

CHAPTER-I

Introduction to ULBs in the State of Bihar

1.1 Constitutional Background

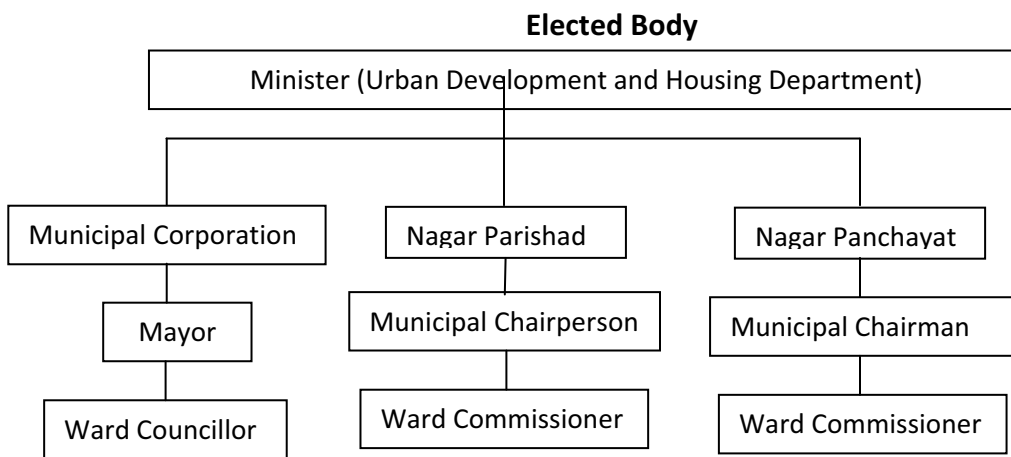
After the 74th Constitutional Amendment Act, Government of Bihar enacted the Bihar Municipal Act (BMA), 2007 for Nagar Nigam, Nagar Parishad and Nagar Panchayat. There are 11 Nagar Nigams, 43 Nagar Parishads and 87 Nagar Panchayats in the state of Bihar. At the state level the Urban Development and Housing Department (UD & HD) co-ordinates the functioning of the Urban Local Bodies (ULBs). Important statistics of the State are given in the table below:-

Table-1
Important Statistics of the State

Sl. No.		Unit	State figure	Ranking among states	All India figure
1	Share in Country's Population	per cent	8.07		
2	Share of Rural Population	per cent	89.5		
3	Total Area	km ²	94,163	12	32,87,240
4	Population Density	per km ²	881	2	313
5	Literacy rate (2001)	per cent	47	28	~65
6	Sex ratio	per 1000	919	20	933
7	Population below poverty line (FY05)	per cent	41.4		27.5

1.2 Organisational Structure of ULBs

The following table depicts the organizational structure of the ULBs at different levels.



**Table-2
Elected Body**

Level of LB	Elected Body	Authorities	Others
District	Nagar Nigam	Mayor, Deputy Mayor and Standing Committees	Members elected from territorial constituencies. Elected head of Nagar Nigam i.e. Mayor is ex-officio member of Nagar Nigam.
District/Sub-division	Nagar Parishad	Chairman, Vice-Chairman and Standing Committees	Members elected from territorial constituencies. Elected head of Nagar Parishad i.e. Chairman is ex-officio member of Nagar Parishad.
District/Sub-division/Block	Nagar Panchayat	Chairman, Vice-Chairman and Standing Committees	Members elected from territorial constituencies. Elected head of Nagar Panchayat i.e. Chairman is ex-officio member of Nagar Panchayat.

Administrative Setup

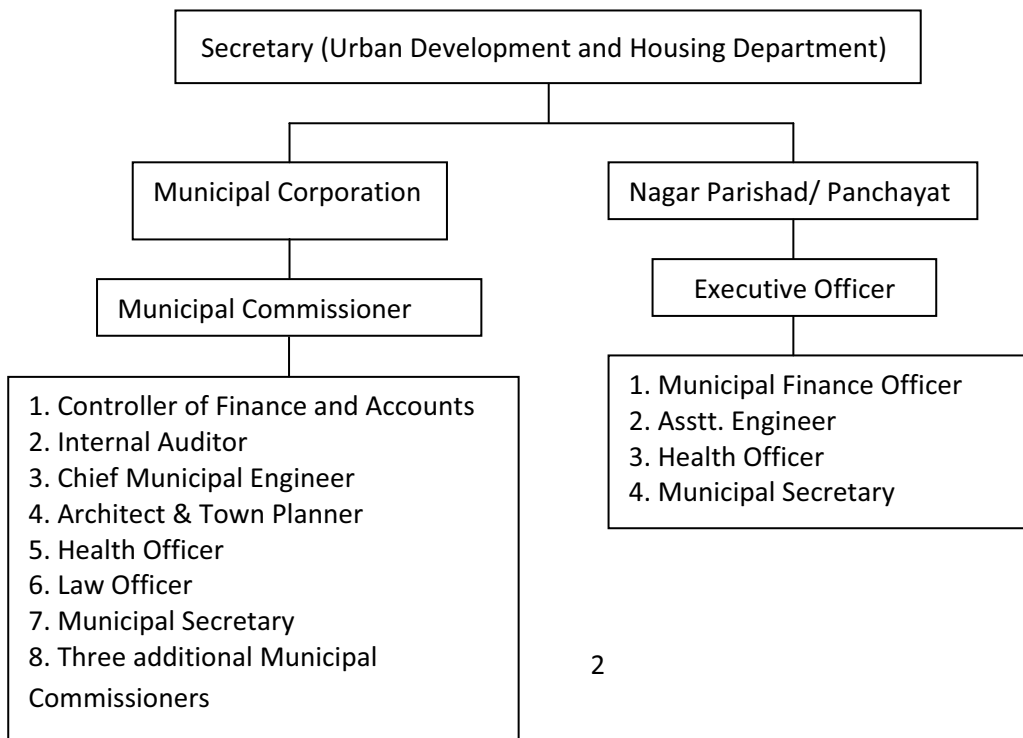


Table-3
Powers and Role of State Government

Authority	Powers and Role of State Government
Section 42 of BMA, 2007	<p>Municipal Establishment Audit Commission</p> <p>For the purpose of review of the existing establishment of the Establishment in the State and for fixing norms and standards of manpower for different tasks performed at various levels of Municipalities and for performance of similar other functions, the State Government may constitute a Municipal Establishment Audit Commission.</p>
Section 44 of BMA, 2007	<p>State Municipal Vigilance Authority</p> <p>The State Government may, by notification, entrust the responsibilities to the State Vigilance Bureau, for inquiring into any complaint of corruption, misconduct, lack of integrity or any other kind of malpractice or misdemeanour on the part of any officer or other employee of a Municipality and for taking such suitable legal actions accordance with law.</p>
Section 419 of BMA, 2007	<p>Power to make rules</p> <p>Government may, by notification, make rules to carry out the purpose of BMA, 2007 subject to approval by the State Legislature.</p>
Section 65 and 66 of BMA, 2007	<p>Power to inspect office, records etc.</p> <p>Government has the power to inspect any office or records under the control of the ULBs through such officer not below the rank of</p> <ul style="list-style-type: none"> (a) a Deputy Secretary to the State Government in the case of a Municipal Corporation, and Municipal Council of class "A" and "B", (b) an Under Secretary to the State Government in the case of a Class "C" Municipal Council or Nagar Panchayat, as the case may be. However, it is not mention that which interval the inspection will be done.
Section 421 of BMA, 2007	<p>Power to make regulations</p> <p>The Municipality, may, from time to time, make regulations for the purpose of giving effect to the provisions of BMA, 2007 subject to approval of the State Government.</p>
Section 274 & 275 of BMA, 2007	<p>Development and planning</p> <p>The Municipality shall participate in the election of members of the District Planning Committee and such members shall actively represent the interest of the Municipality in such committees. Also, the Municipality shall undertake preparation of plans for improvement and infrastructure development.</p>

Authority	Powers and Role of State Government
Section 487 of BMA, 2007	<p>Removal of difficulties</p> <p>If any difficulty arises in giving effect to the provisions of BMA, 2007, the State Government, may by order, do anything necessary to remove the difficulty.</p>

Note:- The Municipal Commissioner/Executive Officer of Nagar Nigam/Nagar Parishad/Nagar Panchayat carries out the policies and directives of the Nagar Nigam/Nagar Parishad/Nagar Panchayat, discharges duties defined under the Act, controls the officers/officials of Nagar Nigam/Nagar Parishad/ Nagar Panchayat has custody of all papers and documents of Nagar Nigam/Nagar Parishad/ Nagar Panchayat and draws and disburses money.

1.4 Audit Arrangement

With the enactment of BMA, 2007 and provisions there under, the State Government, in exercise of power conferred under Section 91 (1) of the Act, appointed the ELA, Bihar as the Director Local Fund Audit (DLFA) to conduct the audit of ULBs till further order vide notification no. 5130 dated: 15.11.2007. The Principal Accountant General (Audit) authorized the ELA, Bihar to conduct the audit of ULBs as per provision of LFA Act, 1925 as usual and the matter was intimated (November 2007) to the State Government.

Accordingly the audit of ULBs is being conducted by the ELA under the supervision of the Principal Accountant General (Audit), Bihar.

This Annual Report discusses the important audit findings in 64¹ and 43² ULBs audited during 2008-09 and 2009-10 respectively. Out of these, 12³ ULBs are common.

¹ **Nagar Nigam**-Ara, Bhagalpur, Biharsharif, Darbhanga, Gaya, Muzaffarpur, Patna. **Nagar Parishad**- Araria, Aurangabad, Bagha, Barh, Begusarai, Bettiah, Bhabhua, Buxar, Chhapra, Dehri Dalmianagar, Dumraon, Gopalganj, Hajipur, Jamalpur, Jamui, Jehanabad, Katihar, Khagaria, Khagaul, Lakhisarai, Madhepura, Masaurhi, Motihari, Narkatiyaganj, Nawada, Raxaul, Samastipur, Sasaram, Sheikhpura, Sitamarhi, Sultanganj, Supaul. **Nagar Panchayat**- Banmankhi, Barauli, Barbigha, Belsand, Biha, Fatuha, Ghoghardiha, Gogri Jamalpur, Jamhore, Jhajha, Jhanjharpur, Kahalgaon, Kasba, Khusrupur, Lalganj, Manihari, Mirganj, Nabinagar, Naugachhia, Nokha, Piro, Rajgir, Silao, Tekari, Thakurganj.

² **Nagar Nigam**- Ara, Bhagalpur, Biharsharif, Darbhanga, Gaya, Munger, Muzaffarpur, Patna. **Nagar Parishad**- Begusarai, Danapur Nizamat, Farbisganj, Katihar, Kishanganj, Madhubani, Mokama, Motihari, Phulwarisharif, Purnea, Raxaul, Saharsa, Samastipur, Siwan. **Nagar Panchayat**- Amarpur, Areraj, Bakhtiyarpur, Banka, Bikramganj, Birpur, Chakia, Dalsinghsarai, Dhaka, Jagdishpur, Janakpur Road, Kanti, Kateya, Koilwar, Makhdumpur, Marhaura, Motipur, Nasriganj, Rosera, Sheohar, Sonapur.

³ **Nagar Nigam**-Ara, Bhagalpur, Biharsharif, Darbhanga, Gaya, Muzaffarpur, Patna. **Nagar Parishad**-Begusarai, Katihar, Motihari, Raxaul, Samastipur.

1.5 Status of Recovery by Surcharge Proceedings

As per provisions contained in Section 9 of LFA Act, 1925, the ELA, Bihar is empowered to order recovery of any loss due to negligence and misconduct of employees and loss of stores through Surcharge from persons responsible. In 24 ULBs, 64 cases of Surcharge Notices involving ₹ 68.87 lakh were issued for recovery by the ELA, Bihar during the year ending 31st March 2010 (**Appendix-I**).

Surcharge Notices have been issued to the person(s) responsible for lapses through the District Magistrates (D.M.) but reports of serving the Surcharge Notices have not been received in any cases.

Seventeen Surcharge Orders were issued in 10 ULBs amounting to ₹ 81.76 lakh during 2008-09 to 2009-10, giving one month time for repayment of indicated amount in the concerned accounts of ULBs (**Appendix-II**). However, till the end of 31.03.2010, these orders have not been complied with by the individuals concerned.

When recovery is not done after lapse of one month from the date of issue of Surcharge Order, the ELA sends a request for certificate to the District Certificate Officer (DCO) as per provision under Section 5 of Public Demand and Recovery Act, 1914.

The ELA, Bihar has sent eight Certificate Requisitions amounting to ₹ 20.77 lakh in four ULBs to respective DCO for filing Certificate cases during 2008-09 (**Table-4**). Status of filing of cases in the courts of DCO is yet to be intimated.

Table-4
Details of Certificate Requisition issued

(₹ in lakh)					
Sl.No.	Name of ULB	Period	Certificate Requisitions sent	Date of Issue	Amount
1.	Barh	2003-04 to 2005-06	1	07.11.08	03.27
2.	Buxar	2000-01 to 2005-06	3	27.05.08	00.97
3.	Gaya	2004-05 to 2005-06	2	30.03.09	14.69
4.	Revilganj	2000-01 to 2005-06	2	07.11.08	01.84
Total			8		20.77

1.6 Recovery at the Instance of Audit

In response to objections raised by audit ₹ 90.34 lakh was recovered by 63 ULBs from respective person(s) during 2008-09 to 2009-10.