

CHAPTER-III

PERFORMANCE AUDIT

This chapter contains performance audit on Tubewell Project in Bihar (3.1), Integrated Child Development Services (ICDS) Scheme (3.2), Construction and maintenance of roads in flood affected districts (3.3), Wage Employment Programmes (3.4) and Accelerated Rural Water Supply Programme (3.5).

MINOR IRRIGATION DEPARTMENT

3.1 Tubewell Project in Bihar

Highlights

The objective of the State Tubewell Project was to raise the income of farmers through increased agricultural production by providing the irrigation facilities. The expenditure on implementation of different phases of the project was initially met by the State which was to be reimbursed by loan from NABARD. The Tubewell project failed to provide the intended benefit of irrigation as utilisation of the irrigation potential was low. Excessive purchase of materials, delayed execution and low realisation of water rent adversely affected implementation of phase VIII.

Number of working old tube wells ranged between 25 and 33 per cent during 2002-07. There was unfruitful expenditure of Rs 2.15 crore on rehabilitation of old tubewells.

(Paragraph 3.1.7.1 and 3.1.7.2)

Unfruitful expenditure of Rs 1.12 crore was incurred on failed tubewells of phase III. An advance of Rs 2.85 crore was lying unutilised with BSEB since March 1999.

(Paragraph 3.1.8.1 and 3.1.8.3)

There was excess procurement of 101 DG sets and 111 submersible motor pumps valuing Rs 1.24 crore under phase VIII. Due to discrepant guarantee clause, 202 diesel generator sets could not be covered under the guarantee.

(Paragraph 3.1.9.3 and 3.1.9.4)

Irregular grant of time extension led to non-execution of work of phase VIII within stipulated time. Penalty amounting to Rs 2.03 crore for delay in execution of works was not imposed.

(Paragraph 3.1.9.5)

Fifty nine per cent of test checked tube wells were handed over to users' associations, none was maintaining any account of demand and realisation of irrigation and water rent.

(Paragraph 3.1.9.6)

Introduction

The State Tubewell Project was approved by Government of Bihar in June 1986 with World Bank assistance at an estimated cost of Rs 276.78 crore with due date of completion by May 1994. The World Bank stopped funding in

1994 due to its poor implementation. The tubewell project was implemented in different phases during 1999-2007, under Rural Infrastructure Development Fund (RIDF). It aimed to raise the agriculture production by providing irrigational facilities to farmers.

3.1.2 Organisations set up

Minor Irrigation Department headed by the Secretary was responsible for the construction, operation and maintenance of state tubewells. He was assisted by Project Co-ordinator, two Chief Engineers and 10 Superintending Engineers. There were 29 works divisions, each headed by an Executive Engineer. A Central Workshop Division at Patna was responsible for the departmental drilling as well as maintenance of machines and equipment owned by the Department.

3.1.3 Audit objectives

The audit objectives were to assess whether:

- the survey conducted and selection of wells was made after adequate planning and taking into account all parameters and past experience ;
- the funds provided by the State Government under Phase-III, V and VIII were economically, efficiently and effectively utilised ;
- the targeted irrigation potential was created and utilised and
- the effective monitoring mechanism was in place.

3.1.4 Audit criteria

The audit criteria used to evaluate the performance of the scheme were:

- Bihar Public Works Code and Bihar Financial Rules;
- Targets fixed by the Department for irrigation and water rent realisation;
- Instructions issued by the Minor Irrigation Department.

3.1.5 Audit coverage and methodology

Performance Audit of Tube well project in the State was conducted through test check of the records (January 2007 to August 2007) of the offices of Project Co-ordinator, two Chief Engineers¹ and 10 (out of 29) Divisions² for the period 2002-07.

Joint physical verification of 100 tubewells (old: 21; Phase-III: 20; Phase-VIII: 59) was conducted alongwith Junior Engineer in-charge of tubewells. An entry conference was held with Secretary-cum-Commissioner of Minor Irrigation Department in May 2007 to explain audit objectives, audit criteria and methodology. The audit findings were discussed in the exit conference with senior department officials in October 2007.

¹ Chief Engineer (South), Patna and, Chief Engineer (North), Muzaffarpur

² Ara, Bhagalpur, Biharsharif, Darbhanga, Gaya, Madhepura, Motihari, Munger, Muzaffarpur and Sitamarhi

Audit findings

3.1.6. Financial management

The expenditure on implementation of project was to be met initially by the State Government, which was to be reimbursed by the loan from NABARD. The allotment of funds and expenditure on works and establishment under Plan and Non-plan during 2002-07 were as under:

(Rupees in crore)

Year	Allotment						Expenditure ³						Percent of establishment expenditure to works expenditure
	Works			Establishment			Works			Establishment			
	Plan	Non Plan	Total	Plan	Non Plan	Total	Plan	Non Plan	Total	Plan	Non Plan	Total	
2002-03	4.36	3.96	8.32	21.36	49.74	71.10	3.75	3.38	7.13	20.93	42.82	63.75	894
2003-04	34.10	6.06	40.16	19.43	50.05	69.48	30.73	6.05	36.78	19.41	49.27	68.68	187
2004-05	46.80	9.20	56.00	19.89	49.85	69.74	41.40	8.40	49.80	19.64	49.34	68.98	139
2005-06	14.04	10.00	24.04	22.42	57.64	80.06	10.90	9.37	20.27	22.36	55.53	77.89	384
2006-07	29.98	12.67	42.65	25.64	57.44	83.08	24.00	12.29	36.29	23.07	51.73	74.80	206
Total	129.28	41.89	171.17	108.74	264.72	373.46	110.78	39.49	150.27	105.41	248.69	354.10	236

(Source: Minor Irrigation Department)

Establishment expenditure was 1.39 to 8.94 times of works expenditure

It may be seen from the table that the establishment expenditure ranged from 1.39 to 8.94 times of works expenditure during 2002-07 though the expenditure on establishment was to be limited to 12 per cent of the works expenditure as per Rule 5(a)(ii)-Appendix-4 of BPWA code.

The high establishment cost was attributed by the Department to absorption of large number employees of State Tubewell Development Corporation.

Further, against the re-imbursement claim of Rs 74.47 crore (Phase-VIII) submitted by Finance Department to NABARD bearing annual interest rate of 8.5 per cent (quarterly based) during 2003-07, Rs 65.80 crore was reimbursed upto March 2007. The interest rate of 8.5 per cent was high compared to average interest rate on market borrowings, which ranged between 7.15 per cent and 9.50 per cent during 2002-07.

3.1.6.1 Control registers of works not maintained to monitor expenditure

Non-maintenance of records as per BPWD code

The Works Abstract Register, Contractor Ledger, Register of Works and Asset register of tubewells were not maintained by any of the divisions test checked. No separate account of expenditure as per estimate of each work was maintained by the Executive Engineers though required under Rule 102 of BPWD code. In absence of control registers, there was no effective control on the various aspects of works expenditure.

The Secretary replied (October 2007) that the instructions have been issued to the divisions to maintain the aforesaid records as per BPWD code.

³ Allotment and expenditure include figures for phase XI for which material procurement had begun in 2006-07.

3.1.7 Performance of existing old tubewells

3.1.7.1 Low utilisation and high cost of irrigation per hectare

The total irrigation potential of existing 5,556 tubewells was 27.80 lakh hectare. Of these, only 3,072 tubewells were working with irrigation potential of 15.53 lakh hectare during 2002-07. Potential created was not utilised, as 2,484 tube wells remained inoperative due to mechanical (55), electrical (539) and other faults (1,890). The actual utilisation was only 1.03 lakh hectare as per details given below:

Per hectare cost of irrigation varied between Rs 28,742 and Rs 41,555

Year	Irrigation potential	Target (Annual)	Utilisation of irrigation potential (achievement)	Percentage utilisation against potential created	Total cost of irrigation service	Per hectare cost of irrigation service
	(In lakh hectare)				(Rs in lakh)	(In Rupees)
2002-03	2.84	1.25	0.20	7	6,375	31,875
2003-04	2.85	1.32	0.17	6	6,868	40,400
2004-05	3.26	1.20	0.24	7	6,898	28,742
2005-06	3.29	1.07	0.24	7	7,789	32,454
2006-07	3.29	0.85	0.18	5	7,480	41,555
Total	15.53	5.69	1.03			

The cost of providing irrigation per hectare ranged between Rs 28,742 and Rs 41,555 during 2002-07.

The scrutiny of records in test checked divisions disclosed the following:

Only 10 per cent of total irrigation potential utilised

Against the total number of 2,227 old tubewells, the number of working tube wells ranged between 565 (25 per cent) and 736 (33 per cent) during 2002-07. Further, the target of irrigation (1.90 lakh Hc) was fixed at only 59 per cent of total irrigation potential created (3.21 lakh Hc) against which achievement was 17 per cent (0.32 lakh) of target fixed and 10 per cent of the irrigation potential created during 2002-07. The Department attributed low utilisation of created irrigation potential to damaged distribution system and poor electric supply.

Rupees 19 lakh was collected as water rent during 2002-05 against demand of Rs 1.01 crore in 10 test-checked divisions.

3.1.7.2 Unfruitful expenditure on rehabilitation of non-functional old tubewells (under phase-V)

Unfruitful expenditure of Rs 2.15 crore on rehabilitation of old tubewells

With a view to restoring irrigation potential of 101 old non-functional tubewells (10,100 hectare), a rehabilitation plan was approved in 2001-02 at an estimated cost of Rs 4.40 crore of which only 77 tubewells were taken up for rehabilitation during December 2001 to February 2002. However, only 37 tubewells were rehabilitated after spending Rs 2.15 crore. These tube wells remained inoperative, as distribution channels for carrying of water were not completed (August 2007).

In test-checked divisions (Ara, Biharsharif, Motihari and Muzaffarpur), 16 old tubewells taken up for rehabilitation remained inoperative due to non-construction of distribution channel (14) and non-energisation (2) of tube wells though expenditure of Rs 66.29 lakh⁴ was incurred upto March 2003.

3.1.8 *Project implementation (Phase-III)*

3.1.8.1 *Unfruitful expenditure on incomplete tubewells*

Unfruitful expenditure of Rs 2.33 crore on incomplete tubewells

With a view to creating irrigation potential of 0.28 lakh hectare (80 hectare per tubewell), 351 new tubewells were proposed for installation at an estimated cost of Rs 59.06 crore during 1999-2000 against which expenditure of Rs 50.66 crore was incurred. Of these, 303 tube wells (0.24 lakh hectare) were commissioned at a cost of Rs 48.33 crore upto March 2003. Remaining 48 tubewells could not be completed due to non-provision of funds by the Department though Rs 2.33 crore was spent.

Unfruitful expenditure of Rs 1.12 crore

The detailed project report did not contain provision for resistivity test, which was essential for assessing the potentiality of ground water by studying the nature of prevailing sub surface. In five test-checked divisions, 18 out of 177 tube wells failed after drilling due to selection of site without carrying out resistivity test resulting in unfruitful expenditure of Rs 1.12 crore on procurement of material and drilling.

3.1.8.2 *Poor utilisation of irrigation potential*

Only two per cent utilisation of irrigation potential

In test-checked divisions, 1,496 hectare (two per cent) could be utilised against the irrigation potential of 73,200 hectare during 2002-07 in respect of 83 tubewells, which were transferred to users' associations. Low utilisation of irrigation potential was attributed to high diesel consumption in DG sets (5), expired batteries (54) meant for self starting DG sets and non-drawal of water simultaneously from at least two distribution channels leading to bursting of supply pipes⁵.

3.1.8.3 *Non-energisation of tubewells*

212 tubewells were not energised and Rs 2.85 crore was lying unutilised with BSEB

The work relating to energisation of 316 tube wells was allotted to Bihar State Electricity Board (BSEB) in March 1999 at a cost of Rs 4.41 crore. Only 104 tube wells could be energised at an expenditure of Rs 1.56 crore upto March 2007 leaving advance of Rs 2.85 crore unutilised with the BSEB. The non-energisation was mainly due to non-responsive attitude of BSEB and lack of pursuance by the Department. Secretary, Minor Irrigation replied that energisation would be completed by March 2008.

⁴ Ara (Rs 4.27 lakh), Biharsharif (Rs 10.38 lakh), Motihari (Rs 51.34 lakh), and Muzaffarpur (Rs 0.30 lakh)

⁵ The pipes of underground distribution channels had three outlets. It was essential to draw water simultaneously at least from two outlets to prevent bursting of pipes due to excessive pressure.

3.1.9 Implementation of tubewell project (Phase VIII)

3.1.9.1 Defective planning

Previous short comings were not considered while finalising DPR

Detailed Project Report (DPR) for implementation of RIDF Phase-VIII was prepared (July 2002) to increase the irrigation facilities to farmers. Absence of uniform cropping pattern in the command area, non-demand of water simultaneously from at least two underground distribution channels were some of the deficiencies, which were not kept in consideration while finalising the DPR for Phase - VIII. As a result only two *per cent* utilisation of irrigation potential could be achieved. Department should have carried out comparative analysis of open channel and underground distribution system as the latter had failed in providing benefits under Phase-III.

Realised benefit cost ratio was below benchmark

The economic feasibility of the scheme (Phase-VIII) was assessed by working out Benefit Cost ratio (BC) of 6.5 on the basis of full utilisation of irrigation potential to be created which was higher than benchmark of 1.5 fixed by the Department. The Department never calculated BC ratio on the basis of actual performance for old tubewells as well as tubewells under phase VIII after completion of the scheme. BC ratio, calculated by audit on the basis of performance of tubewells under Phase-VIII, was arrived at 0.50, which was much less than the benchmark of 1.5 fixed by the Department. Thus, the scheme was economically not feasible from point of view of benefit cost ratio. The Department did not evaluate the performance in terms of benefit cost ratio to assess the performance of the scheme during 2002-07.

Survey was not conducted

Rupees 44.10 lakh allotted (March 2003) to 10 test checked divisions for conducting survey for selection of suitable sites was unauthorisedly diverted (Rs 34.80 lakh) on contingent expenditure such as photocopying, hiring of tents and chair.

3.1.9.2 Delay in commissioning of tubewells

Project Coordinator approved (July 2002) DPR for installation of 1740 tubewells at an estimated cost of Rs. 91.87 crore to be completed by March 2005. However, the administrative approval was accorded by the Department in March 2003, which delayed the commencement of project. Out of 1593 tubewells taken up for execution (2003-04), 1500 tube wells were commissioned up to August 2007 at an expenditure of Rs 77.60 crore and 65 tubewells failed during drilling.

In test-checked divisions out of 906 tubewells sanctioned during 2002-03, 880 were taken up, of which 796 were commissioned as of August 2007 leaving 84 tubewells incomplete. Five tube wells in two divisions (Ara-One and Bihar Sharif-Four) failed on which Rs 13.39 lakh⁶ was spent.

⁶ Ara: Rs 4.62 lakh and Bihar Sharif: Rs 8.77 lakh.

3.1.9.3 *Material purchased in excess of requirement*

Excess procurement of material valuing Rs 1.24 crore

Government decided to purchase (March 2002) 1,694 Diesel Generator (DG) sets and 1,704 Motor pumps in the first year of the implementation. Of 1,694 tube wells, subsequently only 1,593 tube wells were taken up for execution. As a result, purchase of 101 DG sets valuing Rs 85.65 lakh and 111 submersible motor pumps valuing Rs 38.36 lakh was made in excess of requirement. Although, the Project Co-ordinator directed (November 2003) the Executive Engineers not to receive the materials in excess of requirement but no action was taken to amend the purchase order issued by CEs (North and South) to restrict it to immediate requirement. Incidentally, Project Coordinator was also working as Chief Engineer (North). Thus, Rs 1.24 crore was spent on excess procurement of material in violation of Rule 257 of BPWD code as purchase of materials in advance or excess of requirements results in both direct and indirect losses to Government.

3.1.9.4 *Discrepant guarantee clause*

202 DG sets not covered under guarantee due to discrepant clause

The performance guarantee clause of purchase order issued by Chief Engineer (South), provided for guarantee against the defective manufacturing or workmanship for a period of 12 months from the date of successful commissioning but purchase order of CE (North) provided for guarantee of 12 month from the date of actual delivery. Out of 916 DG sets delivered upto March 2005 in North Bihar, 714 sets could be commissioned upto March 2006, thus 202 DG sets were not covered under guarantee clause due to discrepant clause in the purchase order. Fifty-nine tubewells, eight DG sets and one motor pump were found defective during joint verification, as they were not covered under guarantee clause. Despite repeated request by the EEs of Ara and Munger divisions, the company neither replaced the defective DG sets nor rectified the defects.

After sales service agreement for the entire material supplied by the firm was not executed though the Department decided for the same. Executive Engineers as well as users associations informed that DG sets supplied by Atul Generator and India Casting Ltd. stopped after one to two hours of operation because of excessive heat generated by them. Besides, they were consuming three to four litres of diesel per hour against the specification of 2.5 litres per hour. In the absence of after sale services agreement, these defects could not be rectified.

3.1.9.5 *Irregular grant of time extension*

Indiscriminate granting of time extension led to delay in implementation of project

Scrutiny of 90 contracts (Drilling: 27; Civil works: 63) in 10 test checked divisions amounting to Rs. 20.31 crore (Drilling and Development: Rs.12.02 crore for 827 tubewells; Civil works Rs. 8.29 crore for 809 tubewells) showed that representation for time extension was submitted by the contractors to the concerned Executive Engineers after delay ranging from four months to two years from the date of completion without any valid reasons.

Further, scrutiny disclosed that 14 contracts of civil works valued Rs 2.59 crore in four test checked divisions (Ara:7, Madhepura:1, Bhagalpur:4 and Munger: 2) involving 221 tubewells were to be completed during June 2003 to December 2004 but the work of 149 tubewells were incomplete upto August 2007, despite irregular grant of time extension upto March 2007 by the Chief Engineer.

Non-imposition of penalty worth Rs 2.03 crore

Clause-2 of the terms of the contract provides imposition of penalty at 0.5 *per cent* of the contracted value per day subject to maximum of 10 *per cent* but in all test-checked 90 cases penalty amounting to Rs 2.03 crore was not imposed. This encouraged the contractors not to complete the work within stipulated time.

The Department stated that time extension was granted as the same was given to NABARD works upto March 2008 to avoid cost escalation. The reply was not acceptable as it was in violation of Clause-2 of the contract.

3.1.9.6 Non-functional users' associations

Prior assurance of users' associations not obtained

Users' associations (UAs) were to be set up as per departmental instructions (August 2002) with minimum of 51 farmers of the command area as members. Tubewells were to be handed over to the committee for operation and maintenance after signing the Memorandum of Understanding (MoU) between the committee and the Department. These committees were to maintain a register for accounting of irrigation and water rent fixed by the Government. Ninety *per cent* of water rent realised was to be utilised for operation and maintenance of tubewells and remaining 10 *per cent* was to be deposited in the Government account. As per DPR, prior assurance from user's association was to be obtained before start of the work of new tubewells under Phase-III and VIII, which was not obtained in test checked divisions.

395 tubewells were not transferred to users' associations

In 10 test-checked divisions, it was observed that out of 973 commissioned tubewells (Phase-III: 177; Phase-VIII: 796), only 578 (59 *per cent*) (Phase-III:103; Phase-VIII: 475) tubewells valuing Rs 69.02 crore were handed over to users' associations. The remaining 395 tube wells remained with the respective divisions. None of the users' associations were registered. Neither the irrigation account relating to demand and realisation was maintained by any associations nor bank account was opened by them. Only four test-checked divisions⁷ submitted the proposal for registration of 377 committees to the District Magistrates, but no action had been taken upto July 2007.

The Department accepted (October 2007) the findings and stated that efforts were on to activate the functioning of users' associations and action for realisation of water rent from users' associations was being taken.

3.1.9.7 Negligible utilisation of irrigation potential created

Only six per cent utilisation of irrigation potential created

Out of 880 tubewells taken up for execution in test-checked divisions, only 796 tubewells could be commissioned as of March 2007. Irrigation potential

⁷ Motihari, Muzaffarpur, Ara and Bihar sharif

of about 1,930 hectare (six *per cent*) could be utilised against 31,840 created during 2004-07. The negligible irrigation was mainly attributable to high consumption of diesel (three to four litre per hour), lack of demand of water simultaneously from at least two distribution channels leading to bursting of distribution pipes and damaged distribution system which had been accepted by the Executive Engineers of all the test checked divisions.

3.1.10 Findings of the joint physical verification

The joint physical verification of old tubewells as well as tubewells under the Phase-III and VIII were carried out by audit with Junior Engineer in charge of respective tubewells in nine test-checked divisions⁸. The verification showed the following :

**Substandard work of
repair worth
Rs 9.48 lakh**

- Out of 21 old tubewells verified, 19 were found operational but utilisation of irrigation potential was very low and distribution channels were damaged in case of eight tubewells. The repair work of channels of four old tubewells in two test-checked divisions (Madhepura and Ara) at a cost of Rs 9.48 lakh was found to be of substandard quality, which was accepted by the Junior Engineers responsible for execution of work.
- Out of 59 (Phase-VIII) and 20 (Phase-III) tubewells verified only 21 (Phase-VIII) and 4 (Phase-III) were found operational.
- Out of 16 and 38 inoperative tubewells under Phase-III and Phase-VIII, nine were inoperative due to theft of alternator, dynamo and in case of one tubewell in Sitamarhi, D G set was being used by Mukhia at his residence. In 12 cases, theft was noticed during joint physical verification of tubewells. Though FIRs were lodged but no outcome was noticed during audit.
- Almost all underground distribution system of tubewells under Phase-VIII were partially damaged or developed leakage due to substandard work of laying of pipes at a depth of two to three feet against required depth of three and a half feet. Due to less depth, PVC pipes were damaged during ploughing of land.
- All the farmers, Secretaries of users' association and Mukhias advocated for open channel distribution system.
- In the absence of records relating to beneficiaries, it could not be ascertained whether small and marginal farmers were being benefited as envisaged in the DPR.

⁸ Ara, Bihar sharif, Bhagalpur, Munger, Muzaffarpur, Sitamarhi, Gaya, Madhepura and Darbhanga

3.1.11 Manpower management

The men in position vis-à-vis sanctioned strength in the test checked divisions were as under:

Name of post	Sanctioned strength	Men in position
Assistant Engineer	41	28
Junior Engineer	84	59
Mechanic	38	12
Fitter	46	28
Electrician	46	30
Peon	160	159
Tubewell operator	1,836	1,373

It may be seen that against sanctioned strength of 1,836 tubewell operators, 1,373 were available, while the number of running tubewells were 736 only. Thus, 637 tubewell operators were deployed on inoperational tubewells without any work up to March 2007.

3.1.11.1 Wasteful expenditure on idle staff

Wasteful expenditure of Rs 96 lakh on idle staff

A drilling sub-division was created by the Department in August 1992 for drilling and development of new tubewells as well as rehabilitation of old tubewells in Muzaffarpur division. No tubewell was drilled during 2002-07. Rig machine, truck and welding equipment were transferred to Hajipur division in June 2003 by the order of Chief Engineer (North).

Thus the expenditure of Rs 96 lakh incurred on pay and allowances of 33 technical and non-technical staff of drilling sub-division, during 2002-07 was wasteful. No action was taken by the Project Co-ordinator to shift the staff to only Drilling Division at Patna to ensure gainful utilisation of their services.

3.1.12 Monitoring and evaluation

Poor monitoring and no evaluation was carried out

The Project Co-ordinator was responsible for co-ordination of the implementation of the project and reporting to the Secretary. A monitoring and evaluation cell under a Superintending Engineer was responsible for monitoring the project implementation. He was responsible for collecting and analysing data right from project planning, implementation and performance with regards to quantity and quality of irrigation service.

The monthly progress reports submitted by the divisions did not indicate the component wise work done and expenditure thereagainst and no evaluation was carried out to assess the performance of the schemes. Purchase of excessive tubewells materials and their inadequate utilisation in works were never reviewed against the actual requirement. Raising of water rent demand, collection of water charges and cost of providing irrigation service per tubewell were neither analysed nor corrective action were taken.

3.1.13 Action taken on previous audit report

The paragraph 4.1 of Comptroller and Auditor General of India's report for the year ending March 1999 was placed in Public Accounts Committee of Bihar Legislative Assembly. Deficiencies pointed out in earlier Audit Report relating

to budget provision, expenditure, project implementation, material management etc. persisted during 2002-07 as detailed in **Appendix-XXVII**.

3.1.14 Conclusion

The expenditure on establishment was very high over the norms compared to works expenditure. Planning was inadequate and lesson learnt from previous phases were not considered while finalising DPRs for new projects. Unplanned procurement led to excess purchase of D.G sets and Submersible Motor pumps. Improper guarantee clause resulted in D.G sets being uncovered under guarantee. The implementation of project was also delayed due to irregular grant of time extension. Institutionalised delivery mechanism was weak as users' associations for running the tubewell were created for 59 *per cent* of tube wells. The functional users' associations were not maintaining any account of irrigation and water rent. Only six *per cent* of targeted irrigation could be achieved and thus the objective of providing irrigation to farmers was completely defeated. The monitoring cell failed to co-ordinate the planning, purchase and accounting process of the project.

Recommendations

- Survey for site selection and resistivity test must be carried out before start of project to prevent wasteful expenditure on failed tubewells.
- Efforts must be made to increase utilisation of irrigation potential of existing tubewells.
- Steps for rehabilitation of old tube wells should be taken on priority.
- Terms and condition of the contract should be enforced for timely completion of projects.

The matter was reported to Government (September 2007); and their reply (October 2007) has been incorporated at the appropriate places.

SOCIAL WELFARE DEPARTMENT

3.2 Integrated Child Development Services (ICDS) Scheme

Highlights

The Integrated Child Development Services (ICDS) scheme, a central scheme was meant to deliver nutrition, education and health services, to children in the age group up to six years and enhance the capability of mothers through proper nutrition and health education. The implementation of the scheme in the State suffered from several deficiencies such as lack of planning, poor implementation of Supplementary Nutrition Programme, lack of infrastructure in Aganwadi centres (AWCs), failure to provide health check up and referral services.

There was no correlation between budget provision and number of functional Anganwadi centres. Budget preparation of the department was not realistic.

(Paragraph 3.2.7.1)

The GOI sanctioned 80302 AWCs against the requirement of 82833 but 60153 AWCs were operationalised as of July 2007. In test-checked projects, 97 per cent AWCs were running without toilet, drinking water facilities and 43 per cent were functioning in huts.

(Paragraph 3.2.8.1 and 3.2.8.2)

In test-checked CDPOs, rental payment of Rs 2.82 crore was transferred either in the bank accounts of sevikas or advanced to clerks instead of making direct payment to house owners.

(Paragraph 3.2.8.3)

Against target of 620 AWCs in 13 test-checked districts, only one AWC could be constructed up to August 2007 despite provision of Rs 8.29 crore (April- June 2005) to the District Magistrates.

(Paragraph 3.2.8.4)

No AWC provided nutritional support beyond 225 days as against requirement of 300 days during 2002-07. There was no evidence of distribution of take home ration. Nutri-candies provided to beneficiaries were found of sub standard quality.

(Paragraph 3.2.9.2 and 3.2.9.4)

Records relating to immunization, health cards, referral services, pre natal and post natal services, growth chart were not maintained at AWCs level. Medicine kits and Pre-school Education Kits were not supplied to AWCs as per ICDS norms.

(Paragraph 3.2.10 to 3.2.14)

Committees constituted to monitor the programme were non-functional and minutes of meetings and decisions taken were not available. Monitoring was almost negligible and 73 per cent AWCs visited were found closed during joint inspection.

(Paragraph 3.2.17 and 3.2.17.1)

3.2.1 Introduction

The Integrated Child Development Services (ICDS) Scheme is a centrally sponsored scheme aimed to reduce the incidence of mortality, morbidity, malnutrition and school drop out among children; improve the nutritional and health status of children and enhance the capability of the mother to look after the normal health and nutritional needs of the child through proper nutrition and health education. The components of the scheme are Supplementary Nutrition Programme (SNP), immunisation, health check up and referral services, nutrition and health education for women and pre-school education. The beneficiaries of the scheme were children below six years, expectant and lactating mothers and adolescent girls between 11 and 18 years mainly belonging to the families of agricultural labourers, marginal farmers and other weaker sections of the society. As per orders of Hon'ble Supreme Court (April 2004), Anganwadis (AWCs) were to supply nutritious food supplement to the

children, adolescent girls and pregnant and lactating women under the scheme for 300 days in a year.

3.2.2 Organizational set up

The Secretary, Department of Social Welfare assisted by the Director, ICDS was responsible for the implementation and monitoring of the scheme at the State level. Deputy Director, Welfare was required to monitor the scheme at division level. The scheme was supervised at the district level by District Programme Officers (DPOs) / District Welfare Officers (DWOs) under the control of District Magistrates (DMs) and at the block level by Child Development Project Officer (CDPO) with the help of lady supervisors. The ICDS scheme was implemented through Anganwadi workers (AWWs) and Anganwadi Helpers (AWHs) at Anganwadi centres.

3.2.3 Audit objectives

The audit objectives were to assess whether:

- the adequate planning was done to achieve the programme objectives;
- the resource allocation and utilisation were directed towards delivery of services;
- the required infrastructure was created for efficient and quality services;
- the packages of the scheme was implemented efficiently and effectively;
- the staff deployment and training for skill upgradation was based on requirements of the scheme and
- the system for monitoring and evaluation of the programme existed and was effective.

3.2.4 Audit criteria

The implementation of various components of ICDS scheme was evaluated with reference to the following criteria:

- Guidelines and instructions issued by GOI for selection of beneficiaries, opening of AWCs, norms of SNP and delivery of different packages of services.
- Prescribed norms for staffing and skill upgradation.
- Monitoring mechanism instituted by the Government.

3.2.5 Audit coverage and methodology

The performance audit of ICDS schemes was conducted during March –July 2007 covering the period of 2002-07 through test-check of records of ICDS

Directorate, 13 DPOs / DWOs⁹(out of 38), 100 CDPOs (out of 393) and 3,000 AWCs (out of 60,153). Besides, the joint physical verification of 104 AWCs was also conducted.

An entry conference was held with Director, ICDS to explain the audit objectives, audit criteria and methodology in May 2007. The audit findings as well as the recommendations were discussed with the Principal Secretary, Social Welfare Department and Director, ICDS in the exit conference held in October 2007. The views of the Department expressed in the exit conference have been incorporated at the appropriate places.

Audit findings

3.2.6 Planning

Directorate did not have basic data required for planning

The State Government was responsible for implementation of different packages and providing supplementary nutrition under the ICDS scheme to the identified beneficiaries. As per norms fixed by GOI, the mapping of project area was to be conducted to identify tola, habitations/villages inhabited by malnourished and weaker sections of the society for timely operationalisation of Anganwadi centres. The mapping and selection of AWWs/AWHs was not completed (July 2007) and consequently 20,149 Anganwadi centres sanctioned by GOI during 2002-06 could not be operationalised up to August 2007. Even basic statistical information such as birth weight, maternal mortality rate, infant mortality rate, institutional delivery and enrolment of children in regular schools after pre-school education were not available with the Directorate. Thus, the basic data required for planning the scheme was not available with the Directorate.

3.2.7 Management of funds

The State government provided funds for SNP during 2002-05. During this period, funds under Pradhan Mantri Gramodaya Yojana (PMGY) were also received to provide for enhanced nutritional requirement for children below three years. From 2005-06, expenditure on SNP was shared between GOI and State Government on a 50 : 50 basis. The administrative costs as well as cost of other components¹⁰ of the scheme were funded by GOI.

3.2.7.1 Budget provision, funds released and expenditure

The budget provision, funds received from GOI and released by State Government vis-à-vis expenditure¹¹ during 2002-07 were as under:

<i>(Rs in crore)</i>									
Year	GOI funds available*	Budget provision of State	Funds released by State	Expenditure	Savings / excess wrt	Savings / excess wrt	No. of sanctioned AWC	No. of operational AWC	Actual number of

⁹ Arrah, Begusarai, Bhagalpur, Darbhanga, Gopalganj, Gaya, Katihar, Madhubani, Motihari, Muzaffarpur, Siwan, Saharsa and Samastipur

¹⁰ Medicine kits, pre school education kits

¹¹ Excluding the funds received under SNP.

					budget provision	funds released	(projects)	(projects)	beneficiaries (No. in lakh)
2002-03	88.56	74.18	69.52	51.18	23.00 (31)	18.34	60587 (393)	20767 (233)	16.76
2003-04	90.93	218.79	173.92	110.69	108.10 (49)	63.23	60587 (393)	29486 (249)	23.32
2004-05	115.35	202.48	144.15	105.54	96.94 (48)	38.61	60587 (393)	56511 (393)	54.68
2005-06	105.17	184.72	156.83	160.68	24.04 (13)	(-) 3.85	60587 (393)	59687 (393)	59.09
2006-07	189.25	204.10	175.97	161.37	42.73 (21)	14.60	80302 (537)	60153 (393)	59.29
Total		884.27	720.39	589.46	294.81 (33)				

Source: Figures provided by the Department.

* Includes balance of previous year

Budget formulation of the department was not realistic

Analysis of the above table shows that there were savings of Rs 294.81 crore (33 per cent) of budget provision during 2002-07. Budget provision was being made on the basis of sanctioned AWCs and not on operational AWCs. The budget provision against 29,486 functional AWCs was Rs 218.79 crore in 2003-04 whereas it was Rs 204.10 crore against 60,153 functional AWCs in 2006-07. This shows that budget formulation in the Department was not realistic.

During 2003-04 and 2005-06, the expenditure was more than the GOI funds available and was met from State Government funds which were recouped in subsequent years.

Scrutiny of records of 100 test checked projects disclosed that against allotment of Rs 165.97 crore during 2002-07, Rs 134.56 crore was drawn. Out of the funds drawn, Rs 134.36 crore was spent, Rs 14 lakh was deposited in treasury and Rs six lakh parked in civil deposits during 2002-07.

3.2.7.2 Retention of unspent funds outside government account

Rupees 91.76 crore was kept in bank out of Rs 140.03 crore as on 31 March 2007

Closing balance of Rs 140.03 crore (March 2007) was noticed in the Directorate (Rs 62.38 crore increased from Rs 16.06 crore from March 2003) and test-checked CDPOs (Rs 77.65 crore) in violation of Rule 300 of Bihar Treasury Code (BTC) which prohibits drawal of funds without immediate requirement and states that unutilised funds should be deposited into treasury. Analysis of closing balance disclosed that Rs 91.76 crore¹² was parked in saving accounts of banks. Remaining amount of Rs 48.27 crore was in the shape of advance with AWWs (Rs 47.49 crore), project officials (Rs 40 lakh) and petty vouchers (Rs 38 lakh). As funds kept in bank are not a part of cash balance of the Government, it leads to interest burden and denial of required funds to other department/ schemes.

3.2.7.3 Provision of funds and expenditure under Supplementary Nutrition Programme (SNP)

The budget provision and expenditure under SNP for the entire State was as under:

¹²

Directorate: Rs. 62.08 crore, Projects :Rs. 29.68 crore

(Rs in crore)

Year	Funds required	Budget provision	Funds received from GOI		Total	Funds provided by State*	Expenditure	Savings w.r.t. funds released (per cent)
			PMGY	50 per cent assistance				
2002-03	192.67	70.09	36.26	--	36.26	68.56	56.96	11.60 (17)
2003-04	241.13	71.05	36.26	--	36.26	68.05	59.65	8.40 (12)
2004-05	338.08	129.99	18.13	--	18.13	128.67	121.91	6.76 (5)
2005-06	377.61	351.02	--	82.61	82.61	311.76	268.19	43.57 (14)
2006-07	479.24	401.23	--	118.29	118.29	320.81	251.33	69.48 (22)
Total	1628.73	1023.38	90.65	200.90	291.55	897.85	758.04	139.81 (16)

(Figures in bracket indicates per cent)

* includes funds received from GOI and State share

It may be seen from the table that against the requirement of Rs 1628.73 crore¹³, only 897.95 crore (55 per cent) was provided by State of which Rs 758.04 crore was utilised.

Test check of 100 projects disclosed that out of Rs 218.92 crore provided for supplementary nutrition during 2002-07, Rs 181.74 crore was spent, Rs 30.25 crore was not drawn, Rs 5.65 crore was parked in Civil Deposit and Rs 1.28 crore was wrongly deposited as revenue receipt.

3.2.8 Infrastructure facilities

3.2.8.1 Inadequate number of Anganwadi Centres (AWCs)

Sanctioned projects/
AWCs not
operationalised

The programme envisaged one AWC for every 1,000 population. Based on 2001 census, 82,833 AWCs were required against which 60,587 AWCs were sanctioned upto 2004-05 and 19,715 additional AWCs were sanctioned by GOI in 2005-06. However, 60,153 AWCs were made functional as of July 2007 leaving 2.27 crore population uncovered under the scheme. The additional projects (144) and AWCs (19,715) sanctioned in 2005-06 were to be operationalised by June-December 2006 but could not be made functional up to July 2007 due to non-selection of anganwadi workers and helpers.

3.2.8.2 Inadequate facilities at Anganwadi centres and project offices

Each AWC building should be constructed in land of at least 48'x27' size with one class room (13'x22'), two verandahs (12'x10' each), kitchen (6'x8'), store (5'x8') and two courtyards (25'x12'each) with toilet and drinking water facilities to ensure effective delivery of quality services.

The physical status of AWC buildings, toilet and drinking water facilities in 14298 operational AWCs under 100 test checked projects were as under:

Functional AWCs	ICDS buildings	Private Building			School and other govt buildings	Open space	Without	
		Pucca	Kutchra	hut			Toilet	Drinking water
14,298	324 (2)	2,277 (16)	3,003 (21)	6,067 (43)	2,303 (16)	324 (2)	14,041 (98)	13,922 (97)

(Figures in brackets show percentage)

¹³ Calculated as No. of AWCs sanctioned X 12 months X rate of poshahar prescribed by GOI per month. (Rate of SNP per AWC per month prescribed by Government: April 2002 to November 2003: Rs 2650; December 2003 to May 2005: Rs 4650 and June 2005 to March 2007: Rs 5302.50.)

Despite orders of Hon'ble Supreme Court to establish AWCs in Government school/public places, 2,303 (16 per cent) AWCs were functioning in Government schools and 11,671 AWCs in private buildings and open space. Only 2-3 per cent AWCs had toilet and drinking water facilities.

AWCs and project offices were functioning without adequate infrastructure facilities

Out of 100 project offices, 21 had their own building, which were in dilapidated condition. 79 were functioning in rented small places where a maximum of four chairs could be accommodated and without infrastructure facilities. Police Department unauthorisedly occupied project office of Bhagalpur Sadar.



Unsafe and dilapidated Anganwadi Centre at Dhuiya Tola under Cheria Bariyarpur Project, Begusarai



Anganwadi Centre running in small hut at Hakam under Baikhunthpur Project, Gopalganj.

3.2.8.3 Suspected misappropriation of AWC rent

As per orders of the Hon'ble Supreme Court, AWCs should be established in Government school situated within a village/ mohalla. The department further directed that in case of non-availability of the schools, it should be established in public place like community/ panchayat/ private building after obtaining the non-availability certificate from Block Development Officers.

Suspected misappropriation of Rs 2.82 crore

Out of 14,298 operational AWCs in 100 test-checked projects, 11,671 AWCs were functioning in rented buildings without obtaining non-availability certificate from Block Development Officer. Further, out of Rs 5.29 crore drawn for payment of rent during 2002-07 on abstract contingent bills by 100 test-checked CDPOs, Rs 2.82 crore was transferred either in the bank accounts of sevikas or advanced to clerks instead of making direct payment to house owner. The vouchers bearing signature of recipients were of the same date on which the funds were transferred/advanced and the amount was booked in cash book as expenditure. The names and addresses of house owners were not available in the CDPOs offices. Thus, possibility of misappropriation of Rs 2.82 crore could not be ruled out and requires investigation by the Directorate.

3.2.8.4 Construction of buildings and installation of hand pumps for AWCs

GOI funds for construction of project offices/ AWCs were not utilised

The GOI provided (April 2003) Rs 13.41 crore¹⁴ (75 per cent) as central share for construction of buildings for 1,430 AWCs, in 87 project offices and Rs 5.72 crore for sinking of 1430 hand pumps. Rs 50 lakh was provided (April 2003) for construction of 10 CDPO office-cum-godowns. Of the construction cost of Rs 17.88 crore (1430 AWCs), the State Government was to provide Rs 4.47 crore (25 per cent) as State share.

Rupees 38 lakh was deducted by GOI (March 2005) by reducing the number of AWCs to 1390 due to delay in selection of sites. Out of drawn funds of Rs 19.63 crore (2004-05), Rs 19.09 crore was transferred to 35 DMs (March 2005) with the direction to complete the work by June 2005. Against the target for construction of 1390 AWCs buildings, 1430 hand pumps and 10 project office buildings, only 38 AWCs (including hand pumps) and two project offices could be constructed (August 2007) incurring expenditure Rs 61 lakh and 302 AWCs buildings were incomplete as on September 2007 after expenditure of Rs 3.01 crore. Rupees 15.47 crore was lying in banks (July 2007) but the entire amount of Rs 19.09 crore was wrongly reported to GOI as expenditure during 2004-05.

Construction of 160 AWCs left incomplete despite expenditure of Rs one crore.

In 13 test-checked districts, Rs 8.29 crore was made available to the DMs (April- June 2005) for construction of 620 AWCs and sinking of equal number of hand pumps against which only one AWC building and one hand pump was completed at an expenditure of Rs 1.34 lakh (July 2007). 160 AWC buildings and hand pumps were left incomplete (work done: 50 buildings - 75 per cent; 31 buildings - 50 per cent and 79 buildings -25 per cent) since June 2005 despite expenditure of Rs one crore. The construction work on 459 (74 per cent) AWCs was not initiated up to August 2007 due to non-availability of site. This indicated low priority been accorded to this scheme by the DMs and lack of monitoring by the Directorate.

3.2.8.5 Sub-standard purchase of utensils for SNP

Utensils for preparation of khichadi (cooked mixture of rice, pulse and vegetables) were to be provided to every AWC. Hon'ble Supreme Court had also directed (October 2004) that where ever utensils have not been given the same shall be provided.

Substandard quality of utensils purchased valuing Rs 95 lakh

A test check of 100 projects, where an amount of Rs 1.32 crore was made available to 63 CDPOs in 2004-05 to provide utensils to AWCs showed the following:

- 17 projects did not utilise the amount of Rs 36.79 lakh and kept the amount in bank account/ civil deposit or surrendered though they had no utensil for cooking food.
- AWCs under 46 projects reported that utensils valuing Rs 95 lakh purchased by concerned CDPOs in 2005-07 were of substandard quality and were damaged within three months.

¹⁴ Estimated cost: AWC building: Rs 1.25 lakh, Handpump: Rs 0.40 lakh and CDPO office: Rs 5 lakh.

3.2.9 Implementation of the Supplementary Nutrition Programme (SNP)

SNP aimed at improving the health and nutrition status of children in the age group of 0-6 years, expectant and lactating mothers and adolescent girls. It was meant to provide 300 calories and 10 gram protein for children between six months to six years of age and double the quantity for malnourished children in the same category. Lactating and pregnant mothers were to be provided 500 gm calories and 20 gm protein. Nutrients were to be provided for 300 days in a year in the form of mixture of rice, pulses and vegetables or sattu.

3.2.9.1 Shortfall in coverage of beneficiaries

Enrolment of children at each AWC in the State was below the norms fixed by GOI of 116 beneficiaries. The norms of enrolment of children at each AWC fixed by the State Government was much below the GOI norms of 116 beneficiaries. It was 60 upto November 2003 which was raised to 96 in December 2003 and 99 in June 2005. The coverage of beneficiaries in functional AWCs during 2002-07 was as under:

(Figures in lakh)

Year	Total number of identified beneficiaries	Total number of beneficiaries required to be covered as per GOI norms on operational AWCs	Number of beneficiaries actually covered	Shortfall in coverage (per cent)
2002-03	64.83	24.09	16.76	7.33 (30)
2003-04	82.42	34.20	23.32	10.88 (32)
2004-05	140.18	65.55	54.68	10.87 (17)
2005-06	212.49	69.35	59.09	10.26 (15)
2006-07	213.30	69.78	59.29	10.49 (15)
Total	713.22	262.98	213.14	49.83 (19)

(Source: Figures of identified and actual beneficiaries provided by the Department)

There was shortfall of 15 to 32 *per cent* during 2002-07 in coverage of identified beneficiaries of functional AWCs. Further, 20149 sanctioned AWCs could not be made functional till August 2007 leading to denial of benefit to 23.37 lakh¹⁵ beneficiaries.

The coverage of beneficiaries under different categories i.e. children, nursing and expectant mothers etc. was poor in the State and ranged between 26 to 39 *per cent* of the population during 2002-05. The coverage of adolescent girls¹⁶ was between three to five *per cent* of the total population during 2005-07 (Appendix-XXVIII).

3.2.9.2 Nutrition days

The supplementary nutrition was to be provided to beneficiaries for 25 days per month and 300 days in a year. Authenticated records of nutrition days were not maintained in test-checked projects. On the basis of funds spent, the feeding days¹⁷ in 100 test checked projects was worked out as under:

¹⁵ No. of non-operational AWCs (20,149) X number of beneficiaries (116) to be covered under GOI norms.

¹⁶ Adolescent girls were included under scheme from 2005-06.

¹⁷ Number of feeding days calculated as : expenditure incurred by CDPO in the month divided by number of operational AWC X rate of SNP per day

23.37 lakh
beneficiaries left
uncovered under
SNP

Year	Total number of functional AWCs in 100 projects	Number of beneficiaries	0-100 days	101-200 days	201-225 days
2002-03	7,072	4,36,320	5,890 (83)	182 (17)	--
2003-04	8,440	8,10,240	5,607 (66)	2,833 (34)	--
2004-05	14,462	13,88,352	10,172(70)	4,149 (29)	141 (1)
2005-06	15,331	15,17,769	3,570 (23)	11,008 (72)	753 (5)
2006-07	14,298	14,15,502	2,319 (16)	8,491 (59)	3,488 (25)
Average AWCs providing feeding days	11,921	11,13,637	5,512 (46)	5,533(47)	876 (7)

(Figures in bracket indicated percentage of AWCs)

No AWC provided nutrition for 300 days and only seven per cent AWCs provided SNP upto 225 days

The above table shows that no AWC could have provided nutritional support beyond 225 days as against requirement of 300 days. On an average only seven per cent AWCs could have provided supplementary nutrition upto 225 days thereby defeating the objective of maintaining nutritional status of the beneficiaries. The audit findings are corroborated by report of National Family Health Survey (NFHS-3) according to which the percentage of malnourished children increased from 54 per cent in 1998-99 to 58 per cent in 2005-06 in the State.

No evidence of distribution of THR

As per directive of ICDS, AWCs were to distribute Poshahar as Take Home Ration (THR) to children (0-3 years) / expectant and lactating mothers on every Wednesday. No evidence/ records indicating the distribution of THR to beneficiaries was available in test-checked AWCs. Thus, misappropriation of funds meant for THR could not be ruled out.

3.2.9.3 *Doubtful purchase of food grains*

The rates of rice and pulses fixed by the State Government compared to prevalent market rates in 2006-07 were as under:

Food grains	Monthly requirement per AWC (Kg)	Rate per kg fixed by Govt. (In Rupees)	Present market rate (In Rs per Kg)*	Possible purchase (Kg)	Less purchase (Kg)
Rice	185.50	10	14	132.50	53
Pulses	92.75	25	35	66.25	26.50

* Source: Sevikas of test-checked AWCs

Doubtful purchase of foodgrain

Analysis shows that required quantity of rice and pulses could not be purchased in 2006-07, as rate fixed by the Government (May 2005) was lower than the market rate. However, vouchers showed that purchases were made at uniform rate prescribed by the Government which raises doubt on quantity purchased, specification of grains and number of beneficiaries covered. Besides, two banks¹⁸ in Bodh Gaya and Barhara credited the funds meant for SNP by deducting service charge, i.e. Rs 5245 instead of Rs 5302.50 each month. This requires investigation and devising of proper control mechanism to ensure proper supply of nutrition to the beneficiaries. Principal Secretary, Social Welfare Department stated (October 2007) that prices were required to be revised by GOI as per consumer price index (CPI) norms. Further, the quality

¹⁸ Madhya Bihar Gramin bank and Bhojpur-Rohtas Central Co-operative bank.

and quantity of the poshahar being distributed by AWCs was never checked at any level in test-checked projects.

3.2.9.4 Bihar nutri candy (*Lemonchus*) parijojana

The State Government decided to distribute candies fortified with multiple micronutrients namely Vitamin-A, Vitamin-C, Iron, Folic Acid through AWCs to address the problem of micronutrient malnutrition.

Candies were found sub-standard and less in quantity

The State Government signed (January 2006) the Memorandum of Understanding (MoU) with Micro Nutrient Initiative India (MI India) which would procure candies from suppliers or manufacturers of good repute and deliver candies during 2006-07 at the ICDS project level. Payment of Rs 14.15 crore was to be made as interest free advance. Of this, Rs 11.46 crore¹⁹ was paid to MI India till August 2007 against the supply of 68.45 crore candies. Out of 31 samples tested by audit and Directorate in seven labs²⁰ accredited by NABL²¹, 25 samples (*Appendix-XXIX*) were found substandard as the micronutrients present in candies were below the level prescribed as per MoU. Shortage in number of candy pieces was also found in joint verification of eight packets made by audit and project officials. Interestingly, MoU signed by the Government provided that acceptance of consignment of candies by the CDPOs at project level by signing the challans, shall be conclusive proof of the Government having verified and accepted the consignment as per prescribed standards and received in good condition. Thus, MoU did not safeguard the interest of the Government but provided undue favour to MI India as in absence of any quality testing infrastructure, CDPOs had no mechanism to check the quality assurance. Principal Secretary, Social Welfare Department stated (October 2007) that a committee had been set up to examine the matter.

MOU did not safeguard the interest of the government

Interest loss of Rs 11.86 lakh due to interest free advance

Further, interest free advance of Rs 3.82 crore was paid to MI India in March 2006 though supply of candies was started from July 2006. This amounted to undue aid to MI India as well as interest loss to Government amounting to Rs 11.86 lakh.

3.2.10 Immunisation

No immunisation register was maintained

As per ICDS guidelines all children below six years of age were to be immunised against diphtheria, whooping cough, tetanus, tuberculosis, polio and measles. All expectant mothers were also to be immunised against tetanus twice during pregnancy. ICDS functionaries were required to coordinate with Health Department to ensure visit of ANMs in AWCs every week on Wednesday to carry out health check up and immunisation.

¹⁹ Ist instalment: March 2006: Rs 3.82 crore; 2nd instalment: October 2006 3.82 crore and 3rd instalment January 2007: 3.82 crore.

²⁰ IITL, Lab, Delhi, FICCI, Delhi, ARBRO, Delhi, CHOKSI, Indore, CFTRI, Mysore, SRIRAM Lab, Delhi, AVON Food Lab, Delhi

²¹ National Accreditation Board for Testing and Calibration Laboratory

Scrutiny disclosed that no immunization was carried out in AWCs during 2002-07 as no immunisation register was maintained. Even in seven projects²² where six doctors, 36 ANMs and three LHV were posted; there were no records of immunization. The poor performance of immunization is corroborated by National Family Health Survey-3 (NFHS-3) report which states that immunisation of children in Bihar was 33 *per cent* in 2005-06 against the national average of 44 *per cent*.

3.2.11 *Health check up and referral services*

Prenatal and postnatal cards were not issued to mothers

Health check-up includes ante-natal care of expectant, nursing mothers and children under six years of age especially those born with congenital defects or severely malnourished. Records of prenatal care were to be kept in prenatal cards. Postnatal visits of mothers were to be made twice within 10 days after delivery. Prenatal and postnatal cards were not issued to mothers by the AWCs and no records of visit by AWWs to mothers after delivery were being maintained. Thus, delivery of service under the health check up component of the scheme could not be ascertained in audit.

The prenatal care of expectant mother showed a negligible increase of one *per cent*²³ as per NFHS-3 data. The average infant death per thousand live births had decreased to 62 (2005-06) from 78 (1998-99) which was higher than national average of 57. Since institutional delivery was considered as primary factor in reduction of IMR there was a need for synergising ICDS programme with National Rural Health Mission so as to bring institutional delivery (22 *per cent* in 2005-06) at par with national average of 40.7.

Health check up and referral services neglected; percentage of anemic children increased

Severe malnourished children, pregnant women and nursing mothers suffering from serious ailments were to be referred by the AWCs to nearby Primary Health Centre for treatment. In test checked projects, CDPOs or AWCs did not maintain any records of patients referred to PHCs / hospitals. Health checkup and referral services were neglected in AWCs which corroborated by NFHS-3 data as percentage of anemic children and women increased from 78 and 62 *per cent* in 1998-99 to 88 and 68 *per cent* in 2005-06 respectively.

3.2.12 *Incorrect reporting of growth chart by the Directorate*

Growth chart prepared by Directorate had no basis

The children in the age group of 0-6 years were to be weighed every month in the AWCs to watch the growth of the children and assess the nutritional status for grading them normal, Grade-1 (mild), Grade-II (moderate), Grade-III and IV (severely malnourished) and monthly reports thereof was to be sent to higher authorities. As against 14,298 functional AWCs, baby weighing scales were provided to 7,758 AWCs (54 *per cent*). No growth chart was being maintained in any of the test-checked AWCs and projects during 2002-07. Thus, the data relating to growth chart in Monthly Progress Report (MPR) of the Directorate was without any basis as well as impact of providing additional nutrients and health support to beneficiary remained unassessed.

²² Bhagalpur Sadar, Charpokhari, Darbhanga Sadar, Gaya Sadar, Manigachi, Mushari Sadar and Sherghati

²³ 17 *per cent* in 2005-06 compared to 16 *per cent* in 1998-99.

3.2.13 *Medicine kits*

Each AWC was to be provided with one medicine kit every year consisting of easy to use and dispensable medicines for common ailments like cough, common cold and skin infection.

Most of the AWCs did not have medicine kit

Medicine kits (29,155) purchased for the year 2001-02 was supplied to AWCs by the supplier during 2001-06 and payment of Rs 8.28 crore for the same was made for the supply of kits upto March 2004.

The distribution of medicine kits during 2002-07 in 100 test-checked projects was as under:

Particulars	2002-03	2003-04	2004-05	2005-06	2006-07
No. of AWCs	7,072	8,440	14,462	15,331	14,298
Medicine kits provided	5,656 (80)	1,223 (14)	205 (01)	292 (02)	NIL (--)

The above table showed that number of AWCs receiving medicine kits ranged from 0 to 14 per cent during 2003-07.

Further, 1818 medicine kits were provided to 10 test checked projects²⁴ without having functional AWCs during 2002-03 resulting in wasteful expenditure of Rs 10.91 lakh.

3.2.14 *Nutrition and health education programme and non-formal pre-school education*

Nutrition and health education programme was not carried out as no funds were provided by the Directorate.

Poor supply of pre school education kit

The pre-school education in AWCs was to be provided through non-formal method for which all AWCs were to be provided pre-school kit (PSE kits) every year. Against the requirement of Rs 11.33 crore on procurement of PSE kits for operational AWCs of the State during 2002-07, Rs 3.59 crore (32 per cent) was spent.

The position of provision of PSE kits in test checked projects during 2002-07 was as under:

Particulars	2002-03	2003-04	2004-05	2005-06	2006-07
Number of AWCs	7,072	8,440	14,462	15,331	14,298
PSE kits provided	7,189 (102)	588 (07)	298 (02)	2,528 (16)	357 (02)

(Figure in bracket indicates per cent)

The above table shows that provision of PSE kits were inadequate in the State during 2002-07. This had an adverse impact on admission in formal education in the State where 25.65 lakh children were out of school up to March 2007.

²⁴ Baikunthpur, Hathua, Kataya, Khodabandpur, Kuchaikot, Manjha, Morwa, Saraiya, Sonhaura and Tekair

3.2.15 Man power management

25 to 86 per cent posts were vacant

The sanctioned strength vis-a-vis men-in-position under the scheme up to March 2007 was as under:

Sl.No.	Category of post	Number of posts sanctioned	Staff in position	Vacant	Percentage of vacancy
1.	CDPO	537	184	353	66
2.	Statistical Assistant	543	93	450	83
3.	Lady supervisor	3,272	473	2,799	86
4.	Clerk-cum-typist	717	525	192	27
5.	Accountant-cum-storekeeper	70	26	44	63
6.	Driver	245	107	138	56
7.	Peon	663	205	458	69
8.	Aganwadi workers (AWW)	80,302	60,153	20,149	25
9.	Anganwadi Helpers	80,302	59,939	20,363	25
	Total	1,66,651	1,21,705	44,946	27

Thus, 66, 86 and 83 per cent vacancies existed in the cadres of CDPO, lady supervisor²⁵ and statistical assistant respectively in the State as on March 2007 leading to inadequate inspection and supervision of delivery of services.

Test check of 100 projects disclosed that against the sanctioned post of 100 CDPOs, 98 Statistical Assistants and 671 lady supervisors only 47, 32 and 18 per cent of respective posts were filled up. No lady supervisor was posted in three projects²⁶ comprising 542 AWCs which affected the programme adversely.

3.2.16 Training of the functionaries

The core functionaries were to be imparted training in job courses and refresher courses in 144 Aganwadi Training Centres (ATCs) and three middle level training centres (MLTCs) in the State. Only 63 ATCs and two MLTCs were functional till March 2007. The scheme envisaged 14 days induction training to all AWWs and 52 days on the job training to all AWWs, Lady Supervisors and CDPOs. Due to shortage of training centres, duration of induction training was curtailed (2004-05) to four days and on the job training to 30 days (2005-06). Orientation training of 6 days was to be provided to Anganwadi helpers. The target for training vis-à-vis staff actually trained during 2002-07 was as under:

Category	Induction and Orientation Training			Training in Job course			Refresher course		
	Target	Trained	Shortfall (per cent)	Target	Trained	Shortfall (per cent)	Target	Trained	Shortfall (per cent)
AWWs	34,591	24,782	9,809 (28)	43,434	29,784	13,650 (31)	23,515	14,986	8529 (36)
AWH	49,729	35,527	14,202 (29)	--	--	--	--	--	--

²⁵ One lady supervisor has to inspect at least 20 AWCs every month.

²⁶ Sonhaura (Bhagalpur), Sakra (Muzaffarpur) and Manihari (katihar)

37 per cent of Anganwadi workers left untrained

Against 39,386 new AWCs created during 2002-07, the target of training was fixed for 34,591 AWWs only. However, only 24,782 could be trained and thus total of 14,604 (37 per cent) AWWs were left untrained. Against, 393 CDPOs and 437 lady supervisors, only 41 CDPOs and 106 lady supervisors were given on the job training during 2003-07. Thus, lack of training of AWWs, lady supervisors and CDPOs adversely affected delivery of services particularly with regard to pre-school teaching and monitoring of health status.

3.2.17 Monitoring and inspection

Monitoring and evaluation was deficient

Five committees were constituted by the Government (November 1998) from AWC level to State level besides apex committee headed by Welfare Minister to monitor the programme. The apex committee and State level committee were required to meet at least twice in a year whereas committees at divisional level, district level, block level and AWC level were required to meet quarterly, bi monthly, monthly and fortnightly respectively. However, neither records of minutes of meetings nor decisions taken during these meetings were available.

In view of the Hon'ble Supreme Court's order, the Government issued directions (July 2005) regarding inspection, supervision and monitoring to be carried out by Deputy Director, Welfare Officer/ DPO/ CDPO and lady supervisors. A separate proforma for inspection by respective official was also prescribed.

In test-checked CDPOs it was noticed that inspections were not done by Deputy Director and Welfare Officer and only occasionally done by CDPOs. Inspection reports were not prepared in the prescribed proforma.

The monthly progress report (MPR) for the entire State was to be prepared by the Directorate on the basis of initial data received from CDPOs. In test-checked projects it was noticed that MPRs were prepared without any supporting records. Thus, MPR prepared by the Directorate did not provide the true picture of state of affairs of ICDS scheme.

3.2.17.1 Joint Inspection of AWCs

73 per cent AWCs found closed

Joint physical verification with CDPOs / officials of the project was carried out in 104 AWCs under test-checked projects in which 76 (73 per cent) were found closed. The presence of children ranged from 0 to 35 in 27 AWCs. Only in one centre, 40 children were found present (*Appendix-XXX*).



Closed Anganwadi Centre at Bangra Panchayat,
Samastipur Date: 13-04-2007 at 10.09 AM

Closed Anganwadi Centre at Pipra (West) under
Manjha Project, Gopalganj
Date :17-05-2007 at 10.:21 AM

Principal Secretary to Government stated (October 2007) that the action will be taken against erring Anganwadi workers.

3.2.18 Follow up action on Audit Report

Performance of the scheme during 1992-99 was reviewed and featured in para 3.5 of the Report of Comptroller and Auditor General of India for the year ended March 1999 NO 2 (Civil). The Public Accounts Committee in its Report number 387 observed that recommendations on the reports may be kept pending as points raised were pending in the Hon'ble Supreme Court. Deficiencies pointed out in the earlier Audit Report relating to cash management, SNP, provision of health and referral services, infrastructure, shortage of manpower persisted during 2002-07 as detailed in **Appendix-XXXI**.

3.2.19 Conclusion

The ICDS scheme being implemented in the State failed to achieve the objectives of providing basic services envisaged in the scheme like supplementary nutrition, health check up, pre-school education to children and care to expectant and nursing mothers. Planning was deficient and Directorate did not have basic statistical information required for planning. Coverage of target population was much below the norms in AWCs. The infrastructure in terms of AWCs buildings was inadequate and large number of AWCs were functioning in huts as well as in open space. Distribution of nutrients under SNP was insufficient and there were no authenticated records of distribution of take home ration. Nutri candies supplied to AWCs were of substandard quality. Seventy three *per cent* AWCs visited were found closed. Coordination between Social Welfare Department and Health and Family Welfare was lacking as ANMs were not visiting AWCs on every Wednesday. Medicine kits as well as health services were not being provided in most of the AWCs.

Recommendations

- Budget should be based on actual requirements to avoid savings.
- Basic infrastructure facilities including buildings, water supply, toilets and pre-school kits should be provided to all AWCs for delivery of quality services.
- Prescribed rate of food grain should be revised upwards in line with market rate / consumer price index. Suitable control mechanism may be devised to ensure quality of nutrients.
- Steps should be taken to ensure visit of ANM weekly at every AWCs for immunisation and health check up.
- Vacancies at the level of CDPOs, Lady Supervisors and Statistical Assistants should be filled up on a priority basis.

- The monitoring and inspection should be made effective as per guide lines.

The above points were pointed out to the Government (September 2007); their reply had not been received (October 2007).

ROAD CONSTRUCTION DEPARTMENT

3.3 Construction and maintenance of roads in flood affected districts

Highlights

An efficient road network maximizes economic and social benefits by enabling mobility of people and facilitating transportation of goods and services. Absence of planning and ineffective execution of works characterised construction and maintenance of roads in flood-affected districts. Only 11 per cent of works were completed during 2002-07. Weak contract management led to wasteful expenditure of Rs 14.09 crore and fraudulent payment of Rs 46 lakh. Quality control was non-existent, as internal controls relating to quality checking of stone metals and bitumen were not enforced.

Twenty five works in 13 divisions having estimated cost of Rs 59.86 crore taken up during 2002-04 were abandoned after incurring expenditure of Rs 11.27 crore upto 2004-05 as these works were not included in plans of 2006-07 onwards.

(Paragraph 3.3.7)

Six works valued Rs 6.88 crore were awarded without ensuring ownership of equipment by contractors resulting in unfruitful expenditure of Rs 1.90 crore.

(Paragraph 3.3.8.2)

Payment of Rs 5.81 crore was made for substandard work as defects were not rectified despite being pointed out by the Executive Engineer.

(Paragraph 3.3.8.3)

Payment of Rs 10.04 crore was made for the doubtful execution of work in 43 cases. Suspected fraudulent payment of Rs 39.40 lakh was made by RC division, Darbhanga in four works.

(Paragraph 3.3.8.4 and 3.3.8.5)

Five divisions paid Rs 43.60 crore in 62 contracts during 2003-07 without obtaining form 'M' and 'N' and verification of lifting of stone chips from concerned mining officers.

(Paragraph 3.3.8.6)

Quality control was ineffective and materials valued Rs 6.52 crore in eight works were used without quality test.

(Paragraph 3.3.9.2)

3.3.1 Introduction

Road is an essential infrastructure as it sets the pace for socio-economic growth and development by facilitating the smooth transportation. Road

Construction Department (RCD) is responsible for the construction and maintenance in 13,776.47 kms²⁷ road length covering State Highways (SH), major district roads, National Highways (NH) besides bridges. The average road length in Bihar is 90.10 km per one lakh population against national average of 256.70 km. This may be attributed as one of the reasons of slow socio-economic growth of Bihar.

Out of 38 districts, the Disaster Management Department declared 12 to 26 districts²⁸ as flood affected districts during 2002-07. Of these, 12 districts²⁹ were flood affected in all the preceding five years.

3.3.2 Organisational set up

Principal Secretary, Road Construction Department (RCD) was the overall incharge of the Department and assisted by Engineer-in-Chief (EIC)-cum-Special Secretary, eight Chief Engineers (CEs), one Director of purchase and one Special Officer Communication. In the field, the works were executed through 43 Executive Engineers (EEs) under the supervision of 25 Superintending Engineers (SEs).

3.3.3 Audit objectives

Audit objectives were to examine whether:

- the financial management was effective;
- the estimates were based on sound technical inputs for securing economy, efficiency and quality;
- the contracts were awarded, executed and completed as per extant rules;
- the quality control system existed as per specification of Indian Road Congress (IRC) / Ministry of Road Transport and Highways (MORTH) and
- the monitoring system in the Department was effective.

3.3.4 Audit criteria

Audit criteria, used to evaluate the construction and maintenance of roads in the flood affected districts were:

- Bihar Public Works Department (BPWD) Code and Bihar Public Works Accounts (BPWA) Code;
- Specifications of IRC/ MORTH;
- Approved estimates.

²⁷ NH: 2830 km, SH: 3232.22 km and MDR: 7714.25 km.

²⁸ Araria, Begusarai, Bhagalpur, Darbhanga, East Champaran, Gopalganj, Katihar, Khagaria, Kishanganj, Lakhisarai, Madhepura, Madhubani, Muzaffarpur, Nalanda, Patna, Purnea, Saharsa, Samastipur, Saran, Sheohar, Shiekhpora, Sitamarhi, Siwan, Supaul, Vaishali, West Champaran.

²⁹ Bhagalpur, Darbhanga, East Champaran, Katihar, Khagaria, Madhubani, Muzaffarpur, Saharsa, Samastipur, Sitamarhi, Supaul, West Champaran.

3.3.5 Audit coverage and methodology

The records of EIC, eight RC Divisions³⁰ (out of 43) and two NH Divisions³¹ (out of 28) covering 2847.88 km length³² in eight flood affected districts³³ for the period 2002-07 were test checked between January 2007 and July 2007. In the selected divisions, 127 contracts³⁴ valuing Rs. 225.66 crore were examined.

Entry conference with the Principal Secretary, Road Construction Department was held in May 2007, in which audit objectives and methodology were explained. Exit conference was held in October 2007 to discuss the findings of performance audit wherein the Principal Secretary, RCD, assured that the points raised by the audit would be examined.

Audit Findings

3.3.6 Financial management

The budget provision, allotment and expenditure of the Department during 2002-07 were as under:

Year	Budget Provision			Allotment			Expenditure			Savings
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total	
2002-03	81.04	223.09	304.13	41.71	102.56	144.27	40.93	83.30	124.23	20.04
2003-04	120.58	225.51	346.09	29.03	110.79	139.82	28.59	110.49	139.08	0.74
2004-05	644.52	246.57	891.09	37.81	134.49	172.30	35.01	133.00	168.01	4.29
2005-06	648.04	288.58	936.62	97.81	166.26	264.07	10.40	156.81	167.21	96.86
2006-07	1563.37	341.26	1904.63	681.28	214.54	895.82	375.63	196.78	572.41	323.41
Total	3057.55	1325.01	4382.56	887.64	728.64	1616.28	490.56	680.38	1170.94	445.34

(Rupees in crore)

Source: Annual Report and allotment and expenditure statement of RCD.

Analysis of the table and scrutiny of records disclosed the following:

- It may be seen from the table that against the budget provision of Rs 4,382.56 crore, the actual allotment was Rs 1,616.28 crore and expenditure was Rs 1,170.94 crore. The detailed schedule of works were not prepared as required under Rule 87 of Bihar Budget Manual during 2002-07. An examination of budget proposals showed that the budget provision was made without firming up funds under the Plan resulting in huge gap between budget provision and allotment under Plan.
- Out of Rs 375.63 crore shown as expenditure under plan during 2006-07, Rs 186.54 crore was transferred to Bihar Rajya Pul Nirman Nigam

³⁰ Road Construction Divisions: Darbhanga, East Champaran, Katihar, Kishanganj, Madhubani, Muzaffarpur, Samastipur and West Champaran.

³¹ N.H. Division no. 1, Muzaffarpur and N.H. Division, Jainagar.

³² NH:297 km, SH: 531.86 kms and MDR:2019.02 km.

³³ Darbhanga, East Champaran, Katihar, Kishanganj, Madhubani, Muzaffarpur, Samastipur and West Champaran.

³⁴ Out of 127 contracts test-checked 35 works valuing Rs 194.23 crore were under plan head and 92 works valuing Rs 31.45 crore were under non-plan head.

(BRPNN). Thus, the expenditure figures were overstated by Rs 186.54 crore as of March 2007.

3.3.6.1 Liability

Rule 130 of Bihar Public Works Department Code provides that no work should be commenced or liabilities incurred until appropriation of funds are made.

Execution of work without availability of funds led to creation of liability of Rs. 1.08 crore

Test-check of RC Division, Madhubani disclosed that against available funds of Rs 74 lakh during 2004-05, 22 agreements valued Rs 3.04 crore were executed with different contractors (September 2004-December 2004). All the works were to be completed within 15 days but work valuing Rs 1.76 crore was measured and payment of Rs. 68.26 lakh was made (March 2005) resulting in creation of liability of Rs 1.08 crore. The EE requested (April 2005) the Department for release of funds to discharge the liability and complete the remaining work. However, no allotment was made to division (January 2007) and works remained incomplete as of January 2007. The works carried out were transient in nature comprising of earth work, brick soling, local sand and brick bat filling. Hence the survival of these works after passage of three years was not possible. Thus, execution of works without funds resulted in liability to Rs 1.08 crore and wasteful expenditure of Rs 68.26 lakh.

Payment of Rs. 3.20 crore was made for discharge of liability without fixing responsibility

In RCD Secretariat, Bihar, Patna, payment of Rs 3.20 crore on account of discharge of liability (Principal: Rs 1.67 crore, Interest: Rs 1.53 crore) was made in 42 cases during 2005-06 without fixing responsibility of liability creation. Only six files of liability payment were made available to audit. Interesting points noticed were as under:

- Hon'ble High Court, Patna allowed (May 2004) four months time to the Department to file deficit court fee/stamp (Rs 0.01 lakh) but the same was not deposited leading to the dismissal of appeal and the Department had to pay Rs 52.91 lakh to the contractor (August 2005) (RCD, Hajipur).
- Due to non-payment of the compensation of land acquisition (Rs 9.13 lakh) in time, the Department had to pay Rs 43.06 lakh (February 2006) as interest. Legal Advisor of the State Government also advised the Department to prevent recurrence of this type of payment in future (RCD, Ganga Bridge Project, Patna).
- Due to issue of cheque (Rs 1.97 lakh) in the name of Binod Narain Singh (August 2000) instead of Binod Narain Sinha and submission of incomplete statement of fact, the Hon'ble High Court, Patna rejected the plea of the Government and the Government had to pay Rs 54.81 lakh as interest (March 2006) (RCD, Arrah).
- Tenders were invited for kms 436 and 439 of NH-28 which was not within the scope of approved plan of MORTH as a result of which the Department had to pay an additional amount of Rs 75.24 lakh (March 2006) (NH Division, Motihari).

3.3.7 Planning

Annual action plans for construction under plan head of roads were not being prepared. Prior to February 2006 the Department did not have organized planning wing, which was strengthened (February 2006) by posting of two additional Assistant Engineers and one Executive Engineer under Special Officer (Communication). The approved works under plan and non-plan head and achievements made during 2002-07 were as under:

Plan head

(Rupees in crore)

Year	Number of works approved		Number of works taken up		Number of works completed		Percentage of completed works
	Number	Value	Number	Value	Number	Value	
1	2	3	4	5	6	7	8 (7/5)
2002-03	122	254.77	84	176.10	23	38.00	22
2003-04	72	179.08	68	165.16	14	26.67	16
2004-05	104	208.87	68	138.06	12	22.37	16
2005-06	149	687.03	47	157.89	18	52.90	34
2006-07	396	2243.13	375	2160.30	1	2.20	0.10
Total	843	3572.88	642	2797.51	68	142.14	

Thus, 68 works were completed out of 642 works taken up during 2002-07. This was due to delay in technical sanction of estimate, finalisation of tendering process and non-adherence to work programme of execution of work. Plans should have given priority to incomplete works over taking up of new works.

Wasteful expenditure of Rs.11.27 crore on abandoned works

Scrutiny of EIC's records revealed that 25 works in 13 Divisions³⁵ having estimated cost of Rs 59.86 crore taken up during 2002-04 were abandoned after incurring expenditure of Rs 11.27 crore up to 2004-05 as these works were not included in the schemes planned in 2006-07 onwards.

3.3.8 Execution of works

3.3.8.1 Preparation of Estimate

The manual of the MORTH for construction and supervision of bituminous work stipulates that absence of hard shoulders and drainage cause early breaking of edge and if corrective measures are not taken, it would result in a significant loss in carriage way width. Rule 102 of BPWD Code stipulates that estimate of work should consist of report, specification, detailed statement of measurements, quantities and rates with abstract showing the total estimated

³⁵ RC Division, Gaya-6 works-Rs.1.07crore; RC Division, Aurangabad-5 works-Rs.3.17 crore; RC Division, Darbhanga-3 works-Rs.0.62crore; RC Division, Patna(West)-2 works-Rs.2.51crore; RC Division, Sitamarhi-1 works-Rs.0.22crore; RC Division, Chapra-1 works-Rs.0.33 crore; RC Division, Munger-1 works-Rs.1.37 crore; RC Division, Dehri-on- sone-1 works-Rs.1.01 crore; RC Division, Saharsa-1 works-Rs.0.19 crore; RC Division, Patna City-1 works-Rs.0.35 crore; RC Division, Siwan-1 work-Rs.0.04 crore; RC Division, Jahanabad-1 works-Rs.0.14 crore; RC Division, Nawada-1 works-Rs.0.25 crore;

cost of each item. In case of estimate for repairs or maintenance, only specification and the detailed statement of measurements and quantities with the abstract would ordinarily be required. Irregularities noticed in the preparation of estimates in the test checked divisions were as under:

- Scrutiny of 127 estimates disclosed that there were no provisions for hard shoulders and drainage.
- SE, RC Division, Darbhanga approved (August 2004) estimate of Rs 90 lakh for special repair to Thengha-Mahinam Ghat Road (14.60 km to 18.60 km). Tender process was not initiated and later estimate was divided (October 2004) into two parts (Rs 86 lakh and Rs 96 lakh). The estimate was enhanced to Rs 1.82 crore without any justification by increasing the quantity of earthwork, granular sub base and consolidation of SMG-II though the specifications of the road remained the same. The EE replied that increase was due to non-execution of work on earlier bill of quantity (BOQ) and damage of road in flood. The reply was not tenable as reasons for not inviting tender was not on record. Besides, there was no assessment report relating to damage caused by flood.
- The CE accorded (August 2006) technical sanction of Rs 77.95 crore for construction of eight roads³⁶ under RC Division, Motihari. Works could not be started due to non-approval of BOQ. After four months, tender for the same works were invited (December 2006) at enhanced BOQ for Rs 88.64 crore. Thus, cost of the works was increased by Rs 10.69 crore within a short span of four months without any justification.
- R C Division, Darbhanga awarded work of improvement of 0 to 26.2 km of Jale-Atarbel Road (April 2006) valued Rs 20.39 crore to an agency. The contract provided for work of granular sub base (GSB) with jhama metal and water bound macadam (WBM) with SMG- II and III. The CE, North Bihar Wing submitted a proposal (March 2006) to change the specification of GSB from jhama metal to SMG-I and WBM to Wet Mix Macadam (WMM) but rejected by the tender committee on the ground that tender was at the finalisation stage. Subsequently, supplementary agreement was executed (November 2006) for Rs 3.01 crore with the same contractor to change the work of GSB with SMG I, resulting in enhancement of project cost by Rs 1.82 crore³⁷. However, specification of WBM remained unchanged and therefore desired quality was not achieved. Thus, supplementary agreement of Rs 3.01 crore to substitute GSB with SMG-I amounted to

BOQ valued Rs 90 lakh was enhanced to Rs 1.82 crore without justification.

Change in specification led to enhancement of project cost by Rs 1.82 crore

³⁶ Motihari-Madhubani ghat (16km), Pathpakri-Gurhanwa road (11.5 km), Pakridayal-Sirha-Madhuban-Minapur road (26.6 km), Chakia-Madhuban road (8.4 km), Chitraha-Bariyarpur road (15 km), Chakia-Kesaria-Satarghat road (27 km), Chapwa-Harsidhi-Sewraha road (19.15 km), Motihari-Barnawaghat-Ghauradana road (29 km)

³⁷ Rs 3.01 crore (SMG-I) – Rs 1.19 crore (Jhama metal)

undue benefit to contractor, as this should have been included in estimates before inviting bids.

Principal Secretary during the exit conference (October 2007) stated that level of roads should be raised above high water level in flood prone areas providing for sufficient number of bridges and culverts. He further stated that RCC roads should be constructed wherever it was not possible to raise the level of road in view of densely populated regions.

3.3.8.2 Tendering

Appendix-A of BPW Accounts Code and special condition of contract prescribed that only those contractors were required to submit the tenders who owned at least Hot Mix Plant with electronic control, Paver Finisher, Front End Loader, Tandem Roller, Vibratory Roller, etc.

Six works were awarded in three test-checked divisions in violation of the aforesaid codal provisions leading to delay in completion of works as shown in the table below:

Award of work valued at Rs.6.88 crore without verifying the capacity of contractors.

<i>(Rupees in crore)</i>						
Name of division	Number of works ³⁸	Date of start	Schedule date of completion	Contract value	Expenditure	Remarks
RC Division, Kishanganj	1	December 2004	March 2005	0.97	0.63	Award of work was without obtaining evidence in support of availability of equipment, plant and machinery. The work remained incomplete upto April 2007.
RC Division, Katihar	3	November 2006	July 2007	4.35	1.06	Award of work beyond capacity of contractor in terms of equipment and lesser capacity of Hot Mix Plant. The work remained incomplete upto August 2007.
RC Division, Motihari	2	February 2007	March 2007	1.56	0.21	Without proof of contractor's capacity to deliver in terms of ownership of equipment resulted in non completion of work upto April 2007.
Total	6			6.88	1.90	

Thus, award of work beyond capacity of the contractors led to unfruitful expenditure of Rs 1.90 crore as all the works remained incomplete as on September 2007.

3.3.8.3 Sub-standard work

Clause 13 of the contract requires the contractor to rectify the defects pointed out by Engineer-in-Charge. However, three divisions paid Rs 5.81 crore for

³⁸ Repair and renewal of KTTG Road- Ag No.28 F₂/05-06; Improvement of Raghunath pur Balrampur Road- Ag No.19 F₂/06-07; S/R to Kurum Gaighatta Road -Ag No.37 F₂/06-07; SR to Damdama Azamnagar Kesrichowk- Ag No. 53 F₂ /06-07; Strengthening of Madhopur Bharupia Road-Ag No. 18 F₂/06-07; S/R to Pipra link road-Ag No. 22 F₂/06-07

substandard execution in eight works as defects were not rectified despite being pointed out by the EE.

(Rupees in crore)

Name of division	Number of work ³⁹	Contract value	Expenditure	Remarks
RC Division, Darbhanga	2	1.74	1.72	Bituminous surface was found damaged in 2004-05. Rectification carried out by the contractor was doubtful as there was no proof of procurement of bitumen for rectification of damaged road.
RC Division, Ramnagar	5	2.92	2.56	Just after 15 days of final payment (April 2006) three works were found damaged (8F ₂ , 24 F ₂ , 25 F ₂ / 2004-05) Work was found damaged in each km of road as per last measurement (January 2006). District Magistrate, West Champaran (2004) and Chief Engineer, Darbhanga (January 2006) recommended for blacklisting the contractor to the Department (29 F ₂ /2001-02). Work was executed without use of high speed diesel and it was damaged. Executive Engineer asked (July 2005) the contractor to rectify the damages (2F ₂ /2004-05). But neither damaged works were rectified nor any action against contractor was taken upto March 2007.
NH Division, Jainagar	1	1.53	1.53	Consolidation work was done with jhama metal and earth in place of stone metal and morum in violation of agreement leading to substandard work which was not rectified by the contractor despite instructions (June 2003) from Executive Engineer.
Total	8	6.19	5.81	

3.3.8.4 Doubtful execution of work

Doubtful execution of work valuing Rs six crore due to non mentioning of exact location

Estimates for 16 repair works valued Rs 6.34 crore were made without specifying exact location of chainage in kilometer where maintenance works were to be executed. Thus, execution of these works during 2005-07 valued at Rs six crore was doubtful (*Appendix-XXXII*).

³⁹ RCD, Road Division, Darbhanga -Improvement of Thengha Dasaut Pakari Jayantipur Mahinamghat Road- Agr.No.- 86F₂/04-05 & 85F₂/04-05, RC Division, Ramnagar-S/R work to Lauria Ramnagar Road - Agr. No. 8F₂/04-05, 24F₂/04-05 & 25F₂/04-05; Strengthening and S/R to Lauria Shikarpur Thorhi Road- Agr.No. 5F₂/04-05 & 29F₂/01-02; NH Division, Jainagar- IRQP of NH 104- km 133 to 142- Agr.No.- 5F₂/03-04.

Doubtful execution of work valuing Rs 4.04 crore by execution of different layers of work on same day, repeated repair in same stretch

In seven works, the different layers of construction work valuing Rs 1.12 crore were executed and measured on the same day. As execution and measurement of different layers of works in one day was not possible, the entire expenditure of Rs 1.12 crore was doubtful (*Appendix-XXXIII*). Similarly, the payment of Rs 2.92 crore made on execution of 20 works on repairs carried out repeatedly in same stretches of roads, doubtful entries in the measurement book and where no proof of procurement of bitumen in support of bituminous work (*Appendix-XXXIV*) was furnished. As the execution of work in these cases was doubtful, it would be appropriate if detailed investigation is done.

3.3.8.5 *Fraudulent payment*

Fraudulent payment of Rs 39.40 lakh on fake invoices/short procurement of bitumen

The work contract provides that the contractor has to procure bitumen from Government of India undertaking and submit the documents in support of procurement within 48 hours of receipt of bitumen. As per the manual of the MORTH regarding construction and supervision of bituminous works, insufficient bitumen content in localised areas of the surfacing layer can cause potholes.

This procedure was violated in test-checked divisions and Rs 39.40 lakh was fraudulently paid by RC Division, Darbhanga as detailed below:

Sl. No.	Name of Division	Name of work/ Agreement no./ year	Quantity of bitumen required for execution of work shown in MB	Quantity of bitumen actually lifted as confirmed by IOC to audit	Fraudulent payment on account of excess consumption of bitumen (Rs in lakh)	Nature of fraud	Value of sub-standard work due to insufficient bitumen (Rs in lakh)
			(MT)				
1	RC Division Darbhanga	Widening and strengthening to Goraul-Alinagar-Jamalpur Road (km 0 to 5)/ 86F ₂ / 2003-04	136.730	108.634	4.87	211.26 MT bitumen was required for execution of works shown in MB. Cross verification from IOC in all three cases confirmed procurement of 168.937 MT bitumen.	49.99
2	RC Division Darbhanga	Special repair to Shivnagar-Ghanshyampur-Rasiari Ghat Road/ 58F ₂ /2004-05	31.862	27.173	0.81	Thus, payment against cost of 52.328 MT bitumen valuing Rs 8.94 lakh was fraudulent.	4.92
3	RC Division Darbhanga	Special repair to Ashapur-Alinagar road/ 115F ₂ /2004-05	42.673	33.130	3.26		25.85

Sl. No.	Name of Division	Name of work/ Agreement no./ year	Quantity of bitumen required for execution of work shown in MB	Quantity of bitumen actually lifted as confirmed by IOC to audit	Fraudulent payment on account of excess consumption of bitumen (Rs in lakh)	Nature of fraud	Value of sub-standard work due to insufficient bitumen (Rs in lakh)
			(MT)				
4	RC Division Darbhanga	Special repair to VIP Road , Pot patch PBM Road and repair work to Darbhanga-Samastipur Road- Agr. No. 1F ₂ /2005-06 to 5F ₂ /2005-06	182.467	NIL	30.46	The contractor was paid for 182.467 MT of bitumen against available challans of 76.38 MT only. Verification of copy of invoice submitted by the contractor with the records of IOC disclosed that SAP code No. (131679) shown in the invoices submitted by the contractor belonged to Executive Engineer, PWD, NH Division, Jhalwar (Rajsthan) and contract no. 40092454 shown in invoices submitted by the contractor belonged to the different contractor having SAP code No. 167835. Thus, the invoices submitted by the contractor in support of procurement of bitumen were fake and fraudulent payment of Rs 30.46 lakh on account of 182.467 MT of bitumen was made.	80.92
	Total				39.40		161.68

Thus, execution of aforesaid works amounting to Rs 1.62 crore was substandard because of insufficient bitumen.

Fraudulent payment of Rs 6.45 lakh due to double measurement

The periodical renewal work of NH 28 under NH Division-I, Muzaffarpur executed by a contractor was recorded twice (06/02/2007) (3,034.50 sqm. tack coat and 151.72 cum bituminous macadam) for same stretch i.e., in km 607 and 608 in MB. Consequently, work was measured twice resulting in fraudulent payment of Rs 6.45 lakh.

In eight⁴⁰ works, payment of Rs 70 lakh made to the contractors without receipt of bitumen invoices. Due to non-availability of invoices, the

⁴⁰ RC Division Darbhanga-Pot patch to Sakri-Bahera Road: Agr No. 11 F₂/05-06, Pot patch to DB4 Road: Agr No. 13 F₂/05-06, W/s Ashapur-Alinagar Road: Agr. No. 114 F₂/04-05, RC

payments could not be verified by audit. The matter requires investigation by the Department.

3.3.8.6 *Doubtful use of stone metals of specified quality*

Bihar Minor Mineral Concession Rules, 1972 provided that contractors should furnish an affidavit in form 'M' and particulars in form 'N' indicating therein the source of purchase of minerals, price paid and quantity procured along with the bill to concerned division. The division in turns sends form 'M' and 'N' for verification to concerned Mining Offices.

Payment of Rs. 43.60 crore was made violating BMMC Rule 1972

Five divisions⁴¹ paid Rs 43.60 crore in 62 contracts during 2003 -07 without obtaining form 'M' and 'N' and verification of lifting of stone chips from the concerned mining officers. Thus, use of substandard stone chips besides illegal mining could not be ruled out. The matter requires investigation by the Department.

3.3.8.7 *Non recovery of penalty on account of time extension*

Clause-2 of F₂ agreement provides that contractor is liable to pay compensation in case of failure to complete the work in stipulated time equal to half *per cent* per day of the estimated value of incomplete work subject to a maximum of 10 *per cent* of the estimated cost of the whole work.

Penalty of Rs 1.04 crore not levied on contractors for delayed execution of works

In eight test checked divisions, penalty of Rs 1.04 crore in 18 works for delay in execution of work was not levied on contractors even though no time extension was granted (*Appendix-XXXV*).

3.3.8.8 *Wasteful expenditure*

Expenditure of Rs 2.82 crore on incomplete work

Bihar Public Works Department Code states that to achieve intended objective of the expenditure and to provide smooth traffic, the construction of road must be completed with all items in limited length rather than earth works and metal works in full length of the road.

In contravention of above provision, payment of Rs 2.82 crore was made for five incomplete special repair works in test-checked divisions even though important items of work were not executed resulting in wasteful expenditure (*Appendix-XXXVI*).

3.3.9 *Quality assurance*

Manual of MORTH for the construction and the supervision of bituminous works emphasises the need for quality control in road construction. Control

Division Muzaffarpur-S/R Muzaffarpur Pusa Road: Agr No. 4 F₂/03-04, S/R to Jafarpur Paroo -Manikpur Road: Agr. No.19 F₂/05-06, S/R to Sarayia -Jaitpur--Motipur Road, Agr. No. 16 F₂/06-07, NH Division no. I, Muzaffarpur : Pot patch to NH 28 from km. 597 to 608 – Agr. no. 3F₂/2006-07, Restoration of traffic in NH-28 from km 527 (P) to 533 (P) – Agr. No. 15F₂/2005-06

⁴¹ Road Construction Department Road Division, Darbhanga (Rs 7.89 crore), Muzaffarpur (Rs 9.07 crore), Samastipur (Rs 18.72 crore), NH Division I, Muzaffarpur (Rs 0.13 crore) and Katihar (Rs 7.79 crore)

must be exercised over procurement of materials and their processing in order to achieve the required finished quality. Deficiency in quality of stone chips and bitumen, the two major items being utilised in construction, repair and maintenance of roads is discussed in succeeding paragraphs.

3.3.9.1 Quality testing infrastructure of the Department

There were four flying squad divisions for quality inspection of roadwork under the control of CE of Central Design Organisation, RCD which were responsible for collecting samples of road and testing them in departmental Testing and Research Institute (TRI). Test check of records of flying squad Division No. I showed that collection of samples in respect of 46 roads works were collected in 2006-07 but result of the tests were not available with Division. However, scrutiny of records of 2006-07 at TRI disclosed that 44 reports out of 365 test checked confirmed deficient bitumen content and 35 reports out of 244 test checked confirmed that stone chips were not of required size but no action was taken.

3.3.9.2 Quality test of materials

IRC specifications for Road and Bridge works provides that materials to be used, methods adopted and work performed should strictly be in accordance with the requirement of specifications. Further, special condition of the contract provides that the EE or his authorised representative shall collect the sample from procured bitumen and test it as per I.S.73 in the departmental laboratory within seven days from the receipt of bitumen sample. The use of the bitumen is permissible only after satisfactory test result. However, this provision was not followed in test-checked divisions and thus, the use of substandard bitumen could not be ruled out. The special conditions of the contract also provide that materials should be procured from approved quarries and used after approval of the sample by competent authority. In respect of eight works in test-checked divisions materials valued Rs 6.52 crore were used without quality test (*Appendix-XXXVII*).

3.3.10 Monitoring

Monitoring wing functioning under Engineer-in-Chief (EIC) consisting of one CE, two SEs, 11 EEs and 144 AEs was responsible to monitor the implementation of road works and supervision of their maintenance. This wing failed to ensure timely completion of roadwork as well as its quality during 2002-06. Physical and financial progress of works was not being monitored on a periodical basis in a systematic manner. However, monitoring was strengthened in 2006-07 by issuing direction for submission of online progress report in respect of weekly financial progress of work and updated expenditure incurred on going works in prescribed formats twice in a week.

3.3.11 Conclusion

Construction and maintenance of road in flood-affected districts during 2002-07 was characterised by deficient planning and irregular execution. Unrealistic and inflated estimates were prepared leading to additional cost and doubtful

Payment of Rs. 6.52 crore was made on materials used in eight works without quality test.

execution. Contract management was weak as reflected in award of work to bidders not satisfying required pre-qualifications and wasteful expenditure on incomplete works. There was complete failure of internal control mechanism, which is evident from doubtful execution of works and fraudulent payments on account of unlifted bitumen without invoices, recording of work twice etc. Violation of Bihar Mines Mineral and Concession rule resulted in use of substandard stone chips. Quality control was ineffective as no action was taken on substandard samples.

Recommendations

- Shoulders and drainage as per IRC specifications should be provided in the estimates.
- Internal control relating to procurement of bitumen and stone chips should be strictly enforced to prevent fraudulent payment and substandard execution of work. Responsibility may be fixed at each point.
- Execution of works should be ensured in time and penalty should be levied on contractor for delayed execution of work.
- Where cases of execution were doubtful, suitable mechanism may be devised and responsibility may be fixed to each level. The working of proposed mechanism must be reviewed at highest level in the Government.
- The quality control should be made more effective and immediate action should be taken on reports confirming substandard execution.

The above points were reported to Government (October 2007); their reply had not been received (October 2007).

RURAL DEVELOPMENT DEPARTMENT

3.4 Wage Employment Programmes

Highlights

Wage employment programmes were centrally sponsored schemes to provide additional wage employment, food security and creation of durable assets. National Rural Employment Guarantee Scheme (NREGS) introduced in 2006 guaranteed employment of 100 days in a year for every household willing to do manual work.

Unfruitful expenditure of Rs 47.46 lakh was made for preparation of perspective plan under NFFWP in eight test checked districts. Perspective plan and shelf of projects were not prepared under NREGS. Annual action plans contained schemes with higher material labour ratio than prescribed norms

(Paragraph 3.4.6)

Funds of Rs 24.97 crore provided for payment of wages under SGRY and NFFWP were diverted towards sales tax and marketing fees. No work

under NREGS was undertaken in nine test checked offices despite availability of Rs 23.66 crore.

(Paragraph 3.4.7.2)

Internal controls relating to identification of labourers, works and payment of wages were not working under NREGS. Reports of employment generation were without any basis.

(Paragraph 3.4.9.1 to 3.4.9.4)

There was non accountal of 5,345 MT rice valued Rs 7.06 crore, in three ZP's, one DRDA and 18 blocks in six districts. DRDA, Supaul did not have records of lifting and issue of one lakh MT rice. 1,724 MT rice lifted from FCI depot Darbhanga was doubtful as vehicles shown to be used in carriage were registered as motorcycles, scooters, trailor and bus.

(Paragraph 3.4.10.2)

Rice (6109 MT) valued Rs 8.06 crore was shown as distributed on muster rolls before the date of lifting of rice. Fraudulent payment of Rs 19.81 lakh was made in respect of 88 works under SGRY, NFFWP and NREGS in test checked districts. Besides, muster rolls amounting to Rs 29.69 lakh were without having date and work order number indicating doubtful execution of work.

(Paragraph 3.4.10.3)

Expenditure of Rs 104.97 crore on incomplete schemes under SGRY, NFFWP and NREGS may prove wasteful because of heavy rain and flood in 2006-07.

(Paragraph 3.4.10.5)

Unadjusted advances amounting to Rs 43.02 crore were yet to be recovered from 236 government servants in 16 test checked offices.

(Paragraph 3.4.10.6)

Payment of Rs 12.85 crore for 485 works was made without passing the vouchers and muster rolls in four districts.

(Paragraph 3.4.10.9)

3.4.1 Introduction

Wage employment programmes for generating employment for rural households were being implemented in the State since 1960s under different centrally sponsored schemes. The Sampoorna Grameen Rojgar Yojana (SGRY) was introduced (September 2001) in all the 38 districts of the State by merging Jawahar Gram Smridhi Yojana and Employment Assurance scheme. National Food for Work Programme (NFFWP), a hundred *per cent* centrally sponsored scheme was launched (October 2004) in 15 districts of the State to augment the resources available under SGRY. Subsequently, National Rural Employment Guarantee Scheme (NREGS) was introduced (February 2006) in 23 districts by merging SGRY and NFFWP with the objective to provide at least 100 days of guaranteed employment in a year to rural households.

3.4.2 Organisational set up

Principal Secretary of Rural Development Department (RDD) assisted by Additional Secretary and Joint Development Commissioner was responsible for implementation of the Wage Employment Schemes in the State. At district level, NFFWP was implemented by District Magistrates (DMs) while SGRY

and NREGS was implemented by Deputy Development Commissioners (DDCs)-cum- Chief Executive Officers (CEOs) of Zila Parishads (ZPs). The Block Development Officer (BDO) and Mukhias were responsible for implementation of SGRY and NREGS at block/ Intermediate Panchayat (IP) and Gram Panchayat (GP) respectively.

3.4.3 *Audit objectives*

Audit objectives were to examine whether:

- the planning was adequate, complete and based on reliable data;
- the gainful utilisation of funds and foodgrains was ensured;
- the works under the schemes were executed economically, efficiently and effectively as per prescribed norms;
- the internal controls envisaged in NREGS were working effectively and
- the monitoring system was in place as provided in the guidelines of the schemes.

3.4.4 *Audit criteria*

The audit criteria used to evaluate the schemes were:

- The guidelines issued by GOI for implementation of SGRY, NFFWP and NREGS;
- Bihar Financial Rules (BFR) and
- Circulars and orders issued by RDD from time to time.

3.4.5 *Audit coverage and methodology*

Performance Audit of implementation of SGRY (2002-07), NFFWP(2004-07) and NREGS (2005-07) was conducted through test check of records in the RDD, nine District Rural Development Agencies (DRDAs)⁴², 26 blocks and 60 gram panchayats between March 2007 and July 2007. Out of nine DRDAs, six DRDAs and 12 blocks (two from each district) were selected by applying SRSWOR⁴³ method and 48 Gram Panchayats (four from each block) were selected on the basis of PPSWR⁴⁴. Remaining three districts were selected division wise. Entry conference was held on 11 May 2007 with Commissioner-cum-Secretary, Rural Development Department (RDD) in which audit objectives, criteria and methodology were explained. The exit conference was held on 17 October 2007 with Principal Secretary of the Rural Development Department wherein audit findings were discussed.

⁴² Darbhanga, Gaya, Katihar, Madhubani, Munger, Muzaffarpur, Nalanda, Samastipur and Supaul.

⁴³ SRSWOR- Simple Random Sampling Without Replacement.

⁴⁴ PPSWR - Probability Proportional to Size With Replacement.

Audit findings

3.4.6 Planning

The guidelines of the SGRY stipulated approval of annual action plan (AAP) before commencement of the financial year which should be equivalent to value of about 125 *per cent* of its share of funds allocated in the preceding financial year. For implementation of NFFWP, a perspective plan for five years was to be prepared for the district and approved by the Central Government. In NREGS, a district perspective plan of five years was to be prepared to provide a development perspective for the district. The AAP for the district would be the working plan that identifies the activities to be taken up on priority in a year. The proposal for schemes was to be forwarded by gram panchayat on the recommendation of gram sabha to be consolidated and approved at block level by intermediate panchayat and finally approved by zila parishad. However, no scheme could be added at the level of intermediate panchayat or zila parishad if it had not been proposed by gram panchayat. The deficiencies in planning noticed in test-checked districts were as under:

Expenditure of Rs 47.46 lakh on preparation of perspective plan was proved unfruitful

- Payment of Rs 47.46 lakh made (2004-06) to six agencies⁴⁵ in eight test checked districts⁴⁶ for preparation of perspective plan for the period 2005-10 under NFFWP was unfruitful as plans were not prepared and NFFWP was merged with NREGS from February 2006. However, these plans could be revised to make them useful for the purpose of NREGS. Perspective Plan and block wise and panchayat wise shelf of projects were not prepared in NREGS.

Works valued Rs 9.13 crore were executed without inclusion in AAP

- Nine works under SGRY (Madhubani 2003-04) and 245 works under NREGS (Darbhanga and Samastipur 2006-07) valuing Rs 9.13 crore were irregularly executed as they were not included in AAP. Out of Rs 9.13 crore, Rs 2.69 crore was transferred to special division, Darbhanga during 2006-07 for construction of 34 protection walls of raised platforms constructed under Sam Vikas Yojana in contravention of guideline which prohibited dovetailing of NREGS works with other scheme. These works were also not included in approved annual action plan of NREGS.

More expenditure on material amounting to Rs 5.38 crore than prescribed norms

- As stipulated in the Act the ratio of wage costs to material costs should be no less than the minimum norm of 60:40. Annual plans prepared for SGRY and NREGS in all test checked gram panchayats were heavily loaded towards construction of brick soling roads resulting in high material labour ratio. Test check of 444 works in 2002-07 disclosed that wage and material ratio ranged between 1:99 and 30:70 which led to excess expenditure of Rs 5.38 crore on material as well as less

Thirty seven works of NREGS were abandoned after expenditure of Rs 27.79 lakh because of high material labour ratio

⁴⁵ A.N.Sinha Institute, Patna (Madhubani and Samastipur), Agriculture financial Corporation, N. Delhi (Gaya and Darbhanga), XLRI, Jamshedpur (Muzaffarpur), Principal BSS College, Supaul (Supaul), VOICE, N. Delhi (Munger), BIT Mesra (Katihar)

⁴⁶ Darbhanga, Gaya, Katihar, Madhubani, Munger, Muzaffarpur, Samastipur and Supaul.

generation of 8.27 lakh man-days during 2002-07. Thirty seven works of NREGS valued Rs 2.02 crore were abandoned in Supaul after expenditure of Rs 27.79 lakh on the directives of RDD as these schemes exceeded the stipulated material labour ratio. Thus non preparation of Annual Action Plan as per guidelines of NREGS resulted in loss of Rs 27.79 lakh.

Quantum of work included in the AAP was ranged between 133 per cent and 295 per cent

- The estimated value of works included in AAP of SGRY and NFFWP and subsequently taken up in test-checked districts ranged between 133 *per cent* and 295 *per cent* of the funds allocated as against 125 *per cent* resulting in 2918 incomplete schemes in test checked districts during 2002-07 due to over estimation in plan.
- In violation of paragraph 3.3.7 of guidelines, Zila Parishad, Darbhanga decided to include schemes proposed by ZP members in the annual action plan for the ZP's 20 *per cent* share in NREGS though these schemes were not proposed by gram panchayats.
- Low wage areas under NREGS were not being identified to give priority to areas where the demand for work was maximum.
- Door to door survey under NREGS was not conducted though required.

3.4.7 Financial management

3.4.7.1 Funding pattern

The GOI and the State Government provided cash component of SGRY in the ratio of 75:25 whereas NFFWP was 100 *per cent* centrally sponsored. However, foodgrains were provided by GOI in both the programme free of cost. The cost of transportation, handling, sales tax and marketing fee of foodgrains was to be borne by the State from its own resources.

Under NREGS, cost of material and wages for skilled and semi-skilled workers were to be borne by the centre and State in the ratio of 75:25 whereas entire expenditure on wages of unskilled manual workers and the salary and allowances of Programme officers and their support staff and work site facilities was to be met by GOI. The State Government was to bear the unemployment allowance if it failed to provide employment within 15 days from receipt of application as well as the administrative expenses of the State Employment Guarantee Council. NREGS provided for establishment of State Employment Guarantee Fund to be administered as revolving fund but this was not established by the State Government till October 2007.

3.4.7.2 Utilisation of funds

Funds provided by GOI and State Government under SGRY, NFFWP and NREGS during 2002-07 for the entire State were as under:

(Rupees in crore)

Year	Scheme	Opening Balance	Funds received				Expenditure	Closing balance
			Centre	State	Others	Total		
2002-03	SGRY	191.18	296.34	126.75	1.95	616.22	443.13	173.09 (28)
2003-04	SGRY	217.79	306.10	91.48	2.91	618.28	482.60	135.68 (22)
2004-05	SGRY	146.42	509.75	140.50	2.66	799.33	634.80	164.53 (21)
	NFFWP	Nil	264.12	-	-	264.12	77.78	186.34 (71)
2005-06	SGRY	201.32	577.47	227.57	10.00	1016.36	731.95	284.41 (28)
	NFFWP	205.54	296.20	-	2.39	504.13	275.37	228.76 (45)
	NREGS	-	101.67	-	-	101.67	Nil	101.67 (100)
2006-07	SGRY	69.46	139.32	46.34	4.44	259.56	219.31	40.25 (16)
	NREGS	534.48	582.13	79.08	33.25	1228.94	718.27	510.67 (42)
Total	SGRY	191.18	1828.98	632.64	21.96	2674.76	2511.79	162.97
	NFFWP	Nil	560.32	-	2.39	562.71	353.15	209.56
	NREGS	Nil	683.80	79.08	33.25	796.13	718.27	77.86
Grand Total		191.18	3073.10	711.72	57.60	4033.60	3583.21	450.39

(Source: Rural Development Department, Note: Figures in brackets indicate closing balance as a percentage of total funds.)

The analysis of the above table and scrutiny of records showed that:

Poor accounting system resulted in discrepancies between CB and OB

- Under SGRY, the total funds available during the year 2002-07 was Rs 2674.76 crore and expenditure was Rs 2511.79 crore but closing balance was shown as Rs 40.25 crore which was less by Rs 122.72 crore. In NFFWP and NREGS the closing balance was more by Rs 19.20 crore and Rs 432.81 crore respectively. The Department is yet (September 2007) to furnish the reasons for differences.

SGRY/NREGS share curtailed by Rs 30.22 crore due to non-utilization of funds

- Unutilised funds ranged between 16 and 28 per cent under SGRY and 45 and 71 per cent under NFFWP during 2002-07 as against the limit of 15 per cent leading to deductions in subsequent allocations. In DRDAs of Darbhanga, Katihar, Samastipur and Madhubani, Central and State share was curtailed by Rs 30.22 crore under SGRY (2002-04) and NREGS (2006-07).

The details of available funds and expenditure incurred under the three schemes in the nine test-checked districts during 2002-07 were as under:

Year	Scheme	OB*	Funds received				Expenditure	(Rupees in crore)	
			Centre	State	Others	Total		Saving	Per-centage of saving (8/7)
1	2	3	4	5	6	7	8	9	10
2002-03	SGRY	67.38	84.27	39.99	5.03	196.67	132.17	64.50	33
2003-04	SGRY	62.31	95.63	29.28	0.69	187.91	149.10	38.81	21
2004-05	SGRY	40.39	156.72	41.09	2.04	240.24	178.56	61.68	26
	NFFWP	Nil	160.60	-	0.01	160.61	45.02	115.59	72
2005-06	SGRY	70.32	175.80	56.39	4.69	307.20	221.21	85.99	28
	NFFWP	105.47	226.64	-	0.95	333.06	171.57	161.49	48
	NREGS	Nil	44.86	-	-	44.86	0.41	44.45	99
2006-07	NREGS	340.68	269.52	40.26	4.04	654.50	375.43	279.07	43
Total	SGRY	67.38	512.42	166.75	12.45	759.00	681.04	77.96	
	NFFWP	Nil	387.24	-	0.96	388.20	216.59	171.61	-
	NREGS	Nil	314.38	40.26	4.04	358.68	375.84	(-) 17.16	-

* DRDAs have been asked to scrutinise the difference between OB and CB.

Year	Scheme	OB*	Funds received				Expenditure	Saving	Per-centage of saving (8/7)
			Centre	State	Others	Total			
GRAND TOTAL		67.38	1214.04	207.01	17.45	1505.88	1273.47	232.41	-

(Source: DRDAs)*

The analysis of data in the table and test check of records disclosed the following:

- The unutilized balance under SGRY and NFFWP ranged between 21 and 72 per cent.
- Three DRDAs failed to draw (2004-07) State share of SGRY and NREGS for Rs 1.12 crore⁴⁷ due to negligence of officials. This led to non-generation of employment for 0.90 lakh man-days during 2004-07 in these districts.
- Funds of SGRY amounting to Rs 4.83 crore were shown as funds in transit in the report of Chartered Accountant for four years (2002-06) in DRDA Madhubani which requires detailed investigation.
- SGRY and NFFWP guidelines stipulated that funds should be kept in savings bank account. But, three offices⁴⁸ deposited Rs 11.82 crore in current account during 2002-07 which led to loss of interest for Rs 17 lakh as on March 2007.
- Rupees 1.23 crore of SGRY funds was deposited (2002-03) in the Madhepura-Supaul Central Co-operative Bank, Supaul instead of nationalised banks in violation of paragraph 5.1.2 of the guidelines resulting in blockage of deposited amount as the bank is under liquidation since 2003.
- Rupees 99.70 lakh was misutilised on purchase of vehicle, generator, Xerox machine, furniture, cell phone etc though not permissible under the guidelines (*Appendix-XXXVIII*).
- The Zila Parishad (ZP) of Gaya and 35 gram panchayats (GP) of Gaya and Muzaffarpur spent Rs 18.39 lakh on contingencies in excess of norms of two per cent in ZP and 7.5 per cent or Rs 7500 in GP whichever is less. Further, Rs 47.44 lakh of NFFWP and NREGS was unauthorisedly transferred for contingent expenditure in four districts (*Appendix-XXXIX*).
- The scheme prohibited utilisation of SGRY and NFFWP funds for payment of sales tax, marketing fees, transportation and handling charges and the same was to be borne by the concerned States. Eight

Funds for Rs 4.83 crore was in transit since four years

Rupees 1.23 crore was blocked and irrecoverable

Rupees 24.87 crore was paid towards sales tax, marketing fees etc.

⁴⁷ DRDA, Madhubani: Rs 81.88 lakh (SGRY), Katihar: Rs 15 lakh (NREGA) and Samastipur : Rs 15 lakh (NREGA).

⁴⁸ BDO, Chandi (Nalanda); Executive Engineer, Special Division, Supaul and District Engineer, ZP, Supaul

DRDAs spent Rs 24.97 crore⁴⁹ out of cash component of the scheme on payment of sales tax, marketing fees, transportation and handling charges to FCI/SFC during 2002-06. Payment of Rs. 6.02 crore⁵⁰ was made to FCI/SFC in excess of the value of foodgrains supplied by them during 2002-06. This amount must be recovered as NREGS does not have foodgrains component.

Two DRDAs released Rs 20.41 crore less to their PRIs under SGRY

- The DRDAs of Nalanda and Supaul released Rs 20.41 crore less to their PRIs under SGRY during 2002-07 leading to reduction in employment generation by 16.33 lakh mandays. Though there was no allotment of foodgrains, DRDA Nalanda withdrew Rs 97 lakh in 2005-06 from special component of SGRY for expenditure on handling and transportation of foodgrains and kept in saving account. This led to loss of interest for Rs 9.33 lakh during July 2005 to July 2007 as funds kept in bank are not part of cash balance of the Government.

Unspent balance of SGRY and NFFWP of Rs 59.48 crore were not transferred to NREGS

- Unspent balances of SGRY and NFFWP of March 2006 amounting to Rs 59.48 crore⁵¹ of four districts were not transferred to NREGS account up to June 2007 in violation of GOI instruction dated 20 March 2006.
- The DRDA Madhubani and Munger, BDO Pusa, ZP Samastipur and BDO, Chandi (Nalanda) diverted Rs 2.05 crore of SGRY and NREGS funds on other scheme/works⁵² from 2002-03 till August 2007.

No work undertaken for Rs 23.66 crore in NREGS.

- In three ZPs, three IPs (Intermediate Panchayats) and three GPs no work was undertaken under NREGS during 2006-07, leaving funds of Rs 23.66 crore⁵³ unutilised.
- Interest amounting to Rs 4.07 lakh⁵⁴ was not taken in cash book of SGRY and NREGS in three blocks during September 2005 to March 2007 in violation of Rule 86 of Bihar Treasury Code.

⁴⁹ Gaya (Rs 5.87 crore), Katihar (Rs 2.11 crore), Madhubani (Rs 2.11 crore), Munger (Rs 2.66 crore), Muzaffarpur (Rs 5.56 crore), Nalanda (Rs 2.69 crore), Samastipur (Rs 2.29 crore) and Supaul (Rs 1.68 crore).

⁵⁰ Darbhanga (FCI-Rs 52 lakh), Gaya (FCI-Rs 32 lakh), Katihar(FCI-Rs 82 lakh), Madhubani, (FCI- Rs 1.10 crore, SFC-Rs 93 lakh), Munger (FCI-Rs 85 lakh), Muzaffarpur (FCI-Rs1.18 crore), Nalanda (FCI-Rs 13 lakh) and Samastipur(FCI-Rs six lakh, SFC-Rs 11 lakh).

⁵¹ Gaya (Rs 20.50 crore), Katihar (Rs 7.01 crore), Samastipur (Rs 4.22 crore, and Supaul (Rs 27.75 crore).

⁵² Basic minimum service, Buniyadi Indira Awas, Pay and Allowances of Staff of District Board, Office expenses and family welfare.

⁵³ ZP- Muzaffarpur, Gaya and Madhubani, BDO- Kanti (Muzaffarpur), Bibhutipur (Samastipur) and Benipatti (Darbhanga), GP- Madhopur Dulhan (Kanti), Sain (Kanti) and Pariya (Bariarpur in Munger).

⁵⁴ Chandi: Rs 1.13 lakh, Nagarnausa: Rs 0.62 lakh and Noorsarai: Rs 2.32 lakh

3.4.8 *Special safeguards for SC/ST*

Despite availability of Rs 17.98 crore no schemes were taken up for SC/ST during 2002-06.

The SGRY guidelines provided that 22.5 per cent of the total allocation of ZP and IP was to be spent on individual /group beneficiary schemes for BPL category of SC / ST. In two DRDAs, two ZPs and six IPs of three districts⁵⁵, no scheme was taken up for SC / ST during 2002-06 despite availability of Rs 17.98 crore.

Three ZPs and seven IPs and diverted Rs 4.32 crore⁵⁶ by providing benefits to non SC/ST beneficiaries.

3.4.9 *Internal Controls of NREGS*

National Rural Employment Guarantee Act provide for the enhancement of livelihood security of the households in rural areas of the country by providing at least 100 days of guaranteed wage employment in every financial year to every household.

The following deficiencies relating to internal controls of National Rural Employment Guarantee Scheme were noticed in test-checked districts, blocks and GPs.

3.4.9.1 *Issue of job cards*

- Duplicate copy of job card was not being maintained for recording receipt of applications requesting for employment. Therefore denial of unemployment allowance could not be ascertained in audit. Reports of NREGS for the year 2006-07 of the State Employment Guarantee Council disclosed that 20,225 households in eight districts⁵⁷ were neither provided jobs nor paid unemployment allowances in contravention of NREGS guidelines. Similarly 2118 households in Nagarnausa and Hilsa blocks of Nalanda district were neither provided jobs nor paid unemployment allowances and also not reflected in State/District report as per guidelines of NREGS. Reasons for non payment of unemployment allowances were not on record.
- Individual / family photographs were not pasted in job card registers and not attested by Panchayat Secretary to enable identification of labourers.

⁵⁵ DRDA: Supaul and Gaya, Zila Parishad: Nalanda and Katihar, IPs: Biharsharif, Barsoi (Katihar), Pipara, Chhatapur, Keshavpur and Supaul Sadar of Supaul district.

⁵⁶ Rs 4.18 crore for construction of 1938 Awas in ZPs Nalanda and Munger, IPs Biharsharif (Nalanda), Pratapganj, Chhatapur (Supaul), Rs 8.81 lakh on installation of 72 hand pumps in IPs: Benipatti (Madhubani), Akbarpur GP (Nalanda) Rs 4.86 lakh on distribution of 58 Rikshaws / thelas to non BPL SC/ST in ZP Muzaffarpur IP Kanti and Sakra (Muzaffarpur) and Rs 0.42 lakh on excavation of pond for non SC/ST in IP Amas (Gaya).

⁵⁷ Aurangabad, Bhojpur, Gaya, Jahanabad, Patna. Purnea, Rohtas and Sheohar.

- In Wajitpur Panchayat under Bahadurpur block of Darbhanga, 13 Job cards were received by Ward member which were to be issued to registered labourers.
- Coding system not adhered in preparation of job cards.

3.4.9.2 Identification of works

- Photographs of work at three stages were not taken to enable verification.
- Unique identity number was not assigned to work / project to avoid duplication. Asset register was not maintained.
- Notice Board was not displayed at work site.

3.4.9.3 Transparency in payment of wages

- Rozgar Guarantee Day was not being observed for processing work applications and related activities such as disclosure of information, allocation for work, payment of wages and payment of unemployment allowances.
- Muster Rolls were not displayed at the time of payment of wages. In Tardih block of Darbhanga muster rolls bearing the same number⁵⁸ were issued to 3 Gram Panchayats which was irregular.
- Expenditure reports were not being read out in Gram Sabhas.
- List of registered labour was not sent to Programme Offices at Block level.

3.4.9.4 Maintenance of records and reporting system

Employment register which provides information relating to number of days of employment provided to every registered household was not being maintained. In the absence of employment register in all test-checked panchayats and blocks, the performance of scheme for providing 100 days of employment to every registered household could not be worked out. Thus, the reporting of employment figures was without any basis. Few instances of misreporting were as under:

- The generation of mandays under NREGS during 2006-07 and expenditure there against was not based on actual calculation as shown in the table below:

(Mandays in lakh and Rs in crore)

Sl. No.	District	Expenditure on unskilled labours	Mandays generated as per DRDA Report	Mandays as per expenditure	Differences (+) Excess / (-) Less (5-4)
1	2	3	4	5	6
1	Darbhanga	39.58	53.63	55.75	(-) 2.12
2	Gaya	20.60	26.78	29.01	(-) 2.23
3	Katihar	30.51	30.81	42.98	(-) 12.17
3	Madhubani	3.32	8.68	4.68	(+) 4.00

⁵⁸ 27001 to 27100 - Kakorha Gram Panchayat, 27001 to 27200 - Raj kharwar Gram Panchayat, 27001 to 27200 - Izarhatta Gram Panchayat

Sl. No.	District	Expenditure on unskilled labours	Mandays generated as per DRDA Report	Mandays as per expenditure	Differences (+) Excess / (-) Less (5-4)
5	Munger	21.16	32.25	29.80	(+) 2.45
6	Muzaffarpur	34.01	51.84	47.90	(+) 3.94
7	Nalanda	37.07	35.01	52.21	(-) 17.20
8	Samastipur	12.04	48.79	17.52	(+) 31.27
9	Supaul	22.58	30.39	31.80	(-) 1.41
	Total	220.87	318.18	311.65	(-) 35.13 (+) 41.66

Source: DRDAs Monthly progress report.

It may be seen from the table that Nalanda, Katihar, Gaya, Darbhanga and Supaul districts reported less generation of mandays by 35.03 lakh compared to expenditure on unskilled labour whereas Munger, Samastipur, Muzaffarpur and Madhubani showed excess generation by 41.66 lakh mandays in comparison to expenditure on unskilled labour. The inherent inconsistencies in the reports of these DRDAs shows that they were not based on facts and there is a need for strengthening the reporting system which should be based on reliable data.

- State report of NREGS for the year 2006-07 disclosed that in Darbhanga district not a single job card was issued to SC/ST households but as per district report, 71,810 SC/ST households were provided jobs which requires investigation.
- Excess reporting of 3,614 job cards in 12 gram panchayats of four blocks under three districts was noticed (*Appendix - XL*).

Further, application registration register, muster roll issue and receipt register and complaint register were not maintained at Panchayat and Block level though required.

Thus, all important controls essential for providing audit trail for tracking utilisation of funds had not been operationalised. This had adverse impact on the implementation of scheme as commented elsewhere in the report.

3.4.10 Execution of works

Out of 6,29,350 works taken up in the State under SGRY, NFFWP and NREGS during 2002-07, 3,78,421 works (60 per cent) were completed and remaining 2,50,929 works (40 per cent) were incomplete after incurring an expenditure of Rs 3,583.21 crore.

Similarly, out of 1,84,978 works taken up in test-checked districts, 1,05,901 works (57 per cent) were completed and remaining 79,077 works (43 per cent) were incomplete after incurring expenditure of Rs 1273.47 crore.

3.4.10.1 Payment of cash component of wages

The guidelines of SGRY and NFFWP provided payment of at least 25 per cent of wages in cash. Payment of entire wages was to be made in cash under NREGS. The deficiencies noticed in payment of cash component of wages were as under:

- Audit scrutiny of 40 muster rolls in Samastipur, Muzaffarpur and Nalanda districts disclosed that payment of Rs 26.36 lakh (@ Rs 68 per day) was made for 38,769 mandays under SGRY, NFFWP and NREGS schemes during 2006-07 against admissible payment of Rs 29.08 lakh (@ Rs 75 per day) resulting in less payment of Rs 2.71 lakh to labourers. Similarly, Rs 5.28 lakh was paid to 79,801 labourers in Nalanda and Muzaffarpur districts against minimum admissible cash component of Rs 10.31 lakh under SGRY.
- The guidelines of NREGS provided payment of wages through post office/ bank by opening an account in the name of registered labourers. However, in violation of the above instructions, wages under NREGS were paid in cash in all test-checked panchayats and thus, chances of misappropriation could not be ruled out. In the absence of bank/post office account, genuineness of payment could not be verified in audit.

3.4.10.2 Payment of foodgrains component of wages

The GOI provided rice at the rate of five kg per man-day to DRDAs for SGRY and NFFWP free of cost for payment of wages. The SFC lifts the rice from nearest depot of FCI and issues it to PDS dealers as per allotment made by DRDAs to scheme implementing agencies for distribution to labourers.

The discrepancies noticed in the distribution of foodgrains to labourers was as under

- Against entitlement of 474.40 MT foodgrains, labourers were provided only 0.45 MT foodgrains resulting in less distribution of 473.95 MT⁵⁹ rice during 2002-06 under SGRY and NFFWP.
- **The DRDA, Supaul did not have records of lifting and issue of one lakh MT rice by SFC during 2002-06 under SGRY and NFFWP. The DRDA, Supaul replied that no statement was provided by SFC Saharsa and Madhepura after several reminders which require investigation.**
- **Test check of records of six SFCs⁶⁰ disclosed that 31,156 MT rice was supplied to concerned PDS dealer / executing agent of ZPs of Nalanda, Muzaffarpur, Special Division Gaya, DRDA Munger and 18 blocks of six districts⁶¹ during 2002-07. But, as per records of receiving offices, only 25,811 MT was received. Thus there was non-accountal of 5,345 MT rice during 2002-07 valuing Rs 7.06 crore which requires investigation. (Appendix-XLI).**

Non-accountal of
5345 MT foodgrains
valuing Rs 7.06 crore

⁵⁹ BDO, Sakra 0.29 MT, ZP Muzaffarpur 198.02 MT, BDO Kadwa 59.56 MT, NREP Katihar 132.14 MT, BDO Tarapur 28.86 MT, BDO Biharsharif 11.45 MT, BDO Rahika 43.63 MT.

⁶⁰ Gaya, Katihar, Munger, Muzaffarpur, Nalanda and Samastipur.

⁶¹ Gaya, Katihar, Munger, Muzaffarpur, Nalanda and Samastipur.

- Price of procurement from FCI ranged from Rs 1210 to Rs 1370 per quintal. However, the cost of unutilised foodgrains of 566.30 MT was recovered at BPL rate resulting in undue benefit of Rs 40.95 lakh to panchayat sewaks/ Circle Inspector (CI)/ Junior Engineer (JE)/ Public Distribution System (PDS) dealers in three districts⁶². Rice (105.93 MT) valuing Rs 7.36 lakh was issued irregularly (2002-07) at BPL rate to contractors by District Engineers of Madhubani and in Rahika (Madhubani) and Nagarnausa (Nalanda) blocks for payment of transportation charges of tractor and for purchase of buffalos resulting in undue aid to the executing agents.
- SGRY/NFFWP guidelines provided for distribution of common rice to labourers as part of wage. Lifting of 'A'-grade rice (91,066.12 MT) from FCI by the SFC in contravention of guidelines in test checked districts led to overpayment of Rs 5.02 crore⁶³ and resulted in less lifting of 3801 MT of approved grade rice. This also reduced employment generation by 7.6 lakh mandays.
- In six districts⁶⁴, 20,870.87 MT rice valuing Rs 27.55 crore under SGRY and NFFWP was lying unutilized with SFC and PDS dealers as on July 2007. Actual balance of foodgrains with SFC and PDS dealers could not be verified due to non-submission of account of foodgrains by SFC and PDS dealers.
- **Scrutiny of delivery challans for the period December 2003 to March 2004 in respect of carriage of 1,724 MT rice valued Rs 23.62 lakh by SFC from FCI depot, Darbhanga disclosed that vehicles used in carriage were registered as motorcycles, scooters, trailer and bus as per the records of office of DTO, Darbhanga. Further, ten vehicles were found unregistered. Thus, lifting of 1,724 MT rice was doubtful and requires investigation.**

3.4.10.3 Suspected fraudulent payment

The deficiencies noticed in the execution of works under SGRY/NFFWP and NREGS in the test-checked districts were shown as under:

Fraudulent payment of Rs 19.81 lakh

- **Test check of muster rolls in respect of 88 works under SGRY, NFFWP and NREGS in nine districts⁶⁵ disclosed that the name of the same labourer was recorded twice or thrice on same or different muster rolls of the same day/ period during 2003-07. Thus, Rs 19.81 lakh was paid as wages to fictitious labourers.**

⁶² Gaya, Muzaffarpur and Samastipur

⁶³ Darbhanga - 88 lakh, Gaya - 1.22 crore, Katihar - 22 lakh, Madhubani - 95 lakh, Munger - 14 lakh, Muzaffarpur - 73 lakh, Nalanda - 26 lakh, Samastipur - 44 lakh and Supaul - 18 lakh.

⁶⁴ Nalanda, Madhubani, Muzaffarpur, Katihar, Samastipur and Gaya

⁶⁵ Darbhanga, Gaya, Katihar, Madhubani, Munger, Muzaffarpur, Nalanda, Samastipur and Supaul.

- Rupees 29.69 lakh was paid for 34,403 mandays in 37 schemes of SGRY and NFFWP in three ZPs⁶⁶ and nine IPs⁶⁷ during 2003-07 on muster rolls without having date and work order number. Thus, Rs 29.69 lakh was paid for doubtful execution of works.
 - Works valued Rs 1.76 lakh under NREGS was shown as complete (April-May 2006) in Bahadurpur (Darbhanga) block before issue of work order (February 2007). In one case, work for Rs 3.98 lakh started in January 2006, completed in March 2006 but materials were purchased in May 2006.
 - Earth work was not to be done after 31 May and all the measurement of earth work was to be done before 15 June. In four offices, works for Rs 36.16 lakh⁶⁸ were started in June 2004 and shown as executed during flood period of 2004 and final measurement was also taken when whole district was under flood during July to October 2004. Thus, Rs 36.16 lakh was paid for doubtful execution of work.
 - Test check of muster rolls, records of food grains of SGRY and NFFWP in test checked districts disclosed that 6,109 MT rice valuing Rs 8.06 crore were shown as distributed on muster rolls against 458 schemes before the date of lifting of rice. All dates relating to lifting of rice viz. date of issue of permits, dates of SIOs (Supply Issue Orders) of SFC, date of lifting of foodgrains by executing agents were after the date of distribution of foodgrains on muster rolls which shows fake distribution. Thus, distribution of 6,109 MT rice valued Rs 8.06 crore was fake which requires investigation.
- Doubtful expenditure of Rs 36.16 lakh on execution of work
- Fake distribution of 6,109 MT rice valuing Rs 8.06 crore

3.4.10.4 Excess payment to executing agents

Excess payments in execution of works were as under:

- Schedule of rates (SOR) prepared by National Rural Employment Programme (NREP) Division, Muzaffarpur during 2002-06 was higher as compared to SOR of works division of Muzaffarpur. This led to excess payment of Rs 1.19 crore to executing agent on 150 brick soling
- Excess payment of Rs 1.19 crore due to inflated rate of brick soling

⁶⁶ Katihar, Muzaffarpur and Supaul.

⁶⁷ Bahadurpur, Bariyarpur, Chhattapur, Guraru, Manpur, Mohanpur, Noorsarai, Tardih and Tarapur.

⁶⁸ District Engineer, Madhubani: Rs 19.99 lakh; BDO Benipatti: Rs 12.49 lakh and Raj Nagar (Madhubani): Rs 3.68 lakh.

works executed under SGRY and NFFWP in ZP Muzaffarpur and Kanti block.

Excess payment of Rs 19.74 lakh not recovered

- Excess payment of Rs 19.74 lakh made to executing agents against 94 works under SGRY due to the payment of more cash and foodgrains advance, abandoned works, short submission of vouchers in five test-checked districts⁶⁹ during 2002-07 was not recovered as of July 2007.

Non deduction of 20 per cent for compaction in earth work led to excess payment of Rs 1.47 crore

- Measurement in earthwork should be made after deduction of compaction at the rate 20 per cent from the total measurement of earthwork. In three test checked districts, the measurement was not taken after deducting 20 per cent compaction in 301 works under SGRY and NFFWP which resulted in excess payment of Rs 1.47 crore⁷⁰ during 2002-06.

3.4.10.5 Unfruitful expenditure on incomplete / abandoned schemes

Wasteful expenditure of Rs 8.93 crore was incurred on abandoned work

- The number of incomplete works in the State under SGRY ranged from 36 to 43 per cent, 56 to 96 per cent under NFFWP during 2002-06 and 48 per cent under NREGS during 2006-07 on which Rs 104.97 crore was spent which may prove wasteful because of heavy rain and flood in 2006-07.
- Number of incomplete works in test-checked districts varied from 34 to 42 per cent in SGRY, 58 to 94 per cent in NFFWP during 2002-06 and 52 per cent in NREGS.
- 2,918 works⁷¹ executed during 2002-06 remained incomplete in nine test-checked districts after incurring unfruitful expenditure of Rs 53.15 crore⁷² till August 2007.
- 233 NFFWP and 367 SGRY works amounting to Rs 8.93 crore was abandoned in five districts⁷³ by ten IPs, one Special Division and in one ZP during 2002-06 but no action was taken against the executing agents as of August 2007.

⁶⁹ Katihar, Nalanda, Samastipur, Madhubani and Muzaffarpur.

⁷⁰ District Engineer, Muzaffarpur (Rs 9.11 lakh) BDO, Kanti (Rs 3.04 lakh), Special Division, Darbhanga (Rs 93.79 lakh), REO, Benipur, Darbhanga (Rs 37.27 lakh), District Board, Nalanda (Rs 3.29 lakh).

⁷¹ SGRY; 1,723 schemes in nine test checked districts and NFFWP: 1,195 schemes in eight test checked districts.

⁷² SGRY: Rs 2,390.68 lakh, NFFWP: Rs 2,924.80 lakh

⁷³ Darbhanga, Gaya, Madhubani, Munger and Muzaffarpur.

3.4.10.6 Advances outstanding

Non-adjustment / recovery of advances of Rs 43.02 crore resulted in loss of interest for Rs 10.81 crore.

Rupees 43.02 crore was lying as advance due to non-submission of final bills by the concerned officials and non completion of works with 236 government servants in 16 executing offices⁷⁴ for the period ranging between one to four years. This resulted in loss of interest for Rs 10.81 crore up to August 2007 (*Appendix-XLII*).

Out of 236 government servant, two were transferred to other offices (Rs 46.60 lakh)⁷⁵, Shri Manoj Kumar, AE, ZP, Supaul was transferred to Jharkhand (Rs 1.59 crore) and Shri H.D. Khan, AE, ZP, Supaul had (Rs 89 lakh) retired. The unadjusted advances must be recovered immediately and responsibility must be fixed in cases where officials were relieved on transfer and retirement benefits were paid without recovering the advance.

3.4.10.7 Irregular selection of implementing agencies

Two NGOs were provided Rs 46.22 lakh (March 2006) under SGRY but works remained incomplete as per report of DM / DDC, Madhubani. Interestingly, new work of Rs 1.49 crore⁷⁶ under NREGS was again assigned (June 2006) to these NGOs against which Rs 74.33 lakh was paid as an advance. No work was carried out and FIR was lodged against them by DDC cum CEO in January 2007. However, no responsibility was fixed for selecting the same NGOs under NREGS who had not completed the works under SGRY.

3.4.10.8 Suspected involvement of middle men

Involvement of middle men in execution of works valued Rs 91 lakh.

Bills for Rs 91 lakh were pending since July 2006 in ZP, Nalanda against works executed by three road sarkars (Gr 'D' staff). Execution of work for such a huge amount by Group 'D' staff without any advance payment was doubtful and indicates involvement of middle men in the execution of works which requires investigation.

3.4.10.9 Payment without passing of vouchers

Payment of Rs 12.85 crore without passing MRs and vouchers.

Payment was to be made on passing muster rolls and vouchers. A test check of records disclosed that payment of Rs 12.85 crore⁷⁷ was made for 485 works

⁷⁴ DRDA Nalanda, Zila Parishad Muzaffarpur, Katihar and Supaul, NREP Katihar, Special Division Gaya, Rahika, Madhubani, Supaul, Katihar, Darbhanga and BDO Guraru, Mohanpur, Bodh Gaya, Benipatti and Khijarsarai.

⁷⁵ Shri Haribansh Singh, JE, Gaya: Rs 43 lakh; Shri Ashok Kumar Sharma, PS, BDO, Bodh Gaya: Rs 3.60 lakh;

⁷⁶ Grameen Smagra Vikas Parishad, Shivpatti Rajnagar, Madhubani (Rs 0.69 crore work value NREGS and Rs 28.74 lakh for SGRY) and Shakti Mahila Vikash Swalambi Sahkari Samiti, Madhubani (Rs 0.80 crore work value NREGS (Rs 49.83 lakh) and Rs 17.48 lakh for SGRY).

⁷⁷ NREP, Katihar –Rs 54 lakh, DE, Katihar – Rs 6.06 crore, Spl. Div, - Katihar – Rs 2.27 crore, DE, Samastipur –Rs 1.03 crore, Spl. Div. Darbhanga- Rs 2.64 crore, BDO Rahika Rs 31 lakh.

during 2002-07 without passing the vouchers and MRs in four districts⁷⁸ under SGRY and NFFWP. In reply it was stated that payment was made by approving the MB which was not acceptable as payment can not be made without passing the vouchers.

3.4.11 Other points of interest

- The guidelines of SGRY/NFFWP provided that the gunny bags containing foodgrains received for distribution under the programme were to be disposed off in accordance with the prescribed procedure in the State. The sale proceeds was to be used for making payment towards the transportation cost/handling charges. Rice was supplied in gunny bags weighing 50 kg each. In test checked districts 31.40 lakh quintal of rice were shown distributed but the cost of empty gunny bags were not recovered. Thus due to non-recovery of 62.80 lakh empty gunny bags from executing agents and their sale as per guidelines of the scheme resulted in loss of Rs 3.77 crore (*Appendix-XLIII*).
- The DDC, Gaya sanctioned (January 2003) Rs 63.21 lakh for plantation of 3.52 lakh trees and released Rs 54.24 lakh (cash: Rs 48.86 lakh + Rs 5.38 lakh value of rice 85.88 MT)) to DFO, Gaya. Rupees 46.86 lakh was spent on labour charge and Rs 1.92 lakh on cost of material but did not have records⁷⁹ in support of plantation being actually carried out. Thus execution of plantation work for Rs 48.78 lakh appeared doubtful and requires investigation.
- Ministry of Rural Development, GOI issued order (March 2006) for employment of registered labour on spill over 125 works of SGRY/NFFWP works after March 2006. Rupees 2.96 crore was paid during 2006-07 for 4.35 lakh labour mandays as wages to unregistered labourers (@ Rs 68 per manday) under SGRY, NFFWP and NREGS in five districts⁸⁰ in contravention of GOI guidelines.

Non-recovery of empty gunny bags from executing agents and their sale led to loss of Rs 3.77 crore.

Doubtful expenditure of Rs 48.78 lakh on plantation work.

3.4.12 Migration of Labourers

One of the objectives of NREGA was to stop the migration of labourers from Bihar to other States. However, reports relating to migration was not being prepared either at district or the State level. Thus, impact of the scheme on migration of labourers could not be evaluated.

3.4.13 Training

Under SGRY, an amount up to Rs one lakh was to be utilised by the district panchayats from their annual share of funds for training / capacity building of officials / non-officials of the PRIs involved in the implementation of the scheme. But, no expenditure was incurred on training in any of the 38 districts of Bihar during 2004-05.

⁷⁸ Katihar, Samastipur, Darbhanga and Madhubani.

⁷⁹ Plantation journal, plantation register and survival certificate of plant.

⁸⁰ Katihar, Nalanda, Samastipur, Supaul and Munger

3.4.14 Inadequate technical manpower

Works under wage employment schemes were to be executed departmentally through three tier PRIs. Due to absence of technical staff, work valued Rs 15.13 crore⁸¹ was executed through non-qualified staff like peons, chainman, mukhiya, ward member, accounts clerk, road sarkar and private personnel during 2002-07. Execution of works amounting to Rs 26.58 lakh through private persons was in violation of rule.

3.4.15 Monitoring

Implementation of the programme was to be monitored by the RDD through monthly and annual progress reports. Monitoring and vigilance committees at State and district levels were also to be formed to oversee the implementation of the scheme. For effective implementation of the NREGS, the State Government was required to ensure that the officers of the State, district, sub-division and block should monitor the programme through visits to worksite in the remote areas and ensure at least 10 per cent and two per cent of panchayats by district level and State level officers respectively. The guidelines also provided for periodic evaluation studies of the ongoing schemes by the reputed institutions and organisations from time to time.

Monitoring and vigilance committees were not constituted as of December 2006. The monitoring cells in the test checked districts were non-functional though Rs 46.84 lakh⁸² was transferred to respective DMs for monitoring. The State Government did not carry out evaluation studies to ascertain the impact of the scheme. Bihar Rural Employment Guarantee Council was constituted in June 2007 for monitoring of NREGS at State level but it did not have representatives from Gram Panchayats though 50 per cent of schemes of NREGS are to be implemented by them.

3.4.16 Action taken by Government on earlier Audit Report

Mention was made in para 3.3 of the report of the Comptroller and Auditor General of India for the year ended 31 March 1999 regarding Rural Employment Generation Programme in the State. The Report was laid on the table of legislative assembly on July 2000 and presented to PAC for discussion. The recommendations of PAC were presented to the State legislature. The system deficiencies pointed out in the earlier Audit Report such as misutilisation of funds, irregular annual action plans, incomplete works, non-maintenance of asset register, fraudulent payments persisted during 2002-07 as detailed in *Appendix-XLIV*.

⁸¹ Peon: Rs 1.03 crore; Chainman: Rs 36.08 lakh; Mukhia: Rs 1.56 lakh; Ward member:Rs 0.98 lakh; Villagers: Rs 26.58 lakh; Accounts clerk/ Typist etc Rs 45.42 lakh and Road sarkar: Rs 13.00 crore.

⁸² Darbhanga –Rs 16.60 lakh (NFFWP), Munger –Rs 7.65 lakh (NREGS) and Muzaffarpur –Rs 22.59 lakh (NFFWP).

3.4.17 Conclusion

Implementation of wage employment programmes during 2002-07 neither generated adequate employment nor resulted in creation of durable community assets. Planning was not carried out with a view to all round development of the rural areas. Programme management was weak and compliance failures persisted as reflected in suspected fraudulent payments on muster rolls and distribution of foodgrains. The internal controls envisaged in NREGS are yet to be established. In the absence of compliance of internal controls, assurance regarding gainful utilisation of funds under NREGS can not be provided and deficiencies and programme failures in NREGS could not be ruled out.

Recommendations

- Integrated planning by formulating annual action plans and perspective plans should be carried out to prepare a 'shelf of projects' to bring about integrated development of the area.
- Unspent balances of cash and foodgrains under SGRY and NFFWP should be transferred in NREGS account.
- State Employment Guarantee Fund should be established and payment of unemployment allowance should be enforced.
- Internal controls envisaged in the NREGS should be strictly enforced.
- Adequate trained manpower should be deployed as all the works under NREGS are to be executed departmentally.
- Monitoring mechanism should be strengthened by constituting and activating district level monitoring committees.

The matter was reported to Government (October 2007); their reply had not been received (November 2007).

PUBLIC HEALTH ENGINEERING DEPARTMENT

3.5 Accelerated Rural Water Supply Programme

Highlights

Accelerated Rural Water Supply Programme (ARWSP) intended to cover all rural habitations with access to safe drinking water and to ensure sustainability of drinking water systems and sources. Weak contract management led to delay in completion of schemes and low achievement against targets set for installation of handpumps. Swajaldhara started to institutionalise the reform initiative in rural sector failed to provide access to water even in Hajipur which was the sector reform district of the State as all schemes remained incomplete. The quality control mechanism for testing of water was also deficient and weak as no steps were taken to address biological and chemical contamination.

Department did not prepare annual action plan to provide definite direction to the programme and no planning was made for ground water recharge. Department failed to cover 55336 (76 per cent) NC/PC habitations as of March 2007.

(Paragraph 3.5.6 and 3.5.7)

Out of 56 pipes water supply schemes in test checked divisions, 46 schemes remained incomplete for a period ranging from one to three years despite expenditure of Rs 25.35 crore.

(Paragraph 3.5.9.1)

There was infructuous expenditure of Rs 19.08 lakh on special repair of hand pumps and irregular expenditure of Rs 10.54 crore against departmental works on hand receipts.

(Paragraph 3.5.10.2 and 3.5.10.3)

Swajaldhara failed even in Hajipur which had been selected as a sector reform district.

(Paragraph 3.5.11.1)

There was blockage of materials valued Rs 15.03 crore resulting in denial of benefit to 69.97 lakh rural population.

(Paragraph 3.5.12)

Quality control, monitoring and evaluation mechanism was deficient.

(Paragraph 3.5.13 and 3.5.14)

Introduction

The Accelerated Rural Water Supply Programme (ARWSP), a centrally sponsored programme introduced in 1972-73 was revamped and given a mission approach in 1986. The programme objectives were to achieve coverage of all rural habitations with drinking water supply. The focus of the programme was on covering the not covered (NC)⁸³, partially covered (PC)⁸⁴ and quality affected habitations through hand pumps and pipe water supply schemes.

Sector reform in rural drinking was adopted in 1999 and pilot project in selected districts were taken up. The basic concept was a shift from supply driven to demand driven approach to include community participation in planning, implementation, operation and maintenance of the schemes of its choice.

3.5.2 *Organisational set up*

The Department is headed by Commissioner-cum-Secretary who is assisted by Engineer-in-Chief-cum-Special Secretary (EIC), three Chief Engineers (CEs) at headquarters, three Regional Chief Engineers (RCEs), nineteen Superintending Engineers (SEs) and 49 divisions headed by Executive Engineers (EEs) (38 civil, 7 mechanical and 4 design) at field level.

⁸³ *Habitations with water supply less than 10 litres per capita per day (lpcd).*

⁸⁴ *Habitations with water supply more than 10 lpcd but less than 40 lpcd were PC*

3.5.3 *Audit objectives*

The audit objectives were to examine whether :

- the survey of habitations was comprehensive and planning for ARWSP was effective;
- the financial management was adequate and effective ;
- the scheme was executed economically, efficiently and effectively;
- the objective of demand driven rural water supply through Swajaldhara was effectively achieved and
- the monitoring system was adequate and effective.

3.5.4 *Audit criteria*

- Guidelines of ARWSP and SWAJALDHARA ;
- Project Implementation Plan for individual schemes;
- Bihar Public Works Accounts (BPWA) Code, Bihar Financial Rules (BFR) and Bihar Treasury Code (BTC).

3.5.5 *Audit coverage and methodology*

The performance audit of Accelerated Rural Water Supply Programme was conducted between May and August 2007 for the period 2002-07 through test-check of records of Engineer-in-Chief office and 10 divisions⁸⁵ out of 38. The selection of divisions was made as per simple random sampling without replacement method. Entry conference with the Secretary, Public Health Engineering Department (PHED) was held (May 2007) in which audit objectives, criteria and methodology were explained. The audit findings were discussed with the senior officers of the department in a meeting held in October 2007. The views expressed in the meeting were taken into account while drafting the report.

Audit findings

3.5.6 *Survey for identification of NC/PC habitations*

As per the GOI guidelines, the survey was to be completed by 31 March 2003 to ascertain reliable information on the status of drinking water supply in rural habitation / schools and to test the quality of existing water sources.

In test-checked divisions survey was completed after delay of two years (May 2005) which led to delay in commencement of schemes. No quality testing of existing water sources was carried out though required.

The Department identified 72,392 NC/PC habitations in the State on the basis of survey and converted only 17,056 NC/PC habitations (24 *per cent*) into FC habitations during 2005-07. The coverage of NC/PC habitations was being reported on the basis of hand pumps only in violation of ARWSP guideline

Delay in completion of survey for two years

⁸⁵ Ara, Bhagalpur (W), Biharsharif, Hajipur, Motihari, Muzaffarpur, Patna (East), Samastipur, Sasaram and Sheikhpura.

which stated that one hand pump or standpost was estimated for every 250 persons. The department had not taken into account coverage of NC/PC habitations based on the 69 water supply schemes completed during 2002-07 under ARWSP. The number of standposts and their location was not available with the department. Thus, the number of NC/PC habitations was overstated and a realistic assessment was required to be made.

3.5.7 Planning

As per the ARWSP guidelines, the Department was required to prepare an annual action plan six months prior to the commencement of the financial year in order to provide a definite direction to the programme and to ensure monthly and quarterly monitoring of physical and financial progress. While preparing the plan, completion of incomplete schemes was to be given priority over taking up of new works. However, the number of incomplete schemes rose from five in 2003-04 to 46 in 2006-07 in test checked divisions.

The Department did not prepare annual action plan during 2002-07 as there was no planning wing in the Department. Annual plans available with the divisions were merely statements of target and achievement. As per records of Central Ground Water Board 6 blocks in the State were overexploited and 14 blocks have serious water problems but no plans were being formulated for construction of water harvesting structures for ground water recharge. The Secretary PHED accepted during exit conference that annual action plans were not being prepared during 2002-05. He accepted that planning for ground water recharge should receive emphasis.

3.5.8 Financial management

Under ARWSP, funds were provided to States for making provision of safe drinking water in rural habitations. Of this, 15 per cent funds can be spent on operation and maintenance (O&M) of the existing drinking water systems and sources. State Government should match funds released by the Government of India on 1:1 basis.

20 per cent of the annual outlay of ARWSP was earmarked for implementation of reforms oriented Swajaldhara and Sector Reform projects. The funding pattern for these projects was in the ratio of 90 per cent from Government of India and 10 per cent by way of community contribution.

The funds released by the GOI and State Government and expenditure incurred thereagainst on ARWSP during 2002-07 was as under:

(Rs in crore)

Year	Opening balance of GOI funds	Funds allocated		Funds released		Total funds available		Expenditure	
		GOI Funds	State Funds	GOI Funds	State Funds	GOI Funds (2+5)	State Funds	GOI Funds	State Funds
1	2	3	4	5	6	7	8	9	10
2002-03	4.38	74.06	44.55	37.03	44.27	41.41	44.27	33.09	38.22
2003-04	8.32	63.19	67.66	31.59	57.15	39.91	57.15	24.28	52.69
2004-05	15.63	54.67	53.33	74.00	35.98	89.63	35.98	43.88	25.14
2005-06	45.75	153.24	97.60	153.24	61.44	198.99	61.44	69.55	43.21

Action plan not prepared and no planning for ground water recharge

2006-07	129.44	185.71	130.46	92.86	160.48	222.30	160.48	136.82	96.32
Total		530.87	393.60	388.72	359.32		359.32	307.62	255.58

(Source : Information furnished by Engineer-in-Chief)

It may be seen from the table that the GOI released only Rs 388.72 crore (73 per cent) against the total allocation of Rs 530.87 crore during 2002-07.

In test-checked divisions, the funds released and expenditure thereagainst on ARWSP was as shown below:

(Rs in crore)

Year	Opening balance of GOI funds	Funds released		Total funds available		Expenditure	
		GOI Funds	State Funds*	GOI Funds (2+3)	State Funds	GOI Funds	State Funds
1	2	3	4	5	6	7	8
2002-03	0.09	13.22	17.34	13.31	17.34	10.15	16.11
2003-04	3.16	13.63	17.63	16.79	17.63	10.35	15.79
2004-05	6.44	13.51	12.63	19.95	12.63	6.64	8.45
2005-06	13.31	31.84	20.34	45.15	20.34	23.02	13.98
2006-07	22.13	57.66	49.89	79.79	49.89	29.99	31.35
Total		129.86	117.83	-	117.83	80.15	85.68

* State Fund includes matching State share of ARWSP and funds for other schemes of RWS scheme under State plan

(Source : Information furnished by Divisions)

The following was observed:

In test checked divisions, out of Rs 129.86 crore released by GOI, only Rs 80.15 crore (62 per cent) was utilised during 2002-07.

Irregular retention of funds of Rs 10.74 crore on proforma bills drawn

Eight divisions kept Rs 17.10 crore in the shape of bank drafts in March 2007 by drawing funds on proforma bills for purchase of materials, out of which Rs 10.74 crore⁸⁶ was lying unutilised as of August 2007.

Under Swajaldhara GOI allocated Rs 19.24 crore as first instalment for the year 2005-06 and released Rs 14.43 crore (December 2005). The Department did not have information in respect of sanctioned schemes and expenditure under Swajaldhara for the entire State.

⁸⁶ Ara: Rs 2.35 crore, Bhagalpur (W): Rs 1.30 crore, Biharsharif: Rs 0.10 crore, Hajipur:Rs 2.35 crore, Patna (E): Rs 0.04 crore, Sasaram: Rs 0.67 crore, Sheikhpura Rs 2.22 crore and Motihari: Rs 1.71 crore.

3.5.9 *Implementation of pipe water supply schemes*

3.5.9.1. *Incomplete schemes*

182 pipe water supply schemes with an estimated cost of Rs 155.21 crore were taken up during 2002-07 in the State but information relating to status of schemes and expenditure thereagainst was not available with the Department (March 2007). Test-check disclosed that divisions furnished progress report in respect of pipe water supply scheme on monthly basis but the Department failed to compile such information for the entire State.

Potable water was not being provided in nine out of ten schemes reported to be completed.

Out of 56 pipe water supply schemes⁸⁷ taken up between 2002 and 2006 in test-checked divisions, ten schemes were reported to be completed after delay of one to two years from its target date of completion as of March 2007. Of these four remained non-functional due to non-energisation in PHED Motihari as of October 2007. Physical verification of five completed schemes disclosed that chlorinator was not installed in three schemes and was non functional in remaining two schemes. Thus potable water was not being provided to targeted beneficiaries through nine out of 10 reportedly completed schemes.

Expenditure of Rs 25.35 crore on 46 incomplete schemes

Forty six pipe water supply schemes with an estimated cost of Rs 38.27 crore remained incomplete after incurring expenditure of Rs 25.35 crore for a period ranging from one to three years as of March 2007. The reasons of their non-completion were delay in finalisation of tenders and award of work (23), non energisation by mechanical wing of PHED (4), site problem (5), delay on part of the contractor (4), delay in procurement of materials (8) and abandonment of work (2). As such, intended benefit to provide safe drinking water to 2.76 lakh persons was denied despite expenditure of Rs 25.35 crore.

During test check it was noticed that work for laying of C.I. rising main and construction of pump house under Ghoswari pipe water supply scheme under PHED, Patna (E) was awarded (July 2004) to an agency for Rs 5.77 lakh. The work was abandoned by the contractor after spending Rs 0.64 lakh due to faulty DPR which relied on electricity though there was no electricity in the area. A revised estimate on solar energy was being submitted for Rs 6.63 lakh. This shows that DPRs were being prepared without ascertaining ground realities. Thus, due to faulty planning there was cost escalation of Rs 1.50 lakh and blockage of materials valuing Rs 31.06 lakh as well as denial of benefit to the population of that area.

3.5.9.2 *Cost escalation*

As per the guidelines of ARWSP, amount released under the scheme could not be utilised/adjusted against any cost escalation.

Payment of Rs 27.93 lakh due to cost escalation

In five divisions, CE (Design) made provision of Rs 1.65 crore⁸⁸ irregularly for price variation during approval of technical sanction of 12 pipe water

⁸⁷ Ara (5), Samastipur (11), Motihari (7), Sheikhpura (3), Bhagalpur (4), Sasaram (8), Muzaffarpur (5), Biharsharif (6), Patna East (7)

⁸⁸ Ara (Rs 32.16 lakh), Motihari (Rs 16.34 lakh), Patna (E) (Rs 9.93 lakh), Samastipur (Rs 93.44 lakh), Sasaram (Rs 13.39 lakh)

supply schemes against which Rs 27.93 lakh⁸⁹ was paid by the two divisions (March 2007). The Secretary accepted during exit conference that provision for cost escalation should not be made while providing technical sanction.

3.5.9.3 *Unauthorised payment*

Unauthorised payment of Rs 25 lakh

As per provision under Bihar Public Works Accounts Code, a revised estimate was to be prepared where price variation was above 15 *per cent* than estimated cost. 12 agreements for construction of water tower in four divisions were made at higher rates ranging from 16 to 81 *per cent* over the estimated cost of Rs 2.49 crore during 2004-07. A payment of Rs 25 lakh on account of enhancement (March 2007) was made without approval of the revised estimate. The Secretary informed during exit conference that normally a tentative provision is made in the estimate which leads to some cost escalation at the time of approval depending on the local site location and its schedule of rate. The reply of the Department was not acceptable because estimates should be prepared after survey and site verification.

3.5.9.4 *Substandard execution of water tower work*

Substandard execution of water tower works

Rule 419 of BTC stipulates that the rough measurement should be recorded in notebook and the certificate of EE should be obtained in case of execution of work under lump-sum contracts to ensure execution of work as per prescribed specification. Further as per the terms of contract, payment in respect of construction of water tower should be made only after obtaining compressive strength test report of cubes casted at each stage of work.

In four divisions⁹⁰, nine water tower works were executed on lump sum contracts without taking rough measurement, work done certificates of respective EEs and compressive strength test report of cubes. Thus, in view of non-compliance of quality control measures, substandard execution of water tower works valued Rs 1.68 crore could not be ruled out.

3.5.9.5 *Unfruitful expenditure*

Construction work of water tower of pipe water supply scheme (Tarari) under PHE division Ara was abandoned (April 2005) after incurring expenditure of Rs 16.72 lakh due to death of contractor. The Division did not take any action to complete the work (August 2007). Thus expenditure of Rs 16.72 lakh incurred on the scheme remained unfruitful.

3.5.9.6 *Inadequate system of prequalification of contractors*

Award of work valued Rs 57 lakh without assessing the competency of agency led to incomplete work

The work valued Rs 57 lakh for construction of high yield tube well under Shahkund pipe water supply scheme under PHE division, Bhagalpur (W) was awarded (December 2006) to a contractor who did not possess rig machine though required for execution of work. As such, the work could not be started by the agency as of July 2007, which led to denial of intended benefit to 13000 persons besides idle store valued Rs 34.20 lakh procured for the work

⁸⁹ Ara (Rs 20.43 lakh) and Motihari (Rs 7.50 lakh)

⁹⁰ Ara: 5, Bhagalpur (W): 1, Patna East: 2 and Motihari: 1

(September 2007). Department should have a pre qualification mechanism to ensure that only contractors owing necessary equipment were permitted to participate in financial bids.

3.5.10 Installation of hand pump

3.5.10.1 Low achievement against target

Utilisation certificates for Rs 111.07 crore not received from panchayat

The Department transferred Rs 88.74 crore for sinking of 47,536 hand pumps and Rs 22.33 crore for special repair of 46,101 hand pumps to panchayats during 2002-05 but no utilisation certificates from panchayats were obtained by the divisions / Department as of March 2007. Subsequently, the Department took up the work of sinking and special repair of hand pumps departmentally from 2005-06.

The targets fixed by the Department for installation and special repair of hand pumps and achievement vis-à-vis expenditure incurred under different components during 2005-07 were as under:

Hand pumps under	Period: 2005-07			
	Target		Achievement	
	Physical	Financial (Rs in crore)	Physical	Financial (Rs in crore)
NC/PC	50923	113.59	24704	81.33
SM	13534	36.49	9577	31.10
SC Tola	1740	3.54	1552	3.39
Special Repair	16485	9.25	13939	8.10
School	4087	6.74	202	2.89
Total	86769	169.61	49974	126.81

(Source : Information furnished by Engineer-in-Chief)

Achievement for sinking of hand pumps under different components of ARWSP during 2005-07 was only 49,974 (57 per cent) against 86,769 indicating poor achievement. In test-checked divisions the achievement of installation of hand pumps was only 11,317 (35 per cent) against target of 32,321 during 2005-07.

3.5.10.2 Infructuous expenditure on special repairs

Infructuous expenditure of Rs 19.08 lakh on special repairs

Test-check disclosed that lowering of 40 mm GI pipes in special repair work of hand pumps ranged from 14 meter to 35 meter in 555 test-checked hand pumps in seven divisions⁹¹ whereas potable water was available after 41 meter. Thus due to insufficient lowering of pipe, potable water could not be provided after special repairs and expenditure of Rs 19.08 lakh on special repair of hand pumps was infructuous. Engineer in Chief cum Special Secretary assured that instructions will be issued so that SR work is executed as per required depth.

⁹¹ Ara (Rs 2.03 lakh), Muzaffarpur (Rs 3.82 lakh), Samastipur (Rs 3.11 lakh), Motihari (Rs 4.01 lakh), Bhagalpur West (Rs 0.58 lakh), Sasaram (Rs 4.67 lakh), Patna East (Rs 0.86 lakh)

3.5.10.3 Irregular expenditure on hand receipts

As per the provision under Bihar Public Works Account Code, payment on hand receipts (HR) was not permissible except in emergency cases. Payment of labour charges was to be made through Muster Roll.

Irregular payment of Rs 10.54 crore for departmental work on HR

Payment of Rs 10.54 crore⁹² was made on HR during 2005-07 against departmental works for sinking, repair, maintenance of hand pumps and pipe water supply schemes. The details regarding labour engaged, period of execution of works, sanction order of estimate were not recorded on HR. Also, detailed measurement of executed work was not recorded in the measurement book. Thus, expenditure of Rs 10.54 crore for departmental works on HR was irregular.

The Secretary accepted during exit conference (October 2007) that payment through incomplete HR was irregular and necessary instructions had been issued to all officers to record detailed entry of work as per codal provisions.

3.5.11 Implementation of Swajaldhara

Swajaldhara was launched by scaling up the sector reform initiatives in rural drinking water supply schemes throughout the country.

3.5.11.1 Incomplete schemes

The funds under Swajaldhara was to be provided by GOI subject to a maximum of 90 per cent of the capital cost for 40-lpcd and 80 per cent for 55 lpcd service levels and remaining amount was to be met through community contribution. GOI fund was to be released in two equal instalments (each 50 per cent of the GOI's share) under Swajaldhara.

Utilization certificates of Rs 5.69 crore not received

GOI funds of Rs 5.69 crore was released to 395 Village Water and Sanitation Committees (VWSCs) in eight divisions⁹³ as first installment for 358 hand pumps schemes and 37 pipe water supply schemes during 2004-07. All the projects remained incomplete as of September 2007. Due to non-submission of utilisation certificate of first installment second installment of GOI funds was not released (March 2007).

During test-check of PHED Vaishali Division, Hajipur⁹⁴ it was observed that out of Rs 5.69 crore, Rs 3.44 crore was sanctioned under Swajaldhara for construction of 2891 hand pumps of 40 lpcd and 55 lpcd service level in 349 VWSCs in PHED, Hajipur (Vaishali) with Rs 3.11 crore as a GOI share. Of these, the division released Rs 2.61 crore (84 per cent) for installation of hand

⁹² Ara (Rs 1.54 crore), Bhagalpur (Rs 0.40 crore), Biharsharif (Rs 1.10 crore), Hajipur (Rs 0.63 crore), Motihari (Rs 1.08 crore), Muzaffarpur (Rs 1.64 crore), Samastipur (Rs 0.86 crore), Patna East (Rs 0.88 crore), Sasaram (Rs 1.77 crore), Sheikhpura (Rs 0.64 crore)

⁹³ VWSC, Biharsharif (17), Hajipur (351), Motihari (1), Sasaram (10), Sheikhpura (6), Patna East (8), Muzaffarpur (1), Ara (1)

⁹⁴ Vaishali was declared as the Sector Reform District for implementation of Swajaldhara

pumps as the first instalment during 2004-06 in excess of 50 *per cent* share. The respective VWSCs had not taken second instalment due to non-submission of utilisation certificate of first instalment. Therefore, all the projects remained incomplete till September 2007.

Similarly, two pipe water supply schemes (Phulhara bano and Bithauli Anirudh) under Swajaldhara were taken up by PHED, Hajipur on the closure of earlier pilot project in December 2003 remained incomplete.

Thus there was a complete denial of benefits under water supply scheme to population of Vaishali district during 2002-07.

3.5.12 *Store management*

**Blockage of store
valuing
Rs 15.03 crore**

The Department procured 27,989 IM III hand pump sets valuing Rs 14.20 crore and 62,248 strainer (40 mm) valued Rs 0.83 crore (March 2007). The department could not procure 40 mm and 65 mm GI pipes and 125 mm UPVC casing pipe due to non finalisation of tender and court case pending with Hon'ble High Court, Patna against Government's decision to procure UPVC pipe from manufacturers located in Bihar only. This resulted in blockage of materials valued Rs 15.03 crore besides denial of intended benefit to 69.97 lakh⁹⁵ rural population.

Other points noticed were as under:

- In five divisions⁹⁶ store materials (80 mm and 125 mm GI pipe) valued Rs 25.17 lakh were lying idle for more than six years as of September 2007.
- Scrap taken out during repairs of hand pumps was not entered in the stock registers during 2002-07. Thus, possibility of misappropriation of scrap could not be ruled out. The Secretary assured (October 2007) to issue instructions to account for the scrap in the stock registers.
- Annual physical verification of stores was not conducted regularly though required under rules in test checked divisions.

3.5.13 *Quality control mechanism*

Periodic testing and monitoring of water quality was essential for providing safe drinking water to rural people on a sustained basis. Chemical examination of water was necessary to ensure supply of potable water to people. Analysis of water quality monitoring report of the Department disclosed that out of 44,677 samples of water tested during 2005-07, 7,970 samples (18 *per cent*) were having bacteriological and chemical problem but no corrective action was taken. In test-checked divisions, 1,167⁹⁷ hand pumps were affected with

⁹⁵ 27,989 x 250 = 69.97 lakh..

⁹⁶ Samastipur (Rs 1.92 lakh), Motihari (Rs 1.92 lakh), Bhagalpur (Rs 1.27 lakh), Sasaram (Rs 1.05 lakh), Hazipur (Rs 19.01 lakh).

⁹⁷ Patna (East) : 22 ; Hajipur : 33 ; Sheikhpura : 284 ; Sasaram : 91 ; Ara : 61 ; Biharsharif : 8 ; Bhagalpur : 668.

bacteriological and chemical contamination but no steps were taken either for water treatment or for marking of these hand pumps as of September 2007.

Communication and Capacity Development Unit of State Water and Sanitation Mission was to provide field testing kits for quality testing of drinking water. Test checked divisions were not provided with field testing kits in for quality test of drinking water. The Secretary intimated in exit conference that field testing kits had been procured (October 2007) and training was being imparted at district level.

3.5.14 Monitoring and inspection

The monitoring cell headed by SE under EIC with the assistance of two Deputy Directors (each one for evaluation and investigation) and one EE (monitoring) was responsible for coordination and monitoring of the schemes.

As per the departmental order Engineer-in-Chief, Chief Engineer (M), Regional Chief Engineer, SE and EE were required to do field inspection for 3, 4, 6, 10 and 15 days respectively in a month. Test check disclosed that no inspection report of inspection done by SE, CE, RCE and EIC was available during 2002-07. Further, information relating to incomplete schemes under ARWSP and Swajaldhara for the entire State was not being compiled by the Department indicating total absence of monitoring during 2002-07. The Secretary intimated (October 2007) that monitoring mechanism would be strengthened through web monitoring system.

3.5.15 Action taken report on previous audit report

Review on ARWSP for the period 1997-2001 was featured in Audit Report (Civil) for the year ended 31 March 2001. The audit findings were yet to be discussed by the Public Account Committee as of October 2007. Deficiencies pointed out in the earlier Audit Report relating to programme achievement, execution of work, water testing laboratories etc. persisted during 2002-07 as detailed in *Appendix XLV*.

3.5.16 Conclusion

ARWSP failed to provide potable water in the State due to large number of incomplete works under pipe water supply, handpumps and Swajaldhara during 2002-07. Low priority on completion of existing works over taking up of new schemes resulted in increase in number of incomplete schemes during 2002-07. There was no planning for ground water recharge despite the existence of over exploited blocks in the State. Special repairs resulted in wasteful expenditure as pipes were not lowered upto the required depth. Quality control mechanism was deficient as field testing kits were yet to be distributed. Monitoring system was not in place as evidenced from the fact that the department did not have updated status of works being implemented in the State.

Recommendations

- Incomplete schemes should be completed on priority basis.

- Integrated planning should be made to decide a judicious mix of surface water supply and ground water supply schemes which should also provide for ground water recharge for sustainable use of water resources.
- Water quality issues should be addressed immediately.
- Procurement of materials should be done well in time and keeping in view the requirement of PWSS and hand pumps.
- Monitoring mechanism should be strengthened.

The above points were reported to State Government (October 2007); their reply has not been received (October 2007).