Darbhanga, East Champaran, Gaya, Madhubani, Rohtas, Patna and Samastipur

<sup>2</sup> Baunsi, Katoria, Phulldumar and Rajaun under Banka, Areraj, Chakia, Harsidhi and Kalyanpur under East Champaran, Bahadurpur, Darbhanga Sadar, Manigachi and Tardih under Darbhanga, Belaganj, Gaya Sadar, Guraru and Khijarsarai under Gaya, Babubarhi, Jainagar, Ladania and Pandaul under Madhubani, Dehri, Karahgar, Nasriganj and Rajpur under Rohtas, Bihta, Dhanarua, Dulhin Bazar and Khusrupur under Patna and Mohanpur, Pusa and Shahpur Patori under Samastipur

<sup>3</sup> Banka, East Champaran, Gaya, Rohtas and Samastipur

<sup>4</sup> Darbhanga and Madhubani

questionnaires, audit memos, copies of documents and through personal interaction with responsible departmental officials. Thereafter, on completion of field visit, an exit conference was held on 25 November 2011 with Principal Secretary, RDD, wherein the audit findings were discussed in detail. The reasons and justification furnished by the department were kept in view while drafting the performance review.

### **Audit Findings**

The audit findings corresponding to audit objectives are discussed below:

#### **2.1.6 Planning**

The planning for implementation of IAY included preparation of annual plan and fixing targets for construction of IAY houses with timeframes for completion. It also included preparation of permanent IAY waitlist for shelterless on the basis of seniority in BPL list. In the test checked DRDA, the following deficiencies were noticed:

##### **2.1.6.1 Non-preparation of the Annual Plan**

As per Clause 4.2 b (viii) of the IAY guidelines, an Annual Plan was required to be approved by the Zila Parishad or the governing body of the DRDA. This requirement was also reiterated by Government directive (May 2009) which required preparation of the Annual Plan by each district and blocks. Such plans were required to include annual blockwise/ panchayatwise targets for construction of IAY houses, targets for covering beneficiaries of SC/STs, minorities and non-SC/STs. These yearly targets (physical as well as financial) were required to be broken into monthly targets to ensure cent *per cent* achievements of yearly targets. Further, timeframes for completion of incomplete houses, schedule of supervision, physical verification and inspection of houses allotted in previous years etc. were also required to be planned and included in Annual Plan.

**Annual plan was not prepared in any test-checked DRDAs.**

Audit scrutiny revealed that the Annual Plan was not prepared by any of the test-checked DRDAs. Instead only annual financial and physical targets for each panchayat were fixed with no timeframes for completion of incomplete houses of previous years. No monthly targets were fixed for achievement of annual targets. Even the schedule of physical verification or for supervision and inspection of houses were not finalised. Consequently the IAY programme was implemented in an *ad hoc* manner resulting in delays in sanctioning, construction and completion of IAY houses within the stipulated time.

The Government stated (November 2011) that the annual plan had been prescribed for every district and DDCs were not allowed to divert from it. Further it was stated that time limit for construction of houses and schedule of inspection had already been prescribed.

The reply was not satisfactory as the annual plan was not prepared by any test-checked DRDAs in accordance with the guidelines.

### 2.1.6.2 Faulty waitlist of Indira Awaas Yojana

Clause 2.1 of IAY guidelines required the Gram Panchayats (GP) to prepare permanent IAY wait list on the basis of their seniority in the BPL lists after ensuring that the beneficiaries selected were shelterless. Thereafter, a separate list of SC/ST families was required to be prepared from the IAY waitlist, to ensure adequate allotment of houses to SC/ST families. The permanent IAY waitlists of shelterless families were required to be approved by the concerned Gram Sabha (GS).

Accordingly, the Government instructed (May and June 2008) DDCs and BDOs to prepare IAY waitlists of shelterless families for each panchayat separately for SC/STs and non-SC/STs which were to be effective for five years. The respective BDOs were also required to ensure that the BPL families included in these lists had not been benefited earlier and were not having *pucca* houses.

**Permanent IAY waitlists of shelterless BPL families were not prepared.**

Audit scrutiny revealed that records/ information relating to shelterless families were not available at any level i.e. at the block, district or State levels. The permanent IAY waitlists of shelterless families were never prepared or approved as required under the scheme guidelines. Instead, the BPL lists were used as permanent IAY waitlists, without verifying whether any family had a house or otherwise. These waitlists were not got approved by any of the GSs in the test-checked districts. Consequently, the reliability of these lists and compliance to IAY priority groups and genuineness of beneficiaries were doubtful.

**Ineligible beneficiaries having pucca houses were provided ₹ 10.36 lakh under this scheme.**

This was substantiated by the fact that in 14 Panchayats of 12<sup>5</sup> test checked blocks, the names of 804 families having *pucca* houses were included in the IAY waitlists. Of this, 41 beneficiaries were paid ₹ 10.36 lakh during 2006-2011.

The above instance indicated that no efforts were made by the concerned BDOs to verify the names and details of persons included in the IAY waitlists. Thus, the payment of ₹ 10.36 lakh to these persons was irregular.

In reply, the Government stated (November 2011) that IAY list had been prepared on the basis of the BPL list which was duly approved by the Gram Sabha. Further, BPL survey started in 2002 and shelter status was subject to change due to various reasons from change in economic status of the beneficiary to natural disasters, death and migration etc.

The reply was not tenable as the shelterless families only were to be considered for availing the benefits under IAY.

### 2.1.6.3 Improper fixation of targets for blocks/ panchayats

As per the IAY guidelines (Clause 4.1), targets for blocks and village panchayats were to be decided by giving 75 *per cent* weightage to areas with

<sup>5</sup> Babubarhi, Baunsi, Bilta, Dehri, Dhanarua, Gaya sadar, Kalyanpur, Karahgar, Katoria, Khijarsarai, Nasriganj and Rajaun.

Scheme parameters were ignored during fixation of blockwise/panchayatwise targets.

housing shortage and 25 *per cent* weightage to the rural SC/ ST population within the respective Blocks/Panchayats. Accordingly funds were to be transferred from DRDAs to the blocks for programme implementation.

Audit scrutiny revealed that the above requirements were not followed by DRDAs. Since no data regarding housing shortage was available at any level, the respective DRDAs allotted funds to blocks/panchayats solely on the basis of the rural population, in contravention of the scheme parameters. Thus, the accrual of benefits to the targeted SC/ST population in rural areas was also doubtful.

The Government stated (November 2011) that targets for each districts were fixed by GOI on the basis of housing shortage and poverty ratio. The districts allotted targets on basis of SC/ST population because the housing stock data available from the census was of 2001 and District officials were left with no choice but to use the information without any updating.

The reply was not acceptable as none of the test checked DRDAs gave proper weightages as per the scheme parameters (clause 4.1 of IAY guidelines).

### 2.1.7 Financial Management

IAY is a centrally sponsored scheme, funded on cost sharing basis in the ratio of 75:25 with the State Government. Funds were released directly to DRDAs in two installments. The first installment amounting to 50 *per cent* of the total allocation for a particular district was released in the beginning of the financial year, the conditions for the second installment among other required the opening balance of the district should not exceed 10 *per cent* of the funds available during the previous year. The scheme funds comprised of three components i.e. Central share, State share and other receipts (i.e. interest accruals and unspent balances). The funds were required to be kept by the respective BDOs in the bank account exclusively opened for IAY.

Against the total available funds of ₹ 12333.86 crore<sup>6</sup>, the department spent ₹ 11609.04 crore (94 *per cent*) during 2006-11. The department received ₹ 8567.78 crore from the GOI as central share against the total share of ₹ 9361.92 crore during 2006-11. The balance of central share of ₹ 794.14 crore was not released by Central Government due to carry-over of funds in excess of the prescribed norms of guidelines. IAY funds of ₹ 325.35 crore were kept in bank accounts along with funds of other schemes in 18 test-checked blocks resulted in non-ascertainment of interest. IAY funds amounting to ₹ 10.66 crore and ₹ 13.35 crore were diverted during these years for organising seminars and revision of BPL lists respectively.

The details of funds allocated, released and expenditure incurred there against at the State level and in the selected DRDAs is given in **Table 1** below respectively:

<sup>6</sup> Opening balance : ₹ 741.14 crore, total release : ₹ 11507.81 crore and other receipts : ₹ 84.91 crore

**Table No. 1**  
**Allocation, release and expenditure of IAY funds at the State level**  
**(₹ in crore)**

Year	Opening Balance	Allocation of Funds			Funds released			Other Receipts	Total available funds (TAF)	Expenditure	Unspent balances Total (per cent of TAF in bracket)
		Central	State matching share	Total	Central	State	Total				
1	2	3	4	5	6	7	8	9	10 (2+8+9)	11	12 (10-11)
2006-07	741.14	789.73	263.24	1052.97	774.81	248.11+156.16*	1179.08	10.26	1930.48	1249.99	680.49 (35)
2007-08	680.49	1063.44	354.48	1417.92	1055.76	347.70	1403.46	0.00	2083.95	1524.40	559.55 (27)
2008-09	559.55	2065.20	688.40	2753.60	1767.00+701.07**	632.83	3100.90	29.68	3690.13	2223.43	1466.70 (40)
2009-10	1466.70	2882.25	960.75	3843.00	2008.55	775.88	2784.43	30.64	4281.77	3257.67	1024.10 (24)
2010-11	1024.10	2561.30	853.77	3415.07	2260.59	779.35	3039.94	14.33	4078.37	3353.55	724.82 (18)
<b>Total</b>		<b>9361.92</b>	<b>3120.64</b>	<b>12482.56</b>	<b>8567.78</b>	<b>2940.03</b>	<b>11507.81</b>	<b>84.91</b>		<b>11609.04</b>	

(Source: Data provided by the Rural Development Department)

\* ₹ 156.16 crore was released against matching share of earlier years.

\*\* Additional releases (other than against normal allocation) of ₹ 701.07 crore made by GOI during the year.

Audit scrutiny revealed the following deficiencies in respect of financial management:

#### **2.1.7.1 Disallowance of claims**

As per Clause 4.2 of the IAY guideline, Central assistance was released every year to DRDAs in two installments. While the first installment equal to 50 per cent of the total allocation for a particular district was to be released in the beginning of the financial year, the second instalment was to be released subject to adjustment of unutilised balance (if above 10 per cent) from previous instalments. In case, the balance exceeds this limit, the central share in excess of 10 per cent was to be deducted proportionately at the time of release of the second instalment.

**Due to excess carry-over of funds, ₹ 794.14 crore was short released by the GOI.**

It is evident from **Table No.1** that during 2006-11, there were huge unspent balances which ranged between 18 and 40 per cent of the total available funds during 2006-11. Thus, due to carry over of funds in excess of prescribed limit, the GOI did not released balance amount of ₹ 794.14 crore during 2006-11.

The Government stated (November 2011) that late release (at the fag end of year) was one of the reasons for the funds remaining unutilised.

#### **2.1.7.2 Improper maintenance of bank accounts**

The Government circular (May 2008) envisaged that the funds were required to be kept by the respective BDOs in the bank account exclusively opened for IAY. Further, the interest accrued on these deposits was to be treated as part of



the IAY resources. Audit scrutiny revealed the following points regarding improper operation of accounts:

- **Non-maintenance of separate bank accounts**

Audit scrutiny revealed that in 18 blocks<sup>7</sup>, IAY funds of ₹ 325.35 crore were kept in bank accounts along with funds of other schemes. This resulted in non-accrual of interest to the IAY resources.

The Principal Secretary, RDD stated (November 2011) that though the IAY guidelines did not specifically stipulate that the funds should be kept in separate bank account by the blocks, but the recommendation of the audit was worth consideration.

The reply was not acceptable as the Government had already issued circular in May 2008 discussing the need for keeping separate bank account for IAY funds by the respective BDOs.

- **Differences in closing balances**

During scrutiny of records in BDO Manigachhi (Darbhanga), it was noticed that the closing balance of the cash book (upgradation<sup>8</sup>) as on 31 March 2011 was shown as ₹ three lakh whereas the balance in the bank accounts was only ₹ 86 thousand on that date, resulting in shortage of ₹ 2.14 lakh in the bank accounts. As details of the closing balances in the cash books were not reconciled, the reasons for such differences were not verifiable during audit.

The Government assured (November 2011) that the discrepancy would be reconciled.

### 2.1.7.3 *Diversion of funds*

As per GOI sanctions, the IAY funds were to be utilised for construction of new houses or for upgradation of *kutchha* houses into *pucca* houses.

**Rupees 24.01 crore were diverted to other schemes activities.**

Test check at the departmental headquarters revealed that though ₹ 347.70 crore and ₹ 632.83 crore were released for IAY in the years 2007-08 and 2008-09 respectively, scheme funds amounting to ₹ 10.66 crore and ₹ 13.35 crore were diverted during these years for organising seminars and revision of BPL lists respectively.

The Government stated (November 2011) that funds were not diverted but were incurred with the concurrence of Finance Department as the BPL listing was an essential part of IAY selection process.

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<sup>7</sup> Areraj: ₹ 774.21 lakh, Bahadurpur ₹ 2909.73 lakh, Baunsi ₹ 1001.75 lakh, Chakia: ₹ 1251.77 lakh, Darbhanga Sadar: ₹ 3597.43 lakh, Dehri: ₹ 675.75 lakh, Gaya Sadar: ₹ 1960.35 lakh, Guraru: ₹ 1382.55 lakh, Harsidhi: ₹ 2248.21 lakh, Jainagar: ₹ 2461.13 lakh, Kalyanpur: ₹ 2748.62 lakh, Karahgar: ₹ 1179.44 lakh, Khijarsarai: ₹ 2291.86 lakh, Mohanpur: ₹ 726.57 lakh, Nasriganj: ₹ 774.66 lakh, Pandaul: ₹ 4706.63 lakh, Phullidumar: ₹ 618.60 lakh, and Tardih: ₹ 1225.67 lakh.

<sup>8</sup> Upgradation- cash book of funds meant for upgradation of *kutchha* houses into *pucca* house

The reply in itself was an admission of the fact that the earmarked funds for construction of IAY houses were used for other purposes in contravention of scheme guidelines.

#### 2.1.7.4 Non-reimbursement of expenditure

As per Clause 4.4.1 of IAY guidelines, in order to facilitate timely relief to victims of natural calamities and in other emergent situations like fire, riots, etc. District Magistrates were authorised to incur expenditure and extend assistance to victims for immediate reconstruction of their damaged houses under IAY from their own available resources or from the district IAY allocation. The Central share of the expenditure so incurred by the DRDAs was to be reimbursed by GOI. The DRDAs were required to submit proposals for such reimbursement along with their UCs.

Audit scrutiny revealed that in eight test-checked districts, expenditure of ₹ 8.08<sup>9</sup> crore was made on timely relief to victims of natural calamities. Out of this expenditure, ₹ 5.38 crore was yet to be reimbursed due to non-submission of proposals to GOI for such reimbursement along with their UCs till the date of audit (August 2011). However, proposals for reimbursement of ₹ 2.70 crore were sent to GOI, of which only ₹ 0.49 lakh was reimbursed as of August 2011.

The Government stated (November 2011) that the concerned districts would expedite the process for reimbursement of the expenditure.

#### 2.1.8 Implementation of the scheme

As per Clause 1.6 of the IAY guidelines read with Government directive (October 2006), IAY was to be implemented through the respective Zila Parishad/DRDAs and houses under this scheme were to be constructed by the beneficiaries. For construction of each dwelling unit, assistance was to be provided to the beneficiaries by the concerned BDOs.

The GOI fixed target of 3651856 houses to be constructed under IAY during 2006-11. Of which, 3340885 (91 *per cent*) houses were sanctioned and 2533176 (76 *per cent*) houses were constructed during this period. The shortfall in sanction and achievement was due to delayed sanction of IAY houses to beneficiaries. Further, it was also observed that the assistance was given to beneficiaries by ignoring their ranking in the waitlist. The panchayat-wise selections of beneficiaries were not made by the blocks as per the annual targets fixed by the concerned DRDAs. The allotment of land to rural landless BPL households for construction of houses was not made. The department released lump sum payments without linking with the physical progress as required under the IAY guidelines. The delay in sanctioning of 10620 houses under Naxal packages resulted in an additional burden of ₹ 14.34 crore to the State exchequer. IAY houses were sanctioned to multiple beneficiaries against single BPL number and in Belaganj block (Gaya), the second installment of

<sup>9</sup> Banka : ₹ 106.35 lakh, Darbhanga : ₹ 55.27 lakh, East Champaran : ₹ 152.34 lakh, Gaya : ₹ 72.10 lakh, Madhubani : ₹ 97.30 lakh, Patna : ₹ 17.85 lakh, Rohtas: ₹ 22.60 lakh and Samastipur : ₹ 284.25 lakh



₹ 11000 each was released to nine beneficiaries on two occasions resulting in double payment of ₹ 99 thousand. The performance audit, however, revealed following deficiencies in respect of programme implementation.

#### 2.1.8.1 Achievements of targets

As per Clause 2.1 of the IAY guidelines, the target for construction of IAY houses for each district was fixed by GOI. Accordingly, the DRDAs were to decide the number of houses to be constructed/upgraded panchayat wise during a particular financial year. The position of yearwise targets of construction of houses, assistance extended and houses completed during 2006-11 is given in Table 3 below.

**Table No.3**  
**Physical status of IAY houses in the State as well as in the test-checked DRDAs**

Year	Target		Number of beneficiaries Selected		Number of houses to be completed (Including the incomplete house of previous year)		Completed		Incomplete	
	State	In the test-checked DRDAs	State	In the test-checked DRDAs	State	In the test-checked DRDAs	State	In the test-checked DRDAs	State	In the test-checked DRDAs
Incomplete house as on 1 April 2006									311818	123112
2006-07	408350	137610	181428	88675	493246	211787	349704	71616	143542	140171
2007-08	580011	149765	614390	118465	757932	258636	436189	85463	321743	173173
2008-09	806590	226279	640581	157101	962324	330274	490486	118089	471838	212185
2009-10	1098001	365871	923589	243686	1395427	455871	678447	177963	716980	277908
2010-11	758904	235689	980897	275873	1697877	553781	578350	153550	1119527	400231
Total	3651856	1115214	3340885 (91)	883800 (79)			2533176 (76)	606681 (69)		

(Source: Information provided by the department and by the test-checked DRDAs)

\* The figures in bracket indicate the per cent evaluation.

During 2006-11, 91 per cent of the targeted houses were sanctioned while 76 per cent of the sanctioned houses were shown as completed in the State.

During 2006-11, while 91 per cent and 79 per cent of the targeted houses were sanctioned for construction by the beneficiaries in the State and test-checked districts respectively, only 76 per cent and 69 per cent of sanctioned houses were shown as completed in the State as well as in the test-checked districts respectively as on 31 March 2011. Thus, less achievement in respect of sanction of houses against the target and completion of houses against the sanction was mainly due to delay in sanction of IAY houses and shortage of manpower.

Test check of records in the selected blocks revealed that there was no documentary evidence to support the data of completed houses. The block officials stated that the houses were assumed as completed once the second/last installments were released to the beneficiaries. Further, no documentary evidence was on record to show any physical verification done by any competent authority to ascertain the actual completion of houses for which the funds were released. Thus, the misuse/mis-utilisation of money provided for construction/upgradation of houses cannot be ruled out.

The Government stated (November 2011) that the physical verification of IAY houses to check completion status with the help of geo tagged, time stamped photographs from its own resources was under process.

The reply is not acceptable as the IAY guidelines stipulates that a display board indicating GOI housing *logo*, year of construction etc. was to be affixed on completion of each IAY houses. But, instead, the houses were assumed to be completed subsequent to the release of second installment to the beneficiaries. Completion status of IAY houses must be recorded in scheme register maintained in blocks.

#### 2.1.8.2 Assistance to beneficiaries by ignoring their ranking in the waitlist

Clause 2.1 of the IAY guidelines stipulated that assistance should be given to beneficiaries in order of their ranking in the IAY waitlists. Further as per GOI letter (May 2006) the poorest shelterless persons were to be given top priority and the priority order was to follow the ascending order of marks<sup>10</sup> awarded in the IAY list i.e. person with the lowest marks was to be treated as the most eligible beneficiary.

Houses were sanctioned to beneficiaries by ignoring their ranking in the waitlist.

Audit scrutiny of the test-checked blocks revealed violation of the guidelines as the assistance was provided in an *ad hoc* manner to the beneficiaries. Unit assistance was provided to beneficiaries having higher marks without considering beneficiaries with lower marks in all the test-checked blocks during 2006-11. Non adherence to the IAY guidelines by BDOs exposed the scheme implementation to the danger of manipulations and undue favours while extending assistance to the beneficiaries. Thus, the reliability and transparency of the system followed for identification of beneficiaries at the block level was susceptible to malpractices.

The Government appreciated the audit efforts and stated (November 2011) that the department had zero deviations tolerance on this issue and assured that the matter would be examined after analysing the logical reasons for such skips.

#### 2.1.8.3 Irregular selection of IAY beneficiaries

Clause 2.1 of the IAY guidelines envisaged that the targets for each panchayat were to be fixed at the DRDA on the basis of the funds allotted and targets fixed by GOI for the State.

Panchayat-wise selection of beneficiaries as per the guidelines was not ensured.

Audit scrutiny revealed that during 2006-11, in nine blocks<sup>11</sup> under six<sup>12</sup> test-checked DRDAs, panchayat-wise selections of beneficiaries were not

<sup>10</sup> The rural families having marks between 0 and 13 (out of maximum 52 marks based on 13 parameters such as area of land, type of houses, number of dependents, food security, toilets, consumer goods, literacy, job status, medium of livelihood, educational status of child, status of loan, reason for migration and assistance required) are being treated as BPL families in the Bihar.

<sup>11</sup> Bihta, Chakia, Dulhin Bazar, Gaya Sadar, Harsidhi, Kalyanpur, Khijersarai, Ladania, and Manigachhi.

<sup>12</sup> Darbhanga, East Champaran, Gaya, Madhubani, Patna and Rohtas

made by the blocks as per the annual targets fixed by the concerned DRDAs. In fact, no beneficiary was selected in 37 panchayats in the review period, whereas in 13 panchayats, excess number of beneficiaries ranging between 138 and 539 *per cent* of the annual targets were selected. Thus, panchayat wise selection of beneficiaries as per the guidelines was not ensured. Hence, the selection was inequitable and intended beneficiaries were deprived of their due benefits in those panchayats.

The Government stated (November 2011) that due to some exigencies, some deserving beneficiaries might have not been considered in some panchayats or excess number of beneficiaries may have been provided funds under IAY, which required verification.

#### **2.1.8.4 Non- acquisition of land**

The GOI had provided (August 2009) scheme for allotment of land to rural landless BPL households for construction of houses under the IAY. This scheme was to be implemented as part of IAY and the cost of the land was to be shared by Government of India and State Government on 50:50. Accordingly, in March 2010, GOI provided ₹ 53.34 crore to the State for acquiring land for the construction of houses for rural landless BPL households accordingly the Government was required to provide the suitable land to the eligible BPL families.

**Rupees 53.34 crore provided for acquiring land for landless BPL families for construction of IAY houses could not be utilised.**

Audit scrutiny revealed that the implementation of this scheme could not take off as the department did not even have the basic data regarding the number of landless BPL families in the State. The Government neither released its matching share nor issued any guidelines for utilising the funds. Thus, none of the DDCs of the test-checked districts utilised the funds till the date of audit (August 2011). Consequently, the benefit to the eligible landless BPL family were denied.

The Government stated (November 2011) that the process for acquiring the land for landless BPL families was already in place through the Anchal office.

The reply was not acceptable as the funds for acquisition of land were not utilised by any of the test-checked DRDAs till the date of audit. As a result, the intended benefit was not provided to the deserving families.

#### **2.1.8.5 Payment released in lump sum**

Clause 4.10 of the IAY guidelines required that payments to the beneficiaries were to be made on staggered basis by linking them with the physical progress of the work. Payment of the entire amount in lump sum to the beneficiaries was not permitted.

**During 2006-10, the payments to the beneficiaries were not linked with the physical progress/ verification report of work.**

Audit scrutiny revealed that in violation of these guidelines, the payments to the beneficiaries during 2006-10 were delinked with the progress of the work, ignoring the requirement of physical verification and the controls which ensured utilisation for its desired purpose. This was evident from the fact that the Government instructed (October 2006) the release of lump sum payments

of ₹ 24000 against the total beneficiary eligibility of ₹ 25000 without linking it to the physical progress as required under the guidelines. Further, the Government instructed (May 2008) the release of the balance amount to the beneficiary within two months of the release of the lump sum advance, without receiving any physical verification report from Government employee/ Panchayat Sevak assuming that the work was completed up to the lintel level in those two months.

However, during 2010-11, the Government felt the need to follow the guidelines and directed (June 2010) to release the second installment of assistance only after the concerned BDOs ensured construction up to the lintel level by conducting physical verification. Even this directive was not followed by the BDOs and funds continued to be released without ensuring physical verification. Such relaxation of inspection was fraught with the risk of misutilisation by the beneficiaries.

The Government stated (November 2011) that the condition of physical verification was waived earlier on an experiment basis only to control the exploitation of poor people. Now the physical verification had been made mandatory for release of second installment.

#### **2.1.8.6 Additional burden due to delayed sanction**

As per Clause 2.1 of IAY guidelines, the District Panchayat/Zila Parishad/District Rural Development Agencies (DRDAs) was to decide the number of houses to be constructed/upgraded panchayat-wise, during a particular financial year on the basis of allocations made and targets fixed.

**Delayed sanctioning of IAY houses resulted in additional burden of ₹ 14.34 crore.**

In DRDA, Rohtas, it was seen that against the target of 19698 houses to be constructed as part of “Naxal Package<sup>13</sup>”, only 9078 houses were sanctioned (2009-10) for construction at the rate of ₹ 35000. Thereafter, the remaining 10,620 houses were sanctioned during 2010-11 at the enhanced rate of ₹ 48500. This delay in sanctioning of 10,620 houses resulted in an additional burden of ₹ 14.34 crore to the State exchequer.

The Government during exit conference (November 2011) accepted the audit findings.

#### **2.1.8.7 Funds released to multiple beneficiaries against single BPL number**

The department's order (December 2008), required BDOs to ensure before sanctioning houses under IAY, that no other member of the family had previously availed of the benefit under IAY.

**Unit assistance was provided to more than one beneficiary against the single BPL number resulting in irregular benefit of ₹ 17.80 lakh to 67 persons.**

Audit scrutiny revealed that during 2006-11, in nine Blocks<sup>14</sup>, unit assistance was provided to two to five beneficiaries against a single BPL number. Thus, against 50 BPL numbers, 117 persons were sanctioned ₹ 28.12 lakh resulting in irregular benefit of ₹ 17.80 lakh to 67 persons. (*Appendix-2.1*)

<sup>13</sup> To curb naxalism, GOI launched (2008-09) a special package for constructing IAY houses in six districts namely Arwal, Aurangabad, Gaya, Jehanabad, Janui and Rohtas

<sup>14</sup> Areraj, Bihta Chakia, Gaya Sadar, Guraru, Harsidhi, Katoria, Phulidumar and Rajpur

The Government while accepting (November 2011) the fact of double payments in 27 cases stated that in other 23 cases, payment were made as other members of the particular BPL family turning adult and forming separate family units.

The reasons attributed regarding formation of separate family units was not acceptable as for member turning adult and forming separate family unit should have a new family identification number in the BPL list.

#### **2.1.8.8 Double payments**

Release of second instalments to a single beneficiary on two occasions resulted in double payment of ₹ 0.99 lakh.

In Belaganj block (Gaya), the second instalment of ₹ 11000 each was released to nine beneficiaries on two occasions i.e. in January 2010 and again in February 2010, resulting in double payment of ₹ 99 thousand. (*Appendix-2.2*).

The Government accepted (November 2011) the lapse and stated funds had been recovered and action would be taken against those responsible.

#### **2.1.8.9 Irregular transfer of IAY funds to Gram Panchayats**

As per Government order (October 2006), the IAY funds were required to be transferred directly into the accounts of the beneficiaries by the concerned BDOs. Audit scrutiny, however, revealed that in violation of the above directive during 2006-07, assistance of ₹ 14.24 crore was provided to GPs by the 25 blocks in East Champaran district. Similarly, in the Babubarhi block (Madhubani) funds of ₹ 97.81 lakh were provided (2006-07) to *Mukhiyas* of 20 GPs. Out of the above amounts, no details of utilization of ₹ 7.66 crore (East Champaran) and ₹ 79.56 lakh (Babubarhi) were made available till the date of audit (July 2011).

In reply, DDC, East Champaran stated that the payment was made as per orders of the then District Magistrate.

Thus, it was evident from the reply that funds were irregularly released to GPs and *Mukhiyas* and the intended benefit could not be achieved as the funds to the tune of ₹ 8.45 crore remained unutilised.

#### **2.1.8.10 Unit assistance under kala-azar packages**

In order to extend the facility of IAY to *kala-azar* affected villages, GOI launched two special packages in 2006-07 and 2008-09. In the first package, GOI sanctioned ₹ 24.30 crore and selected 214 highly endemic *kala-azar* affected villages in seven<sup>15</sup> districts for construction of 12,840 houses for the *Musahar* community (60 IAY houses in each selected *kala-azar* affected village). In the second package, GOI sanctioned ₹ 191.99 crore and decided (February 2009) to construct 73,140 IAY houses for BPL families in 1219

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<sup>15</sup> East champaran, Gopalganj, Madhepura, Muzaffarpur, Saharsa, Saran and Vaishali.



villages in 15<sup>16</sup> districts. The Government was required to submit a proposal alongwith utilisation certificate, audited accounts in full, bank reconciliation statement, block-wise expenditure statement and physical achievement countersigned by Chartered Accountant for release of second installment. Scrutiny of records relating to these packages revealed the following discrepancies:

- **Non-release of second installments to the beneficiaries**

Audit observed that in two<sup>17</sup> test-checked DRDAs, the second installments of funds were not released by GOI as the concerned DRDAs did not submit the utilisation certificates in time. It was also observed that in four<sup>18</sup> *kala-azar* affected blocks of these DRDAs, the second installments were not released to any beneficiary. Due to this, the houses of 1302 beneficiaries remained incomplete even after incurring expenditure of ₹ 2.85 crore<sup>19</sup>.

The Government stated (November 2011) that proposal for second installment was sent to MoRD by DDC Samastipur long ago.

The reply was not acceptable as the Utilisation Certificate/Audited Accounts/replies to the queries called from these districts by GOI (November 2010) were yet to be submitted.

- **Irregular sanction of houses to beneficiaries from non-earmarked villages**

Selection of beneficiaries from non-earmarked villages resulted in irregular payments of ₹ 1.33 crore.

As per GOI instructions, selection of beneficiaries was to be made from the list of *Kala-azar* affected villages, specifically provided by the department.

Audit scrutiny revealed that in two blocks,<sup>20</sup> 443 beneficiaries were selected from nine villages which were not in the list of villages appended with the sanction letter. This resulted in irregular payments of ₹ 1.33 crore to the ineligible beneficiaries of non-earmarked villages. Thus, 443 beneficiaries of two blocks (Areraj and Chakia) of non-earmarked villages were irregularly provided ₹ 1.33 crore.

The Government accepted (November 2011) the audit findings and assured action against the erring officials.

#### 2.1.8.11 Non-preparation of basic records at the block level

As per Clause 5.9 of IAY guidelines, the IAY implementing agencies were required to prepare a complete inventory containing details of houses

<sup>16</sup> Araria, Begusarai, East Champaran, Darbhanga, Gopalganj, Katihar, Khagaria, Madhepura, Muzaffarpur, Purnia, Samastipur, Saharsa, Saran, Sitamarhi and Vaishali

<sup>17</sup> East Champaran and Samastipur

<sup>18</sup> Chakia, Harsidhi, Mohanpur and Sahpur Patori

<sup>19</sup> Chakia (350 beneficiaries; ₹ 84.00 lakh), Harsidhi (525 beneficiaries; ₹ 126.00 lakh), Mohanpur (166 beneficiaries; ₹ 29.05 lakh) and Sahpur Patori (261 beneficiaries; ₹ 45.67 lakh)

<sup>20</sup> Areraj and Chakia

constructed as well as those in progress, dates of starting and completion, names of villages in which these were located, names, addresses, occupations and categories of beneficiaries etc. This inventory was crucial document for identifying and selection of beneficiaries to avoid duplication.

Further, as per Government directive (May 2008 ) to DM/DDC/BDOs, a list of beneficiaries showing their names, age, permanent addresses, castes, BPL number and serial number in the waiting list, photographs and bank account details, along with the name of father/husband, boundaries of construction sites (chauhaddi) etc. was required to be prepared for every panchayat by the BDOs.

Basic records maintained by the BDO in test checked blocks did not contain details such as inventory, list of beneficiaries etc.

Scrutiny of records in the test-checked districts revealed (June-August & October 2011) that the records i.e. scheme registers etc. maintained by BDOs indicated only the name of beneficiaries, name of father/husband, yojana number and details of payments.

In the absence of a comprehensive detail information regarding identification of the beneficiaries, it was not possible to prepare any list of houses constructed or of shelterless families for this scheme.

In reply, the Government agreed (November 2011) that there was need for proper maintenance of records of IAY and assured compliance in future.

#### **2.1.9 Poor convergence (Chulhas, sanitary latrines, drinking water, electrification etc.)**

As per Clause 3.2 and 5.11 of the IAY guidelines, all efforts were required to be made by DRDAs to ensure that every IAY house was provided with a sanitary latrine, smokeless chulhas and drinking water facility, which were to be dovetailed with other government schemes such as the Total Sanitation Campaign Programme, National Rural Water Supply Programme and provision of free electricity under 'Rajiv Gandhi Gramin Vidyutikaran Yojna'.

Audit scrutiny of Monthly Progress Reports (MPRs) of the test-checked DRDAs for the period 2006-11 revealed that the availability of smokeless chulhas, sanitary latrines and electric connections in the constructed IAY houses were four *per cent*, five *per cent* and one *per cent* respectively due to lack of co-ordination among concerned departments who were responsible for implementation of the above mentioned schemes.

During the exit conference two DRDAs viz East Champaran and Gaya had produced evidences of convergence.

#### **2.1.10 Non-display of IAY board and logo**

As per Clause 5.10 of the IAY guidelines, on completion of the dwelling units, the DRDAs concerned were to ensure that the GOI rural housing logo, year of construction, name of beneficiaries, etc. was fixed at the IAY houses. The expenditure on this account was to be met from the interest accrued from the

funds available under this scheme. Scrutiny revealed that expenditure of ₹ 6.79 lakh was incurred in only five blocks<sup>21</sup> out of selected 31 blocks.

The Government stated (November 2011) that logos were installed in many IAY houses. Some of these could also be seen on Rural Development Department's web site.

The reply was not in consonance with facts as no amount was spent in 26 out of 31 test checked blocks on installation of logos in IAY houses.

### 2.1.11 Monitoring and internal control system

As per Para 3.5 of the guidelines of Vigilance and Monitoring Committee (VMC) for rural development programmes, the monitoring of IAY was the responsibility of the State and district level VMC. The VMCs were required to play a crucial role in monitoring the implementation of rural development programmes. In accordance with the guidelines, the meetings of State and district level VMCs were to be convened quarterly.

Further as per Clause 6.1 of IAY guidelines, officers dealing with the IAY at the State headquarters were required to visit districts regularly to ascertain whether the programme was being implemented satisfactorily and whether construction of houses was in accordance with the prescribed procedure. Similarly, officers at the district and block levels were required to monitor all aspects of the IAY through visits to work sites. A schedule of inspection which prescribed a minimum number of field visits for each supervisory level functionary from the State level to the block level was required to be drawn up and strictly adhered to.

The Government was to prescribe the periodical reports / returns through which it would monitor the performance of IAY in the districts. As per Government directive (May 2009) 100 per cent IAY houses were to be inspected at the block level.

**The monitoring and periodical review of the programme was ineffective and inadequate in both State and district levels.**

As per VMC guidelines, 20 meetings (four meetings in a year) were to be held during 2006-11 at the State level as well as at all the district level. However, only two such meetings were held at the State level. In the test-checked districts, the meetings convened ranged between two to 15 as against the required 20 meetings during 2006-11. It was also noticed that reports regarding follow up action on the observations made in the meetings were not provided by the implementing agencies to the VMC.

As the above inspections were not carried out properly, the department prescribed (October 2010) a monthly schedule of inspections for BDO/ SDO/ DDC/DM to ensure completion of the IAY houses. Accordingly, inspection reports were also to be submitted by these officials. Thereafter, a comprehensive report, based on these inspection reports, was to be sent by the District Magistrate to the departmental headquarters. Audit scrutiny in the test-

<sup>21</sup> Areraj; ₹ 35000, Babubarhi: ₹ 11370 , Bihta : 107520, Katoria: ₹ 384000 and Pandaul : ₹ 141063



checked districts revealed that such inspections were neither carried out nor any reports thereof were sent to any of the departmental authorities.

The Government stated (November 2011) that though the meetings of VMC were not convened quarterly, it would be wrong to conclude that monitoring of IAY was ineffective. The officers at RDD and district level had been regularly visiting and inspected the IAY works along with other schemes. The follow up action were also being reported in the meetings of VMCs. Thus the letter issued for monitoring of IAY was to strengthen the monitoring systems and should not be misconstrued as acceptance of no inspection or supervision.

#### **2.1.11.1 Unrealistic reports/ returns**

At the State level, physical and financial achievements were compiled on the basis of the progress reports sent by DRDAs/blocks. During the test check of records, it was noticed that the reports and returns were not based on actual facts as the IAY houses were reported to be completed after the payment of the last instalments to the beneficiaries. Besides, it was also noticed that the annual expenditure reported in the Monthly Progress Reports did not match with the actual expenditure incurred as per the cash book for that year.

In reply, the Government stated (November 2011) that in absence of any clear-cut articulation in the guidelines regarding completion of a house, there might be difference of opinions among the officers regarding the same. Hence it would be wrong to state that this compilation was not authenticated by inspections or physical verification of the work sites.

#### **2.1.12 Conclusion**

The performance audit of IAY revealed that the annual plans and monthly targets were not prepared. The selection process of eligible beneficiaries was not correct as the IAY waitlists of shelterless BPL families were not prepared. The financial management was ineffective because of less release of Central share, diversion of scheme funds and non-submission of reimbursement claim to GOI. The implementation of IAY programme suffered due to deficiencies like sanction of assistance to beneficiaries by ignoring their ranking in the waitlist, irregular selections of beneficiaries made by the blocks without any reference to the annual targets fixed by the concerned DRDAs, non-allotment of land to rural landless BPL households for construction of houses, release of lump sum payments without linking it to the physical progress, delay in sanctioning houses under Naxal packages resulted in an additional burden to the State exchequer double payment to single beneficiary apart from non-release of the second installment of assistance under Kala-azar package by the GOI due to non-submission of UCs. Due to poor monitoring system, non-conducting of physical verification of IAY houses and unrealistic reports and returns, the actual accrual of benefits of the programme to the targeted beneficiaries was not ensured.

**2.1.13 Recommendation**

The Government may consider:

- to ensure preparation of annual plans, duly supported with monthly plan for its achievements, at each district and Block levels;
- to prepare IAY waitlist by selecting the shelterless families from the BPL list and approved by the Gram Sabha;
- to ensure effective financial monitoring mechanism is put in place to ensure optimum use of funds;
- to ensure sanction of IAY houses in scheduled financial year according to the ranking of beneficiaries in waitlist, and linking of all the payments with the physical progress; and
- to ensure monitoring of the implementation of the programme closely at various levels and evaluated from time to time for corrective measures.

## **PUBLIC HEALTH ENGINEERING DEPARTMENT**

### **2.2 Mitigation programme for arsenic, fluoride and iron pollutants**

#### ***Highlights***

*Under Accelerated Rural Water Supply Programme of the Government of India, sub-mission projects were undertaken by the Government for providing safe drinking water to the rural habitations facing water quality problems like presence of excess fluoride, arsenic, iron contaminants etc. In order to overcome the problem of groundwater pollution and to prevent and ameliorate the same, various programmes and schemes were started in the State. The implementation of the mitigation schemes in the State suffered from several deficiencies such as lack of planning, unsatisfactory financial management, failure to provide adequate safe drinking water in quality affected habitations, absence of operation and maintenance policy, meager achievement in testing of groundwater sources and ineffective monitoring systems during 2006-11. Some of the significant findings were as given below:*

**Non-preparation of the Annual Action Plan during 2006-09 resulted in slow progress in implementation of mitigation schemes inspite of availability of funds.**

***(Paragraph 2.2.7.1)***

**The mitigation schemes were sanctioned in non-priority habitations without considering the habitations with highest contamination. Co-ordination between the Central and State agencies for the planning was deficient and no meetings of the Water Quality Review Committee was held.**

***(Paragraph 2.2.7.2 & 2.2.7.3)***

**The financial management by the department was unsatisfactory as 25 per cent of the schemes funds were surrendered apart from retention of funds (₹ 13 crore) in Civil Deposit.**

***(Paragraph 2.2.8)***

**Of the 24420 habitations affected with arsenic, fluoride and iron contamination in the State, only 1375 habitations were covered under mitigation schemes by the Department during 2006-11.**

***(Paragraph 2.2.9)***

**The sanction of technically non-feasible sanitary wells to cover arsenic affected habitations resulted in non-completion of 585 sanitary wells in the test-checked divisions and 262 habitations being deprived of safe drinking water.**

***(Paragraph 2.2.9.2)***

**Arsenic and iron removal attachment units were installed at a cost of ₹ 5.14 crore without conducting pre-test of tube-well water in the test-checked divisions.**

***(Paragraph 2.2.9.4 & 2.2.9.8)***

**Non-maintenance of the assets created after the completion of operation and maintenance period of schemes by the agencies affected the water quality.**

***(Paragraph 2.2.9.10)***

**The Information, Education and Communication activities were not conducted efficiently resulting in non-optimisation of anticipated benefits from this component.**

*(Paragraph 2.2.10.1)*

**Rupees 5.20 crore expended on training of grass root level workers and purchase of Field Testing Kits remained unfruitful because of non-submission of test report by gram panchayats.**

*(Paragraph 2.2.10.2)*

**Due to non-periodical monitoring of progress of various pollution amelioration schemes, the deficiencies/shortcomings could not be addressed to.**

*(Paragraph 2.2.11)*

### **2.2.1 Introduction**

Pollution in ground water occurs when pollutants like waste products or other substance enter beneath the earth's space and change the chemical or biological characteristics of the water. Some of the prominent pollutants of ground water found in Bihar are Arsenic, Fluoride and Iron etc. In order to overcome the water quality problems, GOI included (August 2000) 'sub-mission projects' under Accelerated Rural Water Supply Programme (ARWSP) in which mitigation programmes for groundwater contaminants were undertaken by the State for providing safe drinking water to the rural habitations facing water quality problems like fluorosis, arsenic, excess iron etc.

In Bihar, according to the information provided by the Public Health Engineering Department, 13<sup>22</sup>, 11<sup>23</sup> and nine<sup>24</sup> districts were affected with arsenic, fluoride and iron contamination respectively. The Government sanctioned 13 arsenic mitigation schemes, nine fluoride mitigation schemes and four iron mitigation schemes during 2006-11. Out of this, only five schemes (arsenic: two and fluoride: three) were completed as of March 2011.

### **2.2.2 Organisational set-up**

Public Health Engineering Department (PHED) is the nodal department for implementation of programmes related to mitigation of groundwater pollution in the State. The department is headed by a Principal Secretary who is assisted by an Engineer-in-Chief-cum-Special Secretary at Government level. At the field level, eight Chief Engineers (CE), 33 Superintending Engineers (SE) and 91 Executive Engineers (EE) (Civil: 79 and Mechanical: 12) are responsible for execution of rural water supply and sanitation programmes including water quality mitigation programmes of the department.

<sup>22</sup> Begusarai, Bhagalpur, Bhojpur, Buxar, Darbhanga, Khagaria, Katihar, Lakhisarai, Munger, Patna, Samastipur, Saran and Vaishali

<sup>23</sup> Aurangabad, Banka, Bhagalpur, Gaya, Janui, Kaimur, Munger, Nalanda, Nawada, Rohtas and Sheikhpura

<sup>24</sup> Araria, Begusarai, Katihar, Khagaria, Kishanganj, Madhepura, Purnea, Saharsa and Supaul

The Bihar State Water and Sanitation Mission (BSWSM), constituted (September 2004) under chairmanship of the Chief Secretary, is responsible for providing overall policy guidance and to ensure co-ordination with various departments related to water supply. Secretary, PHED, is the Convenor of BSWSM. At the district level, the District Water and Sanitation Committee (DWSC), headed by the District Magistrate/Deputy Development Commissioner (DDC) and Executive Engineer of PH Divisions as Member Secretary, is responsible for the implementation of the programme.

### **2.2.3 Scope of audit**

The scope of Performance Audit was limited to examining the implementation of pollution abatement measures in respect of three groundwater pollutants viz. arsenic, fluoride and iron. For this, the records maintained by the department relating to mitigation measures taken up for those three pollutants during 2006-11 were examined.

### **2.2.4 Audit objectives**

The objectives of this performance audit were to assess whether:

- the planning process for the assessment and mitigation of groundwater quality was efficient and effective;
- the financial management was efficient and effective;
- the implementation of programmes for mitigation of groundwater pollution was efficient, effective and economical; and
- monitoring mechanism and evaluation system was in place and effective.

### **2.2.5 Audit methodology**

For this performance audit, four<sup>25</sup> out of 13 arsenic affected districts, three<sup>26</sup> out of 11 fluoride affected districts and three<sup>27</sup> out of nine iron affected districts were selected through Statistical method by using Probability Proportional to Size with Replacement (PPSWR) method. The scrutiny of records at the Secretariat level and 11<sup>28</sup> Public Health (PH) Divisions of the selected 10 districts were carried out to assess the performance related to mitigation of groundwater pollution. The performance audit was conducted between June and August 2011.

In order to explain the objectives of this audit, its methodology, scope, coverage, focus and to elicit the departmental views and concerns, an entry conference was held in May 2011 with the Principal Secretary of the department.

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<sup>25</sup> Arsenic : Bhagalpur, Buxar, Khagaria and Samastipur

<sup>26</sup> Fluoride : Banka, Jamui and Nawada

<sup>27</sup> Iron : Purnea, Saharsa and Supaul

<sup>28</sup> Banka, Bhagalpur(East), Bhagalpur (West), Buxar , Jamui , Khagaria, Nawada, Purnea, Samastipur, Saharsa and Supaul

The audit methodology included updating and consolidation of domain knowledge/information, preparing detailed audit guidelines, checklists and questionnaires. Audit conducted field visits for examination, collection and analysis of relevant information/data. Discussions were held with the concerned departmental officers involved in programme implementation and its monitoring. Audit evidence was also collected through replies to audit questionnaires, audit memos, copies of documents and through personal interaction with responsible departmental officials. Thereafter, on completion of field visits, an exit conference was held (22 November 2011) with CE, (Urban), PHED, wherein the audit findings were discussed in detail. The reasons and justifications furnished by the department during the exit conference were kept in view while drafting the performance review.

#### **2.2.6 Audit criteria**

The criteria adopted to arrive at the audit conclusions were:

- Environment (Protection) Act, 1986;
- National Water Policy, 2002;
- Guidelines of Accelerated Rural Water Supply Programme (ARWSP) and National Rural Drinking Water Programme (NRDWP); and
- Orders and circulars issued by GOI and State Government.

#### **Audit findings**

The deficiencies noticed during audit are discussed below:

#### **2.2.7 Planning**

The planning to implement mitigation schemes for arsenic, fluoride and iron contamination included (i) preparation of annual action plan to set target for coverage of affected habitations, (ii) identify extent of contamination found in groundwater in affected habitations and to sanction schemes for the habitations with highest chemical contaminations and (iii) analyse and interpret water quality data to identify problem areas through co-ordination between State and Central agencies. The department, however, failed to prepare annual action plan during 2006-09, resultantly the targets for coverage of affected habitations were not fixed during this period. Though, the department identified extent of contamination in affected habitations but failed to utilise the test results while identifying the priority habitations resulting in implementation of mitigation schemes even in non-priority habitations. Co-ordination between the State and Central agencies was wanting that resulted in non-conducting of meeting of WQRC. Irregularities found in planning are discussed in succeeding paragraphs:



### **2.2.7.1 Non-preparation of annual action plan**

Clause 5.2 (c) of ARWSP guidelines required the department to prepare and submit to the GOI, a yearly action plan at the commencement of the each year indicating details such as the names, targets, total number of habitations etc. for coverage of water quality affected habitations under mitigation programme.

**Non-preparation of the Annual Action Plan resulted in slow progress in implementation of schemes.**

Audit scrutiny revealed that the annual action plans were not prepared by the department during 2006-09 resultantly the targets for coverage of the affected habitations were not fixed which could be seen from the slow progress in implementation of mitigation schemes and accumulation of funds during the period. However, the department stated that the annual action plan was being prepared from 2009-10 onwards.

The CE (Urban), PHED in exit conference stated (November 2011) that the target for coverage was fixed as per the priority in respect of contamination level and availability of funds upto 2008-09.

The reply was not acceptable because department could utilised only 47 per cent of total funds released during 2006-09.

### **2.2.7.2 Coverage of non-priority habitations**

Clause 5.2 (b) of the ARWSP guidelines (August 2000) envisaged sending of the names of habitations affected with quality problems to the Central Government indicating the extent of excess arsenic, fluoride and iron content in groundwater. The Government was also required to provide an undertaking that priority in water mitigation schemes would be given to habitations having the highest chemical contamination.

In order to identify these habitations and the extent of their contamination, the department entrusted the work of testing of 2,70,318 functional departmental groundwater sources to an agency during 2007-09. The agency conducted the tests and received ₹ 7.02 crore from the Department. The test reports revealed that 4929, 24023 and 56699 sources were found contaminated with excessive arsenic, fluoride and iron contents respectively (*Appendix-2.3*).

**The Department sanctioned mitigation schemes without considering contamination level of water in affected habitations.**

Audit scrutiny of implementation of these schemes revealed that the department did not utilise the test results while identifying the priority habitations resulting in mitigation measures being taken even in non-priority habitations. Audit further, observed that 20 and five districts having higher range of iron and fluoride contaminations were not covered while seven districts of iron and 11 districts of fluoride having lesser range of contamination were covered in violation of the ARWSP guidelines (*Appendix-2.4*).

The CE (Urban), PHED, in exit conference, stated (November 2011) that instructions were issued to all PH Divisions for fixing the priority for coverage of habitations having highest contamination. The reply in itself is an admission of the irregularity.



Thus, the sanctioning of mitigation schemes without considering the priority resulted in habitations at higher risk being left uncovered and habitations at lower risk covered.

### 2.2.7.3 *Non-functional institutions to address groundwater pollution*

In accordance with the Environment (Protection) Act, 1986, the Environment & Forest Department constituted (April 2003) the State Water Quality Review Committee (WQRC) under the chairmanship of Commissioner-cum-Secretary, Water Resources Department and Chief Engineer, Central Water Commission as Member Secretary. Principal Secretary, PHED and Regional Director, Central Ground Water Board (CGWB) were the members of this committee.

The main activities of WQRC were among others to review the water quality monitoring network in the respective region, analyse and interpret water quality data to identify problem areas and develop action plans for improving quality on a sustainable basis apart from identify hot spots<sup>29</sup> for surveillance monitoring and promotion of research and development activities.

Discrepancy in the number of water quality affected districts was due to lack of co-ordination amongst Central and State agencies.

No meeting was held by WQRC during 2006-11 due to lack of co-ordination amongst the Central and State agencies. This led to discrepancy in the data maintained by the CGWB (15 arsenic, nine fluoride and 19 iron affected districts) and the PHED (13 arsenic, 11 fluoride and nine iron affected districts) in the State. Thus, lack of unanimity in respect of number of water quality affected districts, some<sup>30</sup> arsenic, fluoride and iron affected districts were deprived the benefits of pollution mitigation schemes like supply of potable drinking water etc.

In exit conference (November 2011), the CE (Urban) PHED while accepting the audit findings assured needful action in future.

### 2.2.8 Financial Management

Funds for sub-mission projects were released separately by GOI during 2006-08 and thereafter funds were released only under ARWSP/NRDWP. Out of ARWSP/NRDWP funds provided, 20<sup>31</sup> per cent was to be utilised on implementation of sub-mission/NRDWP (Water Quality) mitigation schemes. According to guidelines, the funding pattern for this sub-mission projects was in the ratio of 75:25 between the Central and State Government till 2008-09. Thereafter, the funds were to be shared on 50:50 basis between the Centre and State under National Rural Drinking Water Programme (NRDWP).

The department received ₹ 445.67 crore during 2006-11 for implementation of sub-mission/water quality projects, of which ₹ 396.51 crore (89 per cent) were utilised during this period. The utilisation of funds available during 2007-09

<sup>29</sup> A place of significant activity or danger

<sup>30</sup> Arsenic : Purnea and Kishanganj; Fluoride : Buxar and Supaul ; Iron : Aurangabad, Bhojpur, Buxar, Gopalganj, Lakhisarai, Muzaffarpur, Nawada, Rohtas, Samastipur, Siwan, East Champaran and West Champaran

<sup>31</sup> Coverage-50 per cent, Sustainability-20 per cent, Operation and Maintenance- 10 per cent and Water Quality- 20 per cent

was only nine and 11 *per cent*. The position of funds released and expenditure incurred thereof during 2006-11 by the GOI and State Government for sub-mission/water quality projects was as under:

**Table No. 1**  
**Funds released and expenditure incurred**

(₹ in crore)

Year	Opening balance of GOI funds	Funds released by		Total funds available	Funds released to divisions by the Department			Total Expenditure	Surrender amount of State funds [5-(9+11)]	Closing balance of GOI funds [5-(9+10)]
		GOI	State		GOI share	State share	Total			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
2006-07	0.00 <sup>32</sup>	22.46	13.11	35.57	16.60	13.11	29.71	23.23 (65)	6.00 (46)	6.34
2007-08	6.34	159.95	20.61	186.90	8.99	20.61	29.60	20.60 (11)	9.00 (44)	157.30
2008-09	157.30	0.00	5.63	162.93	59.15	5.63	64.78	15.16 (9)	3.24 (58)	144.53
2009-10	144.53	26.55	48.29	219.37	171.08	48.29	219.37	157.69 (72)	12.41 (26)	49.27
2010-11	49.27	94.01	55.06	198.34	143.28	55.06	198.34	179.83 (91)	5.60 (10)	12.91
<b>Total</b>		<b>302.97</b>	<b>142.70</b>					<b>396.51</b> (89)	<b>36.25</b> (25)	

(Source: Data furnished by PHED)  
(Figures in brackets represent percentage)

Analysis of the **Table no.1** and records of the department disclosed the following:

The financial management of the Department was unsatisfactory as 25 *per cent* of available funds were surrendered during 2006-11.

- The expenditure incurred against the funds available during the year 2006-11 ranged between nine and 91 *per cent* indicating tardy implementation of scheme especially during the period 2007-09 as was evident from the fact that only five out of 14 schemes were completed for this period.
- Against the total release of State share of ₹ 142.70 crore, ₹ 36.25 crore (25 *per cent*) were surrendered due to release of funds to the divisions at the fag end of financial year during 2006-11.
- In 2006-07, the department submitted false Utilisation Certificates (UCs) of ₹ 13 crore while keeping the amount in the Civil Deposit. This inflated the expenditure by ₹ 13 crore during that year.

The department could utilise 89 *per cent* of funds released during 2006-11. Surrender of 25 *per cent* of funds of state share released coupled with retention of funds in Civil Deposit as well as its incorrect depiction as expenditure in UCs indicated unsatisfactory financial management by the department.

The CE (Urban), PHED in exit conference (November 2011) while accepting the surrender of funds due to release of funds at the fag end of financial year,

<sup>32</sup> Separate funds for submission programme were released in 2006-08 only. The closing balance of ARWSP was kept in ARWSP (Normal) funds for which separate UCs was issued to GOI. Hence, OB shown in 2006-07 was nil.

stated that the implementation of these schemes could not take off due to change in system of contract (turnkey) which took extra time to complete the schemes. Further, the amount kept in the Civil Deposit was with the permission of Finance Department.

This reply was not acceptable because the change in system of contract had also a schedule completion period which was not being followed. Further, drawal of funds in anticipation and depositing in Civil Deposit was against the financial rules of the Government of Bihar.

### **2.2.9 Implementation of schemes**

In October 1999, the State Level Scheme Clearance Committee (SLSCC) was constituted under chairmanship of Principal Secretary, PHED. The SLSCC was responsible for clearing schemes under sub-mission programme.

In Bihar, 24420<sup>33</sup> habitations were identified as affected with arsenic, fluoride and iron contamination. The department undertook 26 schemes costing ₹ 1270.33 crore to cover 13639 habitations<sup>34</sup> for providing safe drinking water during 2006-11 but could cover only 1375 habitations<sup>35</sup> after incurring an expenditure of ₹ 396.51 crore during 2006-11 (*Appendix-2.5*).

Out of 26 schemes undertaken by the department during 2006-11, 14 schemes<sup>36</sup> were to be completed as of March 2011. Of which, the department could complete only five<sup>37</sup> schemes. The reasons for non-completion of seven schemes of arsenic mitigation were mainly due to sanction of sanitary wells without considering the feasibility of schemes in the affected areas and non-acquisition of land for multi village piped water schemes. One scheme each for fluoride and iron mitigation remained incomplete due to delay in finalisation of tender and department's failure in getting the work executed by the contractor within the stipulated period. Irregularities found in execution of these schemes are discussed in succeeding paragraphs.

#### **Mitigation schemes for arsenic contamination**

Natural arsenic pollution occurs in groundwater from arseniferous belts. The symptoms of chronic arsenic poisoning include various types of lesions, muscular weakness, paralysis of lower limbs etc. Presence of arsenic contamination in water can cause skin, kidney and lung cancer on prolonged exposure. As per Indian Standard (BIS-10500), the maximum permissible limit of arsenic was 0.05 mg/l (50 parts per billion). Audit observed that 1590 habitations as per PHED data were affected with arsenic contamination in 13 districts.

<sup>33</sup> Arsenic : 1590 habitations, Fluoride : 4157 habitations and Iron : 18673 habitations

<sup>34</sup> Arsenic : 1514 habitations, Fluoride : 1829 habitations and Iron : 10296 habitations

<sup>35</sup> Arsenic : 424 habitations, Fluoride : 528 habitations and Iron : 423 habitations

<sup>36</sup> Arsenic : nine schemes, Fluoride : four schemes and Iron : one scheme

<sup>37</sup> Arsenic : 2, Fluoride : 3 and Iron : Nil

### 2.2.9.1 Poor coverage of arsenic affected habitations

The department adopted both short and long term mitigation schemes during 2006-11. In the short term measures, the department started three schemes viz. sanitary wells<sup>38</sup>, deep tubewells<sup>39</sup>, and arsenic removal filters<sup>40</sup> whereas for long term measures, it started treatment plants<sup>41</sup> and piped water supply schemes<sup>42</sup>. The department sanctioned 13 schemes costing ₹ 804.48 crore during 2006-11 to provide potable/safe water in 1514 arsenic affected habitations and 633 schools. Of which, the department could cover 424 habitations and 218 schools after incurring expenditure of ₹ 313.64 crore as of March 2011 (*Appendix-2.5*).

Against 1590 arsenic affected habitations, 1166 habitations could not be covered and were still deprived of safe drinking water.

Audit scrutiny revealed that the department sanctioned schemes to cover only 1514 against 1590 arsenic affected habitations and could cover only 424 habitations depriving 1166 habitations of safe drinking water facility as of March 2011. The schemes to cover remaining habitations could not be completed due to sanction of sanitary wells without considering the feasibility of schemes in the affected areas, the multi village piped water schemes remained incomplete due to non-acquisition of land and delayed sanction of schemes for the affected habitations.

The CE (Urban), PHED in exit conference stated (November 2011) that schemes were incomplete due to delay in site selection, acquisition of land, selection of treatment technology, import of media etc. apart from the scheme being a new concept.

The reply was not acceptable because implementation of quality schemes were not new concept and sub-mission projects for water quality problem was started in August 2000.

### 2.2.9.2 Unfruitful expenditure on construction of sanitary wells

The presence of air and aerated water in wells oxidises the soils around dug wells and infiltration of water into these wells through this oxidised soil significantly reduces the concentration of arsenic in the well water.

As a short term mitigation measure, the department sanctioned (2006-07) 1571<sup>43</sup> sanitary wells to cover 719 habitations (two sanitary wells per habitation) and 133 schools at an estimated cost of ₹ 18.79<sup>44</sup> crore with completion period upto 2008-09. Of this, only 516<sup>45</sup> (33 per cent) sanitary wells were completed after incurring expenditure of ₹ 10.39 crore<sup>46</sup> as of March 2011.

<sup>38</sup> Water of open dug well is free from arsenic contamination.

<sup>39</sup> Water in deep aquifer is free from arsenic contamination.

<sup>40</sup> Filter attached with hand pumps for removal of arsenic contamination.

<sup>41</sup> The arsenic treatment plant is based on adsorption technology by constructing deep tube well and purification of water through filter attached with the plant.

<sup>42</sup> The safe drinking water facility by using arsenic free water by tapping Ganga water.

<sup>43</sup> 1438 for habitations and 133 for schools.

<sup>44</sup> Habitations : ₹ 16.97 crore and schools : ₹ 1.82 crore.

<sup>45</sup> Habitations : 460 and Schools : 56.

<sup>46</sup> ₹ 9.75 crore for habitations and ₹ 0.64 crore for schools

In the test-checked divisions<sup>47</sup>, though 848<sup>48</sup> sanitary wells were to be constructed to cover 377 habitations and 94 schools at an estimated cost of ₹ 11.34<sup>49</sup> crore, only 263<sup>50</sup> sanitary wells (June-July 2011) covering 115 habitations and 34 schools were constructed at a cost of ₹ 2.50 crore<sup>51</sup>. Audit scrutiny in the test-checked divisions revealed that no Detailed Project Reports (DPR) were prepared. Instead, model estimates were treated as DPRs and the schemes were sanctioned without assessing their technical feasibility. It was also observed that efforts for construction of remaining 585 sanitary wells were not done because wells were being filled up with sand in gangetic zone and construction of sanitary wells in these areas became difficult. Further, 160<sup>52</sup> out of 263 sanitary wells constructed in test-checked divisions costing ₹ 1.62 crore were non-functional due to non-installation of hand pumps.

Sanitary wells in arsenic affected habitation were constructed without ensuring the technical feasibility of the scheme.

Thus, the sanctioning of construction of sanitary wells without ensuring the technical feasibility of the schemes resulted in non-completion of 585 sanitary wells and 262 habitations being deprived of safe drinking water as of March 2011. In addition, non-installation of hand pumps rendered 160 sanitary wells non-functional resulted in unfruitful expenditure of ₹ 1.62 crore.

The CE (Urban), PHED in exit conference (November 2011) also stated that in absence of suitable technology to treat arsenic, contamination sanitary wells were constructed as temporary measures but due to alluvial soil, construction of wells to the required depth became difficult.

### 2.2.9.3 Work awarded without ensuring availability of land

Para 7.5 of Cabinet resolution 948 (July 1986) envisaged acquisition of land for any work before putting the work to tender.

In order to supply safe drinking water to 130 arsenic affected villages under Simri and Buxar blocks of Buxar district, the Department sanctioned (March 2008) multi village piped water supply scheme for ₹ 112.57 crore. Based on tender, EE, PH Division, Buxar executed agreement (June 2009) with M/s IVRCL Infrastructure & Project Ltd., Hyderabad at a negotiated price of ₹ 100.50 crore for completion by November 2011.

Work of multi village piped water supply scheme was awarded without ensuring availability of land.

Audit scrutiny revealed that the work was awarded and commenced without acquiring the land. The agency laid pipes, fittings and other items and was paid ₹ 76.78 crore (March 2011). Though ₹ 1.44 crore was paid to Land Acquisition Officer (LAO), Buxar (January 2010) for land acquisition but the LAO did not make available land for this scheme. The possibility of completion of this work within the stipulated date appears to be bleak. The safety and security of material and works already completed for ₹ 76.78 crore

<sup>47</sup> Bhagalpur, Buxar, Khagaria and Samastipur

<sup>48</sup> Habitations : 754 and School : 94

<sup>49</sup> Habitations : ₹ 10.05 crore and schools : ₹ 1.29 crore

<sup>50</sup> Habitations : 229 (Buxar : 124, Bhagalpur : 17, Khagaria : 47, Samastipur : 41); School : 34 (Buxar : 13, Bhagalpur : Nil, Khagaria : 8, Samastipur : 13)

<sup>51</sup> Bhagalpur : ₹ 0.25 crore, Buxar : ₹ 1.52 crore, Khagaria : ₹ 0.24 crore and Samastipur : ₹ 0.49 crore

<sup>52</sup> Buxar : 137 nos. and Khagaria : 23 nos.



was also a matter of concern. Further, non-acquisition of land might also result in price escalation/ damage claim by the contractor. The above facts revealed that the Department exhibited undue haste in entering into this contract without ensuring availability of land and the affected habitations continued to be deprived of safe drinking water.

The CE (Urban), PHED in exit conference (November 2011) stated that work would be put to tender after land acquisition in future.

#### 2.2.9.4 Installation of arsenic removal attachment unit without conducting pre-test of tube well water

In the minutes of SLSCC (November 2009), a provision was made for installation of arsenic removal attachment units as alternate/immediate relief in arsenic affected schools. Priority for installation of the attachment units was to be fixed on the basis of level of water contamination in schools.

Based on tenders, EE, PH Division, Buxar executed a contract (April 2010) with M/s Anir Engineers Inc., Kolkata for the supply, installation and maintenance of 500 Arsenic removal hand pump attachment units in the arsenic affected rural schools. The agreement value of this contract was ₹ 2.66 crore and the work was to be completed by March 2011.

The agency installed (August 2011) only 162 units against the target of 500 arsenic removal attachment units at a cost of ₹ 1.46 crore.

The details of installation of arsenic removal hand pump attachment unit in the test-checked divisions were as under:

**Table no. 3**  
**Target and achievements regarding Arsenic removal hand pump attachment units in schools**

Sl. No.	District	Physical target	Achievement		Pre-test report of site issued	Expenditure incurred (₹ in lakh)
			Supply	Installation		
1.	Bhagalpur	42	12	0	Done	0.05
2.	Buxar	38	38	30	Done	16.15
3.	Khagaria	38	38	0	Not done	16.15
4.	Samastipur	38	38	38	Not done	7.95
<b>Total</b>		<b>156</b>	<b>126</b>	<b>68</b>		<b>40.30</b>

Installation of arsenic removal attachment unit without conducting pre-test of tube well water resulted in unfruitful expenditure of ₹ 34.19 lakh.

Out of the 126 units supplied (September 2011), only 68 units (44 per cent) were installed (September 2011) and payment of ₹ 40.30 lakh was released. It was observed that PH Division, Buxar installed 19 units costing ₹ 10.09 lakh at such schools where arsenic contamination levels were within the permissible limit. Further, in two test-checked districts<sup>53</sup> though units were installed/sites given without conducting the required pre-test of tube-well water to determine priority in respect of contamination in groundwater sources of schools yet the payment of ₹ 24.10 lakh was released by the divisions in violation of the SLSCC provision. Further, installation of only 68 units in the

<sup>53</sup>

Khagaria and Samastipur

schools indicates department's failure in getting the work executed by the contractor within the stipulated period resulting in children of the schools being deprived of the safe drinking water.

Thus, selection of schools without conducting pre-test of raw water and installation of the treatment units at schools without actual assessment of requirement or where the arsenic contamination levels were within the permissible limit, resulted in unfruitful expenditure of ₹ 34.19 lakh.

The CE (Urban), PHED in exit conference (November 2011) stated that concerned PH divisions would be asked for not following instructions regarding conduction of pre-test of raw water before installation of attachment units.

### Scheme for Fluoride treatment

Fluoride occurs naturally in groundwater where the soil is rich in fluoride-containing minerals. Long term consumption of water containing fluoride above the permissible level can give rise to dental fluorosis, skeletal and non-skeletal fluorosis and cause damage to soft tissues, organs and systems in the body. As per Indian Standard (BIS-10500), the maximum acceptable limit of fluoride was 1 mg/l (ppm) and permissible limit in the absence of alternate sources was 1.5 ppm. In Bihar, there were 11 districts affected with fluoride contamination having 4157 habitations.

#### 2.2.9.5 Poor coverage of fluoride affected habitations

**Against 4157 fluoride affected habitations, 3629 habitations were still deprived of safe drinking water.**

The department started three types of fluoride contamination mitigation schemes viz. fluoride removal attachment units<sup>54</sup>, solar based fluoride treatment plant<sup>55</sup> and piped water supply scheme<sup>56</sup> during 2006-11. The Department sanctioned nine schemes<sup>57</sup> costing ₹ 225.81 crore to provide fluoride free drinking water to 1829 habitations and 1000 schools during 2006-11 and covered 528 habitations and 101 schools after incurring expenditure of ₹ 41.80 crore as of March 2011 (*Appendix-2.5*).

Audit scrutiny revealed that the department initiated schemes to cover only 1829 against 4157 fluoride affected habitations and could cover only 528 habitations and 101 schools, resultantly 3629 habitations and 899 schools were deprived of safe drinking water as of March 2011. Further, it was also observed that reason for less coverage of affected habitations was mainly due to delay in finalisation of tender, department's failure in getting the work executed by the contractor within the stipulated period and delayed sanction of schemes for the affected habitations.

<sup>54</sup> Filter attached with hand pumps for removal of fluoride contamination.

<sup>55</sup> The fluoride treatment plant is based on adsorption technology by constructing deep tube well and purification of water through filter attached with the plant.

<sup>56</sup> The safe drinking water facility by using fluoride free water by tapping Ganga water.

<sup>57</sup> Solar based fluoride treatment plant: 4 nos., fluoride removal attachment units: 3 nos. and piped water supply scheme: 2 nos.



### **2.2.9.6 Unfruitful expenditure on Fluoride Removal Attachment Units**

In January 2008, SLSCC approved the award of work for supply and commissioning of 1000 fluoride/arsenic<sup>58</sup> removal attachment units at a cost of ₹ 4.22 crore. The agreement was executed (June 2009) with M/s Anir Engineers Inc., Kolkatta. Though the work was to be completed within six months (December 2009), installation of 875 fluoride removal attachment units were completed only in March 2011 after incurring an expenditure of ₹ 3.69 crore.

Audit observed that agency supplied 75 fluoride removal attachment units in PH Division, Banka and received payment of ₹ 27 lakh. Of which, only 43 were installed as of March 2011. However, inspite of the installation of these units, the concentration of fluoride in raw water and in treated water of 32 units remained same resulting in unfruitful expenditure of ₹ 11.52 lakh. This puts question mark on the quality of the units installed for mitigation of fluoride contamination in raw water.

### **Iron contamination mitigation measures**

Presence of excess iron in water makes it unfit for drinking purposes though it does not have any adverse effect on health. Such water stains clothes and utensils during washing and consumes excess fuel and time during cooking. As per Bureau of Indian Standard (BIS-10500) for drinking water, the maximum acceptable limit of iron was 0.3 mg/l and the permissible limit in the absence of alternate sources was 1 mg/l. As per PHED data, 18673 habitations were affected with iron contamination in nine districts. The Department started two types of mitigation schemes for iron contamination viz. hand pumps with iron removal plant<sup>59</sup> and solar based iron treatment plant<sup>60</sup> as discussed in following paras:

### **2.2.9.7 Poor coverage of iron affected habitations**

**Against 18673 iron affected habitations, 18250 habitations were still deprived of safe drinking water.**

During the period 2006-11, four schemes<sup>61</sup> were sanctioned by the Department for ₹ 240.04 crore to provide iron free drinking water in 10296 iron affected habitations. Despite incurring an expenditure of ₹ 41.07 crore, only 423 habitations were provided iron free drinking water till March 2011 (*Appendix-2.5*).

Audit scrutiny revealed that the department initiated schemes to cover only 10296 against 18673 iron affected habitations and could cover only 423 habitations. As a result 18250 habitations were deprived of safe drinking water as of March 2011. Further, it was also observed that reason for less coverage of affected habitations was mainly due to department's failure in getting the

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<sup>58</sup> Arsenic-125 nos. and fluoride-875 nos.

<sup>59</sup> Filter attached with hand pumps for removal of iron contamination.

<sup>60</sup> Solar based iron treatment plant based on technology to operate pump through solar system and water was to be purified by filter.

<sup>61</sup> Hand pumps with Iron Removal Plant: 3 nos. and solar based iron treatment plant: 1 no.

work executed by the contractor within the stipulated period and delayed sanction of schemes for the affected habitations.

### 2.2.9.8 Iron removal plant installed without required test

IRPs were installed without conducting pre-test of the groundwater sources.

To provide iron free drinking water in the affected districts having excessive iron content (5 to 8 ppm), installation of 4703<sup>62</sup> hand pumps with Iron Removal Plants (IRPs) were sanctioned in February and July 2006. Based on tender (February 2009), the work regarding supply and installation of IRPs was awarded (June 2009) to M/s Anir Engineers Inc., Kolkata by the Engineer-in-chief and agreement executed (July 2009) by EE, PH Division, Madhepura for 4703 IRPs costing ₹ 11.03 crore for completion by June 2010.

According to work order, EEs were directed to identify the affected habitations in their respective districts and fix the priority according to the highest contamination level. The hand pumps water quality report was to be obtained before installation of units.

In the test-checked districts, installation of 2049 IRPs costing ₹ 6.51 crore were sanctioned as detailed in **Table no. 4**:

**Table no. 4**  
**Target and achievement of IRPs in the test-checked districts**  
(₹ in crore)

Sl. No.	Name of districts	Estimated cost	Target	Achievement		Expenditure	Pre-test report of raw water
				Supply/ Date of supply	Installation		
1	Purnia	3.66	1151	1151/ October 2010	85	2.74	Not done
2	Saharsa	1.36	428	428/ January 2010	42	1.09	Not done
3	Supaul	1.49	470	452/ March 2010	5	0.97	Not done
	<b>Total</b>	<b>6.51</b>	<b>2049</b>	<b>2031(99)</b>	<b>132 (6)</b>	<b>4.80</b>	

(Figure in brackets represents percentage)

Against 2049 IRPs to be installed, 2031 IRPs (99 per cent) were supplied (September 2011) and payment of ₹ 4.80 crore was released to the agency. Of these, only 132 IRPs (six per cent) were installed. Department's failure in getting the work executed by the contractor within the stipulated period can be seen from the fact that 1917 units had remained uninstalled as of November 2011. Audit scrutiny revealed that the divisions did not conduct pre-test of the groundwater sources before the installation of units.

EEs of the concerned PH Divisions agreed with the audit that pre-test of raw water was not conducted by the division and stated that units remained uninstalled as agencies did not turn up even after repeated request.

Thus, in absence of pre-test, the expenditure of ₹ 4.80 crore incurred on installation of iron removal plants could not be vouched for.

<sup>62</sup> Araria : 536, Begusarai : 245; Katihar : 538; Khagaria : 240; Kishanganj : 626; Madhepura : 469; Purnea : 1151; Saharsa : 428; Supaul : 470

### 2.2.9.9 Jalmani programme

As per work order issued to concern EEs of PH Divisions, EEs were directed to identify the schools with contaminated source of water in their district and fix the priority according to the highest contamination level. The hand pumps water quality reports were to be obtained before installation of units.

Jalmani programme was a 100 per cent centrally sponsored programme launched by GOI in 2008-09 with the objective of providing safe drinking water to school children by installing water purification systems and attachment units. The GOI released ₹ 7.66 crore during 2008-09 for installing purification systems and attachment units in 3000 schools. The treatment units were not to be installed at an unaffected source.

Accordingly, the Government in January 2010, sanctioned five schemes<sup>63</sup> for treatment of arsenic, fluoride and iron contamination and incurred an expenditure of ₹ 4.06 crore upto March 2011 on installation of IRP units/fluoride removal attachment units in 1599 schools (53 per cent).

Audit scrutiny revealed that in the six<sup>64</sup> test-checked districts fluoride and iron removal attachment units were installed in only 399 schools against the target of 480<sup>65</sup> schools during 2010-11 at a cost of ₹ one crore. Further, audit in arsenic affected districts<sup>66</sup>, observed that the department had not initiated any mitigation scheme under Jalmani programme. **Table no. 5** below indicates the targets and achievements under the Jalmani programme in the test-checked districts:

**Table No. 5**  
**Targets, achievements and expenditure in Jalmani programme**

(₹ in lakh)

IRPs/fluoride removal attachment units were either installed without conducting pre-test of water sources or in places where contamination level was within permissible limit.

Name of scheme	Name of district	Physical target of attachment unit	Date of commencement of scheme	Due date of completion of scheme	Achievement	Expenditure
Fluoride removal attachment unit	Banka	50	April 2010	March 2011	50	13.42
	Jamui	50			50	13.42
	Nawada	45			45	12.08
Iron removal attachment unit	Purnia	115	April 2010	March 2011	115	22.19
	Saharsa	110			71	19.60
	Supaul	110			68	19.60
<b>Total</b>		<b>480</b>			<b>399</b>	<b>100.31</b>

Further, scrutiny of pre-test reports of raw water before installation of fluoride removal attachment units revealed that the concentration of fluoride in 14 schools were within the permissible limit in Jamui and Nawada districts. Thus, expenditure of ₹ 5.37 lakh<sup>67</sup> on installation of fluoride removal attachment

<sup>63</sup> Fluoride: removal attachment unit: 500 schools, Arsenic :500 schools ( RO/UV-100 and removal attachment unit: 400) and Iron : 2000 schools (1000 attachment unit and 1000 terafilters)

<sup>64</sup> Fluoride : Banka, Jamui and Nawada; Iron : Purnia, Saharsa and Supaul

<sup>65</sup> Fluoride removal attachment unit: 145 and iron removal attachment unit : 335

<sup>66</sup> Bhagalpur, Buxar, Khagaria and Samastipur

<sup>67</sup> 14 x ₹ 38349 = ₹ 536886

units was unfruitful. In all the iron affected districts, pre-test of raw water before installation of iron removal attachment unit was not conducted though ₹ 61.39 lakh was expended on these units. Consequently, the efficacy of ₹ 66.76 lakh expended on these units was doubtful and also against the provision of work order. Further, delayed implementation of schemes by the department even after the release of funds by GOI and covering merely 53 *per cent* schools deprived the school children of these districts of safe drinking water.

The CE (Urban), PHED in exit conference (November 2011) stated that after confirming facts about non-conduction of pre-test of raw water, it would be intimated to audit.

### 2.2.9.10 *Non- maintenance of water quality projects*

**In the absence of operation and maintenance policy, even the treated water was found contaminated.**

Clause 9.4 of NRDWP guidelines envisaged incentives for States to decentralise and hand over water supply systems for management, operation and maintenance to Gram Panchayats (GP).

Audit scrutiny in the test-checked PH Divisions revealed that the water supply systems created under the schemes were not handed over to the GPs. Further, subsequent to the completion of the maintenance period (August 2010) of the two mitigation schemes, the arsenic content of treated water in Bhagalpur district (Srirampur and Gosaidaspur village of Nathnagar block) was found (August 2010) at 100 ppb in Srirampur and 150 ppb in Gosaidaspur against the permissible limit of 50 ppb. Thus, quality of water was badly affected due to non-maintenance of the assets created after the completion of operation and maintenance period of schemes by the agencies.

The CE (Urban), PHED in exit conference (November 2011) stated that operation and maintenance policy was being prepared by the department.

Thus, in absence of any operation and maintenance policy for the completed schemes, arsenic contaminated water continued to be consumed by the habitations.

### 2.2.10 **Support Activities**

Under the National Rural Drinking Water Quality Monitoring and Surveillance (NRDWQM&S) programme, 100 *per cent* funds were provided by GOI for Information, Education and Communication (IEC) activities, Human Resources Development (HRD) activities and for strengthening of district level laboratories, procurement of Field Testing Kits etc.

The IEC activities were to be conducted in a manner to create awareness about consumption of safe drinking water among masses. However, the department failed to conduct basic activities like audio-visual publicity, wall writing and hoarding at block headquarters. It was also observed that the expenditure on inter-personal communication (door-to-door contact) activities was only 14 *per cent*.

Audit scrutiny of the support activities revealed the following:

#### **2.2.10.1 Information, Education and Communication activities**

The objective of IEC activities were to create willingness among the beneficiaries to pay for the construction of sanitation and water supply systems, create awareness about proper storage, handling and consumption of safe drinking water and to protect drinking water from pollution. IEC strategy included inter-personal communication, audio-visual publicity, hoardings and wall writing, slogan, picture frames, group meetings, street play, participatory rural appraisal and exhibitions.

Audit scrutiny of the records revealed that out of the available funds of ₹ 5.40 crore (2006-11) under this component, ₹ 4.31 crore (80 per cent) was reportedly shown as expenditure by the department. This included amount of ₹ 1.97 crore released to different DWSCs for commissioning of hoardings and wall writing (January 2011) and were booked as expenditure. These amounts were lying unused in the respective PH Divisions as of March 2011.

The department undertook 10<sup>68</sup> types of IEC activities during 2006-11, but failed to conduct any audio-visual publicity, wall writing and hoarding at block headquarters. It was also observed that the expenditure on inter-personal communication (door-to-door contact) activities was only 14 per cent. Hence, the IEC activities were not conducted efficiently resulting in non-optimisation of anticipated benefits from this component.

The CE (Urban), PHED, in exit conference (November 2011), stated that output based IEC activities would be conducted for appropriate outcome.

#### **2.2.10.2 Unfruitful expenditure on Human Resource Development activities**

The expenditure of ₹ 5.20 crore on training of grass root level workers and purchase of FTKs was rendered unfruitful due to non-conducting of chemical test of water sources.

In accordance with the NRDWQM&S programme, the BSWSM prepared training module for village level worker emphasising the importance of safe drinking water. Against the total available funds of ₹ 3.15 crore (2006-11), the department spent ₹ 3.13 crore on training of 32942 personnel (77 per cent) against the target of 42507 at the district, block and GP levels during 2008-09. The balance amount was lying unused with the department (March 2011).

The training module required the trained personnel to conduct chemical test at least twice a year (pre-monsoon and post-monsoon) for every groundwater sources. For this purpose Field Testing Kit (FTK) costing ₹ 2.07 crore (March 2009) were purchased.

Scrutiny of records of the ten test-checked districts disclosed that out of the 2777 FTKs received, 2578 FTKs were distributed to GPs (March 2011).

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<sup>68</sup> (i) Camp of five days duration for creating general awareness in the community about the importance of safe water (ii) Mass campaign, public contacts, campaign in schools and interpersonal communication/ demonstration (iii) Sanitary survey of all the sources (iv) Printed materials (v) Advertisement in newspaper (vi) Hoarding at district headquarters (vii) Hoarding at block headquarters (viii) Video film of 30 seconds each (ix) Charges for airing on TV channels and (x) Message through radio before and after regional news.

Though 4,57,564 samples<sup>69</sup> were to be tested by the GPs, only 6,258 (one *per cent*) test reports were submitted by GPs (**Appendix-2.6**). Hence, the benefits of spending ₹ 5.20 crore on training of grass root level workers and purchase of FTKs remained unfruitful.

The CE (Urban), PHED in exit conference (November 2011) stated that the grass root level workers showed least interest in the testing of water quality without any incentive.

### 2.2.10.3 Water quality testing by district laboratory

According to NRDWP guidelines, chemical and physical parameters tests of all groundwater sources were to be carried out once a year. For this purpose, one laboratory each at the district and at subdivision level was required to be established. Audit observed that there were only 38 PH laboratories at district level but none at sub-division level, though ₹ 4.74 crore were provided for establishment of these laboratories during 2010-11.

Audit scrutiny further revealed that the Department did not follow the norms for the testing of water sources as per NRDWP guidelines. Instead, it fixed a monthly target of 100 tests of water samples for each laboratory. The performance of divisional laboratories in the test-checked districts during 2006-11 relating to testing of water samples is shown in **Table No. 6**:

**Table No. 6**  
**Shortfall in water testing**

District	No. of tests required to be done as per department	No. of water samples tested in five years	Percentage of shortfall
Buxar	6000	3290	45
Banka	6000	0	100
Samastipur	6000	2419	60
Khagaria	6000	3270	45
Jamui	6000	2527	58
Bhagalpur	6000	1642	73
Saharsa	6000	1838	69
Supaul	6000	3205	47
Purnia	6000	1813	70
Nawada	6000	2441	59
<b>Total</b>	<b>60000</b>	<b>22445</b>	

(Source: Data furnished by PHED and PH Divisions)

The Department fixed the target of testing of groundwater sources without any reference to the NRDWP guidelines. Even the target so fixed was also not achieved.

Against target of 60,000 tests fixed by the department without any reference to the scheme guidelines, only 22,445 (37 *per cent*) tests were conducted during 2006-11. The percentage of shortfall in the 10 test-checked districts ranged between 45 and 100 *per cent*.

The CE (Urban), PHED in exit conference (November 2011) stated that shortfall in water testing was mainly due to lack of manpower and infrastructure and the 100 *per cent* shortfall in Banka district was due to the non-establishment of laboratory till May 2011.

<sup>69</sup>

Total number of ground water sources in the test-checked divisions : 228782 x 2 = 457564 water samples to be tested



### 2.2.11 Monitoring and Inspection of the facilities set up

Pollution amelioration schemes were not monitored periodically and deficiencies/shortcomings remained unaddressed.

According to NRDWP guidelines, monitoring through field inspections by officers at the State and the district levels were essential for the effective implementation of the programme. District Water and Sanitation Committee (DWSC) were required to constitute teams of experts in the concerned districts to review the implementation of the schemes in different blocks at least once in a quarter. Similarly, the State Water and Sanitation Mission (SWSM) were required to conduct reviews of the programme in the district once in six months.

Audit scrutiny revealed that neither such review nor any inspection was conducted at the district or block levels as per records available in the test-checked divisions/Headquarters. Consequently, the progress of various pollution amelioration schemes were not monitored periodically and deficiencies/shortcomings could not be addressed to. The EEs failed to comply with the PHED instructions of getting the water samples drawn from the treatment plant/unit, tested by chemists in the district laboratory every 15 days and to ensure entry of testing result in the log book. Thus monitoring and inspection of the facilities set up was almost absent.

The CE (Urban), PHED in exit conference (November 2011) stated that monitoring cell at headquarter level and reform support unit for monitoring was under proposal.

### 2.2.12 Conclusion

The Department did not prepare any Annual Action Plans upto 2008-09, as a result of which the progress in implementation of mitigation schemes during this period was slow inspite of availability of funds. The Department in violation of ARWSP guidelines selected the habitations under mitigation schemes without any reference to sources with highest contamination levels. Non-conducting of meetings by the Water Quality Review Committee indicated lack of co-ordination between the Central and State agencies which ultimately affected the selection process. The financial management by the department was unsatisfactory due to under utilisation of available funds, due to release of funds at the fag end of financial year and retention of funds in Civil Deposit. The Department could cover only six *per cent* of arsenic, fluoride and iron affected habitations during this period. Instances of construction of sanitary wells without ensuring their technical feasibility, awarding of work without ensuring availability of land, installation of arsenic, fluoride and iron removal attachment units without conducting pre-test of raw water were also observed. In the absence of an operation and maintenance policy, the contamination level of water even after mitigation schemes was higher than the permissible limits. The monitoring and inspection of the facilities set up was absent. In spite of incurring an expenditure of ₹ 396.51 crore during 2006-11, the implementation of various groundwater pollution mitigation schemes failed to have its desired impact.



### **2.2.13 Recommendations**

The Government may consider to:

- prepare an Annual Action Plan and also sanction mitigation scheme as per priority of contamination level.
- make financial management realistic against the target of coverage of habitations and ensure efficient utilisation of available funds.
- insist upon pre-test of raw water to establish the extent of contamination before sanctioning any mitigation schemes.
- formulate a long term operation and maintenance plan at the departmental level so that the assets created at a cost are maintained and deliver their intended benefits.
- consider regular assessment of the impact of implemented Schemes so that shortcomings are identified and addressed to.

## CHAPTER III

### AUDIT OF TRANSACTIONS

Audit of transactions of the Government departments, their field formations as well as that of autonomous bodies brought out several instances of lapses in management of resources and failures in the observance of the norms of regularity, propriety and economy. These have been presented in the succeeding paragraphs under the broad objective heads.

#### 3.1 Non-compliance with the rules

For sound financial administration and effective financial control, it is essential that expenditure conforms to financial rules, regulations and orders issued by the competent authority. This not only prevents irregularities, vis-à-vis loss to the Government, but also helps in maintaining good financial discipline. Some of the significant audit findings on non-compliance with rules and regulations, leading to loss to the Government, are as under:

#### Road Construction and Rural Works Departments

##### 3.1.1 Loss due to non-disposal and short lifting of bitumen

**The Government suffered a loss of ₹ 77.48 lakh due to non-disposal and short lifting of bitumen.**

(A) Rule 276 of the Bihar Public Works Department Code requires an Assistant Engineer to submit to the Executive Engineer, a list of such stored items which have not been used for the last two years. The latter shall obtain the order of the Superintendent Engineer (SE) for the disposal of such material who (SE) shall, in turn, make every attempt to get this stock consumed by other Circles or their disposal through sale.

Test check (June 2010) of the records of Road Construction Division, Bhabhua revealed that 204.267 Metric Tonne (MT) Bitumen procured in 2003-04 under Capital outlay on Roads & Bridges (5054) and repair and maintenance head (3054) was lying unused in the store, open to the vagaries of nature ever since their procurement. Due to their improper custody, the bitumen spilled out and got mixed with earth and shrubs thus becoming unfit for use. It was, further observed, that no efforts were made by the Department to get the stored bitumen consumed on works. Damage of the stored bitumen resulted in loss of ₹ 72.94<sup>1</sup> lakh to the Government.

The EE stated (June 2010) that necessary guidance regarding the disposal had been sought from the higher authorities.

(B) The construction from Pasaraha Railway Station to Jhanjhara road (2.5 k.m.) under Mukhya Mantri Gram Sadak Yojna of the Rural Works

<sup>1</sup> Based on 2008 price of bitumen @ ₹ 35,710 per MT.

Department (RWD), Works Division, Khagaria was awarded (May 2007) to a contractor at ₹ 66.35 lakh for completion in six months by November 2007. The work was completed (December 2009) and a total sum of ₹ 64.32 lakh was paid (January 2010) to the contractor through 12 running account bills against the work done.

Test check (April 2010) of records of the Executive Engineer (EE), RWD, Khagaria revealed that 24.75 MT bitumen and 5.625 MT emulsion was required for the execution of the work. For this, the EE issued a supply order (November 2007) to Indian Oil Corporation (IOC), Patna. Further scrutiny revealed that 30.30 MT bitumen was shown as consumed in the work. However, the division furnished only 15.629 MT bitumen invoices to audit. The Indian Oil Corporation (IOC), Patna had also confirmed that only 15.629 MT bitumen was lifted by the contractor against the supply order of the work. This indicated that the contractor received inadmissible payments for 9.05 MT bitumen and 5.625 MT emulsion without actual lift and their utilisation in the said work. This also puts a question mark on the quality of the work executed.

On this being pointed out, the EE, RWD, Khagaria stated that perhaps the remaining challans were enclosed with files of other road works of the same contractor due to human error and would be shown to audit later. The reply was not acceptable since IOC, Patna had already confirmed to audit that only 15.629 MT bitumen was lifted against the reported usage of the 30.30 MT bitumen. This resulted in an inadmissible payment of ₹ 4.54 lakh<sup>2</sup> to contractor.

Thus, non-disposal of bitumen and excess payment against short lifting of bitumen in the above two cases resulted in a total loss of ₹ 77.48<sup>3</sup> lakh to the Government.

The matters were reported to Government (August 2011); the replies had not been received (November 2011).

## Water Resources Department

### 3.1.2 Loss to the Government

**The Government suffered losses of ₹ 2.89 crore due to department's failure in encashing bank guarantee within its validity period apart from acceptance of fake bank guarantees by the Divisions.**

A provision under Rule 172 (II) of the Bihar Public Works Departmental (BPWD) Code and terms and conditions of the Notice Inviting Tender (NIT) stipulate that for works costing more than ₹ one crore, a contractor/agency must submit a bank guarantee (BG) issued by a nationalised bank situated within the State. If a tenderer submit a BG from a bank outside the State, the same is required to be replaced by another BG issued by any nationalised bank situated within the State at the time of execution of the agreement. Further, the

<sup>2</sup> 80/100 grade bitumen 9.05 MT x @ ₹ 34854.13 /MT- Rate as of 03.02.2009= ₹ 3.15 lakh and Emulsion 5.625 MT x @ ₹ 24715.63/MT-Rate as of 16.06.2009= ₹ 1.39 lakh

<sup>3</sup> ₹ 72.94 lakh + ₹ 4.54 lakh = ₹ 77.48 lakh.

Government Decision No. 54 (January 1991) under Annexure A of the Bihar Public Works Department Code Vol. I prescribed compulsory verification by the department of all BGs submitted by contractors from the concerned banks through special messengers, before releasing payments to them. In addition, Clause 10 (B) (iii) of the Standard Bidding Document (SBD) provided for grant of plant and machinery advance to contractors only against the plant and machinery brought to site by them.

### 3.1.2.1 Loss due to expiry of bank guarantee

The Executive Engineer (EE), Flood Control Division (FCD), Mokama at Bakhtiarpur entered into an SBD agreement (June 2007) for ₹ 27.84 crore with M/s Vijeta Construction Pvt. Ltd., Ranchi for the construction of drainage and access road for the National Thermal Power Corporation (NTPC) plant at Barh. The work was to be completed in one year i.e. by May 2008.

Audit scrutiny (March 2011) of the above agreement revealed that in contravention of the aforesaid provision of the BPWD Code and terms and condition of the NIT, the EE accepted a BG<sup>4</sup> of ₹ 55.68 lakh issued by bank stationed outside the State viz. Allahabad Bank, Main Branch, Ranchi (Jharkhand) with validity upto 10 June 2009. Since the agency had executed merely 21 *per cent* of work valuing ₹ 5.98 crore<sup>5</sup> up to March 2009, the EE, FCD, Mokama rescinded the contract in April 2009. However, the EE in violation of Clause 3 (a) of SBD, retained the BG for 67 days after the contract was rescinded. Thereafter, on 8 June 2009 i.e. just 48 hours before the end of BG validity, it was sent to the issuing bank in Ranchi for its encashment. Since the BG was received only on 12 June 2009, the bank refused to encash it on the ground of expiry of its validity resulting in non-forfeiture of the security deposit of the defaulting contractor. No reason, whatsoever, was on record or given by the EE for withholding the BG for 67 days.

Thus, the late submission of the BG by the EE resulted in a loss of ₹ 55.68 lakh to the Government. No reply had been received from the Water Resources Department.

### 3.1.2.2 Loss due to fake bank guarantee

The Executive Engineer (EE), Saran Division, Chapra entered into an SBD agreement (February 2008) for the execution of a road work<sup>6</sup> with M/s Ram Pravesh Rai Estate Pvt. Ltd. at ₹ 17.42 crore for completion by May 2009. The contractor submitted nine BGs dated 7 February 2008 of Central Bank of India (CBI), Ambara Chowk Branch, Muzaffarpur for ₹ 3.15 crore against the performance security<sup>7</sup>, tools and plants advance<sup>8</sup> and mobilisation advance<sup>9</sup>

<sup>4</sup> BG. no. 021002/165/2007/ dt. 11.06.2007

<sup>5</sup> Vide 8th R/A bill, VR. No. 21 dt. 26.03.2009

<sup>6</sup> Raising, strengthening and construction of black top road on Magarpal Charaki from 0 to 16 km and Saran embankment from 20.151 km to 35.20 km.

<sup>7</sup> BG no. 58 dated 07.02.2008 - ₹ 54,10,000

<sup>8</sup> BG no. 59 dated 07.02.2008 - ₹ 27,10,100,

BG no. 60 dated 07.02.2008 - ₹ 30,10,100,

BG no. 61 dated 07.02.2008 - ₹ 30,10,100.

**Total ₹ 87,30,300**

<sup>9</sup> BG no. 62 dated 07.02.2008 - ₹ 35,00,000

BG no. 63 dated 07.02.2008 - ₹ 35,00,000

BG no. 64 dated 07.02.2008 - ₹ 35,00,000

BG no. 65 dated 07.02.2008 - ₹ 35,00,000

BG no. 66 dated 07.02.2008 - ₹ 34,20,139

**Total ₹ 174,20,139**

(MA). The BGs were valid for one year. Audit scrutiny (December 2010) revealed the following discrepancies:

- Acceptance of BGs for ₹ 3.15 crore, valid upto February 2009 was irregular as it did not cover the entire period of work to be completed by May 2009.
- Out of the total MA of ₹ 1.74 crore, ₹ 1.50 crore was irregularly released (February 2008) by the EE before receiving the required verification report (March 2008) of the BGs.
- Rupees 87.10 lakh released as tools and plants advance to the contractor was irregular and was not in conformity with the Clause 10 (B) (iii) of SBD, since this advance was sanctioned on the basis of the BGs provided by the contractor and not against the plant and machinery brought to the site.
- The contractor did not get the BGs for ₹ 3.15 crore revalidated despite reminders (November and December 2008) from the Division. Instead, he submitted a fresh BG<sup>10</sup> for ₹ 87.11 lakh only in January 2009. Since BGs for the remaining amount were not submitted by the contractor, the Division referred (July 2009) the previous BGs to the bank, for re-verification. In response, the issuing bank stated (September 2009) that all the BGs submitted in February 2008 were fake.
- Since the contractor had executed just 19 *per cent* of the works and had failed to provide fresh BGs, the work was rescinded by the EE after payment of ₹ 3.45 crore (March 2010). Though ₹ 3.70<sup>11</sup> crore was outstanding (March 2010) against the contractor, only ₹ 50 lakh was recovered against the advances from his bills, and BG of ₹ 87.11 lakh was forfeited and encashed by the Division. Thus ₹ 2.33 crore remained to be recovered from the contractor. Later, at the instance of Audit, an FIR was lodged (December, 2010) against the said contractor.

The Chief Engineer, Water Resources Department, Siwan stated (January 2011) that necessary directions were being issued to the EE, Saran Division for recovery of the outstanding amount as per the SBD's Clause. However, details of action taken against the contractor had not been received (June 2011).

The above facts revealed failure of the Divisional officers to encashment of BG within its validity period, irregular grant of advances, acceptance of fake BGs and non-verification of BGs. Consequently, the Divisions incurred a loss of ₹ 2.89<sup>12</sup> crore and the work in respect of Saran Division remained incomplete in spite of incurring an expenditure of ₹ 3.45 crore.

The matters were reported to the Government (May 2011), their replies were awaited (November 2011).

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<sup>10</sup> BG no 157/31 March 2009 for ₹ 87.11 lakh, Bank of Baroda, Main Branch, Patna; later re-validated upto 31 March 2010.

<sup>11</sup> Total advances: ₹ 174.20 lakh + ₹ 87.11 lakh + ₹ 108.69 lakh (interest)= ₹ 369.99 lakh or ₹ 3.70 crore.

<sup>12</sup> Case A: ₹ 55.68 lakh

Case B: ₹ 2.33 crore

Total: ₹ 2.89 crore

### 3.2 Audit against propriety/Excess/Wasteful/Infructuous expenditure

Authorisation of expenditure from public funds is to be guided by the principles of propriety and efficiency of public expenditure. Authorities empowered to incur expenditure are expected to enforce the same vigilance as a person of ordinary prudence would exercise in respect of his own money and should enforce financial order and strict economy at every step. Audit has detected instances of impropriety, extra and infructuous expenditure, some of which are mentioned below:

#### Road Construction Department

##### 3.2.1 Irregular award of work and excess payment on price neutralisation

**Road works costing ₹ 21.53 crore were awarded to ineligible contractors which were rescinded resulting in extra liability of ₹ 7.46 crore and excess payment of ₹ 25 lakh on price neutralisation of bitumen at higher rates.**

The Enlistment of Contractors Rule, Bihar 2007 read with Annexure 'C' of the Bihar Public Works Department (BPWD) Code prescribes that all contracts costing more than ₹ 3.50 crore can be awarded only to a registered Class-1 A contractor of the Road Construction Department (RCD). Further, decision no. 112 of the BPWD Code (Annexure A) permits only those contractors to submit tenders who own the minimum essential prescribed machines<sup>13</sup>. Any officer ignoring these conditions while approving tenders would be held responsible for the same. In addition, Clause 4.5 B of Section 1 of the Standard Bidding Document (SBD) also requires the bidders to declare and demonstrate, for the review of the employer, the availability of the critical equipment<sup>14</sup> required to be deployed on the work.

(A) The Executive Engineer (EE) Shahabad Road Construction Division, Ara entered (December 2007) into an SBD Agreement for "widening and strengthening of Ara-Sinha road (km 0 to 16)" for ₹ 9.17 crore for completion in 18 months i.e. by June 2009.

Audit scrutiny (March 2011) of the bid documents revealed that at the time of award of the work, the contractor was not registered as 'A' class contractor with the RCD. This fact was mentioned in the comparative statement of the technical bids by the Divisional Accountant. In addition, the contractor did not

<sup>13</sup> Hot Mix Plants with electronic controls, paver finishers, front end loaders, tandem rollers, vibratory rollers, tar boilers, tipper trucks, type mounted tar boilers with bitumen sprayers and compressor machines.

<sup>14</sup> Motor Grader, Dozer, Front end loader, Smooth Wheeled Roller, Vibratory Roller, Fully Computerised Hot Mix Plant of minimum 80-100 TPH (turnage per hour) with electronic controls, Paver Finisher with electronic Sensor, Water Tanker, Bitumen sprayer, Tandem Roller, Concrete Mixer with integral Weigh Batching facility with maximum age of 5 years.



have the essential key plants and equipment<sup>15</sup> as required under Clause 4.5 (B) of Section 1 of SBD. Even the Hot Mix Plant (HMP) possessed by the contractor was of lower specification of 40-60 Turnage Per Hour (TPH) against 80-100 TPH required for work.

In spite of these deficiencies, the Departmental Tender Committee (DTC) decided (October 2007) to award the contract in favour of the said contractor in contravention of the decision no. 112 of the Government, BPWD Code. Thereafter, in September 2008, the Engineer-in-chief-cum-Additional Commissioner, RCD granted a registration certificate of RCD to the contractor about nine months after the award of the work (December 2007).

Audit scrutiny (March 2011) also revealed that the contractor did not complete even a single kilometre of the road up to the black top level, though payment of ₹ 2.67 crore (29 per cent) was made (June 2009) to him. The EE rescinded the agreement because of slow progress of work after forfeiting security deposits of ₹ 42.14 lakh. In January 2010, this residual work was transferred to the Bihar Rajya Pul Nirman Nigam Ltd. (BRPNN) at ₹ 9.58 crore. The BRPNN in turn executed a fresh agreement with another agency (M/s Maheshwar Kshtreshwari Construction Pvt. Ltd.) at ₹ 10.35 crore with the scheduled date of completion by March 2011. The work was still under progress and ₹ 7.06 crore (68 per cent) had been paid to the contractor as of July 2011.

Thus irregular award of the contract to an ineligible contractor resulted in consequential additional liability/extra cost to the tune of ₹ 3.43<sup>16</sup> crore.

**(B)** The Executive Engineer (EE) Shahabad Road Construction Division, Ara entered (February 2008) into an SBD agreement with a contractor for “widening and strengthening of Ara-Ekwana-Khaira-Sahar Road (km 19 to 35)” for ₹ 12.36 crore for completion in 18 months i.e. by August 2009.

Audit scrutiny revealed (March 2011) that the technical bid documents submitted by the contractor were completely blank and the fact was appropriately recorded in the comparative statement by the Superintending Engineer, Bhojpur Road Circle, Ara. Though, this unqualified bid document was submitted to the Chief Engineer, South Bihar Section, RCD, Bihar, Patna yet the DTC approved the award of work to this contractor and the EE, RC Division, Ara entered into an SBD agreement. This SBD agreement was, however, entered into without verifying the tools, plants and other machinery of the contractor as required under the BPWD Code and Clause 4.5 (B) (a) of Section 1 of SBD.

Even after the lapse of 22 months from the award of contract, the contractor had executed only 44 per cent of the work and was paid ₹ 6.18 crore. Due to the slow progress of the work, the EE rescinded (December 2009) the agreement after forfeiting ₹ 40.17 lakh. The remaining works were transferred (March 2010) to the BRPNN which in turn awarded the work to another agency (Raj Kumar Singh Raja Construction Pvt. Ltd.) at a cost of

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<sup>15</sup> Viz. fully computerised Hot Mix Plant of capacity 80-100 TPH (turnage per hour), tandem roller, motor grader, dozer, front end loader etc.

<sup>16</sup> Additional liability/extra cost = (₹ 10.35 crore - ₹ 9.17 crore) + ₹ 2.67 crore - ₹ 42.14 lakh (forfeited security) = ₹ 3.43 crore



₹ 10.62 crore, thereby committing the Government to an additional liability of ₹ 4.03<sup>17</sup> crore. Rupees 1.17 crore (11 per cent) had been paid to the contractor as of July 2011.

On this being pointed out (April 2011), the Special Secretary, Road Construction Department, Government of Bihar stated (June 2011) that it was not mandatory for the tender receiving authority to physically verify the prescribed machinery and the EE, after being satisfied by the information given by the bidder had recommended the technical bid for evaluation. He further stated that Decision no. 112 of Government in the PWD Code, was the instruction issued by the Engineer-in-Chief (EIC) of the Department and it was not applicable for works under SBD. He, however, agreed that the extra cost incurred to complete the works would be recovered from the contractor.

The reply of the Special Secretary is not relevant since in the first case (Ara-Sinha Road), the very award of the contract to an unregistered contractor was highly irregular. In the second case (Ara-Ekauna Sahar Path-Km 19 to 35) too, though the 'owning' of plants and equipment by the contractor was mandatory vide provisions of the BPWD Code, the work was irregularly awarded to the contractor even after the contractor had submitted blank technical bid documents. Hence, the contractor should have been disqualified at the technical bid stage itself. Instead, overlooking this serious deficiency, the Chief Engineer (CE) (South) irregularly qualified (technically) the contractor and obtained DTC approval for its award. Further the statement of the Special Secretary, RCD regarding Decision No. 112 was also factually incorrect since this decision was an integral part of the BPWD Code and therefore was mandatorily applicable on all works' contracts including those under SBD.

Thus, the irregular award of works to ineligible contractors resulted in an extra burden of ₹ 7.46<sup>18</sup> crore.

(C) As per Clause 10 CA and 10 CC of Standard Bidding Document (SBD), if after submission of the tender, the price of cement, steel, bitumen etc. incorporated in the works increases beyond the prices prevailing at the time of the last stipulated date of receipt of tenders (including extension, if any) for the work, the amount of the contract shall accordingly be varied and as such, the contractor would be paid the differential amount of increased price for the said material utilised in the work. The price adjustment for increase or decrease in the cost of bitumen shall be paid in accordance with the formula<sup>19</sup> prescribed in the SBD contract. This provision will be applied only

<sup>17</sup> ₹ 10.62 crore-(₹ 12.36 crore-₹ 6.18 crore)-₹ 40.17 lakh = ₹ 4.03 crore.

<sup>18</sup> ₹ 3.43 crore + ₹ 4.03 crore = ₹ 7.46 crore

<sup>19</sup> 
$$V_b = \frac{0.85 \times P_b}{100 \times R} \times \frac{(B_1 - B_0)}{B_0}$$

$V_b$  = Increase or decrease in the cost of work during the month under consideration due to changes in rates for bitumen.

$B_0$  = The official retail price of bitumen at the IOC depot at nearest centre on the day 28 days prior to date of opening of Bid.

$B_1$  = The official retail price of bitumen of IOC depot at nearest centre for the 15<sup>th</sup> day of the month under consideration.

$P_b$  = Percentage of bitumen component of the work.

$R$  = Total value of work

to those agreements which are running in the time schedule or for which time extension had been allowed by the competent authority.

- Test check of records of Road Construction Division, Jehanabad revealed (July 2010) that the contract for widening and strengthening of Babhana-Shakurabad road was awarded (June 2008) to a contractor for ₹ 5.56 crore for completion by June 2009. The division paid price neutralisation towards escalation of bitumen price by applying the formula prescribed in the contract. Scrutiny of calculations further revealed that the  $B_0$  value i.e. the official retail price of bitumen at the nearest centre on the day 28 days prior to the date of opening of bid was ₹ 29856.98 but was incorrectly applied as ₹ 24964.12. Further the value of 'R' i.e. total value of the work taken into account was inflated by adding nine<sup>20</sup> per cent. This resulted in excess payment of ₹ 20.11 lakh (*Appendix-3.1*) towards price neutralisation of bitumen to the contractor.

The matter was also referred (May 2011) to the Government. The Special Secretary in reply stated (October 2011) that ₹ 17.49 lakh had been recovered from the 28<sup>th</sup> running on-account bill of the contractor. He further added that the value of 'R' applied in the formula is the agreed value of work.

The reply of the Special Secretary was not acceptable as the price neutralisation as recorded in the Standard Bid Document (SBD) agreement was to be given on the cost of work and not on the agreed value of work. Thus allowing the agreed value of work instead of BOQ value of work was quite irregular and inadmissible. However, no action has so far been taken to recover balance amount of ₹ 2.61 lakh from contractors.

- Test-check of records (February 2011) of Road Construction Division, Kishanganj revealed that the work of widening and strengthening of Kishanganj-Taibpur-Thakurganj-Galgolia (KTTG Part-II) road was awarded (5 February 2008) to a contractor at ₹ 10.85 crore, for completion in one year (4 February 2009). The work was completed and a total amount of ₹ 10.74 crore was paid to the contractor through 12 on-account bills. The scrutiny of calculation of formula for price neutralisation revealed that  $B_1$  value i.e. official retail price of bitumen at the nearest centre on the 15<sup>th</sup> day of the month under consideration was incorrectly applied and price neutralisation was paid for ₹ 48.80 lakh against the admissible amount of ₹ 26.40 lakh. This resulted in excess payment of ₹ 22.40 lakh (*Appendix-3.2*).

The Special Secretary, RCD replied (October 2011) that the value of  $B_1$  had been applied as per data received from IOC, Patna. However, neither any documentary evidence was furnished to the audit nor any action was taken against the officials concerned.

Due to incorrect application of price neutralisation clause of SBD agreements, excess payment of ₹ 25.01 lakh<sup>21</sup> was made to the contractors.

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<sup>20</sup> The work was awarded to the contractor at nine per cent above the BOQ.

<sup>21</sup> ₹ 2.61 lakh + ₹ 22.40 lakh = ₹ 25.01 lakh

**3.2.2 Execution of road works with lower specifications**

**Execution of road works with lower specifications rendered the work costing ₹ 2.79 crore substandard.**

Based on the recommendations of I.I.T. Roorkee, Secretary, Road Construction Department (RCD), Bihar, Patna accorded (February 2009) administrative approval (AA) for ₹ 12.23 crore for ‘improvement of riding quality of pavement (IRQP) work<sup>22</sup>’ of National Highway (NH) 30. Keeping in view the heavy traffic load on the road, the technical specifications provided for crust thickness was 115mm bituminous work i.e. 75 mm dense graded bituminous macadam (DBM) and 40 mm bituminous concrete (BC). The technical sanction had, however, not been accorded as of July 2011.

Audit scrutiny of records of NH West-Division, Patna (October 2010) revealed that after the administrative approval (AA) of the works, the Chief Engineer, NH, Bihar, Patna, for preparation of Bill of Quantity (BOQ) of the work, directed (February 2009) the Executive Engineer to reduce the crust thickness of 75 mm, by utilising 50 mm bituminous macadam (BM) in place of 75 mm DBM and 25 mm semi dense bituminous concrete (SDBC) in place of 40 mm BC without assigning any reason for it. The BOQ were accordingly prepared, approved and tenders invited (February 2009) in two parts viz. (a) for work in km 150 to 153 and 157(600m) to 159 and (b) for km 160 to 166 with 50 mm BM and 25 mm SDBC. The work in km 160 to 166 awarded (June 2009) to an agency for ₹ 3.73 crore was completed (March 2010) and final payment was made (August 2010) for ₹ 3.36 crore.

The re-tender for the work in km 150 to 153 and 157 (600 metre) to 159 was awarded (October 2009) to M/s Amraha Construction Private Ltd. for ₹ 3.40 crore. However, during the monthly review meeting of the department, the Secretary, RCD directed the CE, NH Wing (November 2009) to execute the work as per provisions of the AA, keeping in view the traffic volume on the road and to avoid its early damage. Consequently, this tender was also cancelled (January 2010). Thereafter, based on the AA, the work was awarded (March 2010) to an agency (M/s Umesh Kumar and Company) for ₹ 5.47 crore. Payment of ₹ 4.73 crore was made to the agency upto the sixth on-account bill (July 2011).

Audit scrutiny revealed that work on the same road in km 160 to 166 was executed with crust thickness of 75 mm using 50 mm BM and 25 mm SDBC while in km 150 to 153 and 157 (600 m) to 159, it was executed with that of 115 mm with 75 mm DBM and 40 mm BC. As seen from the Secretary RCD’s instruction in view of the traffic volume on this road, the same crust thickness of 115mm designed to prevent early deterioration was required to be maintained all along this road. Thus, CE’s decision to reduce the crust thickness specification in disregard to recommendations of IIT, Roorkee and specification of AA was not only injudicious but fraught with the risk of early deterioration of the road in km 160 to 166 of NH-30 costing to ₹ 2.79 crore (*Appendix-3.3*).

<sup>22</sup> In km 150 to 153, 157 (600 m) to 166 and hard shoulder drainage and hume pipe culverts in different kms between 150 to 166 km

The matter was reported to the Government (April 2011). The Special Secretary, RCD, Bihar, Patna stated (May 2011) that the specification was reduced only to limit the expenditure of the State Government as the Ministry was not reimbursing the amount spent by the State Government on NHs.

The reply of the Special Secretary, RCD, Bihar was not acceptable as the Secretary RCD had himself earlier observed that execution of this work with lower specifications might cause early damage to the road and had ordered restoration of the original specifications made in AA. Further, keeping in view the expert recommendations of IIT, Roorkee, the heavy traffic load on this road and to prevent its early damage, there was no justification for execution of the work with lower specifications in a part of the road. Thus, the execution of work with lower specification in km 160 to 166 of NH- 30 led to substandard work of ₹ 2.79 crore.

### **3.2.3 Sub-standard execution of road works**

**Non-adherence to the Ministry of Road, Transport and Highways specifications led to execution of sub-standard road work costing ₹ 1.22 crore.**

In order to improve the Dharhara-Chandi Path (0 km to 6.75 km) under the Rashtriya Sam Vikas Yojana, the Executive Engineer (EE), Shahabad Road Division, Ara entered (May 2007) into an agreement with an agency for executing works estimated to cost ₹ 2.49<sup>23</sup> crore with completion by May 2008. The works were to be executed as per the specifications fixed by the Ministry of Road, Transport and Highways (MORTH) Government of India. As per Clause 506.5 of MORTH specifications, the contractor was required to execute the final surfacing i.e. semi dense bituminous concrete (SDBC) over the built-up spray grouting (BUSG) within a maximum period of 48 hours.

Further, Clause 17 of the Notice Inviting Tenders (NIT), being the part of the agreement, required the contractor to maintain and rectify defects of the work up to three years after completion of the work. The work was completed in March 2010, after availing time extension and the Division paid ₹ 1.87 crore as per the final bill (March 2010), against which ₹ 1.22 crore was incurred on road works.

Audit scrutiny (March 2011) of the work execution records revealed that while the BUSG item for 5154.55 m<sup>2</sup> in the first and second km was executed in June 2007, this was covered by SDBC only in December 2007. Further, the BUSG for 11864.50 m<sup>2</sup> in the third to seventh km was executed in April 2008 and the same was covered by SDBC only in December 2008. The above facts revealed a delay of five to eight months in covering the BUSG with the final bituminous surface, which was in contravention of the MORTH specifications.

Audit scrutiny further revealed that as against the actual requirement of 83.13 MT bitumen, the contractor had used 56.96 MT bitumen resulting in less consumption of 26.17 MT bitumen, consequently resulted into execution of sub-standard work. Non-adherence to the MORTH specifications resulted in

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<sup>23</sup> Road work: ₹ 140.09 lakh, RCC Culvert: ₹ 3.93 lakh, RCC Box Culvert: ₹ 11.51 lakh and HL Bridge: ₹ 93.79 lakh.

execution of sub-standard road work of ₹ 1.22 crore and its premature damage to the road as revealed by the Executive Engineer's (EE) Report in November 2008 and March 2010. A third party quality check requisitioned by the EE and conducted by MSV International, Inc (October 2008) also confirmed less consumption of bitumen on the road work. Further, after just five months of completion of the work (March 2010), the Sub-division Officer, Koilwar, asked the Junior Engineer, Koilwar, to prepare a fresh estimate for its repairs and maintenance, in spite of a valid defect liability period till March 2013. Repairs of the road only after five months indicated that the construction executed earlier was substandard.

The Special Secretary, RCD in his reply (October 2011) stated that the work of SDBC was not done from May to October 2008 due to heavy rain and also cited practical problems in execution of SDBC works over BUSG within 48 hours. He further added that the contractor had re-executed the works on the stretches cited by MSV International as per directions and specifications. As such, there was no substandard execution of work. He further added that due to plying of over loaded wet sand trucks, the road crust got damaged. Resultingly, it was not possible to enforce defect liability on the contractor in such adverse conditions.

The reply of the Special Secretary that the road got damaged due to 'plying of over loaded trucks' was not acceptable because of the following reasons: (i) It is a cover up to the substandard execution of work since heavy loaded sand trucks had been plying on this road ever since the mining of sand had started from the Koelwar ghat. (ii) The SDBC work was required to be executed within a maximum of 48 hours of BUSG execution as per the MORTH specification, citing incessant rains as the cause for delays in covering the BUSG was also not acceptable as the delays ranged between five and eight months and sufficient anticipatory action should have been taken by the Division. (iii) The report of the third party quality check was also in itself an admission of the sub-standard work, though, it was repaired only to limited stretches. (iv) No documentary evidence viz. measurement book was produced in support of department's contention that proper rectification had been done on the stretches as objected to by MSV International. Thus, absolving the contractor of his responsibilities against defect liability on the plea of adverse conditions was irregular as this could have saved and served the interest of the Government.

Thus, non-adherence to the Ministry of Road, Transport and Highways specifications led to execution of sub-standard road work of ₹ 1.22 crore.

#### **3.2.4 Irregular award of contract and infructuous expenditure on road works**

##### **Award of a contract to an ineligible contractor resulted in infructuous expenditure of ₹ 1.42 crore.**

A contract for improving the riding quality of the Hajipur – Muzaffarpur Road under National Highway (NH-77) was awarded (March 2009) by the Executive Engineer, NH Division No. 2 (EE), Muzaffarpur on the basis of a single tender. The value of the contract was ₹ 6.89 crore and the period of completion was eight months (October 2009). Scrutiny (July 2010) of records



of the EE, NH Division No. 2, Muzaffarpur revealed the following irregularities in the award of the contract:

- The Notice Inviting Tender (NIT) required the bidders to own a fully computerized Hot Mix Plant (HMP) of required specifications and a quality testing laboratory. The bidders were also required to submit work experience certificates for the last three years, details of bank credit facilities available to them, sales tax clearance certificates and a character certificate. Though the bidder did not fulfill these requirements, the Chief Engineer, NH Wing, Road Construction Department (RCD), Bihar, Patna irregularly declared the technical bid of the contractor 'successful'. Thereafter, the Departmental Tender Committee (DTC) approved the contract in favour of the said contractor.
- The Performance Bank Guarantee (BG) submitted by the contractor for ₹ 16.50 lakh, was valid only up to August 2009 i.e. two months short of the contractual period (October 2009). However the EE did not take any steps to get the same extended upto the completion period. This lapse amounted to an undue favour to the contractor.
- As the contractor had completed merely 10.6 *per cent* of the work up to September 2009, the EE rescinded (September 2009) the work and ordered forfeiture of the security deposits of the contractor. However, in December 2009, the Engineer-in-Chief (EIC), RCD, Patna stayed this rescinding order and ordered revival of the contract till completion of 'profile corrective course' and execution of semi-dense bituminous concrete (SDBC)' in the badly damaged stretches by the contractor. Further, the EIC irregularly sanctioned ₹ 27 lakh as Mobilisation Advance (MA) after eight months (January 2010) of commencement of work and also allowed ₹ 13.41 lakh as Secured Advance (SA) against bitumen challans. The action of the EIC was in violation of Clause 10B (ii) of Standard Bidding Documents (SBD) which limited the period of grant of MA to one month from the work order. But no approval of the DTC, the original sanctioning authority, was sought for.
- In spite of providing these facilities, the contractor could not show any progress in the execution of work, and accordingly, the contract was finally closed (May 2010) by EE after a total payment of ₹ 1.42 crore to the contractor. The 'limited work' was also not completed by the contractor as no SDBC work was carried out by him in the stipulated badly damaged stretches.
- Even the work executed proved infructuous as the contractor could not complete even a single kilometre of motorable road owing to their non completion upto black top level with Bituminous Macadam (BM) and SDBC works. In spite of incurring an expenditure of ₹ 1.42 crore, no improvement in riding quality was achieved.

Thus the award of work to an ineligible single bidder, revocation of the rescinding order, grant of MA after the rescinding of the work, release of BG in spite of pending recoveries were irregular.



On being reported (June 2011), the Special Secretary, RCD, Government of Bihar replied (September 2011) that the bidder had submitted the papers of ownership of HMP, paver finisher, bitumen boiler etc. as per the requirement in the technical bid. Based on this, the technical bid evaluation committee headed by the CE, NH, Bihar, Patna declared the technical bid successful. Subsequently the DTC approved the financial bid of tenderer and the work was accordingly awarded. He further stated that since the road was to be handed over to National Highways Authority of India for four laning purposes, the reviving of rescinded contract was done in work interest to minimise the suffering of masses at large. Also, the MA of ₹ 27 lakh had been recovered from the contractor. Hence, the expenditure incurred so far had been fruitful.

The reply of the Special Secretary was not acceptable as the contractor did not own the HMP and other equipment and was to procure the same on 'hire' basis. This fact was duly noted in the comparative statement (CS) of technical bid itself. Even the column of plant and machinery in the check list prepared, signed and recommended by the EE was blank. Despite this the EE recommended the CS in public interest to higher authorities in favour of the contractor. Thus the work was 'knowingly' awarded to an ineligible contractor. The above actions of the departmental officers resulted in infructuous expenditure of ₹ 1.42 crore on the incomplete works.

### **Road Construction and Rural Works Departments**

#### **3.2.5 Creation of additional liability due to non-recovery of risk and cost amount**

**Rescission of two contracts after invoking the risk and cost clause without actual recovery led to an additional liability of ₹ 9.43 crore besides non-deposit of forfeited security deposits amounting to ₹ 8.38 crore under 27 contracts.**

Clause 3 of the F<sub>2</sub> agreement empowers the Executive Engineer (EE) either to forfeit the security deposit (SD) of the contractor or to employ labour and material to carry out the balance work, debiting the cost as if it has been carried out by the contractor or to execute fresh contracts for the incomplete work at the cost of the contractor. This Clause specifically mentions that the EE should adopt any of the above measures so as to safeguard the interest of the Government in the best possible manner. Similarly, Clause 3 of SBD provides that upon rescission of a contract, the earnest money deposits, SDs and performance guarantees shall be forfeited.

Further, Clause 14 of the SBD provides that in case of cancellation of a contract, the incomplete work shall be carried out at the risk and cost of the contractor. Any excess expenditure incurred or to be incurred by Government in completing the works or excess loss or damages suffered by the Government shall be recovered from the moneys due to the contractor on any account or from the contractor himself in accordance with the provisions of the contract.

During the period from April to July 2011, audit scrutinised the issue of rescinding of contracts in the Road Construction Department and Rural Works

Department. A total of 33 contracts rescinded during 2008-2011 and valued at ₹ 187.90 crore were analysed which revealed the following deficiencies:

### 3.2.5.1 Non-imposition of penalty

Two contracts executed by two<sup>24</sup> Divisions valued at ₹ 5.47 crore were rescinded after execution of works of ₹ 1.87 crore owing to slow and tardy progress of works. The EEs of these Divisions in violation of Clause 3 of F<sub>2</sub> agreement neither invoked the risk and cost clause of the agreement nor did they forfeit the SD of ₹ 9.36 lakh available with them (*Appendix 3.4A*).

### 3.2.5.2 Non-deposit of forfeited amount

In 27 contracts valued at ₹ 143.23 crore, which were rescinded invoking the risk and cost clause, the EICs/EEs were required to forfeit the SD amount and remit the same into the treasury. However, the EICs/EEs only issued orders for forfeiture of the SDs amounting to ₹ 8.38 crore, but did not remit this forfeited amount into the treasury as of June 2011. The action by the EICs/EEs resulted in irregular accounting of receipts of ₹ 8.38 crore (*Appendix 3.4 B*). In reply, EE, RCD, Sheikhpura stated (December 2011) that as the matter was subjudice, SD could not be forfeited and remitted into treasury.

### 3.2.5.3 Non-recovery of liability

In two rescinded contracts<sup>25</sup>, against a balance work of ₹ 7.92 crore, fresh contracts were entered into for ₹ 17.34 crore. The EEs, in these two cases determined the liability at ₹ 2.88 crore only against the actual additional expenditure of ₹ 9.43 crore. Against this, SDs of ₹ 98.79 lakh were forfeited. The balance determined liability of ₹ 1.89 crore was not recovered from the contractors as of June 2011 by the EEs (*Appendix 3.4 C*).

The matter was reported to the Government (July 2011), their reply had not been received (November 2011).

## Water Resources Department

### 3.2.6 Extra payment due to irregular cancellation of tenders

**Irregular cancellation of a brick soling tender led to extra payment of ₹ 2.69 crore.**

The Government of Bihar vide Resolution No. 3451(s) dated 12 March 2008 notified all works departments that contracts valuing more than ₹ two crore must be concluded in the Standard Bidding Document (SBD) format.

Test check of records (February 2011) of the Chief Engineer (CE), Water Resources Department (WRD), Valmikinagar and information collected (April 2011) from the office of the Executive Engineer (EE), Champaran

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<sup>24</sup> RCD Sheikhpura (2F<sub>2</sub>/07-08) and RCD Supaul (65F<sub>2</sub>/08-09)

<sup>25</sup> RCD Khagaria (01SBD/07-08) and RCD Begusarai (01SBD/07-08)

Division, Motihari, revealed that the EE, floated (April 2008) a tender in four groups for brick soling atop the Champaran embankment from 20 mile 41 chain to 83 mile. As per the Notice Inviting Tenders (NIT), the participating bidders were required to be registered with any State Government's works department or to possess similar nature work experience. The NIT also mentioned that the agreement was to be executed in Bihar Public Works Department Form No. PWD F-2. Since the estimated value of the work was ₹ 14.77 crore and as required, the contract were not concluded in the SBD format, the Departmental Tender Committee (DTC) cancelled (July 2008) the tenders.

Thereafter, tenders (NIT/02-08-09) were again invited (July 2008) by the EE in four groups for the same value. However, the DTC cancelled (November 2008) this tender, this time on the grounds that the bidders did not have the work experience. Tenders (NIT/04-08-09) were again re-invited (December 2008) by splitting the same work into 13 groups. Since the Schedule of Rates (SOR) was revised in December 2008, the total value of the contracts was revised to ₹ 16.54 crore. Based on the bids received, the works were awarded to nine contractors at a total contract value of ₹ 17.67 crore.

Audit analysis of the bids received in response to the second and third NITs revealed that the bidding contractors for all the four groups were registered first class contractors under the works departments, who fulfilled the work experience criteria. There was also no adverse comment up to the Chief Engineer level during the technical evaluation of the bids. Consequently, the rejection of the bids received during the second tendering on the grounds of non-fulfilling the work experience criteria by the DTC was not justified as in the third tendering, the DTC awarded the major chunk of the work (eight out of 13 groups) to the same four previously disqualified contractors (*Appendix 3.5*).

On this being pointed out, the CE, WRD replied (February 2011) that the DTC cancelled the tenders on the ground of non-fulfilling of tender conditions. The reply was not acceptable because the bids received in the second tender were rejected by the DTC for not fulfilling the work experience condition. However this rejection was not correct since the bids received were technically qualified by the CE and the bidders had the required work experience. Consequently, the cancellation of the bids received by the DTC on technical grounds was irregular. Further, in the third tendering, the work of eight out of the 13 groups was awarded to the same four technically disqualified contractors. A total payment of ₹ 17.46 crore was made (March 2010) for the works, resulting in avoidable extra payment of ₹ 2.69<sup>26</sup> crore from the original estimate of ₹ 14.77 crore

The matter was reported to Government (May 2011), their reply had not been received (November 2011).

<sup>26</sup> ₹ 17.46 crore (Final Payment) - ₹ 14.77 crore (Original BOQ).

## Health Department

### 3.2.7 Extra expenditure due to purchase of medical equipment on higher rate

#### **Violation of purchase rules by the Principal/Superintendents of Medical College/Hospitals resulted in extra expenditure of ₹ 2.67 crore.**

Rule 131(J) of the Bihar Finance (Amendment) Rules, 2005 (Rules) requires that all purchases made should be transparent, competitive and fair so as to secure best value for money. For purchasing high value plant, machinery etc. of a complex and technical nature, bids were to be obtained in two parts viz. (a) technical bid containing all technical details along with commercial terms and conditions and (b) financial bid, indicating prices for the items mentioned in the technical bid. The technical bids were to be opened first for its evaluation by a competent committee/authority. Thereafter, only the financial bids of technically qualified bidders were to be opened for financial evaluation and ranking before award of the contract. Further, Rule 131R (xiv) *ibid* required contracts to be ordinarily awarded to the lowest bidders.

Audit scrutiny (May 2010 and March 2011) of the records of three<sup>27</sup> units revealed that two-part tenders were invited<sup>28</sup> for procurement of 27 medical equipment and machines. Based on the recommendations of the Purchase Committees/Technical Committees of the college and hospitals, the Principal/Superintendents awarded contracts to bidders other than the lowest ones. Such awards of contracts were sought to be justified on the grounds viz. “the particular brands had wide installation base with reports of sturdy duty and satisfactory results”, “very useful to patients and for research work” and “installed and running satisfactorily in other medical colleges and were of good quality”.

Purchase of the above machines at a cost of ₹ 5.05 crore ignoring the lowest technically accepted offers of ₹ 2.38 crore resulted in unjustified extra expenditure of ₹ 2.67 crore (*Appendix-3.6*).

On this being pointed out, the Superintendent, DMCH, Darbhanga stated (May 2010) that the purchases at higher rates were made on the basis of specifications and quality of machines. The Principal, Darbhanga Medical College stated (January 2011) that the purchases made at higher rate were approved by the Purchase Committee on the recommendations of the Heads of the concerned departments being experts in the fields. The Superintendent, JNMCH, Bhagalpur stated (March 2011) that the machines, being dangerous, were purchased with due care.

The above replies were not acceptable as these purchases violated the principles of the two-part bidding process wherein all technically qualified

<sup>27</sup> Principal Darbhanga Medical College(DMC), Darbhanga ; Superintendent Darbhanga Medical College Hospital(DMCH), Darbhanga and Superintendent Jawaharlal Nehru Medical College (JNMCH), Bhagalpur

<sup>28</sup> April and October 2007, May 2008 and May and June 2009

bidders were treated at par and the contract awarded to the lowest bidder. Though, in comparative statement of the bids, it was noticed that the specification of the articles were the same as for the lowest bidders, the non award of contract to the lowest bidders and consequential violation of Purchase Rules by the Principals of MCs and Superintendent of DMCH, resulted in extra expenditure of ₹ 2.67 crore.

The matter was reported to Government (April 2011), the reply is awaited (November 2011).

### Public Health Engineering Department

#### 3.2.8 Irregular sanction and infructuous expenditure

**Public Health Engineering Department in violation of the Ministry of Rural Development guidelines sanctioned ₹ 50.35 crore to implement an inappropriate Scheme. Expenditure of ₹ 19.76 crore incurred so far on this scheme also proved to be infructuous.**

Roof Top Harvesting (RTH) was a water conservation scheme under the sustainability component of the Accelerated Rural Water Supply Programme (ARWSP), Ministry of Rural Development (MRD), Government of India (GOI). As per the MRD guidelines, the RTH scheme was feasible in areas having rainfall of considerable intensity, spread over the larger part of the year i.e. for Himalayan areas, Northeastern States, islands of Andaman & Nicobar, Lakshadweep and southern parts of Kerala and Tamil Nadu. As per MRD recommendations, Bihar was included in the sub-humid Satluj-Ganga zone for which the recommended water harvesting measures were ponds, check dams, gully plugging, contour bunding and not the RTH. This scheme was also an ideal solution in areas where there was inadequate ground water supply and surface water sources were either lacking or insignificant. The MRD guidelines also required the implementing Departments to conduct a techno-feasibility study before any scheme was approved for implementation.

Audit scrutiny revealed that during 2006-07 to 2010-11, the Public Health Engineering Department (PHED), Government of Bihar, in violation of the MRD guidelines, sanctioned 3215 Roof Top Harvesting structures in 23 districts<sup>29</sup> at a total cost of ₹ 50.35 crore. The above sanctions were accorded by the Government without conducting the techno-feasibility study. This cost was to be shared on a 75:25 basis by GOI and the State Government up to 2008-09 and 100 per cent by GOI thereafter. An amount of ₹ 19.76 crore was spent on 1070 completed and 2145 incomplete structures till March 2011.

Principal Secretary, PHED in his reply stated (December 2011) that adoption of Rain Water Harvesting (RWH) structure had been the integral part of National Rural Drinking Water Programme (NRDWP) (erstwhile ARWSP) since the inception of Rajiv Gandhi National Drinking Water Mission (RGNDWM) in 1988, which was being funded by the Ministry of Drinking

<sup>29</sup> Arwal, Aurangabad, Banka, Begusarai, Bhagalpur, Bhojpur, Buxar, Gaya, Jamui, Jehanabad, Kaimur, Katihar, Khagaria, Lakhisarai, Munger, Nalanda, Nawada, Patna, Rohtas, Samastipur, Saran, Sheikhpura and Vaishali.



Water and Sanitation across the country and presently, the NRDWP was supporting all states in adopting RWH in all areas under the sustainability component with 100 *per cent* grant-in-aid. He further added that all the concerned Executive Engineers had been directed to make the non-functional structures functional within one month and submit report.

The reply of the Principal Secretary was not acceptable since the audit comment is specifically on implementation of the non-feasible RTH scheme and not the RWH measures. The clearance of the RTH scheme by the SLSCC was itself irregular and contrary to MRD guidelines which recommended RTH structures only in defined areas having copious rain fall through out the year.

Thus, implementation of the inappropriate RTH scheme and incurring of an expenditure of ₹ 19.76 crore on completed/incomplete structures by the PHED in the States was irregular.

### **3.3 Irregular/Avoidable/Unadjusted expenditure**

An expenditure is deemed as irregular if there is a deviation, wilful or otherwise, from the rules and norms prescribed by a competent authority, while incurring the same since this is indicative of lack of effective monitoring by the executive. This, in turn, encourages wilful deviations from observance of rules/regulations leading to avoidable/unjustified expenditure. A few cases of such irregularities are discussed below:

#### **Public Health Engineering Department**

##### **3.3.1 Avoidable expenditure due to payment of surcharge**

##### **Non-installation of capacitor banks and shunt capacitors led to an avoidable expenditure of ₹ 1.37 crore in the Bihar Rajya Jal Parishad.**

Para 6.23 of the Extraordinary Gazette (December 2007), Government of Bihar required all High Tension (HT) consumers to maintain an average power factor (PF) of 90 *per cent* or above. In case of any variation, the consumer was either liable to pay surcharge or receive incentives as specified by the Bihar Electricity Regulatory Commission (Commission). This condition was also included in the HT agreement (Clause 4 for PF) executed between consumers and Bihar State Electricity Board (BSEB). The Commission's Tariff Order for 2008-09 stipulated the surcharge rates<sup>30</sup>. In order to maintain the average PF, electrical equipment were required to be fitted with power storage systems such as capacitor banks and shunt capacitors.

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<sup>30</sup>

(i) For each fall of 0.01 in PF up to 0.80 = Surcharge of one per cent on demand and energy charge. (ii) For each fall of 0.01 in PF below 0.80 = Surcharge of 1.5 (one and half) per cent on demand and energy charge.



Scrutiny of the records of four<sup>31</sup> divisions of Bihar Rajya Jal Parshad (BRJP) revealed (August-September 2010) that BRJP (a HT consumer) did not maintain the average PF during April 2008 to March 2011 due to the non-installation of capacitor banks and shunt capacitors. Consequently, BRJP paid an amount of ₹ 1.37 crore in 208 billed cases as surcharge to the BSEB as of March 2011 (*Appendix-3.7*). Specific action to maintain the average PF and to prevent the recurring loss had still not been taken (May 2011). Thus the non-installation of capacitor banks and shunt capacitors by BRJP resulted in avoidable expenditure of ₹ 1.37 crore as surcharge for fall in PF.

In reply, the Chief Engineer, BRJP stated (May 2011) many old pumps were not equipped with capacitor bank which caused loss in power factor during operation. He further stated that an agency had been engaged to conduct energy audit of drainage pumping stations. Subsequent to the receipt of its report and recommendations, suitable measures would be adopted. This fact was also corroborated (September 2011) by the Principal Secretary, PHED.

Thus, non-installation of capacitor banks and shunt capacitors led to an avoidable expenditure of ₹ 1.37 crore to the Bihar Rajya Jal Parishad.

**Building Construction, Environment and Forest, Minor Water Resources, Public Health Engineering, Road Construction, Rural Works and Water Resources Departments**

**3.3.2 Unadjusted advances**

**Non-adherence to codal provisions by Divisional Officers resulted in non-adjustment/non-recovery of temporary advances of ₹ 67.38 crore in seven Departments<sup>32</sup>.**

Rule 300 of the Bihar Treasury Code, Volume-I stipulates that 'no money should be withdrawn from the treasury unless it is required for immediate payment. It is not permissible to draw advances in anticipation of demands from the treasury either for the execution of works, the completion of which is likely to take a considerable time, or to prevent the lapse of appropriations'. Further, Note below Rule 300 mentions that if under special circumstances, money is drawn in advance under the orders of the competent authority, the unspent balance of the amount so drawn should be refunded to the treasury at the earliest possible opportunity and in any case, before the end of the financial year in which the amount was drawn. In addition, Rule 100 of the Bihar Public Works Account Code stipulates that accounts of temporary advances given for payments against passed vouchers should be closed as soon as possible.

<sup>31</sup> Division No. 1, Saidpur, Patna; Division No. 2, Beur, Patna; Division No. 5, Pahari, Patna; Works Division, Patna

<sup>32</sup> Building Construction, Environment and Forest, Minor Water Resources, Public Health Engineering, Road Construction, Rural Works and Water Resources Department

Test check (April 2010 to May 2011) of records of seven selected departments involving 101 divisions revealed that ₹ 67.38 crore were outstanding as temporary advances against 382 divisional officials for periods ranging from one to 43 years. Of these, 307 officials had been transferred to other divisions, 53 had retired and 22 had expired during this period (*Appendix-3.8*).

Non-adjustment/non-recovery of advances from the concerned officials by the divisions was indicative of negligence and non-adherence to the above codal provisions. The act of relieving the transferred officials without adjustment/recovery of outstanding advances was a serious lapse on the part of concerned Divisional Officers. This led to the accumulation of ₹ 67.38 crore as unadjusted temporary advances in the various departments. While the chances of recovery of ₹ 12.38 crore from the retired officials and the families of the deceased officials was remote, the possibility of some of these advances being misappropriated by the concerned officials could not be ruled out.

In reply, the EEs stated that detailed investigations and correspondence were being made for recovery of the outstanding advances.

The matter was reported to Government (June 2011), their reply had not been received (November 2011).

## Water Resources Department

### 3.3.3 Irregular expenditure

**Inadmissible provision for the compaction of earth on a work where earthwork was being executed by Rajasthani tractors resulted in irregular payment of ₹ 1.43 crore to the contractor.**

The Government order (December 2008) stipulated that in all agreements involving the execution of earthwork and its compaction using Rajasthani tractors, no provision of rates for compaction was to be made.

Test check of records of the Waterways Division, Bihar Sharif revealed (January 2011) that the works of raising and strengthening (R/S) of two Zamindari Bandhs (ZBs) from NH-31 (Sakraul Village) to Jamsari of river Goithwa (both banks) and from village Rajpur Kotouna to Kulte Ziar of Sakri river (both banks) under Nalanda district were awarded<sup>33</sup> (November 2009) to a contractor for ₹ 8.27 crore and ₹ 5.31 crore respectively with a stipulation for completion within 18 months i.e. by September 2011.

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<sup>33</sup> Agreement No. 1F<sub>2</sub>/2009-10 dated 04.01.2010 for the work of "Raising and strengthening of Zamindari Bandh from NH-31 to Jamsari of river Goithwa"(both banks) under Nalanda district and  
Agreement No. 2F<sub>2</sub>/2009-10 dated 04.01.2010 for Raising and Strengthening of Zamindari Bandh from village Rajpur-Kotouna to Kulte Ziar of river Sakri under Nalanda district (From km 11.40 to Km 24.00 of left bank and Km 17.10 to Km 22.94 Km of Right bank)

Audit scrutiny of the records of the aforesaid works disclosed that in contravention of the above Government order, the item of 'compaction of earth' at the rate of ₹ 17.60/m<sup>3</sup> was included in both the agreements despite the earth-works being done by Rajasthani tractors. This provision was included in spite of the noting of the Executive Engineer (EE) in the Comparative Statement of the financial bid of the latter work (i.e. R/S of ZB from village Rajpur Kotouna to Kulte Ziar) in which he categorically stated (August 2009) that the extra provision for compaction of the earthwork being done by the Rajasthani tractors in the Bill of Quantity (BOQ) was redundant, unjustified and required deletion from the agreements. However, the work was awarded by the department to the contractor without any revision in the BOQ and without deletion of provision of compaction from the agreements.

Thereafter, in November 2010, Engineer-in-Chief (EIC), WRD (North) directed the Chief Engineer (CE), WRD, Patna to delete the item of 'compaction' from the agreements as its provision and inclusion therein on works in which earthworks were being done by Rajasthani tractors, was not admissible. He further instructed to suitably amend the estimate. Even then, the item of compaction was not deleted from the agreements, which resulted in irregular payments of ₹ 1.43 crore<sup>34</sup>.

On this being pointed out, the EE stated (January 2011) that the item of compaction was provided in the estimate as per the Government order. The reply was not acceptable and contrary to the Government order (December 2008). Though the violation was specifically brought to notice of the CE by the EE in case of second work, the CE did not take any steps to get this item deleted before the award of the contracts. This resulted in irregular payment of ₹ 1.43 crore to the contractor.

The matter was reported to Government (May 2011), the reply is awaited (November 2011).

### Health Department

#### 3.3.4 Irregular purchase of medicines

**Irregularities in the purchase of medicines totalled ₹ 4.21 crore on account of irregular grant of advances of ₹ 3.26 crore including non-delivery of medicines of ₹ 58.54 lakh, avoidable creation of liability of ₹ 70.90 lakh and excess payment of ₹ 24.05 lakh on local purchase.**

The Health Department, Government of Bihar Resolution (July 2006), designated the District Health Societies (DHS) as the procurement agencies for the purchase of medicines, surgical and other clinical materials for the requirement of Civil Surgeons (CS). The concerned DHS were to procure their medical requirements from vendors approved by the State Health Society (SHS), Patna as per the approved terms and conditions. All payments were to

<sup>34</sup>  $535454 \text{ m}^3 @ ₹ 17.60/\text{m}^3$  in Ag. No. 1F<sub>2</sub>/2009-10 and  
 $278563.45 \text{ m}^3 @ ₹ 17.60/\text{m}^3$  in Ag. No. 2F<sub>2</sub>/2009-10  
 $814017.45 \text{ m}^3 @ ₹ 17.60/\text{m}^3 = ₹ 143.27 \text{ lakh or ₹ 1.43 crore}$

be initially borne by the DHS and subsequently recouped from the CS through bank drafts.

Scrutiny of records of 12 CS<sup>35</sup>, eight DHS<sup>36</sup> and of the Sadar Hospital, Motihari, for the period 2008-11 revealed the following irregularities:

**3.3.4.1            *Unauthorised advance***

The DHS supply agreements required all medicines to be purchased on “cash and carry” basis and prohibited advance payment to the suppliers. In violation of this provision, CS Rohtas and DHSs, Madhubani and Begusarai advanced ₹ 3.26 crore to different firms for purchase of medicines during 2008-11. Out of these advances, medicines valued at ₹ 2.67 crore only were supplied, resulting in non-supply of medicine for ₹ 58.54 lakh (August 2011) (*Appendix-3.9*).

In reply, the CS Rohtas and DHSs Madhubani and Begusarai stated (August 2011) that the advance payments were made in light of Department’s resolution (July 2006) and the issue of non-supply of medicines has been taken up with the suppliers for immediate supply of medicine otherwise necessary legal action would be initiated.

The replies were not acceptable as no advance payment to the supplies was to be made under ‘cash and carry’ provision for purchase of medicines.

This resulted in the irregular grant of advances of ₹ 3.26 crore and extending undue benefit to the suppliers at the risk and cost to the Government, apart from non-delivery of medicines for ₹ 58.54 lakh.

**3.3.4.2            *Injudicious surrender of funds and unauthorised purchases of medicine***

It was the responsibility of the CS to ensure that the purchase of medicines was within the budget allotment. Rule 13 (2) of Bihar Financial Rule (BFR) clearly stated that all charges incurred must be paid and drawn at once and under no circumstances may be allowed to be paid from the grant of next year. If possible, expenditure should be postponed till the approval of the next budget, but on no account the charges actually incurred in one year be carried over and paid from the grant of ensuing year.

Scrutiny (June 2010) of the records of CS, Vaishali, revealed that out of a budget allotment of ₹ 1.81<sup>37</sup> crore for the year 2009-10 for the purchase of medicines, ₹ 11.23 lakh was surrendered (March 2010), effectively reducing the allotment to ₹ 1.70 crore. However, the CS, Vaishali placed supply orders for medicines costing ₹ 1.91 crore through DHS, Vaishali. Further, in

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<sup>35</sup>        *Ara, Buxar, Bhabhua, Begusarai, Bhagalpur, Khagaria, Madhubani, Motihari, Muzaffarpur, Munger, Rohtas and Vaishali.*

<sup>36</sup>        *Bhabhua, Buxar, Begusarai, Khagaria, Madhubani, Muzaffarpur, Munger and Rohtas.*

<sup>37</sup>        *PHC ₹ 1.15 crore; Sadar Hospital: ₹ 24.00 lakh; Referral Hospital: ₹ 21.36 lakh; Additional PHC: ₹ 20.50 lakh*

violation of the Health Department Resolution wherein only DHSs were authorised for purchases of medicines, CS, Vaishali placed direct purchase orders for medicines valued at ₹ 49.90 lakh. This resulted in total purchases of ₹ 2.41 crore during the year and created liability of ₹ 70.90 lakh apart from irregular expenditure.

On this being pointed out (June 2010), no reply was given by the department (November 2011).

#### **3.3.4.3                      *Excess payment on Local Purchase***

Health Department Resolution (July 2006) stipulated that for the purchase of medicine included in the SHS approved list, there was no need to invite tenders or to summon any meeting of the District Purchase Committee (DPC). Audit scrutiny (January 2011) of records of CS, Bhagalpur revealed that during 2008-10, in 20 cases, medicines included in the SHS approved list and valued at ₹ 74.01 lakh were purchased locally on the recommendation of the DPC at rates higher than those approved by the SHS. These purchases, in violation of the prescribed procedure, resulted in excess payment of ₹ 24.05 lakh. (*Appendix-3.10*).

In reply, CS, Bhagalpur stated (January 2011) that local purchases were made due to delayed supply of medicines by the approved firm and were purchased from firms at rates approved by the DPC. The reply was not acceptable since such purchases were not authorised and there was no documentary evidence to suggest that approved firms were given the supply orders. As such, the question of timely supply of medicine did not arise. Procurement of medicines at rates higher than the SHS approved rates and its approval by an unauthorised DPC resulted in an excess expenditure of ₹ 24.05 lakh.

From the facts discussed above in three cases, it is evident that during 2008-11, irregularities in the purchase of medicines totalled ₹ 4.21 crore on account of unauthorised advances of ₹ 3.26 crore including non-delivery of medicines of ₹ 58.54 lakh, unauthorised purchases of ₹ 49.90 lakh, avoidable creation of liability of ₹ 70.90 lakh and excess payment of ₹ 24.05 lakh on local purchase were committed.

The matter was reported to Government (May 2011), the reply had not been received (November 2011).

**Public Health Engineering, Minor Water Resources, Road Construction, Water Resources and Rural Works Departments**

**3.3.5 Creation of liability due to non-deduction of labour cess in five departments**

**Non-deduction of labour cess led to the creation of liability amounting to ₹ 8.42 crore.**

The Government vide an Extraordinary Gazette notification (865 dated 18 February 2008) authorised the enforcement of labour cess as envisaged by the Ministry of Labour, Government of India notifications of September 1996 titled 'the Building and Other Construction Workers' Welfare Cess Act, 1996'. The Act required the deduction of labour cess at the rate of one *per cent* of the cost of construction incurred by an employer. Accordingly, all government departments and public sector undertakings engaged in construction works were required to deduct labour cess at the prescribed rate from the bills of the agencies and remit the same to the Building and Other Construction Workers Welfare Board (Welfare Board) through a crossed demand draft within 30 days of such deductions.

Scrutiny of 51 divisions of five departments<sup>38</sup> revealed (August 2010 to May 2011) that in 1057 works, a total payment of ₹ 862.63 crore was made to different agencies/contractors during 2008-09 to 2010-11. However, ₹ 8.63 crore, which was one *per cent* of the construction cost was not deducted from the bills of the respective agencies/contractors resulting in non-remittance of an equivalent amount to the Welfare Board as required under the Act. This resulted in the creation of liability amounting to ₹ 8.63 crore (*Appendix-3.11*) by the aforesaid departments to the Labour Resources Department, Government of Bihar.

On this being pointed out, the concerned Executive Engineers replied (August 2010 to May 2011) that the labour cess could not be deducted as there was no provision for the same in the contract; lack of awareness of this fact and non-communication to divisions by their respective departments. These replies were not acceptable since the enforcement of the labour cess was authorised though an Extraordinary Gazette notification and was mandatory on the part of the Executive Engineers to include the provision of labour cess in the works contract and deduct this cess.

Though the matter was reported to the Government in May 2011, only the replies from Road Construction Department (RCD) (June 2011) and Public Health Engineering Department (October 2011) were received as of October 2011.

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*Public Health Engineering – 11 divisions*  
*Water Resources – 7 divisions*  
*Road Construction – 9 divisions*  
*Minor Water Resources – 1 division and*  
*Rural Works – 23 divisions*



- The Joint Secretary, Road Construction Department while citing the Chief Secretary's (CS) circular BCWC/01/2009/035 dated 5<sup>th</sup> January 2010 accepted that the labour cess was deductible in the State from 2007-08 and necessary action had been taken to deposit an equivalent amount of one *per cent* of the total work executed during 2007-10.
- The Principal Secretary, PHED, while annexing the aforesaid CS's circular letter stated (October 2011) that while ₹ 20.83 lakh had been deducted from an agency (IVRCL, Hyderabad) during the period 2010-11 under PH Division, Hajipur and the labour cess from contractors' bill would be deducted from 2011-12 under PH Division, Darbhanga. However, no mention was made for the other nine test-checked PH divisions. Also, there was no indication how labour cess could be deducted from the contractors against works executed during 2007-08 to 2010-11.

Thus, non-deduction of labour cess led to the creation of liability amounting to ₹ 8.42<sup>39</sup> crore.

### Human Resources Development Department (Higher Education)

#### 3.3.6 Misutilisation of funds

**The Vice Chancellors of seven State Universities irregularly utilised ₹ 17.23 crore of fees collected from students for the payment of salaries of its staff which affected the infrastructural development and other facilities in the respective colleges.**

The Chancellor of the Universities instructed (December 2006) that all student fees<sup>40</sup> collected by the colleges must be transferred and credited to a designated account in the respective universities. These accounts were to be operated by the Registrars and Finance Officers of the universities for infrastructural improvements, development of playgrounds, maintenance of laboratories and libraries and improving facilities for staff and students in the colleges.

Audit scrutiny (May 2010 and June 2011) of the relevant records for the period December 2006 to March 2011 in seven universities revealed that in violation of the aforesaid directions, these universities diverted ₹ 17.23<sup>41</sup> crore from the designated account and utilised the money for payment of salaries of the staff.

<sup>39</sup> ₹ 862.57 lakh – ₹ 20.83 lakh = ₹ 841.74 lakh or ₹ 8.42 crore.

<sup>40</sup> Tuition fee, admission fee, library fee, sports fee, college development fee etc.

<sup>41</sup> B.N. Mandal University, Madhepura, ₹ 1.17 crore, B.R. Ambedkar University, Muzaffarpur, ₹ 7.00 crore, Tilka Manjhi Bhagalpur University (TMBU), Bhagalpur, ₹ 2.24 crore, Lalit Narayan Mithila University (LNMU), Darbhanga, ₹ 0.95 crore, Veer Kunwar Singh University, Ara, ₹ 0.71 crore, Jayprakash University, Chapra, ₹ 4.02 crore and Magadh University, Bodh Gaya, ₹ 1.14 crore.

The Registrars, Tilka Manjhi Bhagalpur University (July 2010) and Lalit Narayan Mithila University, Darbhanga (May 2011) accepted the audit finding and stated that these diversions were made due to non-receipt of adequate grants from the Government against the demand raised by the Universities for payment of salaries. These replies were not acceptable since the funds realised from collection of fees were earmarked for infrastructural development of the colleges and were not to be utilised for any other purpose.

Thus, irregular diversion of student fees amounting to ₹ 17.23 crore by the seven state universities for payment of salaries of staff resulted in the corresponding non-availability of funds for the infrastructural development and other facilities in the respective colleges. These amounts had not been recouped as of May 2011.

The matter was reported to Government (June 2011), their reply had not been received (November 2011).

### **3.3.7 Irregular payment to University employees**

**An amount of ₹ 4.18 crore was irregularly paid to University employees on account of advance increments, assured career progression benefits and interim relief.**

#### **3.3.7.1 Irregular payments of advance increments**

Subsequent to the recommendations (August 2001 and July 2002) of the University Grants Commission (UGC), the Human Resources Development Department, Government of Bihar issued (May 2010) directives to all the Universities of the State to allow two advance increments to those teachers who had acquired Ph.D degrees while in service before January 1996 but had not got promotional benefits against it. The two advance increments were to be made effective from 27 July 1998, though the financial benefits were to accrue from the date of the Resolution i.e. 18 May 2010.

Audit scrutiny (June 2010) in nine<sup>42</sup> universities revealed that in contravention of the above directions, three<sup>43</sup> universities provided two advance increments with effect from 1 January 1996 instead from 18 May 2010 to 247 teachers who had acquired Ph.D. degrees. This resulted in irregular payment of ₹ 1.90 crore (*Appendix-3.12*).

On this being pointed out, the Finance Officer, Kameshwar Singh Sanskrit University, Darbhanga assured (May 2011) the recovery of irregular payment. However, communication regarding the recovery was awaited (November 2011). No reply had, however been received from Jai Prakash University, Chapra as of November 2011.

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<sup>42</sup> B.N. Mandal University, Madhepura; B.R. Ambedkar Bihar University; Muzaffarpur; J.P. University, Chapra; Kameshwar Singh Sanskrit University Darbhanga; Lalit Narayan Mithila University, Darbhanga; Magadh University, Bodh Gaya; Patna University, Patna; Tilkamanjhi Bhagalpur University, Bhagalpur and Veer Kunwar Singh University, Ara.

<sup>43</sup> Kameshwar Singh Sanskrit University, Darbhanga; B.N. Mandal University, Madhepura; J.P. University, Chapra.

### 3.3.7.2 Irregular implementation of Assured Career Progression scheme

The Finance Department, Government of Bihar promulgated (June 2003) the Bihar State Employees' Conditions of Service, Assured Career Progression Scheme (ACP) Rules, 2003 which was effective from August 2005. Section 1 (2) of the Notification clearly prohibited its applicability to the employees of autonomous institutions, assisted partially or fully, by the State Government. Further, Section 25 (ii) of the Bihar Agriculture Universities Act, 1987 prohibited Universities colleges or its institution from increasing the pay and allowances of its staff without prior sanction of the Government.

Test check (December 2010) of records of the Rajendra Agriculture University (RAU) Bihar, Pusa (Samastipur) Headquarters and its six<sup>44</sup> subsidiary units revealed that the Board of Management, RAU irregularly adopted (April 2004) this (June 2003) Notification and extended the ACP benefits to its employees though this was not at all applicable to the employees of RAU, being an autonomous institution. This resulted in an unauthorised payment of ₹ 1.89 crore to 385 members of the staff in the RAU headquarters and six test-checked units (*Appendix-3.13*).

The Controller, RAU stated (July 2011) that the ACP scheme had been implemented with the approval of the Board of Management and did not need any approval of the State Government.

The reply was not acceptable since the benefits of this scheme were not extendable to the employees of the autonomous institutions. The grant of this benefit was clear violation of the Notification dated June 2003 itself and also in contravention of the provisions of the Bihar Agriculture Universities Act.

### 3.3.7.3 Irregular payment of Interim relief

Provisions of para 12 of the State Government's order October 2004 regarding pay revision of University employees, provide stoppage of payment of interim relief (IR) with effect from April 1997 (being the date of accrual of the financial benefits of pay revision) to employees opting to draw pay and allowances in the pre-revised scale. Subsequently, at the time of arrear payment, the IR paid to the staff on the old pay scale was to be adjusted and payment of IR was to be stopped from the date of implementation of the revised pay scale.

Scrutiny (May-June 2011) of records of three<sup>45</sup> Universities revealed the following irregularities:

<sup>44</sup> (i) Bihar Veterinary College, Patna (BVC), (ii) Regional Research Station (RRS), Agwanpur, (iii) Bihar Agriculture College (BAC), Sabour, (iv) Agriculture Research Institute (ARI), Patna, (v) Soil Survey and Land Use Planning Scheme, Sabour and (vi) Sugarcane Research Institute (SRI), Pusa.

<sup>45</sup> Patna University, Patna; B.N. Mandal University, Madhepura and Magadh University, Bodh Gaya.

- In Patna University (PU), IR amounting to ₹ 4.83 lakh was recoverable (June 2011) in 24<sup>46</sup> cases for periods ranging from one to 11 years. Further, in 16 cases, the University permitted drawal in the pre-revised scales, resulting in irregular payment of ₹ 19.84 lakh till December 2010. Thereafter, their pay scales were revised (January 2011) and payments of IR were stopped. Five members of the staff, to whom IR amounting ₹ 4.13 lakh was paid for the period from April 1997 to March 2005, had retired, while in one case, IR amounting to ₹ 0.86 lakh for the period from April 1997 to March 2009 was not adjusted against the arrears. No recovery had been effected as of date (June 2011). Thus, the total payment of ₹ 29.67 lakh to 46 employees of PU was irregular and recoverable from them (*Appendix-3.14*).
- In B.N. Mandal University, Madhepura, a total sum of ₹ five lakh was paid as IR during the period April 1997 to February 2011 to four Class III employees of Purnea College, Purnea who had opted for the revised scale. These payments were irregular and recoverable from them (*Appendix-3.15*).
- In Magadh University, Bodh Gaya, ₹ 4.38 lakh paid (during the period April 1997 to February 2011) as IR to four Class III employees, who had opted in the pre-revised scale, was irregular and recoverable. The payment of IR to these four employees was still continuing (*Appendix-3.16*).

Thus, ₹ 39.04 lakh was irregularly paid as IR to the employees of the aforementioned three Universities and was recoverable. Registrar, PU accepted (July 2011) the audit contention and assured that the recovery would be effected from the arrear bills of the employees and from the retirement dues of retired employees. The Registrars of the other two Universities did not give any specific replies.

The above facts revealed that ₹ 4.18 crore was irregularly paid by six Universities to their staff on account of incentive increment (₹ 1.90 crore), assured career progression benefits (₹ 1.89 crore) and interim relief (₹ 39.05 lakh) which was recoverable from them.

The matter was reported to Government (July 2011), their reply had not been received (November 2011).

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<sup>46</sup> 14 cases: ₹ 1.50 lakh for 2005-06; 8 cases: ₹ 1.92 lakh for 2002-06; 1 case: ₹ 0.27 lakh for 2002-07; 1 case: ₹ 1.14 lakh for 1997-2008.

## Rural Development Department

### 3.3.8 Irregular retention of State Plan funds

**An amount of ₹ 42.78 crore drawn from the treasury without any immediate requirement was irregularly retained in savings bank accounts in violation of the provisions of the Bihar Treasury Code.**

Rule 13 of the Bihar Financial Rules (BFR), read with the Note below Rule 300 of the Bihar Treasury Code, stipulates that no money should be drawn from the treasury unless required for immediate payment. Further, the Note below Rule 13 of BFR instructs that money should not be drawn from the treasury simply on the ground that the competent authority had sanctioned the charge. Provisions of above rules prohibit drawal of money from the treasury and its deposit in any account only to avoid lapse of allotment. If under special circumstances, money was drawn in advance under orders of the competent authority, the unspent balance of the amount so drawn was to be refunded to the treasury at the earliest possible opportunity and in any case, before the close of financial year in which the amount was drawn.

In order to provide the necessary infrastructure<sup>47</sup> in 137 newly created blocks, the Rural Development Department (RDD), Government of Bihar sanctioned (February 2008) ₹ 713.54 crore. The works were to be executed by the Building Construction Divisions of the concerned districts and the funds were to be released in a phased<sup>48</sup> manner during 2007-11. While issuing the order, the Principal Secretary (PS), RDD in violation of the above codal provisions, instructed the concerned Deputy Development Commissioners (DDC) of the respective District Rural Development Agencies (DRDA) to withdraw the released amounts and deposit the same in separate savings bank accounts. The Government in the meantime nominated (March 2008) three<sup>49</sup> consultant architects to provide technical assistance and to monitor the work.

Test check (January to April 2011) of records of nine DRDAs<sup>50</sup> revealed that ₹ 43.48 crore for 17 blocks were released in instalments to the DRDAs during February 2008 to March 2009. Of this, ₹ 69.46 lakh was spent on soil testing and Detail Project Reports (DPR) while no amount was spent on construction activity.

Thus, an amount of ₹ 42.78 crore (*Appendix-3.17*) was withdrawn between February 2008 to March 2009 without any immediate requirement and kept in saving bank accounts just to avoid its lapse in gross violation of Bihar Financial Rules and Bihar Treasury Code. Further, the order of the PS, RDD,

<sup>47</sup> Block campus, buildings and /Circle Office, Inspection room, residential buildings and development of complex.

<sup>48</sup> 40 per cent as first instalment, next 40 per cent after the expenditure of 60 per cent of amount provided and the rest 20 per cent after the expenditure of 60 per cent of total amount provided.

<sup>49</sup> Kapoor and Associates, Sen and Lal Consultant Pvt. Ltd. and Chowdhary Kumar Consultant Pvt. Ltd.

<sup>50</sup> Munger, Motihari (East Champaran), Samastipur, Chhapra (Saran), Nawada, Nalanda, Sasaram, Sheohar and Sitamarhi.

directing the concerned DDC to withdraw the whole amount and to deposit the same in separate savings bank accounts was irregular.

On the matter being pointed out, while the DDCs justified the withdrawal on the basis of the departmental instructions and assured that necessary action would be initiated, the Principal Secretary, RDD stated (August 2011) that due to procedural delay construction work could not be started. Instruction has been issued for entire unutilised amount to be deposited into the treasury.

## Agriculture Department

### 3.3.9 Irregular diversion and underutilisation of funds

**Earmarked funds of ₹ 3.74 crore for SC/ST farmers under Power Tiller Protsahan Karyakram were irregularly diverted to other categories of farmers.**

In order to increase agricultural productivity and to promote better agricultural management, the Agriculture Department, Government of Bihar formulated an 'Agricultural Mechanisation Programme' during 2008-11. Under this programme, the 'Power Tiller Protsahan Karyakram' (PTPK) was an important component, wherein power tillers were made available to the farmers at subsidised<sup>51</sup> rates. As per the scheme guidelines, 16 *per cent* and one *per cent* of the allotments were to be earmarked for farmers of Scheduled Castes (SC) and Scheduled Tribes (ST) respectively. Diversion of funds earmarked for SC/ST was not permissible.

- Scrutiny (April to July 2011) of the scheme records in 22<sup>52</sup> District Agriculture Offices revealed that during 2008-11, eight<sup>53</sup> District Agriculture Officers (DAOs) irregularly diverted ₹ 3.74 crore meant for subsidy to SC/ST farmers to other category of farmers as detailed below:-

(₹ in lakh )					
Year	No. of DAOs	Allotment	Funds to be earmarked for SC/ST	Expenditure on SC/ST	Diversion
2008-09	2 <sup>54</sup>	560.40	95.27	16.2	59.80 <sup>55</sup>
2009-10	4 <sup>56</sup>	125.40	21.32	1.20	20.12
2010-11	6 <sup>57</sup>	2200.20	374.03	80.40	293.63
<b>Total</b>		<b>2886.00</b>	<b>490.62</b>	<b>97.80</b>	<b>373.55</b>

On this being pointed out, the DAOs<sup>58</sup> stated (May and June 2011) that as the requisite number of applications from SC/ST categories were not received, the

<sup>51</sup> Maximum 50 *per cent* of the cost of power tiller or ₹ 60,000 whichever is less.

<sup>52</sup> Ara, Araria, Aurangabad, Begusarai, Bhagalpur, Chapra, Gaya, Gopalganj, Jehanabad, Katihar, Khagaria, Kishanganj, Madhepura, Muzaffarpur, Nalanda, Nawada, Patna, Purnea, Saharsa, Samastipur, Sitamarhi and Vaishali.

<sup>53</sup> Begusarai, Gaya, Khagaria, Muzaffarpur, Nalanda, Patna, Sitamarhi and Vaishali.

<sup>54</sup> Nalanda and Patna.

<sup>55</sup> ₹ 19.27 lakh was surrendered.

<sup>56</sup> Gaya, Khagaria, Sitamarhi and Vaishali.

<sup>57</sup> Begusarai, Gaya, Muzaffarpur, Nalanda, Patna and Vaishali.

<sup>58</sup> Muzaffarpur and Vaishali.



amount was disbursed amongst other category of farmers. Further, DAO Vaishali assured that the same would not be repeated. These replies were not acceptable as this amount was earmarked for providing subsidy to SC/ST farmers and the scheme guidelines specifically prohibited their diversion.

- Further, the scheme guidelines required each district to maintain subsidy utilisation records in the prescribed proforma (Proforma 4.5). In three<sup>59</sup> districts, an expenditure of ₹ 1.17 crore (2008-11) was incurred. However, the column delineating the category of beneficiaries was deleted from the proforma. Consequently the actual distribution of subsidy to the SC/ST farmers could not be ascertained.

In reply (October 2011) Secretary, Agriculture Department, Government of Bihar, Patna replied that the criteria of owning minimum one acre land for granting power tillers to the farmers deprived the SC/ST farmers of the benefits of the schemes during 2008-11. Further, adequate numbers of applications were also not received from them despite the scheme being advertised through news papers, notice board of blocks, krishi melas and demonstrations etc. This resulted in either surrendering or diversion of earmarked funds for SC/ST farmers to general category farmers in public interest.

The reply was not acceptable since the earmarking of fund was meant to ensure that SC/ST farmers were provided funds under the scheme. The diversion of funds meant for SC/ST farmers to general category farmers was also prohibited under the scheme guidelines. Therefore, the diversion of ₹ 3.74 crore earmarked to SC/ST farmers was irregular and unauthorised under the scheme.

### 3.4 Failure of oversight/governance

The Government has an obligation to improve the quality of life of the people through fulfilment of certain goals in the area of health, education, development and upgradation of infrastructure and public service. However, Audit scrutiny revealed instances where in the funds released by the Government for creating public assests for the benefit of the community remained unutilised/blocked and/or proved unfruitful/unproductive due to indecisiveness, lack of administrative oversight and concerted action at various levels. A few such cases have been discussed below:

<sup>59</sup> Araria, Chapra and Gopalganj.

## Health Department

### 3.4.1 Idle buildings and equipment

**Lack of planning and deficient monitoring at the district and departmental levels resulted in nugatory expenditure of ₹ 1.89 crore and irregular retention of ₹ 76.25 lakh.**

In order to provide intensive care facilities in 22<sup>60</sup> Sadar Hospitals, the Health and Family Welfare Department, Government of Bihar allotted (November 2005) ₹ 7.50 crore at the rate of ₹ 34.11 lakh per unit to the concerned Civil Surgeon-cum-Chief Medical Officers (CS-cum-CMO). This amount was to be transferred to the respective District Health Society (DHS) for the construction of Intensive Care Unit (ICU) buildings in their respective districts.

Thereafter, the State Health Society (SHS), Bihar, Patna released (November 2008) a sum of ₹ 1.40 crore as the first instalment (₹ 18 lakh each for equipment and ₹ two lakh each for training) to seven districts<sup>61</sup> for the purchase of ICU equipment including Patna district, where the space for establishing the equipment was already available in hospital building. Procurement of the ICU equipment was entrusted to the Heads of the Departments of Anaesthesia of the respective medical colleges of the concerned districts. The successful operationalisation of the ICUs was to be done by January 2009.

Test check (February 2011) of the records of the DHS, Munger and information collected (April to May 2011) from six<sup>62</sup> DHSs revealed the following:

- ICU buildings costing ₹ 34.11 lakh each were constructed in Samastipur (April 2011), Khagaria (May 2008) and Katihar (December 2010). However, no funds were made available to them for purchase of equipment as of May 2011.
- ICU buildings were still to be completed (August 2011) in Begusarai district, despite allotment of funds (₹ 34.11 lakh each) since November 2005. Further, no equipment was purchased in Ara and Motihari districts despite funds (₹ 20 lakh each) being available.
- Construction of the ICU building could not be started in Munger as of May 2011, due to non-availability of site, leading to irregular retention of ₹ 34.11 lakh for five and half years. In spite of this, ICU equipment worth ₹ 17.86 lakh (out of ₹ 20.00 lakh) was purchased

<sup>60</sup> Bettiah, Saran (Chapra), Purnea, Nalanda, Aurangabad, Bhojpur (Ara), Gopalganj, Siwan, Motihari, Samastipur, Madhepura, Rohatas (Sasaram), Munger, Sitamarhi, Katihar, Khagaria, Madhubani, Hajipur, Nawada, Begusarai, Saharsa and Jehanabad

<sup>61</sup> Bhojpur (Ara), Nalanda, Motihari (East Champaran), Munger, Aurangabad, Madhubani and Patna

<sup>62</sup> Ara, Begusarai, Katihar, Khagaria, Motihari, Samastipur

(February 2009) and remained idle in the store of the Sadar Hospital, Munger. Thus, the irregular retention of funds and idling of equipment in Munger amounted to ₹ 54.11 lakh.

The matter was reported to the Government (June 2011). The Principal Secretary cum Chief Executive Officer, SHS, Bihar, Patna replied (August 2011) that out of the 22 ICU buildings, 20 had been completed while the funds allotted for equipment in first phase were unutilised in Motihari, Ara and Patna districts. However, equipment in remaining four districts had been purchased. Further, efforts were being made to provide funds for ICU equipment in the remaining districts with instruction for operationalisation of ICU equipment by December 2011.

The reply was in itself an admission of the fact that the completed buildings in five districts were not being utilised for the intended purposes. The statement regarding non-utilisation of funds for equipment in Munger district was not true as ₹ 17.86 lakh had already been spent (February 2009) on purchase of equipment which were being kept idle as of October 2011. The proposal suffered from lack of planning and deficient monitoring both at the district and departmental levels as was evident from the mismatch of funds for building and equipment. This led to a nugatory expenditure of ₹ 1.89 crore (₹ 1.71<sup>63</sup> crore on idle building and ₹ 17.86 lakh on idle equipment). In addition, irregular retention of ₹ 76.25<sup>64</sup> lakh resulting in non-operationalisation of ICU units in the seven test-checked districts depriving the people of the intensive care facilities.

<sup>63</sup> **Building-** Samastipur: ₹ 34.11 lakh; Khagaria: ₹ 34.11 lakh; Katihar: ₹ 34.11 lakh; Ara: ₹ 34.11 lakh; Motihari: ₹ 34.11 lakh.

<sup>64</sup> **Equipment-** Ara: ₹ 20 lakh; Motihari: ₹ 20 lakh; Munger: ₹ 2.14 lakh and **Building-** Munger : ₹ 34.11 lakh

## CHAPTER-IV

### INTEGRATED AUDIT OF GOVERNMENT DEPARTMENT

#### Animal and Fisheries Resources Department

#### 4.1 Integrated Audit of Animal and Fisheries Resources Department

##### *Highlights*

*Bihar is primarily a rural agrarian economy with 90 per cent of the State's population living in the rural areas where animal husbandry is extremely important. Animal husbandry is being implemented in the State by Animal and Fisheries Resource Department. The major activities of the department were to provide animal health care, to conduct livestock census, to increase production of major livestock products, poultry development, breeding facilities for livestock to upgrade and conserve indigenous breeds apart from prevention of cruelty against animals.*

*An integrated audit of the department revealed preparation of annual plans for livestock improvement without actual livestock census data, deficient financial management as there were instances of heavy surrender in plan schemes and parking of funds with implementing agencies. The scheme objectives of poultry development, artificial insemination facilities, establishment of fodder banks and animal health care were not achieved. The departmental manpower management system was inadequate and large number of vacancies affected the working of the department. Insufficient monitoring by the departmental officers contributed to delays and non-completions of sanctioned schemes. Some of the significant findings were as given below :*

**The livestock census work was completed in February 2010 after a delay of two years from the prescribed date of completion, whereas the detailed results of household wise data of all districts was yet to be submitted to GOI despite expenditure of ₹ 13.91 crore.**

*(Paragraph 4.1.7.1)*

**Sample Survey was based on small samples sizes which were not reflective of the actual livestock population.**

*(Paragraph 4.1.7.2)*

**Against the total saving of ₹ 222.71 crore, department surrendered ₹ 210.23 crore, of which ₹ 127.36 crore was surrendered during 2007-11 on the last date of the respective financial years.**

*(Paragraph 4.1.8.1)*

**The drawing and disbursing officers on the instructions of the animal husbandry directorate withdrew ₹ 17.90 crore and deposited it in bank accounts in contravention of the State Financial Rules.**

*(Paragraph 4.1.8.3)*

**Due to short supply of chicks to BPL/Mahadalit families in two test-checked districts, the intended benefits to protect them from malnutrition and to help generate monthly earnings through poultry development were not achieved.**

*(Paragraph 4.1.9.2)*

**Bihar Livestock Development Agency, Patna failed to produce frozen semen for artificial insemination during 2007-11 despite spending of ₹ 7.89 crore.**

*(Paragraph 4.1.9.3)*

**An amount of ₹ 9.55 crore was spent on pay and allowances/salaries and wages etc. of the staff deployed in non-functional establishments like cattle breeding farms at Patna and Dumraon (₹ 7.16 crore) and Frozen Semen Bank cum Bull Station, Patna (₹ 2.39 crore).**

*(Paragraph 4.1.9.6 & 4.1.9.7)*

**The internal audit by Finance Department was not conducted during 2007-11 indicating the internal control mechanism in the department was deficient.**

*(Paragraph 4.1.14)*

#### **4.1.1 Introduction**

The Animal and Fisheries Resources Department, Government of Bihar came into existence in the year 1949. The major activities of the department were to collect basic data of population of different species of livestock, to provide animal health care, assessment of major livestock products, implementation of animal breeding programmes, prevention of cruelty against animals and promoting the people for better management and feeding of animals.

The Animal Husbandry sector holds an important position in the State's economy as it contributes one-third of the total rural income. The objectives of the department, besides providing health care to animals, were to improve the rural economy, to make available animal protein for human consumption, to create sufficient and sustainable wealth for rural people, to create self-employment opportunities by sale of livestock products i.e. milk, egg, wool and meat etc. and to check the exodus of rural labour and skills.

In order to realise these objectives, the department implemented 40 schemes as detailed in *Appendix-4.1* during 2007-11. Of these, 30 were under the State Plan, nine were Centrally Sponsored Schemes (CSS) (sharing basis) and one Central Plan Scheme.

During 2007-11 the production of major livestock products in the State increased from 57.67 lakh MT (milk), 1.81 lakh MT (meat) and 2.41 lakh Kg (wool) to 65.17 lakh MT (13 *per cent*), 2.23 lakh MT (23 *per cent*) and 2.60 lakh Kg (eight *per cent*) respectively, while the production of eggs decreased from 1068 million to 745 million (30 *per cent*).

#### **4.1.2 Organisational set-up**

The department is headed by a Secretary, who was assisted by a Director each for Animal Husbandry (AH), Fisheries and Dairy. The Director (AH) was

assisted by an Additional Director and a team of officers<sup>1</sup> at the headquarters' level. Eight<sup>2</sup> Regional Directors (RDs) at commissioner level and 38 District Animal Husbandry Officers (DAHOs) at district level alongwith Sub-divisional Veterinary Officers at Sub-division level and Block Animal Husbandry Officers (BAHOs) at block level were responsible for discharging the functions of the department. Further, Veterinary Surgeons as well as Touring Veterinary Officers (TVOs) were posted at the district and block levels for treatment of animals. There was a Central Poultry Farm (CPF) at Patna headed by a General Manager (GM). There were four Regional Poultry Farms<sup>3</sup>, each headed by an Assistant Director. In addition to this, there was a Frozen Semen Bank-cum-Bull Station, Patna, Animal Diagnostic Lab, Darbhanga, two Cattle Breeding Farms at Patna and Dumraon and one training school at Dumraon also functioning under the department. A detailed organogram is given in *Appendix-4.2*.

#### 4.1.3 Scope of Audit

The department was responsible for Animal Husbandry, Fisheries and Dairy sectors. However, the scope of this integrated audit conducted from May to August 2011 was limited to the scrutiny of activities relating to Animal Husbandry (AH) only. It involved the test-check of the records for the period 2007-11, maintained at the AH Directorate, three<sup>4</sup> out of eight RDs offices, nine<sup>5</sup> out of 38 DAHOs and four BAHOs<sup>6</sup> from each selected DAHOs. In addition, records of the Central Poultry Farm, Patna, two<sup>7</sup> out of four Regional Poultry Farms, two<sup>8</sup> Cattle Breeding Farms, Bihar Livestock Development Agency (BLDA), Patna, Frozen Semen Bank, Patna, Institute of Animal Health and Production, Patna, Training School, Dumraon, Fodder Development Office, Patna and Animal Diagnostic Lab, Darbhanga were examined.

These units were selected to ensure State-wide coverage of the programmes and schemes under execution by the department. District level offices were selected using the Probability Proportionate to Size with Replacement method, while block level offices were selected through Simple Random Sample with

<sup>1</sup> Joint Director (Animal Health), Joint Director (Hqr), Dy. Superintendent (Cattle Census), Dy. Director (Hqr.), Fodder Development Officer, Director (Institute of Animal Health and Production), Project Director (Bihar Livestock Development Agency), Goshala Development Officer.

<sup>2</sup> Bhagalpur, Chhapra, Darbhanga, Gaya, Muzaffarpur, Patna, Purnia and Saharsa

<sup>3</sup> Bhagalpur, Kishanganj, Muzaffarpur, Purnea.

<sup>4</sup> Bhagalpur, Muzaffarpur and Purnea

<sup>5</sup> Bhagalpur, Kishanganj, Madhubani, Motihari, Munger, Muzaffarpur, Nalanda, Patna and Purnea

<sup>6</sup> Bhagalpur : Narayanpur, Nawagachhia, Rangra chowk, Sahaur.; East Champaran : Ghorasahan, Kesaria, Kalyanpur, Kotwa; Kishanganj : Bahadurganj, Kishanganj, Teragachhi, Thakurganj; Madhubani : Jainagar, Khajauli, Khutauna, Ladiana; Munger : Haweli, Sangrampr, Tarapur, Tetiabamber; Muzaffarpur : Marawan, Motipur, Muraul, Mushahari; Nalanda : Harnaut, Islampur, Karai parasurai, Katrisarai; Patna: Daniawan, Dulhin Bazar, Fatuha, Goshwari. Purnia : Jalalgarh, K. Nagar, Purnia, Ruapuli

<sup>7</sup> Bhagalpur and Muzaffarpur

<sup>8</sup> Patna and Dumraon



Replacement method. Audit efforts were focused on activities such as programme planning, financial management, scheme implementation, inventory management and human resources management of the department. In addition, an assessment of the adequacy and effectiveness of the internal control mechanism existing in the department was also done.

#### **4.1.4 Audit objectives**

The audit objectives aimed to assess and evaluate whether:

- the planning process for the implementation of programmes and schemes was adequate and effective;
- the financial management was efficient and effective;
- the implementation of programmes and schemes was according to plan, efficient, effective and economical;
- the human resource management was adequate and efficient and
- the monitoring mechanism and internal control system were in place and effective.

#### **4.1.5 Audit criteria**

Keeping in view the audit objectives, the working of the department regarding Animal Husbandry was assessed on the basis of the following criteria:

- Acts, Rules and Regulations of the Government and Government of India (GOI) as applicable to animal husbandry activities;
- Bihar Budget Manual, Bihar Financial Rules and Bihar Treasury Code, and
- Instructions and guidelines issued by the GOI and the Government for Central and State sponsored schemes respectively.

#### **4.1.6 Audit Methodology**

The audit methodology included the updating and consolidation of domain knowledge, preparing detailed audit guidelines, sample selection and conducting field visits for examination, collection and analysis of relevant information. Discussions were held with the responsible officers of the AH Headquarters and field offices involved in programme implementation. Audit evidence was collected through replies to audit questionnaires, audit memos, copies of documents etc. and through personal interaction with the responsible departmental officials. In order to explain the objectives of this audit, its scope, methodology, coverage and focus and to elicit the departmental views and concerns, an entry conference was held in May 2011 with the Secretary of the department. Thereafter, on completion of field visits, an exit conference was held (November 2011) with the Secretary of the department wherein the audit findings were discussed in detail. The responses/replies of the department have been suitably incorporated in this report.

**Audit findings**

The deficiencies noticed during audit are discussed below:

**4.1.7 Planning**

Adequate planning is the key factor for effective implementation of any department. Forty schemes were planned to be implemented by the department during 2007-11. In order to formulate the schemes, livestock census was to be done and results were to be sent to GOI. In addition, the estimation of livestock products i.e. milk, egg, wool and meat etc. were to be done by the department for preparing the gross domestic product (GDP) from the animal husbandry sector. However, the detailed results of livestock census of all districts were yet to be submitted to GOI, the estimates of livestock products were based on very small sample sizes. The enumeration of livestock data as envisaged under the scheme was not reflective of actual livestock population. This Integrated Audit revealed the following deficiencies in the planning conceived by the department for implementation of the schemes.

**4.1.7.1 Eighteenth livestock Census**

In order to formulate, implement, monitor and evaluate programme/scheme for improvement in the livestock sector, the 18<sup>th</sup> livestock census was proposed by the GOI, to be conducted during June 2007 to May 2008. For this Centrally Sponsored Scheme (CSS), the GOI released ₹ 15.49 crore (2007-2011) to the department. The objectives of this scheme were to collect basic data of population of different species of livestock, alongwith their characteristics such as age, sex, availability of infrastructure etc. As per the GOI activity schedule for the schemes, the actual livestock counting was to be completed within one month<sup>9</sup>. Further, data for quick result (district wise data) was to be submitted during 15 January to 31 January 2008 and for detailed results (household wise detailed data) was to be submitted during 1 May to 15th May 2008.

The livestock census work was completed after delay of two years from the prescribed date of completion.

Scrutiny of records revealed that the department could complete livestock census only in February 2010 i.e. after delay of two years from the prescribed date of completion. The data for quick results was collected between April 2008 and February 2010 and sent to GOI in May 2010 i.e. after delay of 28 months whereas the detailed results of household wise data of all districts was yet to be submitted to GOI. The Government incurred an expenditure of ₹ 13.91 crore (April 2011) on this activity.

In reply, the Government stated (November 2011) that the detailed results of household wise data was being prepared. Thus, in the absence of the livestock census the annual plans prepared by the department for livestock improvement were not based on realistic data.

<sup>9</sup> 15 September 2007 to 14 October 2007

#### **4.1.7.2 Integrated Sample Survey Scheme**

Integrated Sample Survey (ISS) scheme was a CSS with objectives of estimating the number of productive animals and laying birds, production of major livestock products i.e. milk, egg, wool, meat and to work out the average yield per animal/bird. As these seasonal estimates were required for preparing the gross domestic product (GDP) from the animal husbandry sector, this data was required to be collected every year on seasonal basis i.e. summer (March to June), rainy (July to October) and winter (November to February). As per the scheme estimation methodology, 15 *per cent* of the villages (five *per cent* villages in each season) in each district were to be selected for complete enumeration of livestock population. The technical committee's direction for improvement of Animal Husbandry and Dairying statistics also required that for precision, the sample size should not be reduced.

The livestock production figures were based on inadequate sample size.

Audit scrutiny of the records at the directorate and nine test-checked DAHOs revealed that in place of five *per cent*, only five villages in each district per season were selected for complete enumeration of the animal population. An expenditure of ₹ 1.74 crore was incurred on the scheme during 2007-11. It was observed that though the estimation work was to be done by enumerators, it was being done by Group D staff in Kishanganj district and by livestock assistants in Purnea district. Further, as the tour programmes of enumerators for survey work were not on record at Kishanganj, Motihari, Purnea and Nalanda districts during 2007-11, the reliability and truthfulness of the data collected becomes doubtful.

In reply, the Government stated (November 2011) that action was being taken for filling up the posts of statistical workers so that the survey of livestock could be completed.

#### **4.1.8 Financial management**

Financial management entails the process of financial planning, expenditure control, release of funds and their utilisation, accounting, re-appropriation and surrenders wherever required. In this connection, audit scrutinised the records at the departmental and field levels and noticed the following discrepancies:

##### **4.1.8.1 Budget provisions, expenditure and surrenders**

As per Rule 62, (Appendix-V) of the Bihar Budget Manual, financial controlling officers were required to send budget estimates for the ensuing financial year to the Finance Department by first October of every year on the basis of projections received from the field offices.

The budget estimates were sent with delays ranging from 39 to 57 days.

Audit scrutiny of compliance to this provision revealed that during 2007-11, the budget estimates were sent to the Finance Department with delays ranging from 39 to 57 days due to the late receipts of the estimates from the subordinate offices. Such late receipts provided less time to the departmental officers to examine these proposals before sending it to the Finance Department. Consequently the accuracy, requirement and reliability of these

budget provisions, expenditure and surrender during 2007-11 suffered as shown in **Table-1** below.

**Table no. – 1**  
**Budget provisions, expenditure<sup>10</sup> and surrenders/savings during 2007-11**

(₹ in crore)							
Year	Original Grant	Supplementary Grant	Total Grant	Expenditure	Total Savings	Surrender	savings (in per cent)
2007-08	84.08	28.17	112.25	93.98	18.27	16.16	16.28
2008-09	104.98	116.97	221.95	187.62	34.33	31.08	15.47
2009-10	187.61	56.03	243.64	196.56	47.08	43.09	19.32
2010-11	256.68	28.47	285.15	162.12	123.03	119.90	43.15
Total	<b>633.35</b>	<b>229.64</b>	<b>862.99</b>	<b>640.28</b>	<b>222.71</b>	<b>210.23</b>	<b>25.81</b>

(Source: Detailed Appropriation Accounts)

The savings from 20 to 77 per cent under the Plan head and from seven to 17 per cent under the Non-Plan head.

Funds of ₹ 127.36 crore were surrendered by the department on the last date of the financial years 2007-11.

The above table and scrutiny of records revealed the following facts:

- The total of surrenders and savings during 2007-11 ranged from 15 to 43 per cent. Of these, the savings ranged from seven to 17 per cent under the Non-Plan head and from 20 to 77 per cent under the Plan head (**Appendix-4.3**). Huge savings under the Plan section indicate that the department failed to implement the Plan schemes as conceived.
- As per Rule 112 of the Bihar Budget Manual, all anticipated savings should be surrendered to the Government immediately as and when foreseen without waiting till the end of the year. No savings should be held in reserve for possible future excesses. Audit scrutiny of the detailed appropriation accounts and records of the Directorate for the years 2007-11 revealed that against a total grant of ₹ 862.99 crore, an expenditure of ₹ 640.28 crore was incurred. Of the saving of ₹ 222.71 crore, ₹ 210.23 crore were surrendered and ₹ 12.48 crore lapsed.
- Of the surrenders, funds of ₹ 127.36 crore (except non-Plan head of 2007-08)<sup>11</sup> were surrendered by the department on the last date of the financial years 2007-11. Consequently, the surrendered funds could not be re-appropriated by the Finance Department.

Further, it was observed that the department undertook 40 schemes during 2007-11. The department received ₹ 35.72 crore for one Central Plan Scheme and spent only ₹ 12.51 crore (35 per cent) and for nine CSSs, the department spent only ₹ 21.18 crore (30 per cent) against total grant received of ₹ 71.48<sup>12</sup> crore. In case of 30 State Plan Schemes, the department spent only ₹ 204.90 crore (67 per cent) out of total released grant of ₹ 305.43 crore during this period (**Appendix – 4.4**). Consequently, the funds allotted under these schemes were either surrendered or remained unutilised with the implementing agencies due to delayed sanction of schemes or late receipt of funds from GOI. For instance, an amount of ₹ three crore was released for the

<sup>10</sup> Major heads-2403 (Animal Husbandry), 3451 (Secretariat-Economic Service), 3454 (Census Surveys and Statistics)

<sup>11</sup> Amount surrendered under non-Plan head during 2007-08 was not intimated.

<sup>12</sup> Central share : ₹ 51.72 crore and State share : ₹ 19.76 crore

purchase of Ambulatory Van on the last date of financial year (March 2011), which could not be utilised and was surrendered (2010-11).

In reply, the Government accepted (November 2011) the audit findings.

#### **4.1.8.2 Expenditure control**

Rule 472 of the Bihar Financial Rules required each head of department to be responsible for controlling expenditure from the grant or grants at his disposal and exercise control through the controlling officers, if any, and the disbursing officers subordinate to him. Further, Rule 475 required every controlling officer and head of the department to maintain a separate register in Financial Rule Form 23 for each minor or sub-head of account operated under his control.

Registers for expenditure control were not available for 2007-09 and thereafter were not maintained properly.

Audit scrutiny revealed that these registers were not available with the Directorate for the years 2007-09. Thereafter, the department maintained registers which were not in the prescribed format, many columns were left blank, entries were not certified by the competent authority and total allotment for the month and balance of appropriation were not recorded. Consequently, the departmental compliance to expenditure control mechanism was very poor as can be seen from the fact that the department surrendered 42 *per cent* plan funds during 2007-11.

The Government stated (November 2011) that the registers for expenditure control would be maintained properly in future.

#### **4.1.8.3 Irregular retention of funds**

Rule 300 of Bihar Treasury Code Vol.I provided that 'no money should be withdrawn from the treasury unless required for immediate payment, drawal of money in anticipation of demands from the treasury either for the execution of works, the completion of which is likely to take a considerable time, or to prevent the lapse of appropriations, was not permissible.

Audit scrutiny revealed that ₹ five crore sanctioned (January 2008) under the State Plan scheme, Rastriya Krishi Vikas Yojana, (RKVY) was provided to 29 DAHOs for purchase of medicine to control liver fluke disease. Of this, ₹ 1.77 crore remained unutilised and was deposited (March 2008) under the head '8443 Civil Deposit'.

Bihar Live Stock Development Agency neither implemented Plan schemes nor returned Plan funds amounting to ₹ 17.90 crore to department.

Further, the Director, Animal Husbandry, Special Deputy Director, Frozen Semen Bank-cum-Bull Station and Director, Institute of Animal Health and Production (IAHP), Patna withdrew ₹ 21.71<sup>13</sup> crore at the end of the financial years as an advance and deposited it in the bank account of Project Director,

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<sup>13</sup> Director, Animal Husbandry : ₹ 1.62 crore (March 2010) and ₹ 9.83 crore (March 2011), Frozen Semen Bank-cum-Bull Station : ₹ 2.26 crore (March 2008), Director, IAHP : ₹ 8 crore (March 2011).



Bihar Livestock Development Agency<sup>14</sup> (BLDA). Of this, ₹ 3.81<sup>15</sup> crore was spent under the concerned schemes and the unspent balance of ₹ 17.90 crore remained with BLDA at the end of March 2011. Thus, the drawal of ₹ 17.90 crore by the concerned DDOs were without any immediate requirement.

The Government stated (November 2011) that the funds were deposited with BLDA for implementing the Plan scheme only.

#### 4.1.8.4 Maintenance of Cash Book

As per Rule 86 (iv) of Bihar Treasury Code Vol.-I, the head of the office should verify the cash balance in the cash book at the end of each month and record a signed and dated certificate to that effect. Further, Rule 7 (1) of Bihar Treasury Code Vol.-I, stipulated that all moneys on account of revenue should be remitted/deposited in full into the treasury/bank without undue delay.

Departmental receipt amounting to ₹ 5.18 lakh were not remitted and ₹ 11.14 lakh were remitted after a delay upto two years.

Scrutiny of cash books in the nine test-checked DAHOs revealed that the details of closing balances were not prepared at the end of each month. In the absence of these details, the reliability and actual availability of cash balances could not be ascertained. Further, in seven<sup>16</sup> offices, Government receipts (treatment fee, castration fee, revenue received from settlement etc.) of ₹ 11.14 lakh was remitted after delays ranging upto two years and in four offices<sup>17</sup> an amount of ₹ 5.18 lakh (2007-11) was not remitted till the date of audit. The improper maintenance of cash book was fraught with the risk of embezzlement.

In reply, the Government stated (November 2011) that the directions to maintain the cash book according to the provision of Financial rules were already issued and the field offices have been directed to ensure timely remittance of the departmental receipts in Government account.

#### 4.1.9 Implementation of schemes

During 2007-11, the department decided to implement 30 schemes under the State Plan including Rastriya Krishi Vikash Yojana (RKVY) with an estimated expenditure of ₹ 305.43 crore. In addition, one Central Plan Scheme and nine Centrally Sponsored Schemes (CSS) (sharing basis) were implemented by the department with estimated expenditure of ₹ 35.72 crore and ₹ 71.48 crore respectively (*Appendix-4.4*).

<sup>14</sup> Bihar Livestock Development Agency was established by the department as State Implementing Agency for animal husbandry activities in the State. The agency was registered as a society under the Societies Registration Act.

<sup>15</sup> ₹ 2.25 crore spent during 2009-11 against withdrawal in March 2008 and ₹ 1.56 crore spent during 2010-11 against withdrawal in March 2010.

<sup>16</sup> DAHO (Kishanganj- ₹ 0.31 lakh, Munger- ₹ 0.89 lakh, Nalanda- ₹ 1.75 lakh and Purnea- ₹ 0.34 lakh), Frozen Semen Bank, Patna- ₹ 0.77 lakh. Regional Poultry Farm, Bhagalpur- ₹ 6.68 lakh and Regional Poultry Farm, Muzaffarpur- ₹ 0.40 lakh.

<sup>17</sup> DAHO (Bhagalpur- ₹ 0.19 lakh, Madhubani- ₹ 0.83 lakh, Patna- ₹ 2.68 lakh) and Regional Poultry Farm, Bhagalpur- ₹ 1.48 lakh.



### Poultry development

The department undertook five schemes for development of poultry during 2007-11. Of which, two<sup>18</sup> were CSS and three<sup>19</sup> were State plan schemes. Audit scrutiny of records revealed the following deficiencies:

#### 4.1.9.1 Rural Poultry Development Scheme

As per the Agriculture Road Map of the Government, the objectives of this scheme (State Plan) were to provide animal protein and gainful employment in the rural areas through poultry development. As per the scheme guidelines, six poultry farms<sup>20</sup> were required to maintain 4000 layer hens as 'parent stock'<sup>21</sup>. Further, each poultry farm was to produce four lakh chicks for distribution amongst 16,000 families (25 chicks per family) per year (including 50 per cent for BPL families). Accordingly, ₹ 11.63 crore were released by the department to these six poultry farms during 2007-11 for implementation of this scheme.

The scheme implementation was not satisfactory due to non-construction of poultry buildings.

Audit scrutiny revealed that, neither did any of the six poultry farms maintain the prescribed "parent stock" nor did they produce the target number of chicks during 2007-11 as indicated in *Appendix-4.5*. The department stated (June 2011) that out of ₹ 11.27 crore spent during 2007-11, ₹ 5.97 crore<sup>22</sup> were advanced to Building Construction Divisions (BCD) for construction of hatchery building, laboratory, poultry shed etc. (March 2009 to March 2010) in four Poultry Farms<sup>23</sup>. The construction work was still incomplete (November 2011).

The Government stated (November 2011) that the targets regarding production of chicks could not be achieved due to non-completion of poultry buildings.

#### 4.1.9.2 Rural Backyard Poultry Scheme

The Rural Backyard Poultry (distribution of 45 chicks) Scheme was started by the department in May 2010. The objectives of the scheme were to provide protection to BPL/Mahadalit families from malnutrition and to generate monthly earning of ₹ 1334 for 18 months through poultry development. The scheme was to be completed in 32 weeks. The scheme stipulated distribution of 45 chicks (per family) amongst 15000<sup>24</sup> BPL/Mahadalit families in three<sup>25</sup> phases. An amount of ₹ 3.78<sup>26</sup> crore were released (2009-10) by the department for implementation of the scheme. In order to review the

<sup>18</sup> Rural Backyard Poultry Scheme (Murgi Gram Yojana) and Low Input Poultry Range  
<sup>19</sup> Rural Poultry Development Scheme, Poultry Training Scheme, Scheme for strengthening of Central Poultry Farm, Patna  
<sup>20</sup> Bhagalpur, Kishanganj, Muzaffarpur, Nalanda, Patna and Purnea  
<sup>21</sup> Permanent stock for production of chicks  
<sup>22</sup> Kishanganj-₹ 50.28 lakh, Muzaffarpur - ₹ 2.61 crore, Patna- ₹ 1.87 crore and Purnea-₹ 98.20 lakh  
<sup>23</sup> Kishanganj Muzaffarpur Patna and Purnea  
<sup>24</sup> (2500 families x 6 districts i.e. Patna, Nalanda, Gaya, Jehanabad, Bhojpur and Vaishali =15000).  
<sup>25</sup> First phase 15 chicks, 2<sup>nd</sup> phase 15 chicks and 3<sup>rd</sup> phase 15 chicks  
<sup>26</sup> ₹ 1.63 crore released by GOI and ₹ 2.15 crore was made available by Bihar Mahadalit Vikas Mission

implementation progress, a monthly progress report depicting profits on sale of chicks, eggs etc. was to be submitted by district authorities to the Directorate.

The target of distribution of chicks to BPL/Mahadalit families for generating their monthly income, was not achieved.

Test check of records of DAHO, Patna revealed that against the envisaged distribution target of 45 chicks per family, only 15 to 30 chicks were actually distributed during May 2010 to May 2011. In Patna district, against a distribution target of 1,08,000 chicks among 2400 families, only 60,568 chicks were distributed to 703 BPL and 1528 Mahadalit families. Similarly, in Nalanda district, 58,528 chicks were distributed to 2222 BPL and 1857 Mahadalit families against the target of 1,08,000 chicks for 2400 families.

It was also seen that DAHOs, Patna and Nalanda did not submit the monthly progress report (MPR) as required resultantly the actual achievements could not be ascertained. In spite of these deficiencies, a further amount of ₹ 6.33<sup>27</sup> crore was provided to the directorate during 2010-11 to continue the scheme in the six districts and to replicate it in seven<sup>28</sup> more districts. However, the department deposited this amount in BLDA's bank account.

Thus, due to short supply of chicks in the two test-checked districts, the intended benefits of protection from malnutrition and to generate monthly earning through poultry development were not achieved.

In reply, Government stated (November 2011) that as the scheme was initiated in other seven districts, 30 chicks per family were distributed among 15000 families upto November 2011 only to start the scheme. The reply in itself was an admission of violation of the guidelines of the scheme to distribute 45 chicks per family for generating their monthly income.

#### ***Cattle and buffalo rearing***

The department undertook nine schemes for cattle and buffalo rearing during 2007-11. Of which, one<sup>29</sup> was CSS and eight<sup>30</sup> were State plan schemes. Audit scrutiny of records at the departmental and test-checked units revealed the following deficiencies:

##### ***4.1.9.3 National Project for Cattle and Buffalo Breeding***

The National Project for Cattle and Buffalo Breeding initiated in October 2000 was intended to improve the genetics of bovine<sup>31</sup> animals. The second phase of this project initiated in December 2006 intended to deliver improved

<sup>27</sup> ₹ 2.85 crore from State Plan (27 September 2010), ₹ 1.85 crore from RKVY (21 January 2011) and ₹ 1.63 crore from GOI (as 100 per cent central grant) (26 March 2011)

<sup>28</sup> Kishanganj, Supaul, Araria, Banka, Bhagalpur, Katihar and Purnea  
<sup>29</sup> National project for cattle and buffalo breeding

<sup>30</sup> Scheme for development of cow shed, Scheme for goat development and reproduction, Scheme for generic development of goats, Scheme for establishment of fodder bank, Scheme for production of green fodder, Scheme for fodder and cattle field development, Scheme for establishment of District Semen Bank and Scheme for sheep and goat development

<sup>31</sup> An animal of cattle family.

artificial insemination services at the farmers door step and to bring improvement in the genetic makeup of cattle and buffalo. The responsibility for implementation of the scheme was entrusted to BLDA. During 2006-09, GOI released grants-in-aid of ₹ 10.08<sup>32</sup> crore to this project. The guidelines for the project implementation required submission of detailed work plans, physical/financial targets and micro-level planning by the implementing agency to GOI within six weeks of sanction of fund. The subsequent releases were subjects to progress of the physical and financial progress achieved, submission of quarterly progress report, annual progress report and submission of audited accounts through the Government in the prescribed formats and within prescribed time-frames.

Performance of AI programme during 2008-11 was dismal and BLDA failed to produce any frozen semen dose during this period.

Audit scrutiny revealed that against the release of ₹ 10.08 crore, BLDA spent only ₹ 7.89 crore. The micro-level plans of phase-I were submitted in June 2008 i.e. after a delay of 16 months. The annual achievement rate of the artificial insemination (AI) during 2008-11 ranged between one and seven *per cent*, against the target of 60 *per cent* (42.40 lakh) of the breedable adult animal population in the State as indicated in Table no. 2.

Table no. - 2

**Target and achievement of Artificial Insemination**

Year	Target	Achievement	Percentage
2008-09	4240000	45569	1
2009-10	4240000	130517	3
2010-11	4240000	290298	7

(Source: Information furnished by BLDA)

Due to dismal performance in the project, the GOI did not release any further (second instalments) money. Further, though the production target for frozen semen for artificial insemination was 20 lakh doses per year, the BLDA failed to produce even a single dose during this period due to non-functioning of its laboratory and non-procurement of bulls. This resulted in the purchase of 4,74,852 doses of frozen semen at a cost of ₹ 48.78 lakh during 2008-2011 which was completely avoidable. Thus the project failed to achieve its objectives in spite of incurring an expenditure of ₹ 7.89 crore.

The Government stated (November 2011) that due to non-availability of adequate infrastructure like laboratory etc. and inadequate release of funds in second phase, the production could not be started. However, the production of targeted frozen semen would be started from December 2011. The reply was not acceptable as the department could not utilise even available funds.

#### 4.1.9.4 Scheme for establishment of fodder banks

In order to ameliorate fodder scarcity and provide quality fodder in the flood-affected areas, the Government decided (March 2008) to establish fodder banks at 10<sup>33</sup> places in the State.

<sup>32</sup> ₹ 5 crore in year 2006-07 for phase-I, ₹ 5.08 crore in year 2008-09 for phase-II, no funds was released in year 2007-08.

<sup>33</sup> Naubatpur (Patna), Sampatchak (Patna), Aurai (Muzaffarpur), Kurhani (Muzaffarpur), Harnaut (Nalanda), HCBF, Dumraon (Buxar), Rosra (Samastipur), Vikramganj (Rohtas), Kadhapanpur and Teghra (Begusarai).

Not a single fodder bank was established till November 2011.

Audit scrutiny in four test-checked districts<sup>34</sup> revealed that not a single fodder bank was established upto November 2011. For instance in Patna district, though ₹ 40.10 lakh was incurred during 2008-09 on construction of building and purchase of machinery, the machinery remained uninstalled because of delay in construction of building. In Muzaffarpur district, though ₹ 51.20 lakh were advanced (2008-09) for construction of the buildings and for the purchase of fodder-making machines, the buildings could not be constructed due to non-availability of land. In the case of 'Haryana Cattle Breeding Farm', Dumraon (Buxar), though a machine was purchased (January 2011) at a cost of ₹ 9.06 lakh, it could not be made functional due to lack of electricity connection. In Nalanda district, though the building was constructed, the machine was not supplied due to non-payment of the differential amount claimed due to revision in the cost of the machine. As a result, the fodder bank remained non-functional (August 2011), despite incurring an expenditure of ₹ 1.26<sup>35</sup> crore (2007-10) which became unfruitful.

The Government stated (November 2011) that the fodder block making machines could not be installed due to delay in construction work.

#### 4.1.9.5 *Bull distribution scheme*

For genetic improvement of livestock in remote areas where the Artificial Insemination (AI) was not provided, bulls were to be distributed for natural insemination. While the BAHOs were responsible for care and treatment of the bulls, the Livestock Assistants were responsible for reporting the health, insemination and feeding of each bull to the concerned BAHOs.

Bulls distribution scheme could not taken off in eight districts due to non-allotment of funds under the scheme during 2007-11.

Scrutiny of records revealed that the bulls were not distributed by eight out of nine test-checked DAHOs (except Kishanganj) during the period 2007-11 due to non-allotment of funds under this scheme, though ₹ 3.23<sup>36</sup> crore were spent on pay and allowances of employees under this scheme. Due to non-distribution of bulls, the scheme failed to achieve its desire objectives.

The Government stated (November 2011) that the bull distribution for natural insemination in remote areas were under progress.

#### 4.1.9.6 *Deficiencies in functioning of cattle breeding farms*

An 'Exotic Cattle Breeding Farm' (ECBF) in Patna and a 'Haryana Cattle Breeding Farm' (HCBF) in Dumraon (Buxar) were functioning under the control of the department. The objectives of these farms were to improve livestock, increase the production of milk, distribute bulls and provide training to the cattle-rearers.

<sup>34</sup> HCBF, Dumraon (Buxar), Muzaffarpur, Nalanda and Patna

<sup>35</sup> HCBF: ₹ 9.06 lakh, Muzaffarpur: ₹ 51.20 lakh, Nalanda: ₹ 25.60 lakh and Patna: ₹ 40.10 lakh.

<sup>36</sup> Bhagalpur- ₹ 44.75 lakh, Madhubani- ₹ 20.34 lakh, Munger- ₹ 26.71 lakh, Motihari- ₹ 41.71 lakh, Muzaffarpur- ₹ 44.37 lakh, Nalanda- ₹ 15.34 lakh, Patna- ₹ 111.55 lakh and Purnea- ₹ 18.58 lakh. Kishanganj district had not any allotment under this scheme.

Occupancy in Patna and Dumraon cattle breeding farms was 29 and 30 cattle against the targeted accommodations for 650 and 450 cattle respectively.

Audit scrutiny revealed that against the available cattle accommodations of 650 and 450 respectively in these farms, the average available cattle in Patna and Dumraon (Buxar) during 2007-11 was 29 and 30 respectively. But none of the bulls was distributed for cattle breeding, though ₹ 5.21 crore and ₹ 1.95 crore were spent on the pay and allowances of the staff posted in Patna and Dumraon farms respectively.

The Government stated (November 2011) that plans would be made to revive these cattle breeding farms and utilise the services of bulls for natural insemination.

#### 4.1.9.7 Frozen Semen Bank

Frozen Semen Bank could not produce frozen semen straw during 2007-11 but paid ₹ 2.39 crore on wages of staff.

The Frozen Semen Bank cum Bull Station (FSB-cum-BS), Patna was responsible to collect semen from exotic and cross breed bulls and to produce frozen semen straw for breeding.

Audit observed that FSB-cum-BS, Patna did not produce any frozen semen during 2007-11 due to non-allotment of funds under this scheme though ₹ 2.39 crore was spent on wages of 28 employees. No efforts were made by the department to review the posting of these idle employees or to transfer them to other needy offices.

The Government stated (November 2011) that efforts were on for the production of semen straw by December 2011.

### Animal Health

The department undertook eight schemes for animal health during 2007-11. Of which, three<sup>37</sup> was CSS and five<sup>38</sup> were State plan schemes. Audit scrutiny of records at the departmental and test-checked units revealed the following deficiencies:

#### 4.1.9.8 Scheme for Control of Liver Fluke Disease

With an aim to protect livestock from Liver Fluke disease and to protect the farmers and cattle rearers against financial loss, a scheme for control of Liver Fluke was introduced by the department under RKVY during the year 2007-08, under which 'Oxyclozanide' medicine was to be given to livestock. The Government targeted to cover 20 per cent of the animal population by March 2008. Rupees five crore were released to 29 DAHOs (January 2008) for its implementation.

Records regarding number of animals dewormed were not maintained by seven DAHOs and targets were not achieved in Madhubani and Motihari districts.

Scrutiny of the records in three (Madhubani, Muzaffarpur and Motihari) out of nine test-checked DAHOs revealed that 'Oxyclozanide' medicine (40632 litres) costing ₹ 75.44 lakh were procured (January-February 2008) without

<sup>37</sup> Scheme for control of AVN influenza, Scheme for control of Bird Flu and Scheme for providing assistance to State for control of animal diseases

<sup>38</sup> Scheme for control of FMD disease, Scheme for control of liver fluke disease, Scheme of Livestock Vaccination, Scheme for treatment of cattle at the door step of cattle rearers and Scheme for establishment of pathological laboratory in 100 veterinary dispensary at sub-divisional level.



assessing its requirement. As a result, 16285 litres Oxyclozanide costing ₹ 30.24 lakh remained un-utilised. Further, records regarding the number of animals de-wormed<sup>39</sup> (January to March 2008) were not maintained by the six<sup>40</sup> test-checked DAHOs. Hence, the actual utilisation of Oxyclozanide in these districts was not ascertainable. It was also noticed that targets set for de-worming of animals by the department for Madhubani and Motihari districts were 1,41,200 and 1,03,600 animals but 54098 and 26988 animals only were de-wormed during the period January to March 2008 respectively. Audit further observed that two DAHOs (Munger and Muzaffarpur) purchased Oxyclozanide medicine valued at ₹ 15.78 lakh from a non-approved company. The above facts indicated the department's failure in monitoring the scheme and non-achievement of the objectives.

The Government stated (November 2011) that the medicine was purchased from the approved companies. The reply was not acceptable as the supply orders were issued to non-approved company (M/s Lyka).

#### 4.1.9.9 Establishment of pathological laboratories

In order to conduct the parasitological test of animals to provide timely medical treatment, the department sanctioned (October 2007) the establishment of pathological laboratories in 100 sub-divisional animal hospitals during 2007-08 and released (October 2007) ₹ one crore at the rate of ₹ one lakh per hospital.

Due to lack of infrastructure, technical staff and electricity pathological laboratories remained non-functional.

Audit scrutiny of records in the test-checked nine districts revealed that DAHOs purchased equipment like glassware, utensils, chemicals, reagents, freezer, almirah, table etc. and supplied them to Sub-divisional animal hospitals for establishment of pathological laboratories. Further, it was found that against a sanction of 36 pathological laboratories, only 20 laboratories (*Appendix-4.6*) were partially functional mainly due to lack of infrastructure, interrupted supply of electricity and insufficient technical staff. Further, rooms for establishment of pathological laboratories were not available in all sub-divisional animal hospitals, resulting in the equipment supplied for testing purposes being kept in the stores.

The Government stated (November 2011) that due to lack of technical staff and regular electricity, pathological laboratories at sub-divisional level were not functioning properly.

#### 4.1.10 Inventory Management

Inventory management entails the departmental regulations governing purchase, receipt and issue, custody, condemnation, sale and stock verification of stores are well devised and implemented. Audit scrutinised the records of stores and stock at the departmental and field level offices and noticed the following deficiencies:

<sup>39</sup> De-worming was done by giving Oxyclozanide to the animal for drenching.  
<sup>40</sup> Bhagalpur, Munger, Muzaffarpur, Nalanda, Patna and Purnea



#### **4.1.10.1      *Discrepancies in Livestock Sale Register***

Rule 136 (1) of BFRs stipulated that the officer-in-charge of stores should maintain suitable item wise lists and accounts and prepare accurate returns in respect of the goods and materials in his charge. In this connection, the Central Poultry Farm (CPF), Patna maintained a Livestock Register (LR) and Livestock Sale Register (LSR) to keep the details of birds and their sale proceeds.

Audit scrutiny of the records revealed discrepancies in the numbers of birds appearing in LSR and LR as can be seen from the fact that birds sold being shown less in the LSR as compared to LR. For instances, 683 chicks, 19 hens and two cocks were shown as “sale” in the livestock register as on 30 September 2008, but it was taken as 150 chicks and five hen only in the LSR. Similarly 139 hens, 15 cocks and 625 chicks were taken as sale in Livestock Register on 27 October 2008 but were not shown in the LSR. The above instances not only indicate poor maintenance of records but were also fraught with the risk of misappropriation of sale receipts.

The Government stated (November 2011) that action would be taken after investigation.

#### **4.1.10.2      *Deficiencies in maintenance of stock registers***

As per Rule 138 (2) of BFRs, a physical verification of all the consumable goods and materials should be undertaken at least once in a year and discrepancies, if any, should be recorded in the stock register for appropriate action by the competent authority.

**Physical verification of stocks was not conducted.**

Audit scrutiny of nine test-checked DAHOs revealed that physical verification of stores were not done in any of the test-checked districts and details of stores in stock registers like manufacture, expiry date and batch numbers of medicine's were not properly recorded.

The Government stated (November 2011) that an instruction regarding maintenance of stock register has been reiterated on November 2011.

#### **4.1.10.3      *Irregular purchase of medicines***

Rule 30 (i) of the BFRs stipulated that the terms of contract must be precise, definite and without any ambiguities. Further, Rule 131H (i) and (v) of BFRs provided that in case of tender for estimated value of ₹ 25 lakh and above, the minimum time to be allowed for submission of bids should be three weeks from the date of publication of the tender notice. Further, as per Rule 131F a demand for goods should not be divided into small quantities to make piece meal purchases to avoid the necessity of obtaining the sanction of the higher authority.

**Purchase orders were split under ₹ one lakh only to bring it within the financial limits of the respective officers and avoid the sanction of higher authorities.**

Scrutiny of records in audit at the Directorate revealed that the department invited tender (February 2008) for purchase of medicine with estimated cost of ₹ two crore, but gave only seven days as against the minimum required period of three weeks from the date of its publication. Thereafter, the department approved (April 2008) seven suppliers/companies for purchase of medicine without mentioning the period of validity of contract /agreement. It was also

observed that the purchase orders were splitted to bring it within the financial limits to the respective officers. The DAHOs, Patna and Nalanda purchased medicines (March 2011) worth ₹ 4.94<sup>41</sup> lakh from suppliers other than the empanelled ones during 2010-11.

The Government stated (November 2011) that the DAHOs, Patna and Nalanda purchased medicine from the empanelled suppliers only.

The reply was not acceptable as the DAHO, Patna purchased medicine from M/s Om Shakuntalam Enterprises, M/s Parth Enterprises and M/s Acme Therapeutics (I) Pvt. Ltd, the DAHO, Nalanda purchased medicine from M/s Exceller Healthcare who were not empanelled suppliers.

#### 4.1.11 Human Resources Management

Human resources management is a very important factor for the efficient functioning of the department. Audit scrutiny of manpower management in the department as well as the test-checked offices revealed the following:

##### 4.1.11.1 Staffing

One of the primary functions of any department is to maintain details of their sanctioned manpower, men-in-position, category wise vacancies etc. so that appropriate manpower can be provided in a most efficient and required manner. Audit scrutiny of the records at Directorate revealed that the details of manpower such as its sanctioned strength, men-in-position, details of sanctioned posts etc. were not maintained.

Audit compilation of these details in the Directorate and 24 test-checked field offices revealed that the actual men-in-position in different cadre were 1412 (March 2011) against the sanctioned strength of 1969 staff. Consequently, 557 posts (28 *per cent*) of group B, C and D were vacant during 2007-11 which adversely affected the timely implementation of the various schemes undertaken by the department as discussed in this report (para 4.1.7.2, 4.1.9.9 and 4.1.11.2).

The Government while admitting that the shortage of staff affected the implementation of the schemes, stated that process for the appointment would be started after assessing the vacancy position in the State.

##### 4.1.11.2 Dispensary/Hospital functioning without doctor

In order to provide veterinary care to animals, veterinary hospitals and dispensaries with adequate infrastructure and medical staffs were to be established in all the districts of the State.

Scrutiny of records in the eight<sup>42</sup> out of nine test-checked districts revealed that 33 out of a total 221 hospitals/dispensaries were functioning without doctors during various periods between 2007 and 2011. Thus, in absence of doctors in the above mentioned hospitals/dispensaries, veterinary care

Vacancy adversely affected the timely implementation of various schemes.

Many hospitals/dispensaries were functioning without doctors in eight test-checked districts.

<sup>41</sup> DAHO Patna - ₹ 3.96 lakh and DAHO Nalanda - ₹ 0.98 lakh

<sup>42</sup> Bhagalpur, Kishanganj, Madhubani, Motihari, Muzaffarpur, Nalanda, Patna and Purnea.

facilities for the animals could not be provided, though ₹ 88.43 lakh were spent on pay and allowances of staff posted as shown in the **Appendix-4.7**.

The Government agreed with audit observation and stated (November 2011) that the vacant posts of doctors and other para veterinary staff would be filled up very soon.

#### **4.1.11.3 Training**

The department had only one Animal Husbandry Training School for Livestock Assistants at Dumraon in Buxar district for the training of its staff. The school was established to provide one year training to Livestock Assistants and four months training to private para vets (Gopal Mitra).

The only animal husbandry training school was non-functional during 2007-11.

Audit scrutiny revealed that though the training school neither organised any training programme nor did prepare any training calendar during 2007-11, yet eight employees of the training school were paid ₹ one crore as pay and allowances during the said period including purchase of furniture and computers costing ₹ 12.20 lakh.

The Government agreed with the audit observation and stated (November 2011) that the training school, Dumraon would be re-started from December 2011.

#### **4.1.12 Monitoring**

Regular monitoring is a key factor for efficient functioning of a department and timely implementation of its schemes. As per Rule 210 of Bihar Financial Rules, after a project costing ₹ 10 crore or above is approved, the Administrative Department was required to set up a Review Committee consisting of a representative each from the administrative department, Finance (Internal Financial Advisor) and the executing agency to review the progress of the work. The review committee had the powers to accept any variations within 10 per cent of the approved estimates. In cases of works costing less than ₹ 10 crore, it was not mandatory for the Administrative Department to set up a review committee on the above basis.

Due to non-constitution of any committee to review the construction of hospital building work, the progress of these buildings was not ascertained.

Audit scrutiny revealed that 475 hospital buildings (block level: 465, sub-division level: 10) under State Plan and 62 hospital buildings under RKVY scheme for Purnea range were sanctioned (2008-09) for construction. During 2008-11, a sum of ₹ 159.59<sup>43</sup> crore was provided to the Building Construction Department for construction of buildings. The department neither constituted any committee to review the progress of the works nor prescribed any time frame for completion of the work.

The Government agreed (November 2011) with the audit observation that there was no monitoring cell in the department and assured compliance in future.

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<sup>43</sup> ₹ 73.28 crore in 2008-09, ₹ 61.10 crore in 2009-10 and ₹ 25.21 crore in 2010-11

Annual Report on 'Integrated Sample Survey for estimation of Major Livestock Products' was not issued since 2005-06.

#### 4.1.12.1 Non-dissemination of annual reports

As per Para 8.4 of the Report of the Technical Committee of Direction for Improvement of Animal Husbandry and Dairying Statistics, Ministry of Agriculture, GOI, the department was required to issue and circulate the annual reports of the centrally sponsored schemes for wide dissemination to other States and for information sharing amongst them.

Audit scrutiny revealed that the Annual Report on 'Integrated Sample Survey for estimation of Major Livestock Products' was not printed by the department since 2005-06. Consequently, the information regarding production of major Livestock products of the State was not available.

In reply, the Assistant Director (Statistics) accepted that the report was not issued after 2004-05 by the Directorate and assured issuance of the reports for the year 2005-06 onwards soon.

### 4.1.13 Compliance to Statutory regulations

#### 4.1.13.1 Non-constitution of State Animal Welfare Board

The State Animal Welfare Board was not constituted, in total violation of the Supreme Court's directions.

Section 4 of the Prevention of Cruelty to Animals Act, 1960 required the Central Government to constitute Animal Welfare Board of India (AWBI). The objectives of this board were to promote animal welfare in general and to protect animals from being subjected to unnecessary pain or suffering in particular. The basic function of the Board was to keep law in force in India for the prevention of cruelty to animals under constant study and also to advise the Government(s) on issues relating to animal welfare.

In the light of Hon'ble Supreme Court of India order dated 6<sup>th</sup> August 2008, the GOI directed (October 2008) all the State Governments to constitute State Animal Welfare Boards within a period of three months. The State level Board was however, still to be constituted (August 2011).

The Government stated (November 2011) that the constitution of State Animal Welfare Board was under process.

#### 4.1.13.2 Non-functioning of Society for Prevention of Cruelty to Animals

In accordance with the Section 38 of the Prevention of Cruelty to Animals Act 1960, Rule 3, GOI vide notification dated 26 March 2001 required every State Government to establish Society for Prevention of Cruelty to Animals (SPCAs) in each district within six months. These societies were intended to aid the Government/ local authority in enforcing the provisions of the Act and to make such bye-laws and guidelines as it deemed necessary for the efficient discharge of its duties.

Societies for Prevention of Cruelty to Animals were inactive and non-functional since inception.

Audit scrutiny revealed that SPCAs, under the chairmanship of District Magistrate and DAHO as member secretary, were established (between January 2008 and June 2010) in all districts except Sasaram district. However, the societies established in the districts of Begusarai, Sheohar, Chapra and Madhubani had not been registered (June 2011). It was also observed that in the test-checked districts, these societies were however, inactive and non-functional ever since their establishment.

The Government while accepting the audit observation and assured suitable action in future.

#### **4.1.14 Internal Control**

Internal control is an important component of an organisation's management process, established to provide a reasonable assurance that the operations are being carried out effectively and efficiently so as to achieve organisational objectives. Rule 306-A of the BTC required every controlling officer to inspect annually, the offices of each disbursing officer under him and submit a report.

The records regarding inspections conducted were not being maintained by the department. It indicated that the internal control mechanism in the department was deficient as can be seen from the instances of delayed surrender of funds, non-compliance of Bihar Financial Rules and Bihar Treasury Codes non-adherences to provisions on cash management as indicated in earlier paragraphs of this report.

The departmental efforts in settling audit paras were very tardy.

No internal audit was conducted by the Finance department in the directorate or in the test-checked field offices during 2007-11. No information about audit of subordinate offices was also available in the department. It was also observed that during 2007-11, 117 inspection reports containing 306 audit paragraphs amounting to ₹ three crore were issued by the Office of the Principal Accountant General (Audit) Bihar, Patna. The departmental efforts in settling these paras were very tardy as revealed by the fact that only 64 audit paragraphs amounting to ₹ 10.98 lakh were settled as of August 2011. This was reflective of a lackadaisical attitude of the department towards taking corrective measures and appropriate steps to rectify the deficiencies pointed out in the audit.

The Government agreed with audit observation and stated (November 2011) that instruction have been issued to all officers for compliance.

#### **4.1.15 Conclusion**


The annual plans prepared by the department for livestock improvement without completing the live stock census were not based on realistic data. The financial management of the department was deficient as indicated by many instances of heavy surrender of funds in the plan schemes and parking of funds with implementing agencies. The objectives of the schemes to provide poultry development were not achieved due to incomplete poultry farm buildings, the target of artificial insemination could not be achieved due to inadequate infrastructure with BLDA, fodder banks were not established and the veterinary hospitals/ dispensaries in eight test checked districts were functioning without doctors. The departmental manpower management system was inadequate and large number of vacancies affected the working of the department. Insufficient monitoring by the departmental officers contributed to delays and non-completions of sanctioned schemes.

**4.1.16 Recommendations**

The Government may ensure:

- timely conduct of household livestock census for preparing plans for improvement in livestock sector;
- timely conduct of integrated sample survey as per the scheme estimation methodology to obtain realistic data;
- periodical review of the budget and expenditure control mechanisms to ensure proper utilisation of funds;
- the establishment of infrastructure for poultry farms, fodder banks and Animal hospitals for effective implementation of scheme;
- human resource management for effective monitoring for successful implementation of scheme; and
- to strengthen the system of internal controls so that system as well as compliance weakness in the implementation of the schemes are addressed effectively.

Patna  
The



**(R.B. SINHA)**

Principal Accountant General (Audit), Bihar

Countersigned

New Delhi  
The



**(VINOD RAI)**

Comptroller and Auditor General of India



## APPENDIX-1.1

(Refer: Paragraph – 1.6.1 ; Page - 10)

Statement showing year wise break up of outstanding Inspection Reports and paragraphs

Sl. No.	Name of Department	2004-2005		2005-2006		2006-2007		2007-2008		2008-2009		2009-10		2010-11		Total	
		IR	Para	IR	Para	IR	Para	IR	Para	IR	Para	IR	Para	IR	Para	IR	Para
1.	Rural Development	193	1462	238	1915	254	2008	203	1272	232	1529	225	1543	196	1193	1541	10922
2.	Welfare	12	79	39	156	45	181	45	132	86	299	32	180	38	180	297	1207
3.	Finance	3	10	15	16	5	17	10	39	14	44	2	6	8	17	57	149
4.	Urban Development	1	5	0	0	3	14	39	98	5	10	0	0	1	4	49	131
5.	Labour Employment	1	1	0	0	0	0	10	22	0	0	3	10	3	6	17	39
6.	Planning and statistic	3	8	0	0	8	25	1	5	22	46	1	6	1	4	36	94
7.	Information and Broad casting	1	1	2	8	5	15	1	2	5	10	0	0	1	4	15	40
8.	Panchayati Raj	12	35	0	0	1	6	12	35	0	0	0	0	0	0	25	76
9.	Health	40	240	92	233	44	125	93	350	60	37	120	353	173	709	622	2047
10.	Home	72	446	48	278	48	159	73	134	62	101	43	144	51	175	397	1437
11.	Land acquisition	8	24	28	32	23	47	11	55	55	74	7	23	13	33	145	288
12.	Human Resources	120	483	65	244	93	450	109	562	75	280	69	409	57	245	588	2673
13.	Agriculture	46	262	10	17	23	69	59	182	28	113	44	193	50	157	260	993
14.	Industry	18	76	5	30	19	87	12	63	7	24	0	0	5	23	66	303
15.	Land Revenue	25	102	55	156	79	227	21	61	20	44	47	134	36	92	283	816
16.	Law	13	54	8	24	11	22	5	21	11	31	4	9	3	10	55	171
17.	Animal Husbandry	9	19	20	34	45	112	39	149	24	64	31	100	19	70	187	548
18.	Co-operative	19	40	5	12	37	151	14	42	11	29	4	14	1	3	91	291
19.	Excise	13	26	14	22	11	14	12	17	9	16	16	21	7	7	82	123
20.	Fishery	5	18	0	0	0	0	18	57	4	4	5	20	6	16	38	115
21.	Tourism	3	10	0	0	0	0	12	35	3	8	0	0	1	6	19	59
22.	DRDA, State	49	387	31	257	36	169	108	608	123	594	61	313	43	214	451	2542

Sl. No.	Name of Department	2004-2005		2005-2006		2006-2007		2007-2008		2008-2009		2009-10		2010-11		Total	
		IR	Para	IR	Para	IR	Para	IR	Para	IR	Para	IR	Para	IR	Para	IR	Para
	Autonomous Body																
23.	Road Construction	59	344	24	92	40	245	21	121	56	313	44	271	28	178	272	1564
24.	Building Construction	22	126	28	163	37	257	31	169	48	363	43	258	33	219	242	1555
25.	Public Health Engineering	9	40	10	69	35	180	19	63	53	312	45	239	33	216	204	1119
26.	Water Resources	48	368	36	192	58	478	48	280	104	535	97	545	45	223	436	2621
27.	Rural Works	76	452	27	125	40	197	37	260	55	412	70	411	43	293	348	2150
28.	National Highway	12	53	15	50	14	58	21	101	20	136	19	105	17	112	118	615
29.	Forest	11	28	19	30	16	102	11	65	22	160	17	71	12	74	108	530
30.	Minor Irrigation and Tube well	1	6	13	100	25	128	23	101	23	140	39	233	29	193	153	901
	<b>TOTAL</b>	<b>904</b>	<b>5205</b>	<b>847</b>	<b>4255</b>	<b>1055</b>	<b>5543</b>	<b>1118</b>	<b>5101</b>	<b>1237</b>	<b>5728</b>	<b>1088</b>	<b>5611</b>	<b>953</b>	<b>4676</b>	<b>7202</b>	<b>36119</b>

## APPENDIX-1.2

(Refer: Paragraph – 1.6.2 Page - 10)

### Department-wise details of non-submission of Action Taken Notes

Sl no.	Department	2001-02		2002-03		2003-04		2004-05		2005-06		2006-07		2007-08		2008-09		2009-10		Total	
		Review	Para	Review	Para	Review	Para	Review	Para	Review	Para	Review	Para	Review	Para	Review	Para	Review	Para	Review	Para
1.	Health	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	2	1	3	3
2.	Human Resources	0	0	0	0	0	0	0	0	0	0	0	2	0	0	0	1	1	2	1	5
3.	Rural Development	0	0	0	2	0	0	0	2	0	0	0	1	0	1	0	1	0	2	0	9
4.	Agriculture	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	1	0	2
5.	Industry	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1
6.	Home	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	2	0
7.	Water Resources	0	0	0	0	0	0	0	0	0	3	0	2	1	1	0	0	0	3	1	9
8.	Building Construction	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
9.	Road Construction	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0	2	2
10.	Public Health Engineering	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	1
11.	Revenue and Land Reforms	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
12.	Welfare	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
13.	Forest	0	1	0	0	0	0	0	0	1	0	0	2	0	0	0	1	1	0	2	4
14.	Local Body	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2
15.	Vidhan Mandal	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1
16.	Commercial Authority	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
17.	Finance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	1	0
	<b>Total</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>2</b>	<b>7</b>	<b>0</b>	<b>8</b>	<b>1</b>	<b>3</b>	<b>1</b>	<b>3</b>	<b>5</b>	<b>13</b>	<b>9</b>	<b>43</b>

### APPENDIX-1.3

(Refer: Paragraph – 1.6.3; Page -11)

#### Status of Action Taken Notes on the recommendation of the PAC

Sl. No.	Name of Department	P.A.C. Report No.	Number of Paras on which ATNs by department not furnished
1.	Rural Development Department	326*, 357, 446	32
2.	Rural Engineering Organisation	414, 473	14
3.	Road Construction Department	347, 369, 370, 430, 471	41
4.	Labour & Employment Department	388	01
5.	Science & Technology	396	03
6.	Urban Development Department	406, 447	08
7.	Public Health Engineering Department	348, 426, 453	12
8.	Finance Department	386, 461	05
9.	Health Department	335, 399, 464	54
10.	Panchayati Raj Department	451	02
11.	Energy Department	349	02
12.	Environment Department	384	01
13.	Home Department	334, 397, 419	12
14.	Agriculture Department	346, 421, 422, 469	16
15.	Co-operative Department	351, 428, 465	07
16.	Human Resources Development Department	358, 359, 379, 389, 390, 394 395, 411, 417, 420, 455, 456, 457, 470	73
17.	Animal Husbandry Department	415, 445	18
18.	Relief & Rehabilitation	398, 400	09
19.	Water Resources Department	323, 367, 368, 374, 377, 378, 474	17
20.	Minor Irrigation Department	352, 416, 450	16
21.	Welfare Department	387, 397	07
22.	Planning & Development Department	466	02
23.	Revenue & Land Reforms Department	454, 463, 467, 472	06
24.	Personnel Department	459	01
25.	Cabinet Secretariat Department	460	01
26.	Food, Civil Supplies & Commerce Department	391, 448	04
27.	Institutional Finance & Programme Implementation Department	392	06
28.	Industry Department	438	08
29.	Building Construction Department	429	11
30.	Civil Aviation Department	425	04
<b>Total</b>			<b>393</b>

\* 326- 08.11.2000 (Laid on 08.11.2000 in Bihar Vidhan Sabha).

**APPENDIX-2.1**  
**(Refer paragraph-2.1.8.7 ; Page- 25 )**

**Statement showing payment to more than one beneficiary against single BPL number**

<b>Sl. No.</b>	<b>Name of District</b>	<b>Name of Block</b>	<b>No. of cases</b>	<b>No. of beneficiaries involved</b>	<b>Excess paid (Amount in ₹)</b>
1.	East Champaran	Chakia	7	14	191000.00
2.	East Champaran	Harsidhi	2	4	54000.00
3.	East Champaran	Areraj	32	81	1290000.00
4.	Gaya	Guraru	3	6	78000.00
5.	Gaya	Gaya Sadar	2	4	49000.00
6.	Banka	Phulia dumar	2	4	48000.00
7.	Banka	Kotoria	1	2	25000.00
8.	Patna	Bihta	1	2	45000.00
	<b>Total</b>		<b>50</b>	<b>117</b>	<b>1780000.00</b>

**APPENDIX-2.2**

*(Refer paragraph 2.1.8.8; Page - 26 )*

**Statement showing beneficiaries of Belaganj to whom second installment  
were given twice**

*(Amount in ₹)*

<b>Sl. No</b>	<b>Name</b>	<b>Father/husband Name</b>	<b>BPL ID</b>	<b>Panchyat</b>	<b>Village</b>	<b>Amount</b>
1	Shamphul Devi	Kedar Manjhi	3275	Belaganj	Pararia	11000.00
2	Sarita Devi	Fekan Manjhi	9724	Belaganj	Beladih	11000.00
3	Gulabi Devi	Sadhu Manjhi	9834	Belaganj	Pararia	11000.00
4	Chinta Devi	Manoj Manjhi	10971	Belaganj	Beladih	11000.00
5	Mo. Gita Devi	Lt. Chotu Manjhi	10855	Belaganj	Beladih	11000.00
6	Meena Devi	Monhan Manjhi	10951	Belaganj	Beladih	11000.00
7	Sakuntala Devi	Radha Ram	10633	Belaganj	Belaganj	11000.00
8	Binda Devi	Ashok Sah	10551	Belaganj	Belaganj	11000.00
9	Mo. Sarswati Devi	Kapil Sah	10478	Belaganj	Belaganj	11000.00
<b>Total Excess payment</b>						<b>99000.00</b>



## APPENDIX-2.3

(Refer paragraph-2.2.7.2; Page- 36)

## Statement regarding water quality test report of the agency

Sl. No.	Name of districts	Total number of sources tested	Total village surveyed	Iron>1 mg/lit			Fluoride>1.5 mg/lit			Arsenic>50ppb		
				Total contaminated sources	Total affected villages	Highest range (mg/l)	Total contaminated sources	Total affected villages	Highest range (mg/l)	Total contaminated sources	Total affected villages	Highest range (ppb)
1	Araria	6529	666	597	294	9.80	0	0	0.00	0	0	0
2	Arwal	1256	285	270	112	2.09	0	0	0.00	0	0	0
3	Aurangabad	6461	1704	1780	906	11.10	730	359	3.70	0	0	0
4	Banka	5156	1770	1046	0	8.10	1046	642	7.69	0	0	0
5	Begusarai	4265	656	503	284	12.41	695	354	1.90	44	35	321
6	Bhabhua	14256	1235	2551	878	7.80	2740	950	3.21	0	0	0
7	Bhagalpur	5796	942	832	392	11.20	865	398	5.56	188	89	267
8	Bhojpur	3955	886	209	106	13.20	119	106	3.49	506	189	987
9	Buxar	4453	732	1495	599	7.90	57	48	3.10	168	112	256
10	Darbhanga	6527	973	574	320	2.09	0	0	0.00	135	75	124
11	Gaya	12851	2816	3315	1786	12.10	3947	2103	6.43	0	0	0
12	Gopalganj	9915	1403	1229	698	12.10	0	0	0.00	0	0	0
13	Jamui	7918	1837	193	179	3.11	2515	1102	4.43	0	0	0
14	Jehanabad	2364	504	2193	499	7.59	0	0	0.00	0	0	0
15	Katihar	8403	1127	4487	988	17.20	0	0	0.00	310	63	187
16	Khagaria	12359	236	3536	228	12.10	0	0	0.00	1024	89	250
17	Kishanganj	3414	555	399	256	7.51	0	0	0.00	0	0	0
18	Lakhisarai	1532	280	21	16	1.99	0	0	0.00	27	20	254
19	Madhepura	6408	390	908	299	3.64	40	34	3.31	0	0	0
20	Madhubani	8048	1124	178	148	3.10	381	122	3.38	0	0	0
21	Munger	8575	468	1256	327	4.08	432	110	3.13	45	12	149
22	Muzaffarpur	11825	1757	2549	1230	3.10	0	0	0.00	0	0	0
23	Nalanda	4409	860	774	413	13.10	292	213	5.62	0	0	0
24	Nawada	5260	867	167	137	5.47	2438	748	4.33	0	0	0
25	W. Champaran	12523	1139	6876	1298	11.10	81	65	2.83	0	0	0
26	Patna	9188	1246	3473	996	11.20	0	0	0.00	1054	245	765.1
27	E. Champaran	7314	1130	969	496	9.10	411	336	2.47	0	0	0
28	Purnia	5617	1048	1706	727	17.20	0	0	0.00	0	0	0
29	Rohtas	9685	1762	1007	617	3.10	3483	1440	7.20	0	0	0
30	Saharsa	6266	421	2429	398	3.30	0	0	0.00	0	0	0
31	Samastipur	8928	1073	980	523	9.40	0	0	0.00	457	89	298
32	Saran	8764	1263	795	500	7.43	0	0	0.00	725	427	126
33	Sheikhpura	1488	254	132	89	4.50	558	193	3.76	0	0	0
34	Sheohar	1362	187	161	92	2.67	0	0	0.00	0	0	0
35	Sitamarhi	6405	819	899	242	2.14	0	0	0.00	0	0	0
36	Siwan	10831	1459	2195	892	8.49	2552	952	4.26	0	0	0
37	Supaul	7423	499	3337	485	9.43	641	277	9.10	0	0	0
38	Vaishali	14103	1449	678	440	13.10	0	0	0.00	246	173	156
	<b>Total</b>	<b>271832</b>	<b>37822</b>	<b>56699</b>	<b>18890</b>	<b>17.20</b>	<b>24023</b>	<b>10552</b>	<b>9.10</b>	<b>4929</b>	<b>1618</b>	<b>987</b>

## APPENDIX-2.4

(Refer paragraph-2.2.7.2; Page - 36)

Statement regarding places where mitigation schemes were sanctioned without considering priority of affected habitations during 2009-11

Sl. No.	Iron			Fluoride		
	Name of districts	Highest range (mg/l)	Iron mitigation scheme sanctioned by the Department	Name of districts	Highest range (mg/l)	Fluoride mitigation scheme sanctioned by the Department
1	Katihar	17.20	Iron removal plant with handpump and Solar based treatment plant	Supaul	9.10	
2	Purnia	17.20	Iron removal plant with handpump and Solar based treatment plant	Banka	7.69	Solar based treatment plant and Fluoride removal attachment unit
3	Bhojpur	13.20		Rohtas	7.20	Solar based treatment plant
4	Nalanda	13.10		Gaya	6.43	Solar based treatment plant and Fluoride removal attachment unit
5	Vaishali	13.10		Nalanda	5.62	Solar based treatment plant and Fluoride removal attachment unit
6	Begusarai	12.41	Iron removal plant with handpump and Solar based treatment plant	Bhagalpur	5.56	Solar based treatment plant
7	Gaya	12.10		Jamui	4.43	Solar based treatment plant and Fluoride removal attachment unit
8	Gopalganj	12.10		Nawada	4.33	Solar based treatment plant and Fluoride removal attachment unit
9	Khagaria	12.10	Iron removal plant with handpump and Solar based treatment plant	Siwan	4.26	
10	Bhagalpur	11.20		Sheikhpura	3.76	Solar based treatment plant and Fluoride removal attachment unit
11	Patna	11.20		Aurangabad	3.70	Solar based treatment plant and Fluoride removal attachment unit
12	Aurangabad	11.10		Bhojpur	3.49	
13	W. Champaran	11.10		Madhubani	3.38	
14	Araria	9.80	Iron removal plant with handpump, Solar based treatment plant	Madhepura	3.31	
15	Supaul	9.43	Iron removal plant with handpump, Solar based treatment plant	Bhabhua	3.21	Solar based treatment plant and Fluoride removal attachment unit
16	Samastipur	9.40		Munger	3.13	Solar based treatment plant and Fluoride removal attachment unit
17	E. Champaran	9.10		Buxar	3.10	
18	Siwan	8.49		W. Champaran	2.83	
19	Banka	8.10		E. Champaran	2.47	
20	Buxar	7.90		Begusarai	1.90	
21	Bhabhua	7.80				
22	Jehanabad	7.59				
23	Kishanganj	7.51	Iron removal plant with handpump, Solar based treatment plant			
24	Saran	7.43				
25	Nawada	5.47				
26	Sheikhpura	4.50				

Sl. No.	Iron			Fluoride		
	Name of districts	Highest range (mg/l)	Iron mitigation scheme sanctioned by the Department	Name of districts	Highest range (mg/l)	Fluoride mitigation scheme sanctioned by the Department
27	Munger	4.08				
28	Madhepura	3.64	Iron removal plant with handpump, Solar based treatment plant			
29	Saharsa	3.30	Iron removal plant with handpump, Solar based treatment plant			
30	Jamui	3.11				
31	Madhubani	3.10				
32	Muzaffarpur	3.10				
33	Rohtas	3.10				
34	Sheohar	2.67				
35	Sitamarhi	2.14				
36	Arwal	2.09				
37	Darbhanga	2.09				
38	Lakhisarai	1.99				

(Shaded row indicates non-covered districts)

## APPENDIX-2.5

(Refer paragraph-2.2.9, 2.2.9.1, 2.2.9.5 & 2.2.9.7; Page- 39, 40, 43 & 44)

### Schemes sanctioned under Sub-Mission programme of ARWSP/NRDWP during the year 2006-11

#### (I) Water quality Schemes taken up for Arsenic Mitigation

Sl. No.	Name of the project	Year of sanction	Project cost	Date of Sanction	Completion period as per sanction	Expenditure upto March 2011	No. of habitations/schools to be covered	Total no. of habitations/schools covered	Physical status of scheme
1.	Construction of 1438 nos. of Sanitary Well with India Mark II Hand Pump and 55 nos. of Deep Tube Well (125m) with India Mark III Hand Pump (on pilot basis) in Arsenic affected habitations of Patna, Bhojpur, Buxar, Saran, Vaishali, Samastipur, Begusarai, Khagaria, Munger, Katihar and Bhagalpur	2006-07	17.45	30.06.2006	30.06.2008	10.23	774	285	460 nos. and 55 nos. DTW completed. Other works are in progress
2.	Construction of Sanitary Wells) in Arsenic affected 133 nos. of schools	2006-07	1.82	09.10.2006	09.10.2008	0.64	133	56	56 nos. Completed other works are under progress
3.	Multi village Piped Water Supply Scheme for Arsenic affected 39 habitations of Bhojpur District	2006-07	53.91	11.07.2006	11.07.2009	52.37	39	39	Completed
4.	Construction of 39 Mini Water Supply Scheme with treatment technology and solar based pumping sets for Arsenic affected habitations	2007-08	18.84	25.10.2007	25.10.2009	17.34	39	39	Completed
5.	Construction of 23 Mini Water Supply Scheme with treatment technology and solar based pumping sets for Arsenic affected habitations	2007-08	10.47	30.03.2008	30.03.2010	6.61	23	7	7 nos. completed and Work under progress
6.	Multi village Piped Water Supply Scheme for Arsenic affected areas of Buxar District	2007-08	112.57	30.03.2008	30.03.2011	76.78	130	Nil	Pipe supplied & Land Acquisition is in progress

Sl. No.	Name of the project	Year of sanction	Project cost	Date of Sanction	Completion period as per sanction	Expenditure upto March 2011	No. of habitations/schools to be covered	Total no. of habitations/schools covered	Physical status of scheme
7.	Multi village Piped Water Supply Scheme for Arsenic affected areas of Vaishali District	2007-08	142.42	30.03.2008	30.03.2011	98.77	45	Nil	Pipe supplied & Land Acquisition is in progress
8.	Multi village Piped Water Supply Scheme for Arsenic affected areas of Maner, Patna District	2007-08	75.54	30.03.2008	30.03.2011	46.11	25	Nil	Pipe supplied & Land Acquisition is in progress
9.	Provision of 125 Arsenic Removal Unit attachments in hand pumps.	2007-08	0.53	25.03.2008	25.03.2010	0.53	62	44	88 nos. completed and rest under progress
10.	Construction of 150 Mini Piped Water Supply Schemes with provision of suitable treatment units and solar pumping stations in the Arsenic affected areas	2009-10	67.63	06.1.2010	06.01.2012	2.80	150	10	10 nos. completed and rest under progress
11.	Installation of 500 nos. of hand pump attachment Arsenic Removal Units of Schools located in Arsenic affected areas.	2009-10	3.03	04.11.2009	04.11.2011	1.46	500	162	162 nos. completed & rest Work is under progress
12.	Piped Water Supply Scheme in 141 Arsenic affected villages/habitations in block of Pirpaitin and Kahalgaon in Bhagalpur district	2010-11	219.67	19.01.2011	19.01.2014	0.00	141	Nil	Work incomplete
13.	Piped Water Supply Scheme in 86 Arsenic affected villages/habitations in block of Sultanganj and Nathnagar in Bhagalpur district	2010-11	80.60	19.01.2011	19.01.2014	0.00	86	Nil	Work incomplete
	<b>Total</b>		<b>804.48</b>			<b>313.64</b>	<b>1514/633</b>	<b>424/ 218</b>	

(Shaded row indicates schemes for schools)

**(II) Water quality Schemes taken up for Fluoride Mitigation**

(₹ in crore)									
Sl. No.	Name of the project	Year of sanction	Project cost	Date of Sanction	Completion period as per sanction	Expenditure upto March 2011	No. of habitations/schools to be covered	Total no. of habitations covered	Physical status of scheme
1..	Construction of 11 Mini Water Supply Scheme with treatment technology and solar based pumping sets for Fluoride affected habitations	2007-08	5.31	25.10.2007	25.10.2009	4.89	11	11	Completed
2.	Construction of 74 Mini Water Supply Scheme with treatment technology and solar based pumping sets for Fluoride affected habitations	2007-08	33.69	30.03.2008	30.03.2010	21.28	74	59	59 units completed and work is in progress
3.	Provision of 875 Fluoride Removal Unit attachments in hand pumps.	2007-08	3.69	25.03.2008	25.03.2010	3.69	437	437	completed
4	Piped Water Supply Schemes for Fluoride affected village-Kola Khurd under Bhagalpur district	2007-08	0.32	18.03.2008	18.03.2010	0.30	1	1	Completed
5.	Construction of 100 Mini Piped Water Supply Schemes with provision of suitable treatment units and solar pumping stations in the Fluoride affected areas	2009-10	45.19	23.12.2009	23.12.2011	2.04	100	10	10 units completed & rest is under progress
6.	Construction of 200 Mini Piped Water Supply Schemes with provision of suitable treatment units and solar pumping stations in the Fluoride affected areas	2009-10	90.17	06.01.2010	06.01.2012	4.19	200	10	10 units completed & rest is under progress



(₹ in crore)									
Sl. No.	Name of the project	Year of sanction	Project cost	Date of Sanction	Completion period as per sanction	Expenditure upto March 2011	No. of habitations/schools to be covered	Total no. of habitations covered	Physical status of scheme
7.	Installation of 2000 nos. of hand pump attachment Fluoride Removal Units in Fluoride affected areas.	2009-10	10.09	19.03.2010	19.03.2012	2.13	1000	Nil	Supplied and installations are under progress
8.	Installation of 1000 nos. of hand pump attachment Fluoride Removal Units of schools located in Fluoride affected areas.	2009-10	5.05	04.11.2009	04.11.2011	3.28	1000	101	101 units completed and rest is in progress
9.	Piped Water Supply Scheme in Fluoride affected habitations in Khaira and other in Munger district	2010-11	32.30	02.07.2010	02.07.2012	0.00	6	Nil	Work under progress
	<b>Total</b>		<b>225.81</b>			<b>41.80</b>	<b>1829/1000</b>	<b>528/ 101</b>	

(Shaded row indicates schemes for schools)

**(III) Water quality Schemes taken up for Iron Mitigation**

(₹ in crore)

Sl. No.	Name of the project	Year of sanction	Project cost	Date of Sanction	Completion period as per sanction	Expenditure upto March 2011	No. of habitations to be covered	Total no. of habitations covered	Physical status of scheme
1.	Construction of 3266 nos. hand pumps with Iron Removal Plant (IRP) in the habitations of iron affected districts	2006-07	10.64	11.07.2006	11.07.2008	9.23	1633	50	100 nos. completed units rest in progress
2.	Construction of 500 Mini Piped Water Supply Schemes with provision of suitable treatment units and solar pumping stations in the Iron affected areas	2009-10	175.44	06.01.2010	06.01.2012	15.67	500	53	53 nos. completed and rest under progress
3.	Sinking of 8724 tubewells with Iron Removal Plant (IRP) in the habitations of iron affected districts	2009-10	28.88	23.12.2009	23.12.2011	15.10	4362	320	640 nos. completed units rest in progress
4.	Sinking of 7602 tubewells with Iron Removal Plant (IRP) in the habitations of iron affected districts	2009-10	25.08	19.03.2010	19.03.2012	1.07	3801	Nil	Tender received
	<b>Total</b>		<b>240.04</b>			<b>41.07</b>	<b>10296</b>	<b>423</b>	

**Total Project Cost: ₹ 1270.33 crore (Arsenic: ₹ 804.48 crore , Fluoride: ₹ 225.81 crore and Iron: ₹ 240.04 crore )**

**APPENDIX-2.6***(Refer paragraph-2.2.10.2; Page - 49)***Statement of Field Testing Kits received, distributed and test report submitted by gram panchayats**

<b>District</b>	<b>Field testing kits received (No.)</b>	<b>Field testing kits distributed (No.)</b>	<b>Test report of Field testing kits submitted by GP</b>
Buxar	167	142	348
Banka	147	147	Nil
Samastipur	424	381	662
Khagaria	275	220	1179
Jamui	176	166	200
Bhagalpur	277	242	127
Saharsa	306	306	663
Supaul	324	324	474
Purnia	463	463	1813
Nawada	218	187	792
<b>Total</b>	<b>2777</b>	<b>2578</b>	<b>6258</b>

### APPENDIX- 3.1

(Reference: Paragraph 3.2.1, Page- 60 )

Statement showing extra payment on part of price neutralisation of bitumen in Babhana-Shakurabad-Kurth Road

#### Total bitumen component

Name of item	Quantity of item to be executed	Quantity of bitumen/emulsion required (in MT)	Total (in MT)	Rate per MT (in ₹)	Total (in ₹)
75 mm BM	4092.50 m <sup>3</sup>	296.46	445.516	24964.12	11124411.30
25 mm SDBC	1292.50 m <sup>3</sup>	149.155			
Tack coat	103400 m <sup>2</sup>	20.68	38.091	19406.49	739212.61
Primer coat	29018.58 m <sup>2</sup>	17.44			
					<b>11863623.91</b>

**B.O.Q. Value = ₹ 50975100.00**

**P<sub>b</sub> = (11863623.91/50975100.00) x 100 = 23.27 %**

#### Calculation of different on-account bills

Sl. No.	On-account Bill no./date	Calculation	Amount to be paid (in ₹)
1	1/ 8 July 2008	$0.85 \times 811200 \times 23.27/100 \times \frac{38665 - 29856.98}{29856.98}$	47333.13
2	2/ 22 July 2008	$0.85 \times 393388.99 \times 23.27/100 \times \frac{41021.23 - 29856.98}{29856.98}$	29093.29
3	3/ 2 September 2008	$0.85 \times 280307.33 \times 23.27/100 \times \frac{445428.23 - 29856.98}{29856.98}$	28913.72
4	4/ 26 September 2008	$0.85 \times 587409 \times 23.27/100 \times \frac{46273.14 - 29856.98}{29856.98}$	63879.37
5	5/ 23 October 2008	$0.85 \times 1859873.39 \times 23.27/100 \times \frac{48617.38 - 29856.98}{29856.98}$	231135.01
6	6/ 7 November 2008 & 15 November 2008	$0.85 \times 1871255 \times 23.27/100 \times \frac{49212.36 - 29856.98}{29856.98}$	239914.94
7	8/ 8 December 2008	$0.85 \times 805584 \times 23.27/100 \times \frac{40478 - 29856.98}{29856.98}$	566677.41
8	9/ 18 December 2008	$0.85 \times 1188565 \times 23.27/100 \times \frac{37616 - 29856.98}{29856.98}$	61076.95
9	10/ 3 February 2009	$0.85 \times 3327671.55 \times 23.27/100 \times \frac{35718.12 - 29856.98}{29856.98}$	129204
10	11/ 3 March 2009	$0.85 \times 1578468.80 \times 23.27/100 \times \frac{32957.36 - 29856.98}{29856.98}$	32407.73
11	12/13, 23 and 29 March 2009	$0.85 \times 3721926.13 \times 23.27/100 \times \frac{33707.11 - 29856.98}{29856.98}$	94893.39

Sl. No.	On-account Bill no./date	Calculation	Amount to be paid (in ₹)
12	14/ 18 May 2009	$0.85 \times 2692247.70 \times 23.27/100 \times \frac{32576.64 - 29856.98}{29856.98}$	48458.69
13	15/ 5 June 2009	$0.85 \times 420641.28 \times 23.27/100 \times \frac{31767.43 - 29856.98}{29856.98}$	5316.52
14	16/ 12 August 2009	$0.85 \times 2136617.43 \times 23.27/100 \times \frac{33052.60 - 29856.98}{29856.98}$	45219.51
15	17/ 17 August 2009	$0.85 \times 584577 \times 23.27/100 \times \frac{33721.26 - 29856.98}{29856.98}$	14962.05
16	18/ 16 September 2009	$0.85 \times 388217.43 \times 23.27/100 \times \frac{36039.43 - 29856.98}{29856.98}$	15895.00
17	19/ 27 October 2009	$0.85 \times 1876367.88 \times 23.27/100 \times \frac{39476.66 - 29856.98}{29856.98}$	119802.76
18	20/ 25 February 2010	$0.85 \times 4340751.37 \times 23.27/100 \times \frac{37622.07 - 29856.98}{29856.98}$	223230.51
19	21/22/23 20 March 2010 22 March 2010 25 March 2010	$0.85 \times 5677983.48 \times 23.27/100 \times \frac{38526.45 - 29856.98}{29856.98}$	326029.17
	<b>Total</b>		<b>1813443.15</b>

Amount paid on price neutralization of Bitumen:- ₹ 3824181.74

Amount to be paid:- ₹ 1813443.15

Excess payment:- ₹ 2010738.59

## APPENDIX- 3.2

(Reference: Paragraph 3.2.1, Page - 60)

Statement showing excess payment provided in KTTG-Part-II road

Agreement value: ₹ 10.85 crore Less (1.25 % of SR) Date of commencement - 5-2-08

Sl. No.	Amount Paid	Amount (in ₹)	Amount to be Paid	Amount (in ₹)
	<b>BM for the month of November 2008</b>			
1	$0.85 \times \frac{37.23}{100} \times ₹ 3794766.07 \times \frac{(₹ 47640 - ₹ 26161.04)}{26161.04}$	9,85,951	$0.85 \times \frac{37.23}{100} \times 3794766.07 \times \frac{(41430 - 26161.04)}{26161.04}$	700892
2	$0.85 \times \frac{37.23}{100} \times ₹ 3470752.75 \times \frac{(₹ 49300 - ₹ 26161.04)}{26161.04}$ Total Less - Excess Payment	971459 19,57,410 1341939 615471 - (A)	$0.85 \times \frac{37.23}{100} \times ₹ 3470752.75 \times \frac{(₹ 41430 - ₹ 26161.04)}{26161.04}$ Total	641047 1341939

Time of Completion - 4-2-09

Time extension - not granted.

Sl.	Amount Paid (in ₹)	Amount (in ₹)	Amount to be Paid (in ₹)	Amount
1	<b>BUSG for the month of December 2008</b>			
	$0.85 \times \frac{30.13}{100} \times 677221.84 \times \frac{(49300 - 26161.04)}{26161.04}$	= 153404	$0.85 \times \frac{30.13}{100} \times 677221.84 \times \frac{(34090 - 26161.04)}{26161.04}$	52566
2	<b>BM for the month of December 2008</b>			
	$0.85 \times \frac{37.23}{100} \times 2361468.17 \times \frac{(49300 - 26161.04)}{26161.04}$	= 660972	$0.85 \times \frac{37.23}{100} \times 2361468.17 \times \frac{(34090 - 26161.04)}{26161.04}$	226493
	$0.85 \times \frac{37.23}{100} \times 4717928.18 \times \frac{(40566.01 - 26161.04)}{26161.04}$	= 822092	$0.85 \times \frac{37.23}{100} \times 4717928.18 \times \frac{(34090 - 26161.04)}{26161.04}$	452506
3	<b>SDBC for the month of December 2008</b>			
	$0.85 \times \frac{48.12}{100} \times 1684551.04 \times \frac{(40566.01 - 26161.04)}{26161.04}$ Less - Excess Payment	= 379390 2015858 940393 1075465 - (B)	$0.85 \times \frac{48.12}{100} \times 1684551.04 \times \frac{(34090 - 26161.04)}{26161.04}$ Total	208828 940393



Sl. No.	Amount Paid (in ₹)	Amount (in ₹)	Amount to be Paid (in ₹)	Amount (in ₹)
1	<b>BM date 06.01.2009</b>			
	$0.85 \times \frac{37.23}{100} \times 98171.94 \times \frac{(40566.01 - 26161.04)}{26161.04}$	= 17106 - (i)	$0.85 \times \frac{37.23}{100} \times 98171.94 \times \frac{(29900 - 26161.04)}{26161.04}$	4440- (i)
	$0.85 \times \frac{37.23}{100} \times 1199002.50 \times \frac{(35580.04 - 26161.04)}{26161.04}$	= 136610.79 - (ii)	$0.85 \times \frac{37.23}{100} \times 1199002.50 \times \frac{(29900 - 26161.04)}{26161.04}$	54228 - (ii)
2	<b>SDBC date 07.01.2009 to 10.01.2009</b>			
	$0.85 \times \frac{48.12}{100} \times 5115909.37 \times \frac{(35580.04 - 26161.04)}{26161.04}$	= $\frac{753384}{(i+ii+iii)}$ - (iii)	$0.85 \times \frac{48.12}{100} \times 5115909.37 \times \frac{(29900 - 26161.04)}{26161.04}$	$\frac{299063-(iii)}{(i+ii+iii)} =$
	<b>Total Less Excess Payment</b>	=907100 - 357731	<b>Total</b>	357731
		<b>549369 - (C)</b>		

**Excess Payment - A + B + C = ₹ 615471 + 1075465 + 549369 = ₹ 2240305 or ₹ 22.40 lakh**

### APPENDIX-3.3

(Reference: Paragraph 3.2.2, Page - 61 )

#### Statement showing the payment in sub-standard execution of road work

Sl. No.	Item of work	Work done	Rate ₹/m <sup>3</sup>	Payment (in ₹)
1.	Providing & laying BM	2919.7025 m <sup>2</sup>	6051.10	17667412
2.	Providing SDBC	1239.345 m <sup>2</sup>	8235.13	10206167
3.	Providing & applying tack coat	109016.35 m <sup>2</sup>	7.67	836155
4.	Providing & laying BUSG	1048.50 m <sup>2</sup>	291.20	305323
<b>Total</b>				<b>29015057</b>

As the agreement was accepted below 3.7 per cent,  
the cost of bitumen was works out for

₹ 2,90,15,057.00

Below 3.7 per cent

₹ 10,73,558.00

Net cost

₹ 2,79,41,499.00

## APPENDIX-3.4

(Reference: Paragraph 3.2.5, Page - 66)

## Details of rescinded contracts analysed under Risk and Cost Clause

## (A) Details of two contracts on which penalty was not imposed

(₹ in lakh)

Name of Division	Agreement no.	Agreement value	Payment	Value of balance work to be done	Value of fresh agreement	Amount of security
RCD, Sheikhpura	2F2/07-08	473.29	121.91	351.38	Not done	6.09
RCD, Supaul	65F2/08-09	73.78	65.37	8.41	68.64	3.27
<b>Total</b>		<b>547.07</b>	<b>187.28</b>	<b>359.79</b>	<b>68.64</b>	<b>9.36</b>

## (B) Details of 27 contracts for non deposit of forfeited amount

(₹ in lakh)

Name of Division	Agreement no.	Agreement value	Payment	Value of balance work to be done	Value of fresh agreement	Amount of security
RCD-I Muzaffarpur	26F2/06-07	1026.29	343.63	682.66	1051.81	40.23
-Do-	2F2/07-08	532.42	95.12	437.30	759.58	4.76
-Do-	SBD27/06-07	1170.32	404.96	765.36	1214.10	43.90
-Do-	SBD13/07-08	505.14	57.49	447.65	578.77	14.70
-Do-	15F2/07-08	474.65	42.90	431.75	551.24	25.88
-Do-	21F2/07-08	126.75	34.99	91.76	128.97	8.10
-Do-	31F2/08-09	256.99	85.34	171.65	Not done	17.07
RCD-II Muzaffarpur	1F2/07-08	1146.29	601.87	544.42	700.72	71.08
-Do-	4F2/07-08	1135.88	951.48	184.40	496.83	98.87
-Do-	33F2/06-07	518.21	420.22	97.99	679.65	46.92
-Do-	36F2/06-07	504.68	320.83	183.85	185.03	41.27
RWD, Patna	1F2/06-07	104.82	82.32	22.50	Not done	9.38
-Do-	7F2/07-08	112.08	92.75	19.33	Not done	10.50
RCD, Sheikhpura	3 SBD/07-08	534.81	144.00	390.81	Not done	22.22
RCD, Begusarai	1SBD/07-08	1066.16	748.44	317.72	474.36	80.47
RCD, Arrah	3F2/07-08	321.49	199.33	122.16	432.39	26.05
-Do-	25 SBD/07-08	981.22	323.07	658.15	969.45	45.50
RCD Sitamarhi	52F2/06-07	1428.53	617.81	810.72	1038.94	45.63
N.C. Rd Div., Patna	96F2/07-08	63.95	4.48	59.47	82.73	3.32
-Do-	50F2/07-08	15.49	Nil	15.49	20.23	0.78
RCD, West Patna	34F2/07-08	75.29	10.71	64.58	101.43	4.30
RCD Chapra	15F2/07-08	97.10	23.16	73.94	94.16	6.01
-Do-	19F2/06-07	382.32	176.28	206.04	Transfer to SH	29.42
RCD Samsatipur	19F2/08-09	9.12	3.02	6.10	6.25	0.62
-Do-	16F2/05-06	607.84	147.20	460.64	1170.20	37.76
-Do-	16 SBD/07-08	450.81	360.50	90.31	Not done	33.44
RCD I, Aurangabad	15F2/06-07	674.43	446.81	227.62	Not done	49.23
<b>Total</b>		<b>14323.08</b>	<b>6738.71</b>	<b>7584.37</b>	<b>10736.84</b>	<b>837.76</b>

(C) Details of two contracts for non-recovery of liability

Name of Division	Agreement no.	Agreement value	Payment	Value of balance work to be done	Value of fresh agreement	Amount of security	Liability determined by EE
RCD, Khagaria	1 SBD/07-08	702.84	229.02	473.82	1259.95	18.32	172.68
RCD Begusarai	ISBD/07-08	1066.16	748.44	317.72	474.36	80.47	114.86
<b>Total</b>		<b>1769.00</b>	<b>977.46</b>	<b>791.54</b>	<b>1734.31</b>	<b>98.79</b>	<b>287.54</b>
<b>Additional financial liability = 1734.31 – 791.54 = 942.77</b>							
<b>Amount to be recovered from the contractor = 287.54 – 98.79 = 188.75</b>							

**APPENDIX-3.5***(Reference: Paragraph 3.2.6, Page - 67)***Details of Brick soling work done on Champaran embankment***(Amount in ₹)*

<b>Group No.</b>	<b>Embankment length in K.M</b>	<b>BOQ</b>	<b>Agreement</b>	<b>Up to date payment</b>	<b>MB/Date</b>	<b>Agency</b>
I	20 to 27	18634828	20311963	19670387	5759 & 5713/ 28.03.10	<b>Raja Shah Cons. Pvt. Ltd. West Champaran</b>
II	27 to 32	14808643	16141421	14634000	5740/ 30.10.10	<b>Plid Build. Pvt. Ltd. Bettiah</b>
III	32 to 36	10045811	10849476	10384025	5695/ 15.03.10	Shatrughan Pd. Bethiah
IV	36 to 40	9653831	10522676	9789951	5699/ 26.03.10	<b>Plid Build. Pvt. Ltd. Bettiah</b>
V	40 to 44	9653831	10522676	10766486	5718 23.03.10	<b>Plid Build Pvt. Ltd. Bettiah</b>
VI	44 to 47.5	8293316	9039714	9159333	5715/ 30.09.09	Sujeet Builders Motihari
VII	47.5 to 47.5, 233 chain	15262964	16636631	17230187	5722/ 28.03.10	<b>Amber Infra Project Pvt. Ltd. Motihari</b>
VIII	47.5 - 233 chain to 53 - 23 chain	10346000	9828781	10201688	5732/ 25.03.10	<b>Raja Shah Cons. Pvt. Ltd. West Champaran</b>
IX	53 - 23 chain to 58	13694832	12873142	13075191	5731/ 11.10.10	Kumar Manas Gopalganj
X	58 to 62	12947707	14113001	14172502	5734/ 28.03.10	Raj Prem Construction Pvt. Ltd. Motihari
XI	62 to 67	14961921	16308494	15959746	5728/ 10.11.10	<b>Ajay kr. Pvt. Ltd. East Champaran</b>
XII	67 to 72, 18 chain	16272454	17736975	17780378	5726/ 20.03.10	Tanuj Enterprises Motihari
XIII	78.86 to 83	10847948	11824264	11768801	5727/ 28.03.10	<b>Ajay Kr. Pvt. Ltd. East Champaran</b>
<b>Total</b>		<b>165424086</b>	<b>176709214</b>	<b>174592675</b>		

(The names of agencies in bold represent those who had qualified in the third tendering.)

### APPENDIX-3.6

(Reference: Paragraph 3.2.7, Page - 68 )

**Details of purchases made at higher rate in two colleges and one hospital**  
**Darbhanga Medical College, Darbhanga**

(₹ in lakh)

Sl. No.	Name of equipment/ Number of unit in bracket	Firm to whom the Contract was Awarded (Total Value)		Rate of lowest bidder	Loss
		Name	Rate		
1.	Bactec System	Panini Enterprises, Darbhanga	24.51	14.40	10.11
2.	PCR System	-do-	40.01	27.74	12.27
3.	Microtome (2 pc)	-do-	17.41	1.53	15.88
4.	Multi Para Monitor	-do-	3.27	2.50	0.77
5.	Immune Diagnostic System	-do-	28.63	11.34	17.29
6.	Binocular Microscope (10 pc)	Tirupati Surgical, Darbhanga	4.52	2.28	2.24
7.	Monocular Microscope (54 pc)	-do-	10.73	5.05	5.68
8.	Laptop (15 pc)	-do-	10.14	8.98	1.16
9.	5 Part electronic CBS (Haematology)	Jai Bharat Pharmaceuticals, Patna	47.84	19.83	28.01
10.	Multi headed Teaching Microscope	Panani Enterprises, Darbhanga	18.16	7.04	11.12
11.	Centrifuge Machine with speedometer (3 pc)	The Instrumental, Darbhanga	1.13	0.25	0.88
<b>Total 'A'</b>			<b>206.35</b>	<b>100.94</b>	<b>105.41</b>

**Detail of purchase made at higher rate at Jawahar Lal Nehru Medical College, Bhagalpur**

(₹ in lakh)

Sl. No.	Name of equipment/ Number of unit in bracket	Firm whom the Contract was Awarded (Total Value)		Rate of lowest bidder	Loss
		Name	Rate		
1	NAT Steel, High Speed sterillizer 9 KW 1No.	UNIK Surgical Works, Patna	(6.76x8)	(3.58x8)	25.43
<b>Total 'B'</b>			<b>54.08</b>	<b>28.64</b>	<b>25.43</b>



## Detail of purchase made at higher rate at Darbhanga Medical College and Hospital, Darbhanga

(₹ in lakh)

Sl. No.	Name of equipment/ Number of unit in bracket	Firm whom the Contract was Awarded (Total Value)		Rate of lowest bidder	Loss
		Name	Rate		
1.	Capsule endoscope system	AGS Medical System,	24.45	23.75	0.70
2.	Window A.C 6 Pcs	Mazdoor Electronics	1.73	1.43	0.30
3.	Telescope - 0 <sup>0</sup>	Pharma chemicals Co.	1.85	1.68	0.17
4.	Telescope - 30 <sup>0</sup>	-do-	2.03	1.78	0.25
5.	Camera (3-CCD)	-do-	9.05	4.29	4.76
6.	Light source, 180 W	-do-	2.02	0.72	1.30
7.	Fully Automatic Analyser	The Instrumentals	25.90	18.58	7.32
8.	6" C Arm image intensifier	Panani Enterprises	14.85	9.37	5.48
9.	USG with TVS and abdominal probe	AGS Medical System	15.90	9.80	6.10
10.	Central cardiac Monitor-2 Pcs	-do-	5.96	2.90	3.06
11.	Ventilator with trolley-3 Pcs	Kedia scientific	26.85	12.45	14.40
12.	Sinuscopy Instrument	AGS Medical System	23.01	0.62	22.39
13.	Colour Doppler Ultrasound Scanner	AGS Medical System	47.49	9.00	38.49
14.	Cell Counter System	The Instrumentals	8.65	6.24	2.41
15.	Cardiac Monitor -16 Pcs	AGS Medical System	35.36	6.56	28.80
	<b>Total 'C'</b>		<b>245.10</b>	<b>109.17</b>	<b>135.93</b>
	<b>Grand Total - 'A+B+C'</b>		<b>505.53</b>	<b>238.75</b>	<b>266.77</b>

### APPENDIX-3.7

(Reference: Paragraph 3.3.1, Page- 71 )

#### Statement of loss on account of surcharge on fall in 'Power Factor' for the period from April 2008 to March 2011

Sl. NO	H. T. Account No.	No. of cases	Bill Amount	Surcharge for fall in Power Factor	Variation of fall (In per cent)
<b>DIVISION NO. 1 - SAIDPUR, PATNA</b>					
1.	2616	29	12816615.27	2947840.10	14.5 - 49
2.	31292	17	8139173.4	2666813.47	47.5 - 67
3.	350230	6	521323.74	23533.03	7 - 11.5
<b>DIVISION-2, BEUR, PATNA</b>					
4.	MK-1192	29	12353736.91	331854.00	19 - 100
5.	218226	6	639512.82	21217.43	6 - 47.5
<b>DIVISION - 5, PAHARI, PATNA</b>					
6.	BP - 324	22	9205151.00	228300.00	6 - 29.5
7.	348433	1	90412.44	7421.22	9
<b>WORKS DIVISION, PATNA</b>					
8.	23837	24	10719565.38	1326423.71	3 - 37
9.	101109	23	5296018.41	910936.55	8 - 47.5
10.	396551	1	119389.68	16491.76	92.5
11.	396552	1	118725.41	15721.66	79
12.	77133	1	63191.27	108000.21	20.5
<b>BRJP, HEADQUARTERS (Bills paid on behalf of Divisions)</b>					
13.	77133	10	6438870.45	717477.32	6 - 20.5
14.	376777	7	987140.74	234581.02	28 - 40
15.	396552	6	1059632.51	449837.72	88 - 107.05
16.	396551	5	844118.58	338246.46	83.5 - 104.5
17.	77132	6	8807677.38	2772098.28	17.5 -109
18.	101109	2	493248.23	47950.23	8 - 47.5
19.	77134	2	2206528.97	235956.91	11.5 - 22
20.	239534	2	557037.67	117147.35	44.5 - 52
21.	323182	2	328366.85	4973.94	2 - 3
22.	348433	1	252864.53	15710.8	7
23.	356814	1	97735.58	3382.52	9
24.	350230	1	86736.09	3408.15	10
25.	357871	1	95689.20	5128.05	6
26.	357870	1	91485.61	9114.21	11.5
27.	100133	1	285916.87	150566.66	112
<b>Total:</b>		<b>208</b>		<b>13710132.76</b>	

### APPENDIX-3.8

(Reference : Paragraph 3.3.2; page - 72 )

#### Statement of unadjusted advances

Name of Department	No. of Division	Year from when due	Transferred (Person)	Retired (Person)	Death (Person)	Total (Amount)	Total (Person)
Road Construction Department	20	1968-69 to 2005-06	16,439,912.00 (65)	914,484.00 (14)	1,419,543.00 (5)	18,773,939.00	(84)
Rural Works Department	33	1985-86 to 2009-10	509,553,727.00 (116)	116,549,851.00 (17)	2,260,537.00 (6)	628,364,115.00	(139)
Building Construction Department	10	1976-77 to 2004-05	16,657,985.00 (27)	881,967.00 (12)	340,448.00 (4)	17,880,400.00	(43)
Public Health Engineering Department	10	1993-94 to 2007-08	632,047.00 (12)	941,169.00 (5)	-	1,573,216.00	(17)
Minor Water Resources Department	14	1983-84 to 2000-01	1,674,988.00 (16)	2,000.00 (1)	275,634.00 (2)	1,952,622.00	(19)
Environment and Forest Department	2	2004-05 to 2008-09	535,395.00 (3)	-	-	535,395.00	(3)
Water Resources Department	12	1978-79 to 2002-03	4,496,040.00 (68)	120,413.00 (4)	124,704.00 (5)	4,741,157.00	(77)
<b>Total</b>	<b>101</b>		<b>549,990,094.00 (307)</b>	<b>119,409,884.00 (53)</b>	<b>4,420,866.00 (22)</b>	<b>673,720,844.00</b>	<b>(382)</b>

### APPENDIX-3.9

(Reference: Paragraph 3.3.4.1, Page - 74 )

#### Statement of advance and non-supply of medicines to the Civil Surgeon-cum CMO, Rohtas

(in ₹)

Sr. No.	Name of Suppliers	Order No./Date	Cheque No./D.D. No. & Date	Amount	Not supplied till date (May 2011)
1	M/s Rishav Associates Boring Road Patna	1857/ 25 July 2008	038254/ 22 September 2008	79,601.00	58,168.00
		3146/ 20 December 2008	021401/ 17 March 2009	172,550.00	172,550.00
		124/ 10 January 2008	821343/ 04 March 2008	223,180.00	81,687.00
		652/ 12 March 2008	826475/ 29 April 2008	6,020.00	6,020.00
		337/ 31 January 2008	.....	14,430.00	14,430.00
2	Shri Krishna Febicons Pvt. Ltd. Krishna Puri, Patna	1860/ 25 July 2008	038251/ 22 September 2008	181,216.00	130,770.00
		139/ 10 January 2008	011809/ 13 November 2009	14,976.00	14,271.00
	<b>Total</b>			<b>691,973.00</b>	<b>477,896.00</b>

<b>Rohtas</b>	691,973.00	477,896.00
<b>Madhubani</b>	20,704,082.00	5,376,699.00
<b>Begusarai</b>	11,194,261.00	-
<b>Total</b>	<b>32,590,316.00</b>	<b>5,854,595.00</b>

**APPENDIX-3.10***(Reference: Paragraph 3.3.4.3, Page - 75 )***Details of excess payment made due to local purchase of medicines**

Name of medicine	Purchase rate each tab/vl	Purchase rate with VAT (4 per cent)	SHS rate each tab/vl (exclusive of tax)	SHS rate with VAT (4 per cent)	(Amount in ₹)		
					SHS rate each tab/vl (4 per cent)	No of medicine	Excess payment
Diclofenac Sodium Inj 3ml	1.664	1.664	1.250	1.664	1.30	60100	21876
Albendazole 200mg	0.72	0.75	0.46	0.75	0.48	130000	35100
Diclofenac sodium Inj 3ml	1.660	1.660	1.250	1.660	1.30	40000	14400
Ranitidine Inj 2ml	1.716	1.716	1.190	1.716	1.24	10000	4760
Diazepam Inj 2ml	1.97	1.97	1.740	1.97	1.81	10000	1600
Amoxycilline 250 mg	1.19	1.24	0.618	1.24	0.64	242000	145200
-do-	1.19	1.24	0.618	1.24	0.64	228000	136800
-do-	1.19	1.24	0.618	1.24	0.64	230000	138000
Metronidazol 200mg	0.24	0.25	0.164	0.25	0.17	440000	35200
Ciprofloxacin 500mg	1.28	1.33	1.138	1.33	1.185	364400	52838
Cefexim DT 500mg	4.95	5.16	2.812	5.16	2.929	235000	524285
-do-	4.95	5.16	2.812	5.16	2.929	100000	223100
Ciprofloxacin 500mg	1.28	1.33	1.138	1.33	1.185	120000	17400
Metronidazole 100ml	7.15	7.45	5.940	7.45	6.188	20000	25240
Total (A)							1375799

**2009-10**

Name of medicine	Purchase rate each tab/vl	Purchase rate with VAT (4 per cent)	SHS rate each tab/vl (inclusive of tax)	No of medicine	Excess payment
Paracetamol 500 mg	0.25	0.26	0.178	200000	16400
Ampicilline Cloxacilline 500mg	2.45	2.45	1.760	500000	345000
Povidine Iodine solution	16.90	16.90	9.060	30000	235200
Cough Syrup 100ml	9.57	9.57	7.460	100000	211000
-do-	9.57	9.57	7.460	100000	211000
Ketamine Inj 2ml	8.60	8.96	6.930	5000	10150
Total (B)					1028750

**Total A+B= ₹ 2404549**

**APPENDIX-3.11**  
(Reference: Paragraph 3.3.5, Page - 76)

**Statement showing calculation of labour cess**

Department	Name of Division	Number of agencies	Total payment through MB (₹ in lakh)	1 per cent (i.e. labour cess) (₹ in lakh)
Public Health Engineering Department	(1) PH Division, Darbhanga	2	1289	12.89
	(2) PH Division, Hajipur	1	6112	61.12
	(3) PH Division, Buxar	44	9333.31	93.33
	(4) PH Division, Bhabhua	53	1263.87	12.64
	(5) PH Division, Sasaram	15	692.90	6.93
	(6) PH Division, Ara	08	250.73	2.51
	(7) PH Division, Munger	14	168.19	1.68
	(8) PH Division, Siwan	09	513.71	5.13
	(9) PH Division, Begusarai	13	171.80	1.72
	(10) PH Division, Gaya	31	2230.85	22.31
	(11) PH Division, Nawada	43	2382.26	23.82
	<b>Total (A)</b>	<b>233</b>	<b>24,408.62</b>	<b>244.08</b>
Water Resources Department	(1) Drainage Investigation Division, Kishanganj	5	124.98	1.25
	(2) Flood Control Division, Naugachia	2	8250.90	82.51
	(3) Saran Division, Chapra	5	774.12	7.74
	(4) Flood Control Division-II, Jhanjarpur	2	1239.49	12.39
	(5) Flood Control Division, Darbhanga	1	344.06	3.44
	(6) FCD-II, Khagaria	4	399.18	3.99
	(7) Champaran Division Motihari	21	2144.73	21.45
	<b>Total (B)</b>	<b>40</b>	<b>13,277.46</b>	<b>132.77</b>
Road Construction Department	(1) New Capital Division, Patna	2	441.40	4.41
	(2) RCD, Begusarai	1	161.67	1.62
	(3) NH Division, Gaya	4	1220.1	12.20
	(4) RCD, Patna West	6	3053.84	30.54
	(5) State Highway Division, Gaya	4	200.91	2.01
	(6) Road Division Begusarai	13	2614.88	26.15
	(7) Road Division, Khagaria	10	2307.98	23.08
	(8) RCD-I, Muzaffarpur	77	990.09	9.90
	(9) RCD-II, Muzaffarpur	80	1678.05	16.78
	<b>Total (C)</b>	<b>197</b>	<b>12668.92</b>	<b>126.69</b>



Department	Name of Division	Number of agencies	Total payment through MB (₹ in lakh)	1 per cent (i.e. labour cess) (₹ in lakh)
Minor Water Resources Department	(1) MI, Bhabhua	1	13.77	0.14
	<b>Total (D)</b>	<b>1</b>	<b>13.77</b>	<b>0.14</b>
Rural Works Department	(1) RWD, Muzaffarpur	7	1395.50	13.96
	(2) RWD-II, Bhabhua	4	440.28	4.40
	(3) RWD, Jammui	37	4264.39	42.64
	(4) RWD-II Purnea	52	4318.94	43.18
	(5) RWD-II Katihar	11	904.19	9.04
	(6) RWD Lakhisarai	03	168.02	1.68
	(7) RWD Seohar at Sitamarhi	11	890.83	8.91
	(8) RWD Sitamarhi	08	1032.44	10.32
	(9) RWD II- Bhagalpur	42	797.51	7.97
	(10) RWD-II Banka	42	1839.02	18.39
	(11) RWD Nawada	13	657.49	6.57
	(12) RWD Biharsharif	04	35.85	0.36
	(13) RWD-II Rohtas, Sasaram	6	397.94	3.98
	(14) RWD-II Ara	7	719.09	7.19
	(15) RWD Supaul	25	3945.18	39.45
	(16) RWD Madhepura	14	2320.60	23.20
	(17) RWD Ara	41	2701.02	27.01
	(18) RWD-II Begusarai	70	1155.94	11.56
	(19) RWD Siwan	14	1661.51	16.62
	(20) RWD-II Benipatti, Madhubani	73	535.71	5.35
	(21) RWD-II Samastipur	20	439.42	4.39
	(22) RWD-II Darbhanga	14	245.55	2.45
	(23) RWD Patna	68	5027.50	50.27
	<b>Total (E)</b>	<b>586</b>	<b>35,893.92</b>	<b>358.89</b>
<b>Grand Total (A+B+C+D+E)</b>		<b>1057</b>	<b>86,262.69</b>	<b>862.57</b>

Thus, total liability created = Deductible ₹ 862.57 lakh – deducted ₹ 20.83 lakh  
(PH Division, Hajipur)  
= ₹ 841.74 lakh or ₹ 8.42 crore.

**APPENDIX-3.12**

*(Reference: Paragraph 3.3.7.1, Page - 78)*

**Statement of irregular payment of incentive increment in various universities**

<b>Sl. No.</b>	<b>Name of the University</b>	<b>No. of teachers involved</b>	<b>Amount involved (₹ in lakh)</b>
1.	Kameshwar Singh Darbhanga University (KSDU), Darbhanga	45	87.49
2.	B.N. Mandal University, Madhepura	18	9.02
3.	J.P. University, Chapra	184	94.04
	<b>Total</b>	<b>247</b>	<b>190.55</b>

**APPENDIX-3.13***(Reference: Paragraph 3.3.7.2, Page - 79)***Statement of unauthorised Assured Career Progression in Rajendra Agriculture University, PUSA**

<b>Sl. No.</b>	<b>Unit</b>	<b>No. of person(s)</b>	<b>Amount (in ₹)</b>
<b>1</b>	ARI, Patna	35	12,11,376.00
<b>2</b>		38	11,45,054.00
<b>3</b>			17,47,779.00
<b>4</b>		08	5,06,829.00
<b>5</b>	SRI, PUSA	17	10,97,359.00
<b>6</b>	RAU(Hq),PUSA	11	12,70,630.00
<b>7</b>	RRS, Agwanpur	09	1,24,111.00
<b>8</b>		09	24,591.00
<b>9</b>	BVC, Patna	28	28,67,024.00
<b>10</b>		44	32,75,853.00
<b>11</b>	Soil Survey, Bhagalpur	35	8,19,849.00
<b>12</b>		13	4,47,054.00
<b>13</b>	BAC, Sabour	162	43,91,359.00
	<b>Total</b>	<b>385</b>	<b>1,89,28,868.00</b>

### APPENDIX-3.14

(Reference: Paragraph 3.3.7.3, Page - 80)

#### Details of employees involved in getting irregular interim relief in Patna University

(Amount in ₹)				
Sl. No.	Name of University	Name of Employees	Period	Amount of IR recoverable
1	Patna University (24 cases) <b>483104.00</b>	Tapan Kumar Ghosh.	April - 97 to Aug - 08	1,14,470.00
2		Chandrabanshi Singh.	2005-06	13,188.00
3		Ashok Kumar	2005-06	11,904.00
4		Barun Kumar Chy.	2005-06	11,904.00
5		Nathun Singh	2005-06	11,916.00
6		Raghvendra Mohan Mishra	2005-06	11,916.00
7		Pramod Kumar	2005-06	11,640.00
8		Basant Tiwary	2005-06	11,905.00
9		Manjar Hussain	2005-06	11,465.00
10		Imteyajuddin Khan	2005-06	11,465.00
11		Binay Kumar Mehta	2005-06	11,199.00
12		Pratish Ranjan	2005-06	7,140.00
13		Anuranjan Kumar	2005-06	7,140.00
14		Subhash Kumar	2002-03 to 2005-06	24,454.00
15		Sholla Chandra	2002-03 to 2005-06	24,487.00
16		Saroj Kumar	2002-03 to 2005-06	24,525.00
17		Jitendra Kumar	2002-03 to 2005-06	24,472.00
18		Gopal Chandra Singh	2002-03 to 2005-06	24,541.00
19		Brahmdeo Hansda	2002-03 to 2005-06	24,472.00
20		Manoj Kumar Tudu.	2002-03 to 2005-06	24,089.00
21		Samuel Marandi	2002-03 to 2005-06	20,730.00
22		Ajay Kumar Singh	2005-06	10,862.00
23		Dilip Kumar Gupta	2005-06	6,300.00
24		Munni Lal Rajak	2002-03 to Feb.07	26,920.00
25	Patna University (16 cases) <b>1984475.00</b>	Ashok Kumar Yadav.	March - 99 to Dec- 10	92,508.00
26		Vijay Kumar.	March - 99 to Dec- 10	92,508.00
27		Diwakar Narayan Prasad.	March - 99 to Dec- 10	92,508.00
28		Ravindra Pd. Singh.	March - 99 to Aug. 06	60,476.00
29		Rukhsana Khattoon.	March - 99 to Dec- 10	84,328.00
30		Akhauri Radhakrishna Sinha	April - 97 to Dec-10	1,22,988.00
31		Suprabhat Chakrovarty	April - 97 to Dec-10	1,22,904.00
32		Ramesh Pd. Sinha.	1997-98 to 2010-11	92,207.00
33		Munshi Lal Rai.	1997-98 to 2010-11	1,02,209.00
34		R.N. Thakur.	April - 96 to Feb - 98	1,53,895.00
35		Rajeshwar Prasad	April - 96 to Feb - 98	1,75,160.00
36		Lakhan Prasad	April - 96 to Feb - 98	1,47,536.00
37		Amresh Nandan Pd.	April - 96 to Feb - 98	2,57,790.00
38		Rajiv Shukla	April - 96 to Feb - 98	1,49,024.00
39		Binay Kumar Singh	April - 96 to Feb - 00	2,38,434.00
40		Phani Bhushan Sinha	March - 01 to Feb - 98	
41	Patna University (5 cases) <b>412866.00</b>	Mahendra Pd. Roy.	April - 97 to Jan - 11	42,029.00
42		Sushil Kumar Jha.	April - 97 to Feb- 08	94,581.00
43		Jagdish Pd.	April - 97 to Sep - 08	87,999.00
44		Jitendra Kr. Sinha.	April - 97 to Feb - 08	90,784.00
45		D.B. Tiwary	April - 97 to Feb - 08	97,473.00
46	Patna University (1 case) <b>86535.00</b>	Yogendra Mishra	April - 97 to Feb. 2009	86,535.00
<b>Grand Total</b>				<b>29,66,980.00</b>

**APPENDIX-3.15***(Reference: Paragraph 3.3.7.3, Page - 80 )***Details of employees involved in getting irregular interim relief in B.N. Mandal  
University, Madhepura**

<b>Sl. No.</b>	<b>Name of Employee</b>	<b>Post held</b>	<b>Period of payment</b>	<b>IR amount recoverable (in ₹)</b>
1.	Shri L.K. Srivastava	Head Clerk	April 1997 to February 2011	1,60,620.00
2.	Shri U.N. Sinha	Assistant	-do-	1,40,720.00
3.	Shri P.N. Rai	Counter Clerk	-do-	1,09,352.00
4.	Shri Triveni Rai	Prayogshala Vahak	-do-	89,705.00
			<b>Total</b>	<b>5,00,397.00</b>

**APPENDIX-3.16**

*(Reference: Paragraph 3.3.7.3, Page - 80 )*

**Details of employees involved in getting irregular interim relief in Magadh University,  
Bodh Gaya**

<b>Sl. No.</b>	<b>Name of Employee</b>	<b>Post held</b>	<b>Period of payment</b>	<b>IR amount recoverable (in ₹)</b>
1.	Shri S.N. Agarwal (Retd. on 30 June 2007)	Concrete Mixturer	01 April 1997 to 30 June 2007	66,954.00
2.	Shri Basudeo Paswan (Died on 08 June 2008)	Compositor	01 April 1997 to 08 June 2008	1,23,513.00
3.	Shri Rajdeo Singh	Compositor	01 April 1997 to 28 February 2011	91,142.00
4.	Md. Ajhar	Electronic Technician	01 April 1997 to 28 February 2011	1,56,676.00
			<b>Total</b>	<b>4,38,285.00</b>

**APPENDIX-3.17**  
(Reference: Paragraph 3.3.8, Page - 81)

**Details of retention of fund for construction of block building, complex etc.**

Sl. No.	Name of District	Name of the Block	Feb-08	Sep-08	Jan-09	Mar-09	Mar-09	Total	Expenditure on DPR and Soil Testing	Unspent Balance
1	Munger	Tetia Bumber	52.92	0	160	0	0	212.92	0	212.92
2	Motihari	Banjaria	52.92	0	160	0	0	212.92	3.57	209.35
3	Samastipur	Khatipur	52.92	0	160	85.43	0	298.35	4.35	294
4	Chhapra	Lahladpur Janta Bazar	52.92	0	160	0	0	212.92	3.81	209.11
5	Navada	Meskaur	52.92	0	160	85.43	0	607.87	4.81	603.06
		Roh*	0	309.52	0	0	0			
		Silao	52.92	0	160	0	0			
		Nagarnausa	52.92	0	160	0	0			
		Karai Parsurai	52.92	0	160	0	0			
6	Nalanda	Parwalpur	52.92	0	160	85.43	0	1769.07	34.98	1734.09
		Ben	52.92	0	160	0	0			
		Katrisarai	0	309.52	0	0	0			
		Tharthari	0	309.52	0	0	0			
7	Sasaram	Kochas	52.92	0	160	0	0	511.27	14.74	496.53
		Rajpur	52.92	0	160	85.43	0			
8	Sheohar	Purnania	52.92	0	160	0	0	212.92	3.20	209.72
9	Sitamarhi	Bokhra	0	0	0	0	309.52	309.52	0	309.52
	<b>Total</b>		<b>687.96</b>	<b>928.56</b>	<b>2080</b>	<b>341.72</b>	<b>309.52</b>	<b>4347.76</b>	<b>69.46</b>	<b>4,278.30</b>



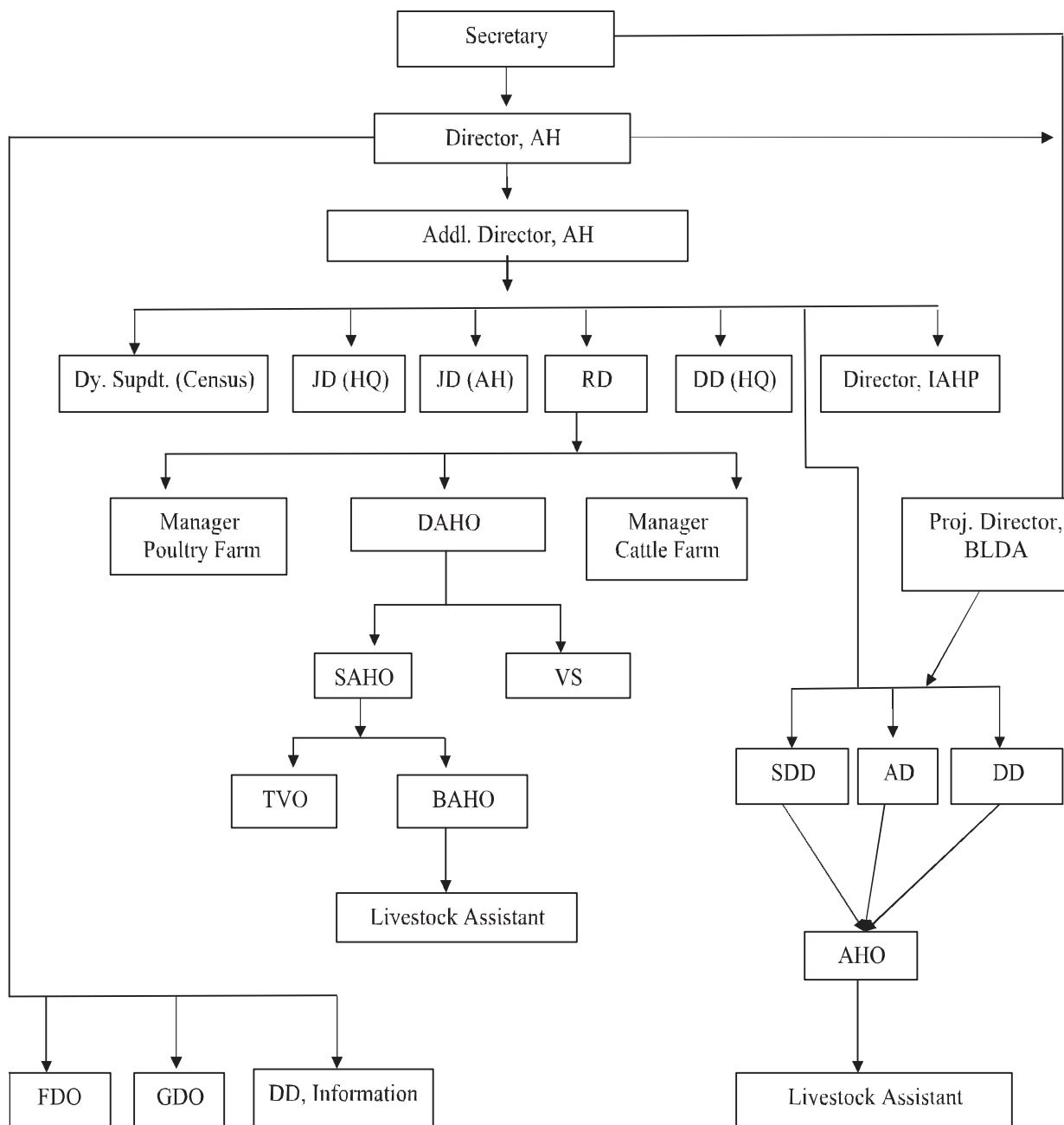
## APPENDIX-4.1

(Reference: Paragraph 4.1.1; Page - 88 )

### Statement showing list of schemes implemented for Animal Husbandry

Central Plan Scheme	
1	Eighteenth Livestock Census
Centrally Sponsored Schemes (Sharing Basis)	
1	Scheme for establishment of low input technology poultry range (80 : 20)
2	Integrated sample survey for milk, egg, wool and meat (50 : 50)
3	Scheme for establishment of Veterinary Medical Board (50 : 50)
4	Scheme for providing assistance to State for control of animal diseases (75 : 25)
5	Scheme for control of AVN influenza/Bird Flu (75 : 25)
6	Scheme for Fodder Mini-Kit Testing Programme
7	Scheme for livestock insurance (50 : 50)
8	Rural Backyard Poultry (Distribution of 45 chicks)
9	National Project for Cattle and Buffalo Breeding
State Schemes	
1	Scheme for establishment of 49 first class veterinary dispensaries
2	Scheme for purchase of ambulatory van
3	Scheme for establishment of pathological laboratory in 100 veterinary dispensaries at sub-divisional level
4	Scheme for temporary establishment of dispensary
5	Scheme for goat development and reproduction
6	Scheme for sheep and goat development
7	Scheme for strengthening of Bihar Livestock Development Agency
8	Scheme for fodder and cattle field development
9	Scheme for establishment of fodder bank
10	Scheme for control of FMD disease
11	Scheme for development of Goshala
12	Scheme for Rural Poultry Development
13	Scheme for production of green fodder
14	Scheme for establishment of district semen bank
15	Scheme for training for poultry palak
16	Scheme for strengthening of Central Poultry Farm, Patna
17	Scheme for control of liver fluke disease
18	Scheme of Murgi Gram Yojana
19	Scheme for training of paravets
20	Scheme for strengthening of veterinary dispensaries/hospitals
21	Scheme for vehicle in animal husbandry offices
22	Scheme for treatment of cattle at the door step of cattle rearers
23	Scheme for strengthening of veterinary information
24	Scheme for establishment of veterinary lab at Darbhanga
25	Scheme for strengthening of institute of animal health and production at Patna
26	Scheme for training of livestock assistants at Training School, Dumraon
27	Scheme of Livestock Vaccination
28	Scheme for advertisement
29	Scheme for payment of honorarium to veterinary doctors appointed on contract
30	Scheme for generic development of goats

**APPENDIX-4.2**  
*(Refer: Paragraph -4.1.2; Page - 89 )*  
**Organisational set-up**



(Source: Data furnished by the department )

### APPENDIX –4.3

(Refer: Paragraph -4.1.8.1; Page - 93 )

#### Budget provisions, expenditure and savings during 2007-11

(Plan and non-Plan wise)

(₹ in crore)

Year	Original Grant		Supplementary Grant		Total Grant		Total Expenditure		Total Savings		Percentage of total savings	
	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
2007-08	6.84	77.24	26.27	1.90	33.11	79.14	20.70	73.28	12.41	5.86	37.48	7.40
2008-09	16.54	88.44	116.27	0.70	132.81	89.14	106.69	80.93	26.12	8.21	19.67	9.21
2009-10	87.27	100.34	13.96	42.07	101.23	142.41	77.66	118.90	23.57	23.51	23.28	16.51
2010-11	124.23	132.45	21.25	7.22	145.48	139.67	33.54	128.58	111.94	11.09	76.95	7.94
<b>Total</b>	<b>234.88</b>	<b>398.47</b>	<b>177.75</b>	<b>51.89</b>	<b>412.63</b>	<b>450.36</b>	<b>238.59</b>	<b>401.69</b>	<b>174.04</b>	<b>48.67</b>	<b>42.18</b>	<b>10.81</b>

(Source: Detailed Appropriation Accounts)

**APPENDIX – 4.4***(Refer: Paragraph -4.1.9; Page - 93 )***Statement of grant, expenditure and surrender thereagainst of Centrally sponsored, Central Plan and State Plan schemes***(₹ in lakh)*

<b>(A) Central Plan Scheme</b>								
<b>Year</b>	<b>Grant</b>			<b>Expenditure</b>			<b>Savings</b>	<b>Percentage of savings</b>
	<b>Central</b>	<b>State</b>	<b>Total</b>	<b>Central</b>	<b>State</b>	<b>Total</b>		
2007-08	918.99	0.00	918.99	339.86	0.00	339.86	579.13	63
2008-09	1630.57	0.00	1630.57	639.70	0.00	639.70	990.87	61
2009-10	756.46	0.00	756.46	199.69	0.00	199.69	556.77	74
2010-11	266.19	0.00	266.19	71.87	0.00	71.87	194.32	73
<b>Total</b>	<b>3572.21</b>	<b>0.00</b>	<b>3572.21</b>	<b>1251.12</b>	<b>0.00</b>	<b>1251.12</b>	<b>2321.09</b>	<b>65</b>
<b>(B) Centrally Sponsored Scheme</b>								
2007-08	538.46	213.46	751.92	290.88	6.54	297.42	454.50	60
2008-09	371.00	447.00	818.00	217.94	126.65	344.59	473.41	58
2009-10	1390.06	442.36	1832.42	645.54	131.52	777.06	1055.36	58
2010-11	2873.00	873.00	3746.00	554.90	143.56	698.46	3047.54	81
<b>Total</b>	<b>5172.52</b>	<b>1975.82</b>	<b>7148.34</b>	<b>1709.26</b>	<b>408.27</b>	<b>2117.53</b>	<b>5030.81</b>	<b>70</b>
<b>(C) State Plan Scheme</b>								
2007-08	0.00	1640.02	1640.02	0.00	1432.17	1432.17	207.85	13
2008-09	0.00	10832.76	10832.76	0.00	9684.86	9684.86	1147.90	11
2009-10	0.00	7534.19	7534.19	0.00	6789.64	6789.64	744.55	10
2010-11	0.00	10535.56	10535.56	0.00	2583.55	2583.55	7952.01	75
<b>Total</b>	<b>0.00</b>	<b>30542.53</b>	<b>30542.53</b>	<b>0.00</b>	<b>20490.22</b>	<b>20490.22</b>	<b>10052.31</b>	<b>33</b>

*(Source: Detailed Appropriation Accounts)*

## APPENDIX-4.5

(Refer: Paragraph -4.1.9.1; Page - 96 )

### Statement of targets and achievements of chick production

Name of the poultry farm	Year	Target		Achievement		Shortfall percentage	
		Parent Stock	Production of chicks for distribution	Parent Stock	Production of chicks	Parent Stock	Production of chicks
Central Poultry Farm(CPF), Patna.	2007-08	4000	400000	183	2457	95	99
	2008-09	4000	400000	442	10095	89	97
	2009-10	4000	400000	1141	37133	71	91
	2010-11	4000	400000	839	65922	79	84
Regional Poultry Farm(RPF), Muzaffarpur	2007-08	4000	400000	Nil	Nil	100	100
	2008-09	4000	400000	Nil	Nil	100	100
	2009-10	4000	400000	Nil	Nil	100	100
	2010-11	4000	400000	Nil	Nil	100	100
Regional Poultry Farm, Purnea	2007-08	4000	400000	Nil	Nil	100	100
	2008-09	4000	400000	Nil	Nil	100	100
	2009-10	4000	400000	Nil	Nil	100	100
	2010-11	4000	400000	488	Nil	88	100
Regional Poultry Farm, Kishanganj	2007-08	4000	400000	Nil	Nil	100	100
	2008-09	4000	400000	Nil	Nil	100	100
	2009-10	4000	400000	Nil	Nil	100	100
	2010-11	4000	400000	Nil	Nil	100	100
Regional Poultry Farm, Bhagalpur	2007-08	4000	400000	NA*	2437	NA*	99
	2008-09	4000	400000	NA*	2626	NA*	99
	2009-10	4000	400000	234	11606	94	97
	2010-11	4000	400000	939	65311	77	84
Regional Poultry Farm, Nalanda	2007-08	4000	400000	Nil	Nil	100	100
	2008-09	4000	400000	Nil	Nil	100	100
	2009-10	4000	400000	Nil	Nil	100	100
	2010-11	4000	400000	Nil	Nil	100	100

(Source: Information furnished by the concerned Regional Poultry Farms)

\*Not available

**APPENDIX-4.6***(Refer: Paragraph -4.1.9.9; Page - 101 )***Statement regarding functional pathological laboratories**

<b>Sl.No.</b>	<b>Name of test checked districts</b>	<b>No. of Pathological laboratory established</b>	<b>No. of pathological lab in working condition</b>
1	Patna	6	1
2	Nalanda	3	3
3	Motihari	6	0
4	Munger	6	6
5	Kishanganj	1	1
6	Muzaffarpur	2	0
7	Purnea	4	3
8	Bhagalpur	3	1
9	Madhubani	5	5
<b>Total</b>		<b>36</b>	<b>20</b>

*(Source: Information furnished by the concerned DAHOs)*

## APPENDIX-4.7

(Refer: Paragraph -4.1.11.2; Page - 104 )

**Statement regarding pay and allowances of staff posted in hospitals functioning without doctors**

Sl. No.	Districts	Total No. of hospitals	Number of hospitals without doctor	Expenditure on pay and allowance of staff (₹ in lakh)
1	Madhubani	36	9	23.84
2	Bhagalpur	25	2	6.59
3	Purnea	23	2	4.54
4	Muzffarpur	32	8	10.75
5	Kishanganj	12	4	19.11
6	Motihari	31	4	4.15
7	Nalanda	23	3	6.38
8	Patna	39	1	13.07
	<b>Total</b>	<b>221</b>	<b>33</b>	<b>88.43</b>

(Source: Information furnished by the concerned DAHOs)