

# **CHAPTER III**

## **COMPLIANCE AUDITS**

## CHAPTER-III COMPLIANCE AUDIT

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

### AGRICULTURE DEPARTMENT

#### *3.1 Audit of National Horticulture Mission*

##### **3.1.1 Introduction**

National Horticulture Mission (NHM) was launched in 2005-06 by Ministry of Agriculture, Government of India (GoI), as a Centrally Sponsored Scheme to provide holistic growth of horticulture sector. This was to be achieved through area based regionally differentiated strategies which include research, technology promotion, extension, post-harvest management, processing and marketing in consonance with comparative advantage of each State/region. Later on, Mission for Integrated Development of Horticulture (MIDH) was launched in the country during 12<sup>th</sup> Five Year Plan from 2014-15, which integrated the ongoing schemes of National Horticulture Mission, National Bamboo Mission, National Horticulture Board, Coconut Development Board, Horticulture Mission for North East and Himalayan States and Central Institute for Horticulture, Nagaland.

NHM was being implemented in 23<sup>34</sup> out of 38 districts in the State and major activities being undertaken in the Mission were production and distribution of planting material, vegetable seed production, establishment of new gardens, creation of water sources, protected cultivation, organic farming, integrated post-harvest management and creation of market infrastructure.

A test-check of records of Principal Secretary (PS), Agriculture Department (AD), Government of Bihar (GoB) and Director, Horticulture-cum-Mission Director, Bihar Horticulture Development Society (BHDS), Bihar at Headquarters level and eight<sup>35</sup> out of 23 Assistant Directors of Horticulture (ADH) at district level was conducted during April to August 2016 to ascertain the implementation of NHM during 2011-16.

##### **3.1.2 Organisational set-up**

The General Council (GC) is the policy formulation body to give overall direction and guidance to Mission and monitors and reviews its progress and performance. The National Level Executive Committee (NLEC) oversees the activities of the Mission and approves action plans of NHM. State Level Executive Committee (SLEC) oversees the implementation of programmes of respective States while District Horticulture Development Committee

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<sup>34</sup> Araria, Aurangabad, Banka, Begusarai, Bhagalpur, Darbhanga, East Champaran, Gaya, Jamui, Katihar, Khagaria, Kishanganj, Madhubani, Munger, Muzaffarpur, Nalanda, Patna, Purnia, Rohtas, Saharsa, Samastipur, Vaishali and West Champaran

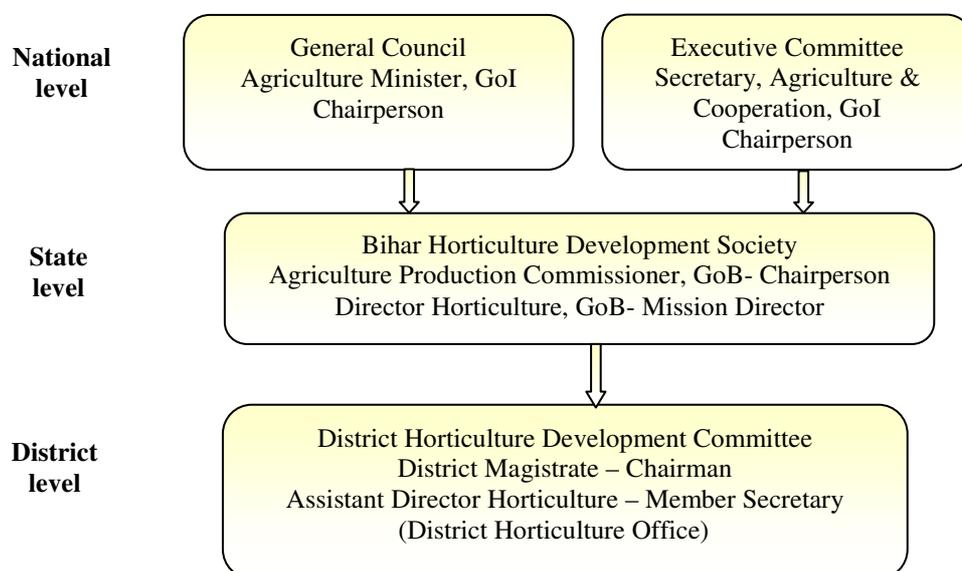
<sup>35</sup> Bhagalpur, East Champaran, Katihar, Munger, Muzaffarpur, Nalanda, Patna and Samastipur

(DHDC) is responsible for project formulation, execution of schemes of Mission and monitoring in the districts.

To implement the functions of SLEC in the State, Bihar Horticulture Development Society (BHDS) was established in October 2005 as per Society Registration Act 1860. The source of funds of BHDS includes sums provided by the Government, subscriptions and charges received from the members, sums of money generated from gift commodities by the Society or received by way of grants and donations.

The Agriculture Production Commissioner, Agriculture Department, Government of Bihar (GoB) is the Chairman of BHDS. The organisational set-up responsible for implementation of NHM is as follows:

**Chart no. - 3.1.1**  
**Structure and composition of NHM at the National/State/District level**



(Source: Information provided by Mission Director, BHDS)

### 3.1.3 Planning

The responsibility of plan formulation (*i.e.* perspective as well as annual action plans) of NHM in Bihar was entrusted to the BHDS. Accordingly, the status of horticultural production, potential and demand for districts, sub-districts or a group of districts, baseline surveys and feasibility study was to be ascertained by BHDS. However, there were many deficiencies in planning of NHM in the State which are discussed in following paragraphs:

#### 3.1.3.1 Baseline survey

According to NHM guidelines, BHDS was to organise baseline survey and feasibility studies in the districts, sub-districts or groups of districts to determine the status of horticultural production, potential and demand and accordingly tailor the assistance to be provided.

Scrutiny of records of BHDS, disclosed that baseline survey and feasibility studies were not conducted by BHDS since 2005-06. Further, during test-check of records of selected districts, the ADHs reported that no instruction was issued by the BHDS regarding base line survey and feasibility studies. The area, production and productivity report for each district was prepared

during 2011-16 at Headquarters level to determine the horticultural production, productivity, potential and demand. However, the said report was not based on data provided by the districts. Thus the BHDS did not assess the status of horticulture production, potential and demand of the selected districts.

During exit conference (December 2016), the PS, AD, GoB stated that baseline survey was conducted during 2005-06. On the basis of said survey and after getting feedback in quarterly meetings as well as year wise report of area, production and productivity of horticultural crops, the potential and demand for NHM were assessed at Headquarters level. Thus, the actual potential of districts was not ascertained in absence of data of test-checked districts.

### **3.1.3.2 Perspective plan/strategic plan**

Operational guidelines for NHM/MIDH stipulate that States will prepare perspective/strategic plan and road map for overall development of horticulture in the State, duly projecting the plan of action for the 11<sup>th</sup> and 12<sup>th</sup> Five Year Plan period. This would form the basis for preparing Annual Action Plan. The strategy and road map formulated by States should invariably contain information on geography and climate, potential of horticulture development, availability of land, plan of action proposed to achieve the objectives of the mission *etc.* in each of the districts of the State.

Scrutiny of records of BHDS disclosed that perspective plan/ strategic plan for NHM was not prepared during 2011-16. In its absence, no long term plan or strategy was prepared by BHDS to take benefit of perspective planning and vision.

During exit conference (December 2016), the PS, AD, GoB stated that perspective plan for NHM was prepared, however it was not approved by GoI. In place of perspective plan/ strategic plan, Agriculture Road Map -1 and 2 were prepared by Department of Agriculture. The Agriculture Road Map was broader than the NHM guidelines because it included overall development of Agriculture in all 38 districts. However, district-wise target was not fixed in the Road Map because year-wise action plan was prepared on the basis of allocated funds by GoI and not on the basis of perspective plan.

The reply was not acceptable as specific perspective/strategic plan or road map for NHM indicating physical and financial programme was not prepared as envisaged in the guidelines. Further, district-wise plan of action proposed to achieve goal of NHM was not mentioned in Agriculture Road Maps.

### **3.1.3.3 Annual Action Plan**

The Annual Action Plan (AAP) was required to be supported with data on outcome of past interventions covering the details of area expansion, water resource development as per the need of the State, Integrated Nutrient Management/Integrated Pest Management and organic farming. The district level agencies were required to prepare AAP keeping in view their priority and potential and submit the plan to BHDS. The BHDS in turn, was to prepare a consolidated proposal for the State and furnish the same to Ministry of Agriculture and Cooperation, GoI for consideration by National Level Executive Committee (NLEC).

Scrutiny of records disclosed that BHDS had prepared AAP which was approved by GoI. During scrutiny of records of selected districts, it was observed that the district level agencies had not prepared and submitted the AAP to BHDS keeping in view their priority and potential. Thus, the priority and potential of district mentioned in AAP was not based on reliable information and the infrastructure was created without ascertaining the requirement of the districts as discussed in *paragraphs 3.1.5.2, 3.1.5.4, 3.1.5.5 and 3.1.5.7.*

During exit conference (December 2016), the PS, AD, GoB stated that on the basis of feedback in quarterly meetings with district authorities and keeping in view the allocation of funds by GoI, AAP for the districts was prepared at Headquarters level. It was further stated that as the district office was very weak, this work was carried out with a top-down approach.

The reply was not acceptable as no evidence was provided to prove that the AAP was prepared in consonance with actual priority and potential of districts.

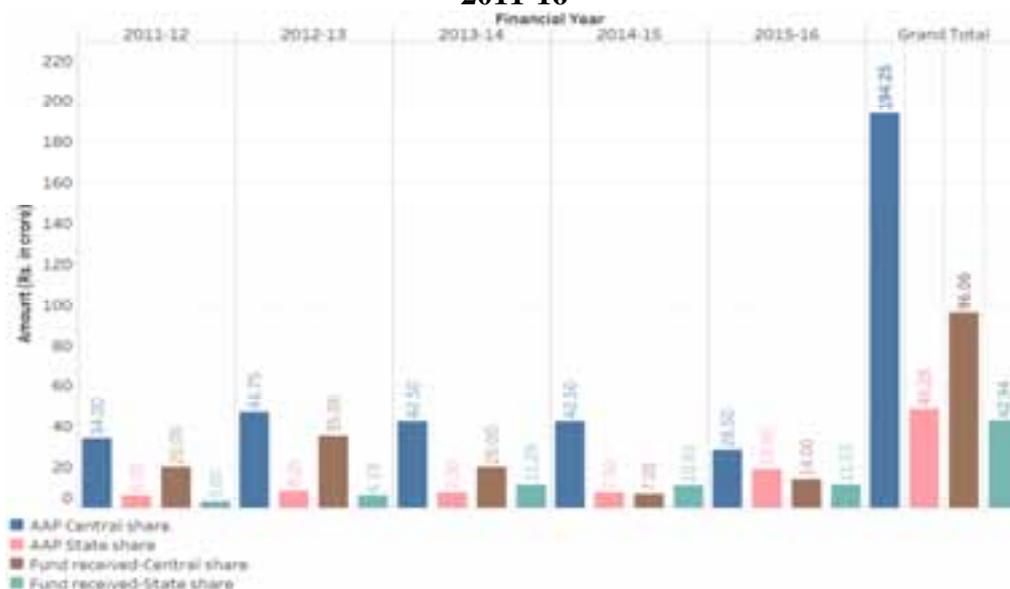
**Recommendation**

*Perspective/strategic plans should be prepared with due focus on crops having comparative advantage and natural potential for development in the State. The Annual Action Plans should be prepared on the basis of proposals of district authorities.*

**3.1.4 Financial management**

NHM is a Centrally Sponsored Scheme with funding ratio of 85:15 upto 15 November 2015 and thereafter 60:40 between Government of India and States respectively. The details of requirement of funds as per approved AAPs, funds received through Central and State share and expenditure incurred there against during the period 2011-16 are given in **Chart no. - 3.1.2.**

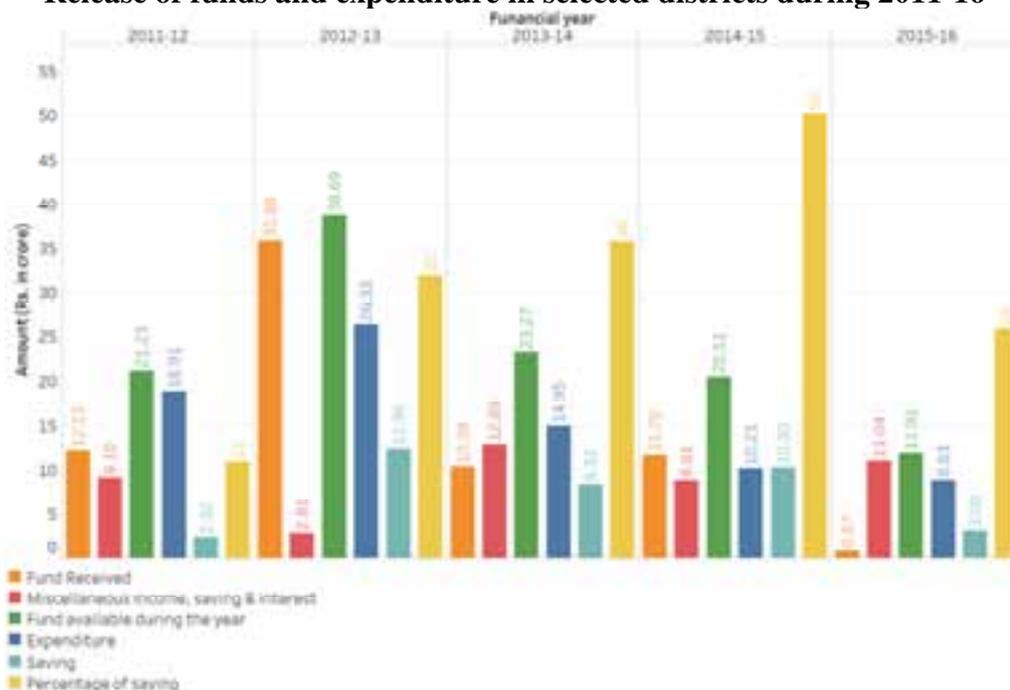
**Chart no. - 3.1.2**  
**Release of Central share, State share and expenditure in the State during 2011-16**



(Source: Information provided by Mission Director, BHDS)

It was evident from the **Chart no. - 3.1.2** that only ₹96.06 crore was released as Central share against the requirement of ₹194.25 crore according to approved AAPs. Short release of Central share was attributed to under utilisation of scheme funds during the previous period. Therefore, the GoB was deprived of Central share of ₹98.19 crore during 2011-16. Further, the status of release of funds and expenditure there against of test-checked districts are given in the **Chart no. - 3.1.3**:

**Chart no. - 3.1.3**  
**Release of funds and expenditure in selected districts during 2011-16**



(Source: Information provided by ADHs of selected districts)

During exit conference (December 2016), the PS, AD, GoB stated that due to tardy paper work for obtaining subsequent installments of Central share and late submission of UCs to GoI, subsequent installments were not released by GoI. Consequently, GoI did not release funds as per approved AAP. The reply was not acceptable as the BHDS did not utilise the allocated funds also.

It was also observed that:

- The savings against available funds during 2011-16 ranged between 29 and 52 per cent (**Appendix-3.1.1**) in the State whereas it ranged between 11 and 50 per cent in test-checked districts. The failure to utilise funds was attributed to the loss of interest of farmers in protected cultivation<sup>36</sup> due to reduction in assistance as additional State top up was discontinued and the funds earmarked for SC, ST and women beneficiaries were under utilised as discussed in **paragraph 3.1.5.2 and 3.1.5.11**.

During exit conference (December 2016), the PS, AD, GoB stated that due to credit linked back ended subsidy, the financial target for project based

<sup>36</sup> Activities like construction of shade net house, green house, mulching and plastic tunnels, anti bird/hail nets etc. are included in protected cultivation.

activities was not achieved. Besides, shortage of supporting staff was also a reason for short utilisation of funds.

- During the year 2014-15, GoI released ₹17 crore against Central share of ₹42.50 crore. However, only ₹seven crore was withdrawn from treasury and ₹10 crore could not be withdrawn from treasury as the Director Horticulture did not obtain prior sanction for the grant from Finance Department. However, the amount was shown as unspent balance in utilisation certificate of 2014-15. Consequently, GoI released grant in 2015-16 by adjusting the Central share for the year. As a result, the BHDS was deprived of Central share of ₹10 crore in 2014-15.

During exit conference (December 2016), the PS, AD, GoB agreed with the audit observation.

- During the year 2015-16, funds were withdrawn from treasury on 31 March 2016 only as the Central share was received in February 2016. However, these were not released to implementing agencies till July, 2016. As a result, only 42 *per cent* of physical targets of NHM components could be achieved during 2015-16.

During exit conference (December 2016), the PS, AD, GoB accepted the audit observation and stated that the funds for the year 2015-16 was kept in Personal Ledger account and now it was being released to districts.

Other shortcomings in financial management of the scheme in selected districts are discussed in succeeding paragraphs:

#### **3.1.4.1 Release of funds to implementing agencies**

During scrutiny of records in test-checked districts, it was noticed that ₹70.96 crore against the financial target of ₹117.78 crore was released to implementing agencies by BHDS during 2011-16 for implementation of scheme. However, out of total release, ₹18.42 crore (*i.e.* 26 *per cent*) was released in the last month of the respective financial years only (*Appendix-3.1.2*). The delay in release of funds affected the implementation of the scheme and set targets of NHM in the districts could not be fully achieved. On being asked, the ADHs of test-checked districts also attributed short achievement of targets as one of the reasons for delay in release of funds. Further, during exit conference (December 2016), the PS, AD, GoB accepted the audit observation and stated that it would be taken care of in future.

#### **Recommendation**

***BHDS should ensure optimum utilisation of funds and avoid delay in release of funds to implementing agencies.***

#### **3.1.4.2 Departmental advances**

Rule 318 of Bihar Treasury Code (BTC) 2011 stipulates that no departmental advances shall be given unless the previous advance has been adjusted and the advances released should be recovered within 12 months of drawal.

Scrutiny of records in test-checked districts revealed that contrary to the provisions of BTC, an advance of ₹21.96 lakh given to officer/officials for purchase of planting materials, cleaning of nurseries and payment of wages to labourers during 2011-15 was lying unadjusted till date of audit (July 2016).

Without adjusting the previous advances, subsequent advances were also given by the ADHs at regular intervals. Besides, advances amounting to ₹1.01 crore pertaining to the financial year 2011-16 were booked as expenditure without adjustment (*Appendix-3.1.3*). Since the advances were booked as expenditure in the cash book, the adjustments of these advances were not watched by the ADHs and execution of physical work was also not ensured.

During exit conference (December 2016), the PS, AD, GoB stated that instructions would be issued to districts authorities for recovery/adjustment of the advances.

#### **3.1.4.3 Preparation of Bank Reconciliation Statements**

As per instructions of BHDS (August 2014), the ADHs of all districts were required to prepare Bank Reconciliation Statements at the end of every month for reconciling the differences between cash book and bank balances.

During test-check of records of four selected districts, it was observed that Bank Reconciliation Statements were not being prepared during 2011-16 and there were differences between cash book and bank pass book amounting to ₹10.91 lakh (Katihar), ₹37.66 lakh (Munger), ₹32.86 lakh (Muzaffarpur) and ₹6.81 lakh (Nalanda) as on 31 March 2016.

During exit conference (December 2016), the PS, AD, GoB stated that the differences between cash book and bank pass book were due to interest earned on bank balances and assured that the matter would be given due attention in future.

#### **3.1.4.4 Diversion of funds**

The sanction orders issued by GoI releasing the assistance under NHM stipulate that funds should be utilised on the components as per approved AAPs.

During test-check of records of the ADH, Patna, it was noticed that NHM funds of ₹98.94 lakh were diverted (February 2015) to the account of National Vegetable Initiative (NVI) scheme. Later on, ₹75 lakh was credited back (March 2016) in NHM account after one year, from the funds of Chief Minister Horticulture Mission. The diversion of funds from NHM resulted in under achievement of physical target as only 49 *per cent* of the physical target was achieved during 2014-15. The balance funds of ₹23.94 lakh was not credited to NHM account till October 2016.

During exit conference (December 2016), the PS, AD, GoB stated that funds for NVI scheme was released (December 2016) to the ADH, Patna and it would be recouped.

The reply was not in consonance with the directions of sanction order for NHM and also adversely affected the achievements in components of the Scheme.

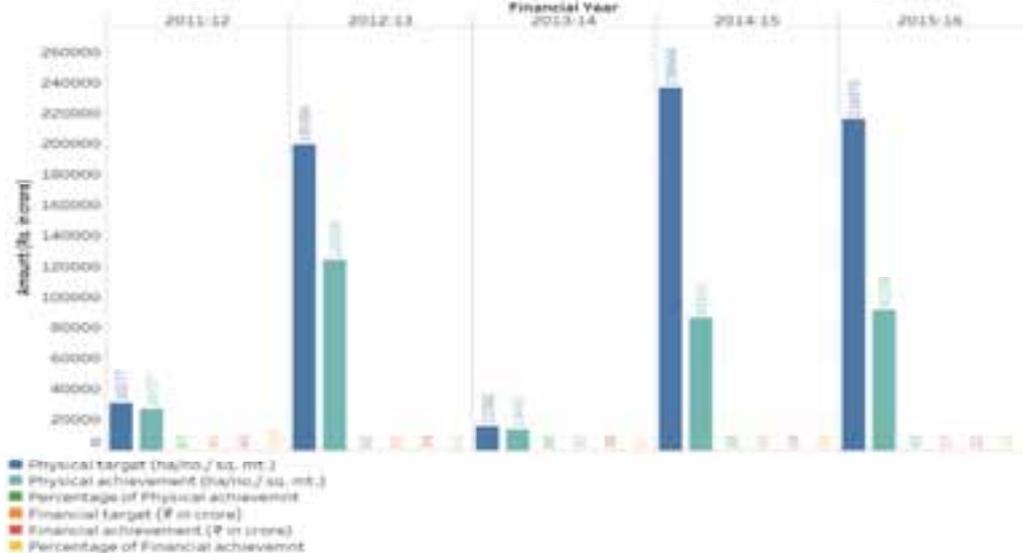
#### **3.1.5 Implementation of the Mission programme**

Components of NHM like production and distribution of planting material, vegetable seed production, establishment of new gardens, protected cultivation, organic farming, creation of water sources, integrated post-harvest

management and creation of market infrastructure *etc.* had been implemented in the State during 2011-16.

The status of physical and financial target and achievement of NHM components in the State is given in the **Chart no. - 3.1.4**:

**Chart no. - 3.1.4**  
**Status of physical and financial target and achievement during 2011-16**



(Source: Information provided by Mission Director, BHDS)

Analysis of the **Chart no. - 3.1.4** shows that percentage of physical achievement ranged between 36 and 88 *per cent* whereas financial achievement ranged between 39 and 100 *per cent*. Details are provided in **Appendix-3.1.4**.

During exit conference (December 2016), the Department stated that according to the funds flow by GoI, physical and financial achievement was obtained. It was also stated that target for project based activities was not achieved due to difficulties in credit linked back ended subsidy<sup>37</sup>.

The shortcomings in implementation are discussed in succeeding paragraphs:

### 3.1.5.1 Establishment of new gardens

NHM envisaged coverage of large areas under improved varieties of horticultural crops. The assistance for cultivation of perennial fruit garden will be for a maximum area of four hectares per beneficiary, spread over a period of three years in ratio of 60:20:20 in first, second and third year depending upon nature of crops. Assistance for second year will be subject to 75 *per cent* survival of the new gardens and for the third year assistance will be subject to 90 *per cent* survival of plants.

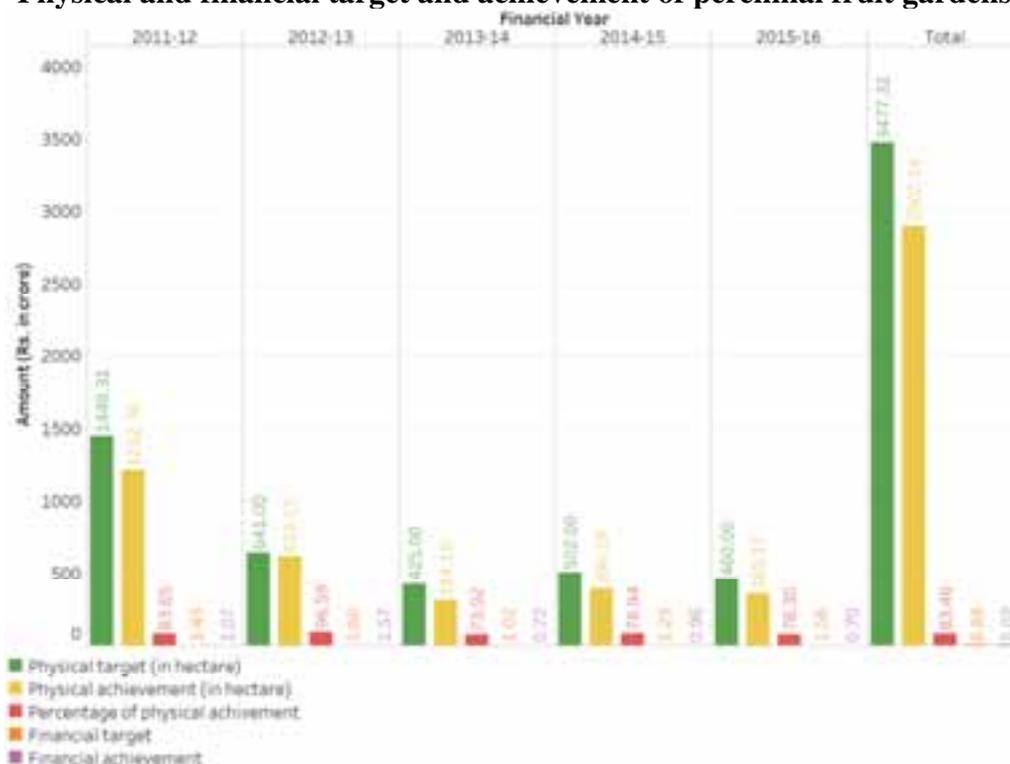
The BHDS had fixed physical and financial target for perennial fruit gardens during 2011-12 to 2015-16. It was noticed in test-checked districts that targets

<sup>37</sup> It implied that the beneficiary had to avail term loan from the nationalised banks/financial institutions to avail the assistance. The payment of back ended subsidy would be made to the beneficiary after successful completion of the project in accordance with the terms and conditions of the loan or as per the approved feasibility-cum-project report, as the case may be.

were fixed by the BHDS without assessing requirements from implementing agencies.

Scrutiny of records in test-checked districts disclosed that the physical achievement of perennial fruit gardens (*i.e.* mango, lichi, guava and amla) after first year of plantation was around 83 per cent of the set targets during 2011-16 as shown in the **Chart no. - 3.1.5**:

**Chart no. - 3.1.5**  
**Physical and financial target and achievement of perennial fruit gardens**



(Source: Physical and financial progress report of test-checked districts)

Analysis of **Chart no. - 3.1.5** shows that perennial fruit gardens were established in 2,902.14 hectares only against target of 3,477.31 hectares while ₹5.02 crore could only be spent against financial target of ₹6.88 crore.

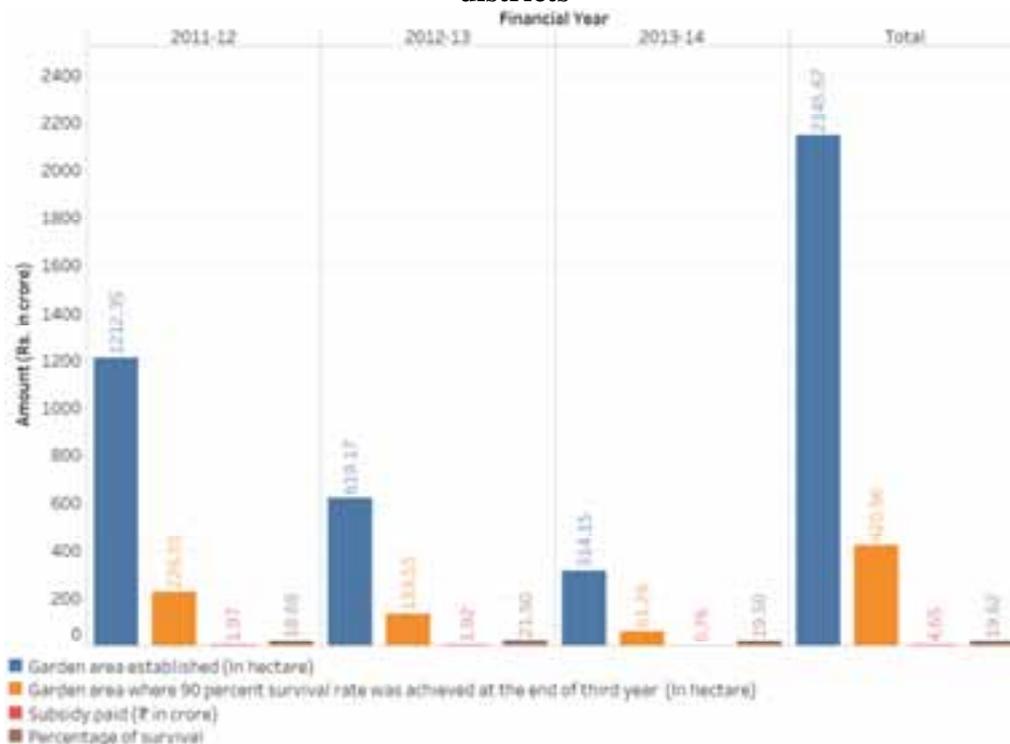
During exit conference (December 2016), the PS, AD, GoB attributed the curtailment in the other than project based activities by GoI to short achievement of target. The reply was not in consonance with the audit observation.

The status of plantation after scheduled three years, shortcomings in establishment of new gardens and impact of plantations in test-checked districts are discussed in succeeding paragraphs:

#### ***Survival of perennial fruit gardens***

Details of status of survival of perennial fruit garden during the year 2011-14 (which had already completed three years) is given in the **Chart no. - 3.1.6**:

**Chart no. - 3.1.6**  
**Statement of survival of perennial fruit garden in the test-checked districts**



(Perennial fruit includes mango, lichi, guava and amla)

(Source: Information provided by ADHs of test-checked districts)

It was obvious from the **Chart no. - 3.1.6** that the survival of garden area established was very low as prescribed survival (90 per cent) of plant was achieved in only 420.96 out of 2,145.67 hectares which was only 19.6 per cent of the total garden area established. Consequently, the subsidy paid for 19.6 per cent plantation survived could only be fully justified.

During exit conference (December 2016), the PS, AD, GoB stated that survival was not very low as applications for third installment were not submitted by the farmers to ADHs and third installment was not paid to most of the beneficiaries. It was further stated that a survey of gardens established under NHM was carried out by the students of Bihar Agriculture University, Sabour and survival was found satisfactory.

The reply was contrary to the reply (April 2016 to August 2016) of ADHs of selected districts which disclosed that survival of perennial fruit gardens was low due to lack of barbed wire fencing and damage of plantation by cattle and wild animals.

Further, an evaluation of agriculture development schemes including horticulture implemented during the financial year 2011-13 was carried out (October 2013) by Chandragupta Institute of Management, Patna. As per the evaluation report, mortality rate was very high (more than 50 per cent) in all districts in study area (14 districts) except in Nalanda and Rohtas where survival rate was 85 per cent. The major reasons for high mortality were lack of irrigation facilities, grazing by stray cattle and lack of fencing etc. This substantiated the audit observation.

### ***Involvement of Panchayati Raj Institutions***

As per guidelines of MIDH, the *Panchayati Raj* Institutions (PRIs) will be involved in implementation of the programme commensurate with their expertise and available infrastructure. They will have a role in implementation of MIDH with regard to:

- Identification of crops/spices and beneficiaries in consultation with District *Panchayats*;
- Training, extension and awareness creation through *Panchayats* and *Gram Sabhas* (GS); and
- Organisation of PRI and GS meetings and giving feedback to the concerned officials with regard to implementation of MIDH.

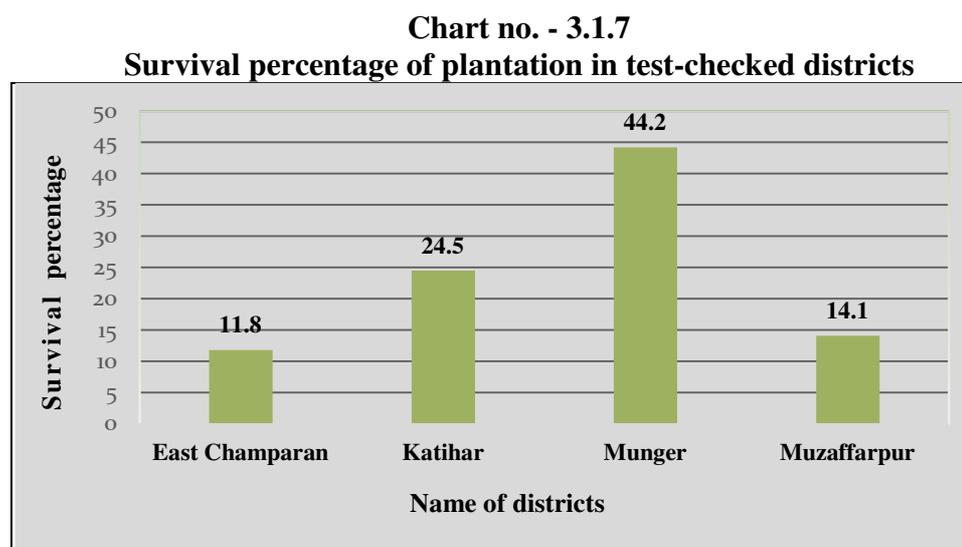
However, scrutiny of records in seven<sup>38</sup> test-checked districts disclosed that the PRIs of districts were not involved in identification of crops, training, awareness creation and subsequently feedbacks were not received from PRIs regarding implementation.

During exit conference (December 2016), the PS, AD, GoB accepted the audit observation and assured that PRIs would be requested to be a part for identification of crops and execution of the components.

### ***Selection of Site***

As per instruction of BHDS (August 2014), the proposed site for plantation should be verified by field level staff to ensure willingness of farmers, irrigation facility available and type of land after receipt of application from farmers for establishment of gardens.

Scrutiny of records of four test-checked districts disclosed that no such field verification at proposed garden site was done in districts before plantations. Consequently, irrigation facility and suitable land was not ensured at sites before plantation which ultimately affected survival of plants after three years of plantation as shown in the **Chart no. - 3.1.7**:



(Source: Information provided by ADHs of concerned districts)

<sup>38</sup> Bhagalpur, East Champaran, Katihar, Munger, Muzaffarpur, Nalanda and Samastipur

During exit conference (December 2016), the PS, AD, GoB stated that the plantation sites were selected by the farmers themselves which were not useful for seasonal crops. The reply was not acceptable as suitable site for plantation was to be selected by the ADHs as per the instruction of BHDS.

**Cluster approach**

As per guidelines of NHM, new area should be taken up in identified clusters of mandated crop on a contiguous basis and new garden should not be taken up in isolated patches in less than 10 hectares block.

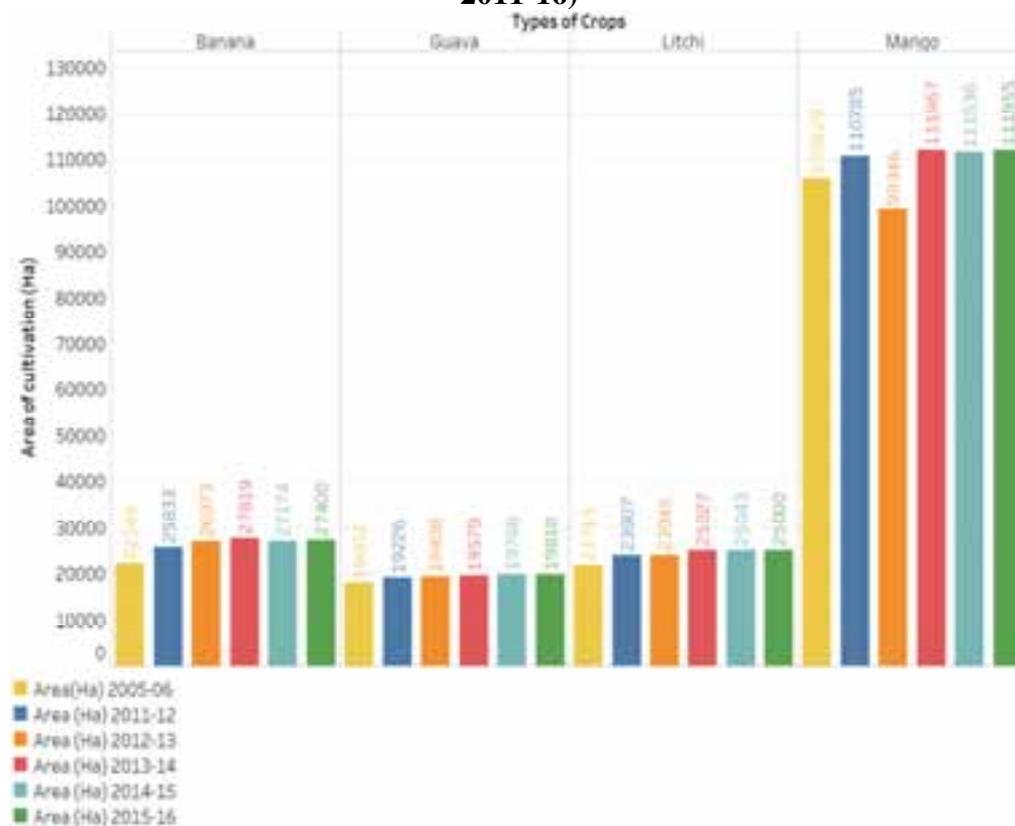
Scrutiny of records in six<sup>39</sup> test-checked districts disclosed that the prescribed cluster approach of the guidelines was not adhered to during selection of new areas for plantation and rather small pieces of land were selected. Thus, approach for developing differentiated crops in a cluster was defeated.

During exit conference (December 2016), the PS, AD, GoB accepted the audit observation.

**Impact of area expansion scheme**

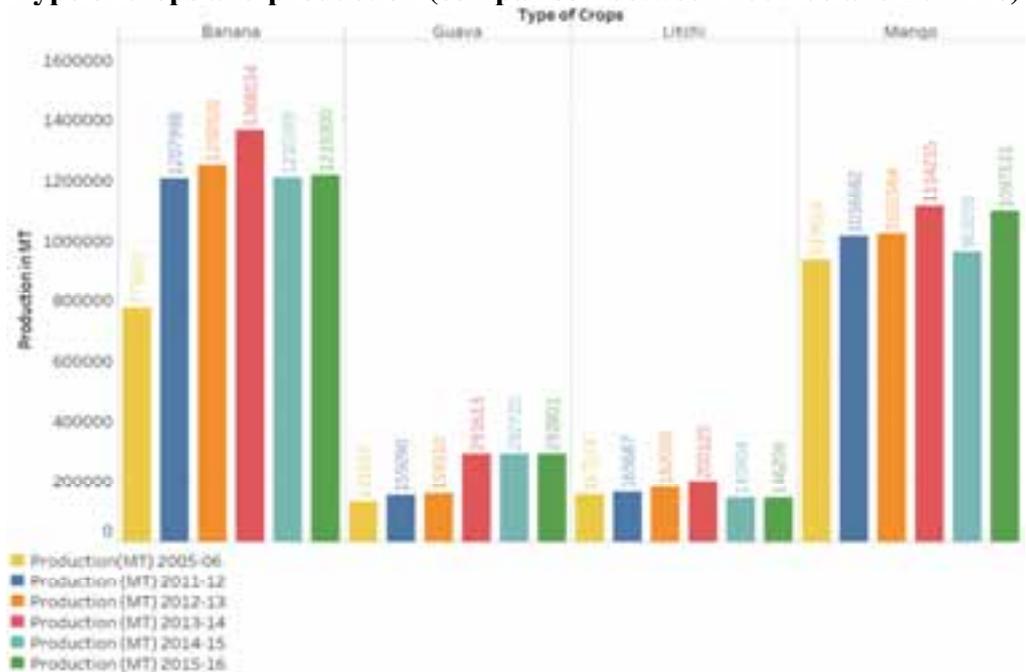
Holistic growth of horticulture sector, enhancement of horticulture production and improvement in productivity are the main objectives of the NHM. The area of major horticultural crops cultivated, production and productivity at the time of commencement of scheme (i.e. 2005-06) and during 2011-16 in the State is given in **Chart no. - 3.1.8 to 3.1.10**.

**Chart no. - 3.1.8**  
**Type of crops and area of cultivation (comparison between 2005-06 and 2011-16)**

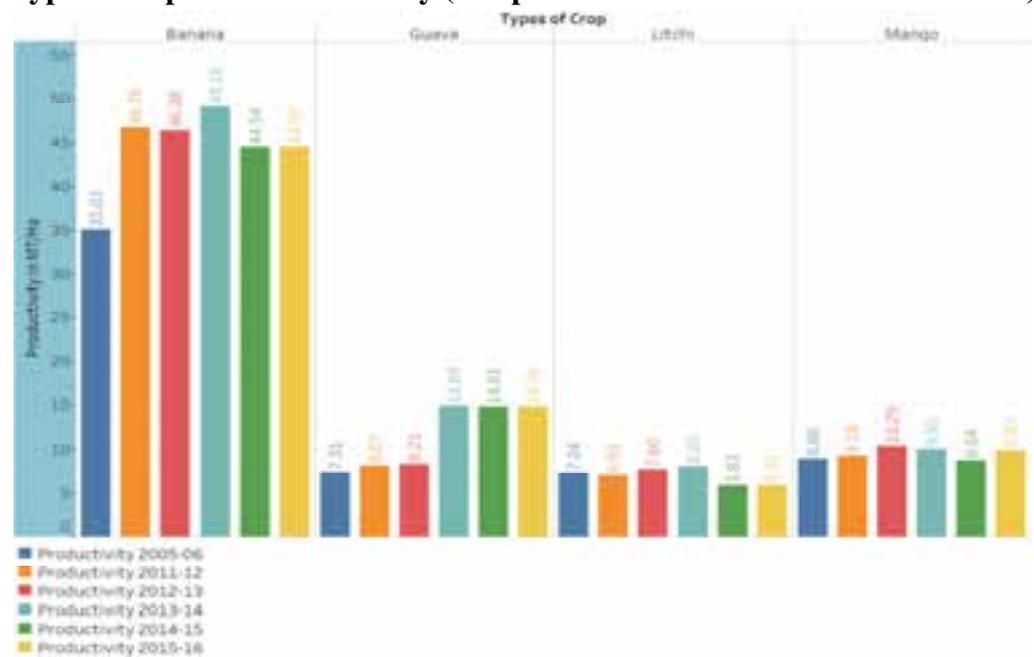


<sup>39</sup> Bhagalpur, East Champaran, Katihar, Munger, Muzaffarpur and Samastipur

**Chart no. - 3.1.9**  
**Type of crops and production (comparison between 2005-06 and 2011-16)**



**Chart no. - 3.1.10**  
**Type of crops and Productivity (comparison between 2005-06 and 2011-16)**



(Source: Information provided by Mission Director, BHDS, data related with the NHM districts only)

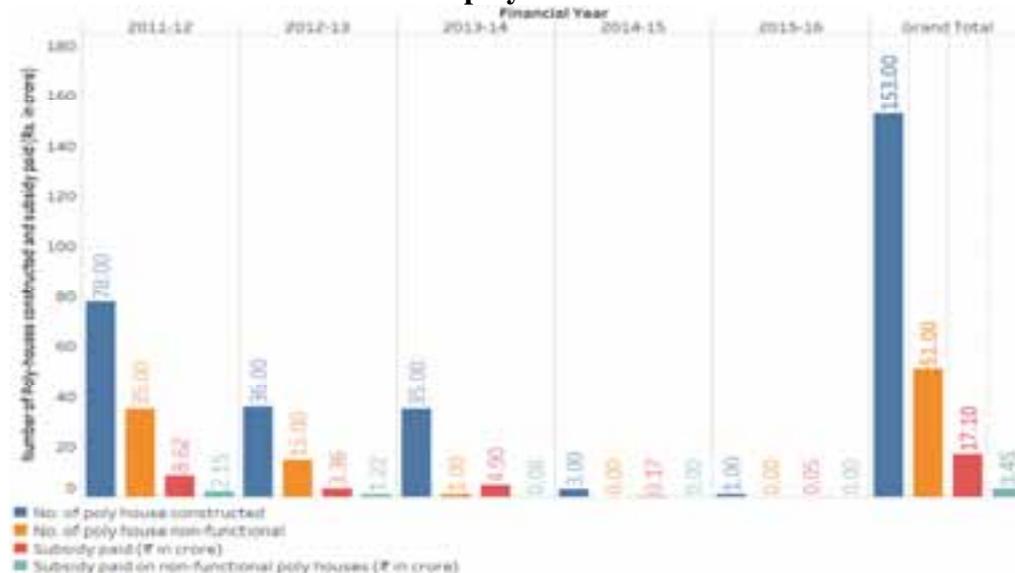
It was evident from the **Chart no. - 3.1.8** to **3.1.10** that the area under cultivation increased for all crops in 2015-16 in comparison to 2005-06. Production of guava, banana and mango increased by 122.56, 57.6 and 17.03 *per cent* respectively. However, production of *lichi* decreased by 7.01 *per cent* despite increase in area. Similarly, productivity of guava, banana and mango increased by 102.24, 27.03 and 10.63 *per cent* respectively and productivity of *lichi* decreased by 19.24 *per cent*.

The decrease in production and productivity was attributed to shortage of accredited nurseries to supply quality planting material, selection of plantation site without survey resulting in inadequate irrigation facilities affecting survival of plants and shortage of manpower as discussed in succeeding paragraphs:

### 3.1.5.2 Protected cultivation

Operational guidelines of NHM envisage promotion of activities like construction of shade net house, naturally ventilated system (poly-house), anti-bird/ hail nets, mulching and plastic tunnels to increase the productivity. During scrutiny of records in test-checked districts, it was noticed that 153 poly-houses were constructed during 2011-16 as detailed in **Chart no. - 3.1.11**:

**Chart no. - 3.1.11**  
**Details of constructed poly-house in selected districts**



(Source: Information provided by ADHs of test-checked districts)

The **Chart no. - 3.1.11** indicated that 51 (33 per cent) out of 153 constructed poly-houses were not functioning while Department had paid ₹3.45 crore as subsidy for their construction. Thus, the expenditure incurred on poly-houses which are not functional resulted in unfruitful expenditure and the purpose of establishment of poly-houses under protected cultivation was also not achieved.



*Poly-houses located at Srirampur Kharjama, Chandi Block, Nalanda are not functional*

Besides, there was no data available with ADHs regarding production of horticultural crops in functional poly-houses.

On being asked, the ADHs replied that the beneficiaries had not maintained the poly-houses and not taken interest in protected cultivation which resulted in poly-houses remaining not functional.

During exit conference (December 2016), the PS, AD, GoB stated that poly-houses in some places were working in good condition. As this scheme was new in Bihar, some farmers could run the poly-houses for two years. Training programmes were also organised to train the farmers. However, some of the farmers had not taken interest towards the repair of poly-houses.

The reply was not in consonance with NHM guidelines as State level agency was responsible for monitoring and review of the implementation of the programmes.

### **3.1.5.3 Production and distribution of planting material**

#### ***Accredited nurseries***

Production and distribution of good quality seed and planting material is an important component of the mission. NHM Guidelines stipulate that accreditation should be obtained by newly constructed nurseries from National Horticulture Board/State Agricultural Universities/Indian Council of Agricultural Research Institutes within one year to ensure the supply of quality planting material.

Scrutiny of records of BHDS disclosed that 15 nurseries under public and private sector were constructed during 2011-15 at the cost of ₹83.61 lakh but none of them were accredited till date of audit (July 2016). Scrutiny in test-checked districts disclosed that:

- Out of 61 block nurseries and progeny nurseries in the districts, 55 nurseries did not have accreditation. Further, planting materials were being produced in 10 nurseries and five of them had not got accreditation. Hence, planting materials supplied by these nurseries may not be of the required quality.

During exit conference (December 2016), the Department stated that instructions were issued to ADHs to get the nurseries accredited by National Horticulture Board (NHB) and the matter would be followed up. The reply was not acceptable as information provided by NHB disclosed that no application was received for accreditation from selected districts.

- As per guidelines for strengthening of nurseries issued by BHDS (March 2014), the Block Horticulture Officers will be responsible for maintaining production and stock register for the planting material produced in nurseries according to the prescribed formats.

During test-check of records, it was noticed that both production and stock registers were not maintained in Bhagalpur, East Champaran, Muzaffarpur and Samastipur districts while the stock register had been maintained in Munger, Nalanda and Patna districts from 2015-16.

During exit conference (December 2016), the PS, AD, GoB stated that instructions would be issued to ADHs concerned for maintenance of nursery records.

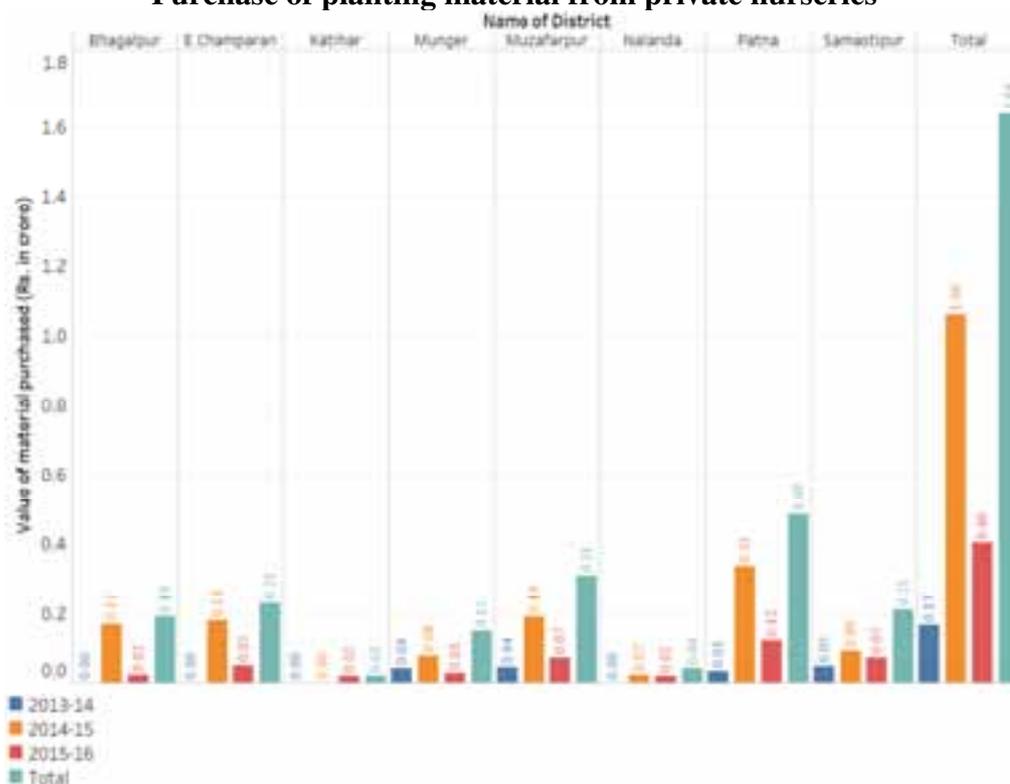
Thus, in absence of these important records, the quantity of planting materials produced, distributed and balance remained in the nurseries could not be ascertained.

**Purchase of planting materials**

Bihar Finance (Amendment) Rules, 2005 (BFR) envisages that limited tender enquiry method may be adopted when estimated value of the goods to be procured is up to ₹25 lakh.

Scrutiny of records disclosed that the test-checked districts did not adhere to the provisions of BFR. The BHDS had estimated the cost of planting materials in consultation with representatives of agriculture universities and technical advisors of State Horticulture Mission. Accordingly, the implementing agencies were required to take action as per provisions of BFR. It was observed that the implementing agencies procured planting material worth ₹1.64 crore during 2013-16 from private nurseries without inviting tenders as shown in the **Chart no. - 3.1.12:**

**Chart no. - 3.1.12**  
**Purchase of planting material from private nurseries**



(Source: Information provided by ADHs of concerned districts)

In reply to the audit observation, ADHs of concerned districts stated that the purchase was made on the basis of rate fixed by the Headquarters.

During exit conference (December 2016), the PS, AD, GoB stated that planting materials were not being purchased from private nurseries now.

**Recommendation**

**Efforts should be made for accreditation of nurseries to ensure quality of planting materials produced by nurseries established under NHM.**

**3.1.5.4 Vegetable seed production**

BHDS had set up three seed processing units at a cost of ₹4.72 crore in Hajipur (Vaishali), Bakhtiyarpur (Patna) and Biharsharif (Nalanda) during June 2012 to September 2013 for processing of vegetable seeds like cauliflower, tomato, chili, brinjal etc. After a lapse of 15 to 29 months of establishment of these units, Department decided (December 2014) to handover them to Bihar Rajya Beej Nigam Limited<sup>40</sup> (BRBNL) for operation.

Scrutiny of records of BHDS disclosed that these three units were not transferred to BRBNL as Memorandum of Understanding (MoU) with the Department was not signed. As a result, these units remained inoperative since their establishment.



*(Seed Processing Unit at Biharsharif, Nalanda)*

Thus, the objective of setting up of seed infrastructure was not achieved as processing of vegetable seeds could not be done and expenditure of ₹4.72 crore incurred on establishment of these units resulted in unfruitful expenditure.

During exit conference (December 2016), the PS, AD, GoB stated that these units were not handed over to BRBNL as the MoU between GoB and BRBNL was not finalised till date.

**3.1.5.5 Construction of Model Floriculture Centre**

To promote floriculture as a viable green and healthy industry, optimum utilisation of locally available resources, effective utilisation of human resources, promotion of self-employment opportunities and maximise returns per unit area, a Model Floriculture Centre (MFC) was established (December 2011) in Bhaganbigha, Nalanda at the cost of ₹69.07 lakh. The operation and maintenance work of MFC for three years was awarded to an agency in

<sup>40</sup> Bihar Rajya Beej Nigam Limited is a public sector undertaking registered under Companies Act, 1956 in the State to promote the production of various quality seeds.

January 2012. According to MOU, the agency was to undertake entire activity of MFC including operation of auction house and ensure deposit of ₹1.61 lakh per annum as contract amount with BHDS.

During joint physical verification (May 2016) of the MFC by audit with officials of ADH, Nalanda it was found that the agency had not maintained the MFC and all the poly-houses and auction houses were damaged. No plant was produced in the centre and no staff was posted there rendering the expenditure of ₹69.07 lakh incurred on establishment of MFC, wasteful.



*Poly-house*

*Auction house*

*Model Floriculture Centre, Bhaganbigha, Nalanda*

However, Department had not taken any action against the agency for not adhering to the MOU.

During exit conference (December 2016), the PS, AD, GoB stated that action would be taken to make the MFC functional.

### **3.1.5.6 Creation of water resources**

Under NHM, assistance was to be provided for creation of water sources through construction of farm ponds/reservoirs with plastic/Reinforced Cement Concrete lining to ensure lifesaving irrigation to horticulture crops. In seven test-checked districts<sup>41</sup>, total 84 ponds were constructed under NHM with a subsidy payment of ₹71.65 lakh.

Scrutiny of records relating to construction of ponds revealed that in violation of instruction of NHM guidelines, none of the ponds were constructed with plastic/RCC lining. Hence, the release of subsidy by ADHs was irregular. Further, in absence of plastic/RCC lining work, the bund of the ponds was at risk of being damaged.

During exit conference (December 2016), the PS, AD, GoB, while accepting the audit observation, stated that it would be implemented in future.

### **3.1.5.7 Integrated post-harvest management - Performance under cold chain sector**

The activities like handling, grading, pre-conditioning, packaging, transient storage, transportation, distribution, curing, ripening and long term storage are taken up under post-harvest management. The project is entrepreneur driven and provided on the basis of credit linked back-ended subsidy.

<sup>41</sup> *East Champaran, Katihar, Munger, Muzaffarpur, Nalanda, Patna and Samastipur*

Scrutiny of records of BHDS disclosed that requirement of cold storage units with respect to production in the State was not assessed. There were 283 cold storage units (inclusive of 19 cold storage units constructed during 2011-16) in 23 NHM districts of the State having storage capacity of 13.50 lakh MT in 2014-15. Out of these, 100 cold storage units (35 *per cent*) were not functional/closed/under construction. The remaining 183 functional cold storages had capacity of only 9.50 lakh MT which was inadequate to provide storage of fruit and vegetable production of the State as their production during 2014-15 were 30.79 lakh MT and 130.67 lakh MT respectively. Thus, Department failed to ensure cold chain infrastructure for production of fruits and vegetables due to deficient planning.

During exit conference (December 2016) the PS, AD, GoB accepted the audit observation and stated that requirement of cold storage units was much higher. It was also stated that due to burden of interest of loan, lack of power supply and higher running cost, some cold storage units were closed. Entrepreneurs were not coming forward for this project due to difficulty in sanction of loan as the project was credit linked back ended subsidy.

#### **3.1.5.8 Infrastructure for marketing of horticultural produces**

Apart from providing post-harvest facilities, creation of market linkage is crucial in reducing post-harvest losses. NHM have the component of 'creation of market infrastructure' under which assistance is project based and credit linked back ended subsidy.

Scrutiny of records in test-checked districts disclosed that marketing infrastructure such as rural markets, *apni mandis* or direct markets were not established by the Department during 2011-16. The absence of a link with market resulted in post-harvest losses and prevented the farmers to sell the produces for a fair value.

During exit conference (December 2016), the PS, AD, GoB stated that due to lack of marketing infrastructure, the farmers do not get competitive price for their produces. Efforts were being made to establish marketing infrastructure under NHM.

#### ***Recommendation***

***BHDS should give thrust to post-harvest management initiatives like establishment of storage facilities and rural markets etc., commensurate with horticulture production in the State.***

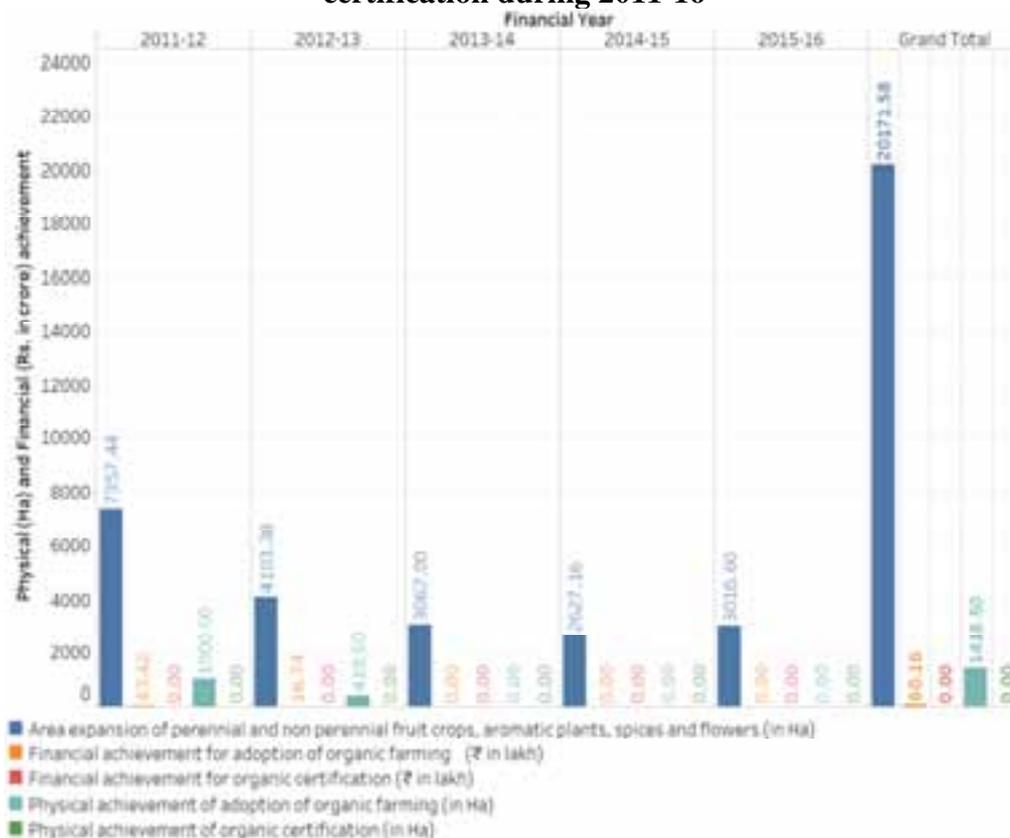
#### **3.1.5.9 Organic farming**

Organic farming in horticulture is very important as its environmental and economic benefits have captured attention in many countries. The demand for organically produced food products and more sustainable development provides new opportunities for farming and business. For adopting organic farming of perennial and other than perennial fruit crops, aromatic plants, spices *etc.*, additional assistance was provided. For adopting organic farming, assistance would be used for on-farm inputs like organic manure and pesticides. NHM also provided financial assistance to meet cost of documentation, charges of service provider and certification agencies

accredited by Agricultural and Processed Food Products Export Development Authority (APEDA) for certification of organic products.

The status of area expansion of perennial and other than perennial fruit crops, aromatic plants, spices and flowers, adoption of organic farming and organic certification in the State is given in **Chart no. - 3.1.13:**

**Chart no. - 3.1.13**  
**Status of area expansion, adoption of organic farming and organic certification during 2011-16**



(Source: Information provided by Mission Director, BHDS)

Scrutiny of records disclosed that against the physical achievement of 20,171.58 hectares of perennial and other than perennial fruit crops, aromatic plants, spices and flowers, the physical achievement of adoption of organic farming was only 1,418.5 hectares (7.03 percent) whereas physical achievement of organic certification was nil. Thus, the BHDS failed to achieve organic adoption as well as certification of perennial and other than perennial fruit crops, aromatic plants, spices and flowers during 2011-16.

During exit conference (December 2016), the PS, AD, GoB stated that GoI had reduced the target of organic farming under NHM and now the target was being fixed from Directorate of Agriculture. The reply was not acceptable as target of 2000 hectares for adoption and certification of organic horticultural products was approved by GoI during 2014-15 and 2015-16. However, achievement under this component was nil. Thus, no effort was made by the Department towards adoption and certification of the organic horticultural products.

**Recommendation**

***BHDS may take extra efforts to organic adoption as well as certification of perennial and other than perennial fruit crops, aromatic plants, spices and flowers.***

**3.1.5.10 Monitoring*****Annual General Meeting and Board of Management meetings***

The bye-laws of BHDS stipulate that Annual General Meeting (AGM) would be held at least once a year to consider and adopt the Annual Report, Audited Accounts of the Society together with the Auditor's statement on the Accounts, for appointment of Auditors, amendment of the Memorandum and Articles of Association, Bye-laws of BHDS *etc.* There should not be lapse of more than 18 calendar months between two successive AGMs.

Scrutiny of records disclosed that AGM was held only once *i.e.* in July 2013 since the constitution of the BHDS in 2005-06. Further, the meeting of the Board of Management was ordinarily required to be organised once in every quarter. However, only five meetings were held during 2011-16.

During exit conference (December 2016), the PS, AD, GoB stated that efforts would be made to organise the meetings regularly.

Thus, the monitoring of implemented schemes of NHM at the State level was not adequate.

***Function of DHDCs***

Guidelines of NHM provided that at District level, District Horticulture Development Committee (DHDC) would be responsible for carrying forward the objectives of the Mission for project formulation, implementation and monitoring.

It was observed that though DHDCs were constituted in test-checked districts, regular meetings of DHDC were not held except in Bhagalpur and Katihar. Further, the ADHs of test-checked districts did not prepare inspection notes for their prescribed inspections.

During exit conference (December 2016), the PS, AD, GoB stated that district authorities were responsible to organise the meetings of DHDC regularly and instructions in this regard would be issued to district authorities.

Thus, the DHDC failed to assess the potential and demand of districts and monitoring of implemented schemes. As a result, plan formulation of differentiated crops for districts and required infrastructure for marketing and proper storage of horticulture produces could not be created through the NHM.

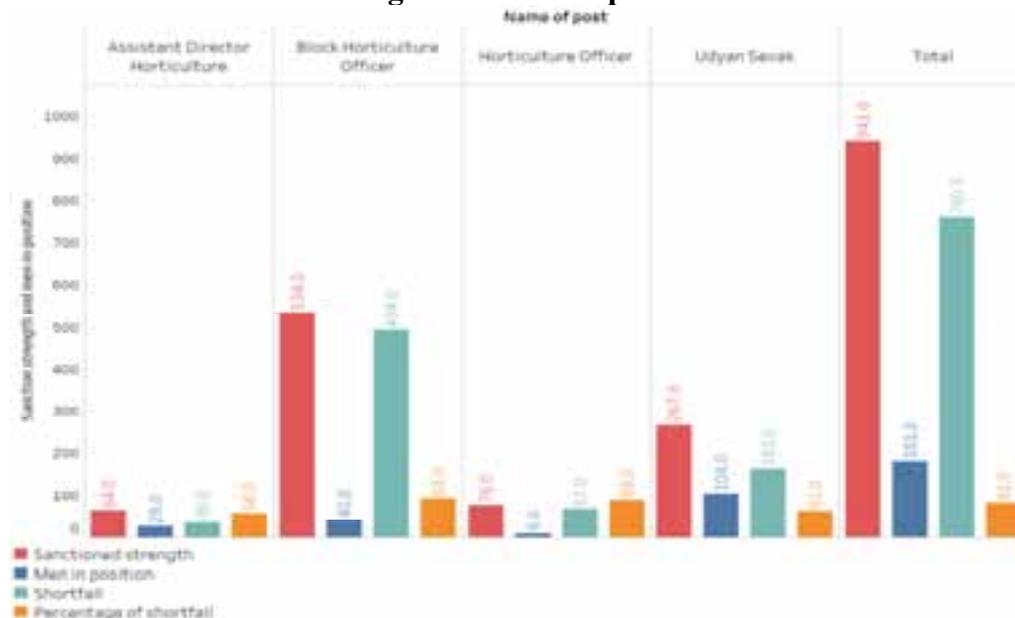
**3.1.5.11 Manpower and other issues*****Shortage of manpower***

Efficient functioning of any office depends upon the availability of requisite manpower and proper management of the available manpower. For implementation of NHM, the officer and staff working in Directorate of Horticulture were engaged for implementation of the scheme. The services of Data Entry Operator, Field Consultant and Accountant had been outsourced. The Agriculture Coordinators of Agriculture Department were engaged and

working as block level field functionaries. The status of technical staff *i.e.* field functionary of Horticulture Department in the State as well as in selected districts are given in **Chart no. - 3.1.14** and **Chart no. - 3.1.15**:

**Chart no. - 3.1.14**

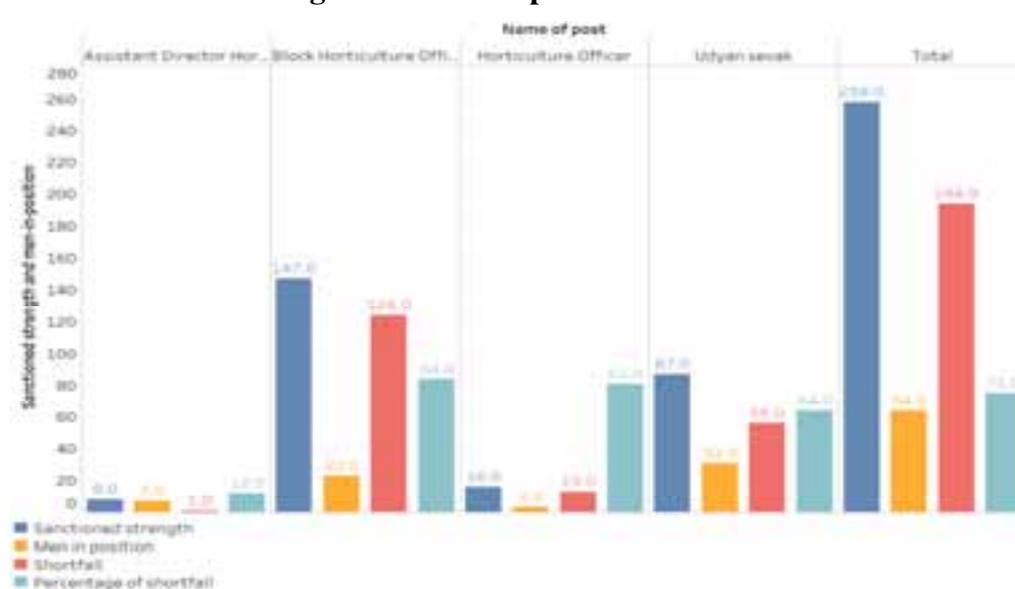
**Sanctioned strength and men-in-position of the State**



(Source: Information provided by Mission Director, BHDS)

**Chart no. - 3.1.15**

**Sanctioned strength and men-in-position in the selected districts**



(Source: Information provided by ADHs of selected districts)

During exit conference (December 2016), the PS, AD, GoB agreed that shortage of staff had been affecting the implementation of the scheme.

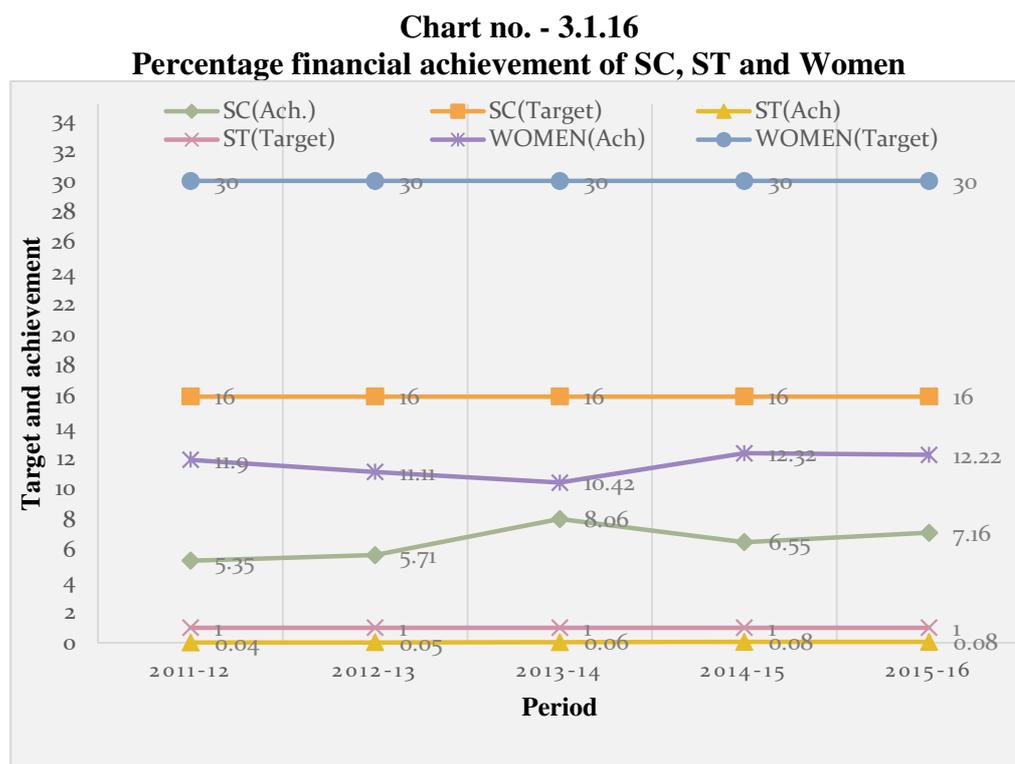
**Recommendation**

**The department should ensure appointment of required technical manpower.**

### Low representation of under-privileged section

GoB fixed specific financial target of 16 per cent for Scheduled Castes (SC), one per cent for Scheduled Tribes (ST) and 30 per cent for Women beneficiaries. The implementing agencies were to ensure the achievement in respect of these categories.

Scrutiny of records in test-checked districts disclosed that fixed representation of under-privileged sections was not ensured during implementation of the NHM. The status of achievement for SC, ST and Women categories during 2011-16 in test-checked districts are given in the **Chart no. - 3.1.16**:



(Source: Information provided by ADHs of test-checked districts)

It was evident from the **Chart no. - 3.1.16** that percentage of achievement during 2011-16 for SC, ST and Women ranged from 5.35 to 8.06, 0.04 to 0.08 and 10.42 to 12.32 respectively.

During exit conference (December 2016), the PS, AD, GoB stated that due to low land holdings, the target fixed for under privileged sections was not achieved.

### 3.1.6 Conclusion

National Horticulture Mission (NHM) in the State had been implemented without preparation of perspective plan. Annual Action Plan was not supported with priority and potential of various crops in the districts. This had adverse impact on plan formulation of crops specific to the districts.

The financial management of BHDS was deficient as Central share of ₹98.19 crore was curtailed due to under-utilisation of scheme funds and delayed release of funds to implementing agencies.

The seed processing units established from NHM funds were lying idle since September 2013. Initiatives under post-harvest management like improving marketability of horticulture produce, creation of storage facilities and rural market *etc.* were not sufficient to meet the infrastructure requirements of the State. Subsidy under NHM for area expansion of new gardens was sanctioned without assessing issues such as suitability of plantation site, necessity of adopting a cluster approach and without any involvement of *Panchayati Raj* Institutions. During 2011-16, the area expansion specified by GoI under organic farming in the State was nominal at seven *per cent* whereas there was no organic certification at all in the State during the period.

## EDUCATION DEPARTMENT

### 3.2 Audit of operationalisation of Mid-Day Meal Scheme

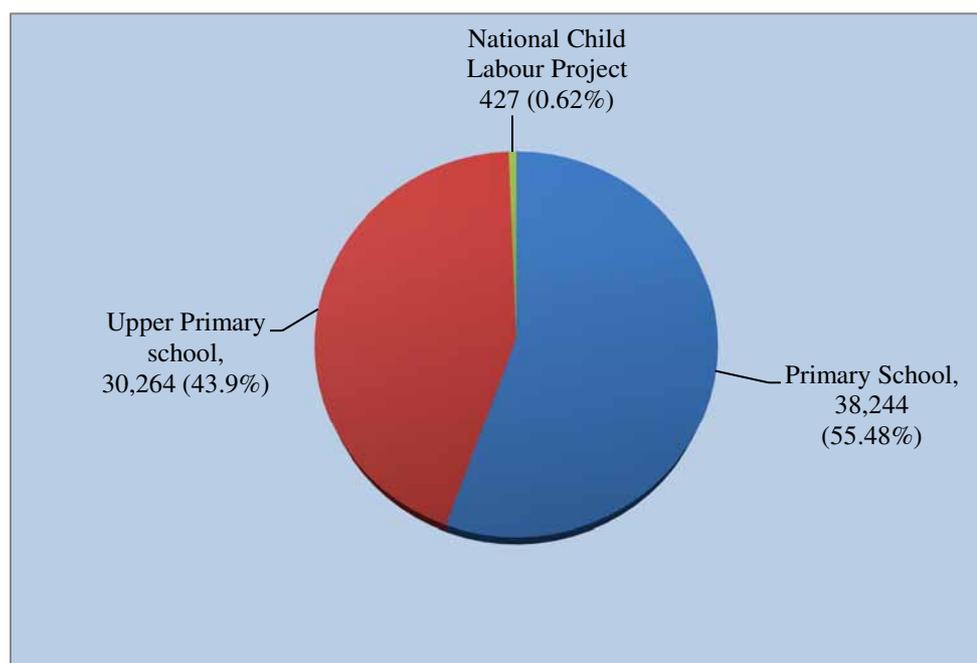
#### 3.2.1 Introduction

The National Programme of Nutritional Support to Primary Education (Mid-Day Meal Scheme) was launched (August 1995) by Government of India (GoI) to boost universalisation of primary education by increasing enrolment, retention and attendance of children and enhancing their nutrition levels. The Mid-Day Meal scheme (MDM) was commenced in Bihar from January 2005 for children studying in classes I to V which was extended to the children studying in classes VI to VIII from 2008-09. The scheme laid emphasis on providing cooked meals with minimum 450 kilo calories and 12 grams of protein per meal to children studying in classes I to V and 700 kilo calories and 20 grams of protein per meal to children studying in classes VI to VIII along with adequate quantities of micronutrients.

MDM is being implemented in 68,935 schools of the State including 427 schools under National Child Labour Projects<sup>42</sup>(NCLP). In these schools, 1.39 crore students availed MDM as on March 2016. The details are provided in **Chart no. - 3.2.1:**

**Chart no. - 3.2.1**

**Number of schools where MDM is given to children (Total 68,935 schools)**



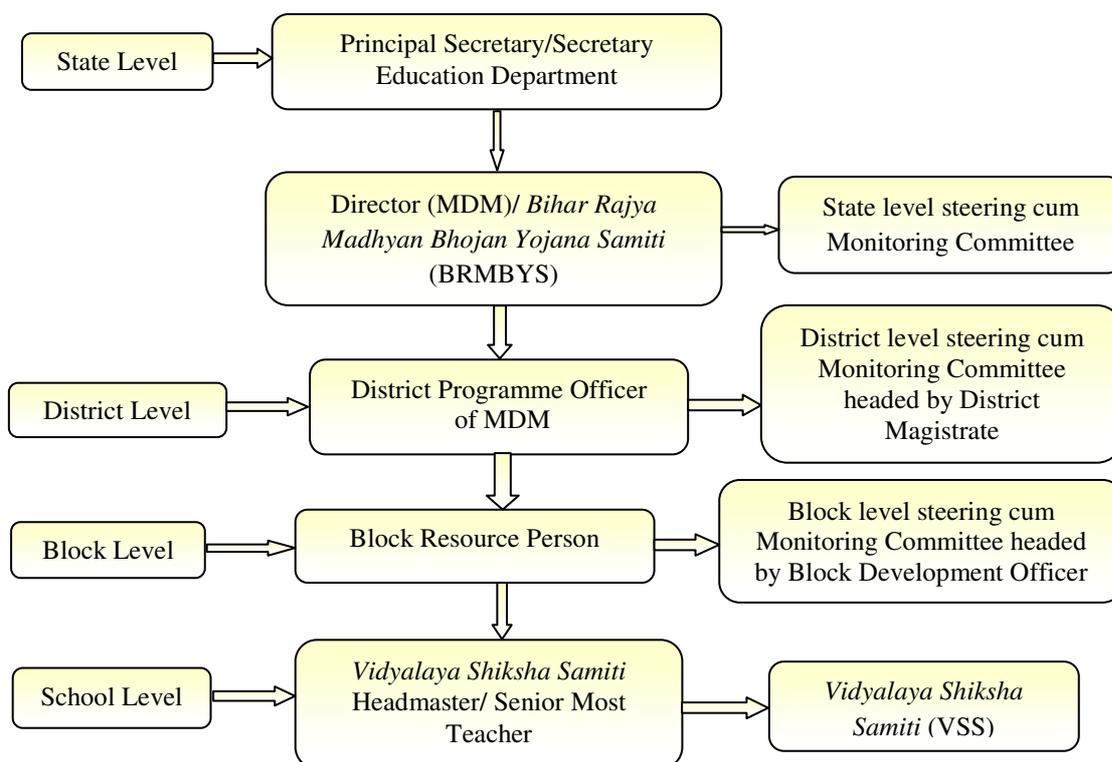
(Source: Information provided by MDM Directorate)

#### 3.2.2 Organisational set-up

The institutional arrangement for implementation of MDM in the State is shown in the **Chart no. - 3.2.2:**

<sup>42</sup> NCLP residential schools are opened for providing education to child labourers to bring them to mainstream of society.

**Chart no. - 3.2.2**  
**The institutional arrangement for implementation of MDM**



(Source: Information provided by MDM directorate)

### 3.2.3 Scope and methodology

The audit on operationalisation of MDM scheme for the period 2011-16 was conducted during April to August 2016 through test-check of records of Education Department (ED), Directorate of MDM and *Bihar Rajya Madhyan Bhojan Yojana Samiti*<sup>43</sup> (BRMBYS) at Headquarters level, units in 11 selected districts out of 38 districts in the State and 135 selected schools from the test-checked districts.

Districts have been selected by using Probability Proportionate to Size Without Replacement (PPSWOR) method and selection of schools was carried out on the basis of Simple Random Sampling With Replacement (SRSWR) method. The audit methodology consisted of document analysis, replies to audit queries, collection of information through questionnaires and proforma, joint physical verification of 132 schools<sup>44</sup> and beneficiary survey with 660 parents/children.

### 3.2.4 Planning

As per scheme guidelines (September 2006), Annual Work Plan & Budget (AWP&B) should be prepared by State, based on information maintained at school level and aggregated in Block, District and State level. The district authority collected the information from Block Resource Persons (BRPs) of

<sup>43</sup> *Bihar Rajya Madhyan Bhojan Yojana Samiti is a committee constituted (May 2008) by Government of Bihar for implementation of Mid-Day Meal in the State.*

<sup>44</sup> *The remaining three schools could not be visited due to communication problem owing to flood/ heavy rain*

the concerned blocks who collected the information from schools and entered in the Management Information System (MIS). The AWP&B includes district-wise information on enrolment with estimated number of children likely to avail MDM, average number of children who availed MDM during previous years, anticipated number of working days for schools *etc.* The AWP&B prepared by the State is placed before Programme Approval Board (PAB) of Ministry of Human Resource Development, Government of India (MoHRD) for release of Central assistance.

The AWP&Bs were not realistic and consequently the requirements of the State could not be addressed properly with the operationalisation of MDM.

During scrutiny of records, it was observed that the number of institutions, enrolment, total number of meals served and number of working days on which MDM served as reflected in AWP&Bs of State were not commensurate with that of AWP&Bs of districts. The reason for difference was due to preparation of AWP&Bs of the State on the basis of MIS data consolidated at State level.

Thus, the AWP&Bs of the MDM Directorate were not reliable and consequently, the requirements of State could not be addressed properly with the operationalisation of MDM. As a result, 33 to 57 *per cent* of enrolled children were deprived of MDM as discussed in **paragraph 3.2.9.1**.

### 3.2.5 Operationalisation of MDM

Proper utilisation of allocated funds and management of foodgrains *i.e.* lifting of foodgrains to its utilisation by implementing agencies have an important part in bringing economy in the operations of MDM. The shortcomings in utilisation of funds as well as foodgrains management are discussed in following paragraphs:

During 2011-16, ₹8,020.15 crore (Central share: ₹5,699.79 crore and State share: ₹2,320.36 crore including opening balances) was available for implementation of MDM, out of which ₹7,853.56 crore (98 *per cent*) were reported by the State as expenditure (**Appendix-3.2.1**) as per the Statement of Expenditure sent to GoI. However, Audit noticed that the actual expenditure of the State based on Quarterly Progress Reports (QPRs) was only ₹6,182.13 crore (77 *per cent*) (**Appendix-3.2.2**) during 2011-16. Besides, an amount of ₹two crore was provided by the BRMBYS for LPG connection which was not included in the QPR. Thus, the State reported ₹1,669.43 crore (21 *per cent*) excess expenditure to GoI, though only 77 *per cent* of MDM funds could be utilised during 2011-16.

On being asked, the Director (MDM), Bihar replied (December 2016) that the Statement of Expenditure was prepared on the basis of receipt and payment which included outstanding liability while the QPR was prepared on the basis of income and expenditure which was based on the actual expenditure. However, the reply did not address the issue of reporting of excess expenditure to GoI.

#### 3.2.5.1 Interest earned on MDM funds

The MDM funds were released to ED, GoB by GoI and the same was released to the Director, MDM by the ED, GoB. The funds were withdrawn by the Assistant Director, MDM at Directorate level and the same were provided to BRMBYS through bank draft. The BRMBYS transferred the funds to the

As no provision was incorporated in the MDM guideline, the interest amount remained in the SB account of BRMBYS/Directorate/districts as of May 2016.

districts concerned and the same was transferred to the schools by the districts. The funds were kept in the savings bank accounts by the BRMBYS as well as the districts and earned interest on it. However, no provision was mentioned in the MDM guidelines for utilisation of the interest earned on MDM funds. Scrutiny of records in MDM Directorate/BRMBYS/districts disclosed following facts:

- As on March 2016, interest of ₹50.83 crore earned on MDM funds received from GoI/GoB and the amount of ₹17.27 crore received by BRMBYS during 2011-13 from the districts, remained in the savings bank (SB) accounts of BRMBYS during the period 2011-16. It was further noticed that the interest amount was not taken in the cash book of BRMBYS as of March 2016.
- The funds of ₹1120.61 crore was drawn by Director, MDM on AC bills during the period 2006-07 to 2009-10 and after submission of DC bills thereof, the balance amount of ₹462.78 crore was refunded to GoI/GoB in June 2011. But the interest of ₹7.03 crore earned (March 2011) on the GoI funds received during 2006-10 was neither reported nor refunded to GoB/GoI.
- In 37 districts (including test-checked districts), the interest amounting to ₹76.68 crore earned on unspent MDM funds remained in SB accounts as of May 2016. However, no instruction was given to BRMBYS regarding utilisation of the interest earned on such MDM funds. As a result, the interest amount was neither utilised nor refunded to GoI/GoB.

As no provision was incorporated in the guidelines regarding utilisation of interest amount, the interest amount of ₹75.13 crore remained in the SB account of BRMBYS since 2006-07 to 2015-16 and ₹76.68 crore remained in the SB account of districts as of May 2016.

In reply, the Department while accepting the facts, stated (December 2016) that the amount of interest had since been taken in the cash book. It was further stated that the amount of interest earned at Directorate level would be utilised in 60 per cent MDM covered schools on LPG connections for which decision was taken (June 2016) in the General Assembly (GA) of BRMBYS. The reply was not tenable as the approval of the utilisation of interest which was incorporated in the cash book at the instance of audit was not taken from the GoI/ GoB.

### 3.2.5.2 Creation of liability

According to the directives of MDM Directorate (May 2011) issued to all DMs, the payment of foodgrains should be made to Food Corporation of India (FCI) at prescribed rates including VAT.

Scrutiny of records in Aurangabad and Khagaria districts, revealed that the DPOs of concerned districts had paid VAT amounting to ₹49.56 lakh<sup>45</sup> directly to the Commercial Tax Department instead of FCI. However, the FCI demanded the amount of VAT also along with its claim and the matter was not settled till date. This resulted in additional liability of ₹49.56 lakh to MDM Directorate.

<sup>45</sup> Aurangabad: ₹43.67 lakh and Khagaria: ₹5.89 lakh.

The Department replied (December 2016) that the matter was being sorted out after consultation with Commercial Tax Department and FCI.

### 3.2.5.3 Allocation of foodgrains

The allotment of foodgrains by the GoI was based on yearly target fixed by the Program Approval Board (PAB) on number of working days. The allotment of foodgrains was given by GoI to the State Government on quarterly basis at the rate of 100 gm per child per school day for primary students and 150 gm per child per school day for upper primary students. The State Food Corporation (SFC) was the nodal agency for lifting of foodgrains from FCI. The Block Resource Persons (BRPs)/ Contractors were responsible for supplying the foodgrains to schools after lifting it from SFC.

Failure to lift the specific quantity of food grains from SFC by contractor/ BRP created shortage of foodgrains for serving MDM in schools and blocking of funds on account of food grains not lifted from SFC.

Scrutiny of records of MDM Directorate disclosed that SFC failed to lift the entire quantity of allocated foodgrains from the FCI godowns and as a result, remaining quantity of foodgrains allocated to SFC was lapsed. Similarly, in test-checked districts, BRPs/ Contractors of MDM had not lifted the entire quantity of allocated foodgrains from SFC. The year-wise details of quantity of foodgrains not lifted by SFC and resultantly lapsed at State level and at test-checked district level are given in **Table nos. 3.2. 1 and 3.2.2:**

**Table no. - 3.2.1**

#### Quantity of foodgrains lapsed in the State due to failure to lift by SFC

(Quantity in MT)

Year	Quantity of foodgrains allocated	Quantity of foodgrains lifted by SFC from FCI	Quantity of foodgrains lapsed (percentage)
2011-12	2,24,808.48	1,57,720.00	67,088.48(30)
2012-13	2,61,406.13	2,39,560.04	21,846.09(8)
2013-14	5,81,676.80	5,81,376.20	300.60
2014-15	3,74,708.70	3,11,193.10	63,515.60 (17)
2015-16	2,79,436.80	2,66,098.21	13,338.59 (5)
<b>Total</b>	<b>17,22,036.91</b>	<b>15,55,947.55</b>	<b>1,66,089.36 (10)</b>

(Source: Information provided by MDM Directorate)

**Table no. - 3.2.2**

#### Allocation, lifting, and lapse of foodgrains in the test-checked districts

(Quantity in MT)

Year	Allocation	Lifted by SFC from FCI	Lapsed at FCI (per cent)	Lifted by BRPs/ contractors from SFC	Balance with SFC
2011-12	68,012.76	59,789.59	8,223.17	56,622.13	3,167.46
2012-13	84,689.08	81,205.02	3,484.06	79,200.28	2,004.74
2013-14	99,417.25	98,274.87	1,142.38	97,808.02	466.85
2014-15	1,13,466.06	1,10,782.30	2,683.76	1,06,138.46	4,643.84
2015-16	89,606.53	86,471.97	3,134.56	85,916.82	555.15
<b>Total</b>	<b>4,55,191.68</b>	<b>4,36,523.75</b>	<b>18,667.93(4)</b>	<b>4,25,685.71</b>	<b>10,838.04</b>

(Source: Information provided by DPO, MDM offices)

From the **Table no. - 3.2.1 and 3.2.2**, it was evident that during 2011-16, 1,66,089.36 MT (nearly 10 per cent) of allocated foodgrains were lapsed due to failure in lifting the foodgrains by SFC whereas, in test-checked districts, 18,673.93 MT (about four per cent) of allocated foodgrains were lapsed. In test-checked districts, out of 4,36,523.75 MT, 10,838.04 MT (2.5 per cent)

foodgrains were not lifted by BRPs/contractors of MDM and remained with the SFC though the payment of ₹6.37 crore<sup>46</sup> was already made to FCI. Out of 10,838.04 MT foodgrains remained with SFC, 5,172.20 MT (48 per cent) was not cleared for more than three years. Thus, in test-checked districts, 6.5 per cent of the total allocated quantity of 4,55,191.68 MT of foodgrains were not distributed to the schools. As a result, MDM was served on fewer days than the mandatory number of days in the test-checked schools as mentioned in **paragraph 3.2.9.1**.

The Department replied (December 2016) that the sub allocation of foodgrains to the districts at the Directorate level was based on average beneficiary of last few months. After obtaining the allotment and its sub-allocation to the districts some quantity of foodgrains remained at Directorate level (with FCI) which were kept for contingency. During the quarter, the foodgrains were to be sub-allocated out of contingency if required, otherwise it is forced to lapse at FCI. It was further added that after lifting of foodgrains by SFC from FCI, it was lifted by the contractor/ BRP as per Store Issue Order (SIO). If foodgrains were not lifted by the contractor/ BRP due to unavailability of foodgrains at FCI/ SFC, labour strike, natural calamities and other local problems, the same were lifted in the next quarter on the basis of new SIO. In Samastipur district balance foodgrains of 97.7 MT of second quarter of 2016-17 have been adjusted in the third quarter of 2016-17.

The reply was not acceptable as the quantity of foodgrains was lapsed with the FCI after sub-allocation at Directorate level. Further, out of 10,838.04 MT, 4,018.16 MT of foodgrains with the SFC, Samastipur pertain to the period 2011-16 though 97.7 MT foodgrains adjusted in third quarter of 2016-17 pertain to the period 2016-17.

Thus, the failure to lift the specific quantity of foodgrains from SFC by contractor/ BRP created shortage of foodgrains for serving MDM in schools and blocking of funds on account of foodgrains not lifted from SFC.

#### ***Irregularities in lifting of foodgrains***

During scrutiny of records of District Programme Officer (DPO) Lakhisarai, it was noticed that 1,811.11 quintals of MDM foodgrains were lifted by the SFC, Lakhisarai from the godown of FCI without sub-allocation of District Magistrate (DM), Lakhisarai during first quarter of 2012-13. As sub-allocation of foodgrains was not done, the same were not lifted by the contractor and remained with the SFC since June 2012 to date of audit. However, FCI claimed the amount of ₹10.64 lakh against the lifting of 1,811.11 quintal MDM foodgrains. But the claim of ₹10.64 lakh was not paid to the FCI as of June 2016 and the amount was being claimed as pending bills since 2012.

Thus, without sub-allocation by the DM, Lakhisarai, 1,811.11 quintal foodgrains lifted by the SFC in June 2012 led to blockade and creation of liabilities of ₹10.64 lakh. The District administration/ DPO did not take any action for settlement of MDM foodgrains as of June 2016.

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<sup>46</sup>  $10,838.04 \text{ MT} \times ₹5,650 \text{ per MT} + 4\% \text{ VAT} = ₹6,36,84,323$

The Department while accepting the facts replied (December 2016) that the payment was not made to FCI against the foodgrains lifted by the SFC without the order of DM and made SFC and FCI responsible for lifting of the foodgrains.

However, the action to resolve the issue was still pending (December 2016).

#### 3.2.5.4 Absence of buffer stock of foodgrains

Scheme guidelines envisaged that the State should ensure that a minimum of one-month buffer stock of foodgrains should be available in each school to avoid disruption of MDM due to unforeseen contingencies.

Scrutiny of records of test-checked schools revealed that none of the schools had maintained buffer stock for a month because no provision of allotment for buffer stock was made by BRMBYS. Thus, safety measures to avoid the chances of disruption of MDM were not adopted.

The Department replied (December 2016) that the instruction for maintaining the buffer stock for one month was issued with the allotment order. Besides, during monitoring, the instruction for maintaining buffer stock had been given (October 2016) to the districts.

The reply was not in consonance with facts, as none of the schools had maintained buffer stock even for a month.

#### 3.2.5.5 Quantity of foodgrains not ensured

According to directives of MDM Directorate, the Headmasters (HMs) of the schools should receive the foodgrains only after properly weighing. During scrutiny of records of test-checked schools, it was observed that there was no mechanism in place to weigh the quantity of the received foodgrains. Further, Headmasters of 12 test-checked schools reported in reply to audit questionnaire that quantity of available foodgrains ranged between 40 to 49 kg instead of 50 kg in each bag.

Further, the information regarding quantity of foodgrains received and utilised, other ingredients purchased and utilised and number of children given MDM was not displayed on a weekly/monthly basis in any of the test-checked schools though required under the guidelines. However, the daily menu was displayed in all the test-checked schools.

As the weighing machines were not provided at schools, the quantity of foodgrains was not being ensured at the school level and children were the ultimate sufferers in cases of short receipt of foodgrains. No provision was available in the guidelines regarding reporting of short receipt of foodgrains by the HMs.

The Department replied (December 2016) that instructions were issued (November 2016) to the districts regarding providing the foodgrains to school after weighing. During exit conference, the Secretary instructed (November 2016) the Director MDM to incorporate a provision in the Interactive Voice Response System (IVRS<sup>47</sup>) in this regard.

<sup>47</sup> An interactive voice response system (IVRS) launched by GoB for daily reporting of MDM by HM of schools

Contrary to guidelines, none of the test-checked schools had maintained buffer stock even for a month as no provision of allotment for buffer stock was made by BRMBYS.

### **Recommendations**

- ***ED may incorporate a provision in the MDM guidelines for dealing with interest earned on SB accounts;***
- ***ED should ensure that the allocated funds are transferred by the Directorate/ districts authorities to the MDM covered schools;***
- ***Savings under MDM scheme funds should be minimised and interest amount received should be properly accounted for; and***
- ***The allocated quantity of foodgrains should be lifted in time from Food Corporation of India for maintaining the buffer stock.***

#### **3.2.5.6 Implementation of MDM**

Efficiency in implementation of MDM is key of its success in the State. It depends upon available infrastructure, cooking and supply of meals, coverage in term of days, proper monitoring *etc.* The deficiencies noticed in these areas of MDM are discussed in succeeding paragraphs:

##### ***Excess attendance of students during inspection***

As per order (October 2013) of Education Department, GoB, during inspection of schools, if the physical presence of students was found less than the attendance in comparison to the average attendance of previous one week and if the difference was found to be more than 10 *per cent*, the excess attendance should be treated as fake/ irregular and the amount for grains and conversion cost should be recovered for the last three months.

During scrutiny of 1,188 inspections reports of test-checked districts, it was noticed that the physical presence of students was less than the attendance on the day of inspection in 323 cases (*i.e.* more than 10 *per cent*) and the recoverable amount was calculated as ₹38.46 lakh (**Appendix-3.2.3**).

Thus, it is evident that implementation of MDM was not efficient in the State as the infrastructure and coverage of MDM was inadequate. The prescribed monitoring was not being done to ensure remedial measures.

During audit, joint physical verification with MDM functionaries was carried out in 132 schools pertaining to 11 districts. It was noticed that against total enrolment of 36,968 children only 20,099 children (54 *per cent*) were shown as present in the attendance register in 132 schools whereas only 18,216 children (49 *per cent* of enrolment) were found physically present at the time of inspection. Further on the date of inspection in 49 schools, 7,215 children were found physically present although as per information available with the IVRS, 9,068 beneficiaries were reported as served on corresponding dates which resulted in excess reporting of 1,853 meals (26 *per cent*) under MDM. Further, MDM was not prepared in 17 test-checked schools on the day of inspection. HMs of two out of these 17 schools had reported to the IVRS that MDM was served to 870 beneficiaries. Further, in one school MDM was not served for seven days though it was shown as served in the MDM register.

The Department while admitting less attendance in schools at the time of inspection stated (December 2016) that action was being taken in this regard. No reply was provided in respect of other issues raised by Audit.

**Inspections reports of test-checked districts disclosed that the physical presence of students was found less than the attendance on the day of inspection in 323 cases.**

### 3.2.6 Availability of infrastructure

#### 3.2.6.1 Construction of kitchen-cum-stores

Provision of infrastructure facilities such as kitchen-cum-store (kitchen) are an essential component for proper implementation of the MDM Scheme for supply of healthy, hygienic and hot cooked meal to the children and also safe storage of foodgrains at the school level. Absence of kitchen or inadequate facilities would expose children to health hazards as well as possible fire accidents. Further, on no account should kitchens have thatched roofs or other inflammables, like straw, bamboo and synthetic material.

As kitchens were not sanctioned/constructed in all MDM providing schools, MDM was cooked in unhygienic conditions in open places, hutments, verandah etc.

Scrutiny of records in the MDM Directorate disclosed that against the total number of 71,288 schools excluding 668 NCLP centres<sup>48</sup> covered under MDM in the State, 66,550 kitchens were sanctioned as of March 2016. Out of this, 52,456 kitchens could be completed (May 2016). Thus, out of 71,288 MDM covered schools in the State, MDM Directorate did not construct kitchens in 14,094 schools, though the same was sanctioned by GoB. Further, MDM Directorate did not sanction kitchens for the remaining 4,738 schools. As a result, 18,832 MDM covered schools (26 per cent) remained without kitchen facility.

It was further observed that in test-checked districts, 22,874 kitchens were required for 22,874 schools. Out of this, 22,474 kitchens were sanctioned as of March 2016. Kitchens were not sanctioned for 400 schools, as the schools did not have adequate land, disputes in the village and local problems.

Audit noticed that out of 3,329 kitchens sanctioned during 2012-14, 2,091 kitchens (63 per cent) could only be completed as of March 2016 and 575 units were under construction and kitchens were not constructed in 663 schools. The delay in construction of kitchens was mainly attributable to delay in accord Technical Sanction (TS) by the competent authority, delay in transfer of funds, delayed taking of measurements in MBs and lack of monitoring.

During physical verification of 132 schools, it was noticed that kitchens was not available in 26 schools and MDM was being prepared in *verandah*, class room, community hall, courtyard, hut and under the stairs (**Appendix-3.2.4**). Kitchens were not provided to 22 out of these 26 schools as they did not have adequate land. Although kitchen was available in the remaining four schools, MDM was not prepared in them due to small size of kitchen, smoke in kitchen, damaged roof and lack of road connectivity.



Kitchen constructed without any road connectivity at Primary School Ramnagar Math, Khanpur, Samastipur and therefore MDM was being prepared under thatched roof.

<sup>48</sup>

As NCLP residential schools were operated by NGOs, kitchens were not required



*MDM was prepared in verandah of Middle School Simra, Kutumba, Aurangabad as the kitchen available in the school was small in size.*



*MDM was prepared beneath the stairs in Primary School Barning ghat Kanya, Mushari, Muzaffarpur as no kitchen was available.*

During exit conference, Secretary, ED assured (November 2016) that the construction of remaining sanctioned kitchens would be looked into. However, no justification was provided for not sanctioning kitchen in 4,738 schools.

As kitchens were not provided, MDM was cooked in open places, hutments, *verandah*, in unhygienic conditions. The reply was indicative of the fact that health of children was being compromised with while cooking MDM in schools without kitchens. In this regard, it is pertinent to mention that the absence of a kitchen facility in MDM covered school led to a tragic incident (July 2013) in *Navsrijit* Government Primary School, Gandaman Dharmasati Maidan, Mashrak in Saran district where 23 children died and 23 other children as well as one cook were hospitalised. As the kitchen was not there in the school, foodgrains and other food items of MDM were stored in the house of the HM. It was alleged that while cooking, the edible oil was contaminated with liquid pesticides resulting in deaths of children in the MDM covered school.

### **3.2.6.2 Plates, glasses and mats for primary school children**

As per scheme guidelines, eating plates along with glasses should be available for the children under the infrastructure activities. Further, mats should also be allotted for primary school children of MDM covered schools.

During scrutiny, it was noticed that though provided in MDM guidelines issued by GoI, GoB failed to incorporate provision in AWP&B for procurement of plates, glasses and mats to MDM covered primary schools during 2011-16. It was noticed that plates/ glasses were not available in 60 test-checked schools whereas in 72 test-checked schools, the numbers of plate/glasses were insufficient in Upper Primary schools. The facility of mats was also not available in 108 test-checked schools.



Children took MDM in their own plates as plates, glasses and mats were not made available in PS Chakla Mushahari, Mansi, Khagaria.



Mats were not available in Adarsh MS Laxmipur, Jamui

The Department replied (December 2016) that guidelines for procurement of plates was issued (July 2016) to all the districts and plates had been procured in 29,545 schools as per the information collected through IVRS by the Director, MDM in November 2016.

However, in 34,287 schools plates were still not available while 5,642 schools did not respond through the IVRS.

### 3.2.6.3 Smokeless *chulha*/ LPG stoves

Scheme guidelines (2006) envisaged that smokeless *chulhas* should be used to the extent possible as the use of firewood should be discouraged in the interest of environment protection. However, no proposal for smokeless *chulha*/LPG stove was placed before Programme Approval Board (PAB) for consideration. Hence no funds were released to GoB by GoI during 2011-16.

However, it was noticed that during 2014-16, MDM Directorate provided funds for procurement of smokeless *chulhas* in 4,648 schools. But, it was observed in 117 out of 132 test-checked schools, smokeless *chulha* were not being used. Instead, the schools used firewood as fuel against the environmental interest.

The Department replied (December 2016) that LPG connection was made available to 5,209 schools at first stage. Approval of GoI to facilitate LPG connection to 7,207 schools was obtained in 2016-17 against which connection had been provided to 3,434 schools as of December 2016.

#### **Recommendations**

***The MDM Directorate should ensure:***

- ***availability of plates/glasses and mats to the primary and upper primary school children in MDM covered school;***
- ***kitchens with smokeless chulhas in the mid-day meal schools to provide hygienic food to children.***

### 3.2.7 Cooking and supply of meals

#### 3.2.7.1 Quality of foodgrains and cooked meal

Scheme guidelines envisaged that District Magistrate (DM) should ensure that foodgrains of at least Fair Average Quality (FAQ) were received from FCI after joint inspection by team consisting of FCI officials and nominee of DM. Besides, GoI suggested that an institute should be engaged by the State/District for testing of food samples to ensure the quality of meal served to the children. A sample of foodgrains should be preserved while lifting of foodgrains from FCI and SFC. Further, as per MDM guidelines, the cooked food should be kept in the kitchen device with lid.

The state did not have any institute for testing of food grains of MDM to ensure that quality meal was being served to the children.

Scrutiny of records of 11 test-checked districts disclosed that no records were available with district office of MDM regarding the sample to be kept and use of FAQ foodgrains in MDM. Further, no institute was available in the State for testing of foodgrains to ensure that quality meal was being served to the children. Besides, instances of keeping food in bamboo baskets were also noticed in selected schools.



Cooked meal kept in bamboo baskets at M S Harijan Khutiya and PS Chakla Mushahari in Manasi Block of Khagaria district

Thus, the beneficiaries of MDM were bound to consume food without the prescribed checks in the schools.

The Department replied (December 2016) that instruction was issued (November 2016) to all the districts for keeping samples for at least three months to ensure the FAQ of foodgrains. Further, no food testing laboratory was available in the State and the decision for testing of food from SGS India Pvt. Ltd. Kolkata was taken for five *per cent* schools in Jehanabad and Patna districts from the year 2016-17. Further, as the cost of food testing at the laboratory at Kolkata was much higher, it was decided (June 2016) in the meeting of BRMBYS in the chairmanship of Hon'ble Minister, ED that a food testing laboratory may be established in Rajendra Agriculture University, Pusa, Samastipur.

#### 3.2.7.2 Operation of MDM by Non-Government Organisations

Non-Government Organisations (NGOs) had provided MDM in urban and semi-urban areas of 10 out of 11 test-checked districts. Agreements were executed between BRMBYS and NGOs during January 2009 to October 2009 for three years which was later extended (*Appendix-3.2.5*). To implement the

scheme, foodgrains, conversion cost and transportation cost was to be provided to the NGOs as per the norms applicable from time to time.

During scrutiny of records of test-checked districts, the position of foodgrains allotted, lifted, utilised and lying with NGO as noticed in the five districts where the agreements were closed were as shown in **Table no. - 3.2.3:**

**Table no. - 3.2.3**  
**Details of closed agreements with NGOs**

Name of district	Date of agreement	Date of closure of agreement	Foodgrains allotted to NGO	Foodgrains lifted by NGO	(Quantity in Quintal)	
					Foodgrains utilised by NGO	Balance foodgrains
Gopalganj	10 July 2009	2 December 2011	NA	2,511.58	2,743.61	(-)232.03
Khagaria	6 October 2009	14 March 2012	4,306.11	4,306.11	3,716.46	589.65
Samastipur	6 July 2009	23 August 2011	16,683.00	16,683.00	10,874.24	5,808.77
Saran	19 January 2009	2 December 2011	42,137.86	39,450.60	17,393.07	22,057.53
Siwan	10 July 2009	2 December 2011	7,484.35	7,484.35	7,484.35	Nil

(Source: Information provided by Directorate, MDM and DPOs of test-checked districts)

It was evident from the **Table no. - 3.2.3** that:

- In Gopalganj district, excess utilisation of 232.03 quintals foodgrains were shown on record over the allotment by the NGO and after one year of closure of agreement, the payment of ₹4.18 lakh as conversion cost was made (December 2012) to the NGO without ascertaining the source of excess foodgrains utilised by them. The Department replied (December 2016) that instruction had been given to the DPO, Gopalganj to recover the amount of ₹4.18 lakh from the NGO.
- In Khagaria and Saran districts, it was noticed that against 43,756.71 quintals of food grain provided to the NGOs, 22,647.18 quintals remained unutilised with them since the time of closure of the agreements. Further, no action was taken by the respective DPOs to recover the foodgrains remaining with the NGOs or to recover the amount against the balance quantity of foodgrains with them. However, Audit calculated the value of balance quantity of foodgrains which was ₹6.93 crore<sup>49</sup>. The Department replied (December 2016) that instruction had been given to the DPOs to recover the cost of foodgrains at market rate.
- In Samastipur district, 5,808.765 quintals of foodgrains amounting to ₹1.25 crore<sup>50</sup> remained with the NGO at the time of closure of agreement (August 2011). It was noticed that though ₹40 lakh was recovered (May 2015) from the NGO at the instances of compliance audit, ₹84.65 lakh was still to be recovered (December 2016). The Department replied (December 2016) that in the light of audit objection the Department had further recovered ₹41.81 lakh and ₹18.76 lakh had been adjusted as of October 2016.

<sup>49</sup> The value of balance food grains was calculated at the SFC recovery rate of ₹3,062 per quintal which was issued by the Bihar State Food and Civil Supplies Corporation Ltd, Patna in August 2015

<sup>50</sup> 5,808.765 Quintal x ₹2,146 (Economic rate of SFC for recovery for the year 2011-12)

- Further, according to various inspection reports (May 2010 to November 2013) of DPO, Nalanda, the NGO had not served meal according to menu and used inferior quality of foodgrains in meals. The cleanliness of kitchen was also very poor and hot cooked meal was transferred without washing the dish. The deficiencies observed in the meals provided by NGO are given in **Table no. - 3.2.4:**

**Table no. - 3.2.4**  
**Observation of DPO regarding cooked meals**

Sl. No.	Name of school	Observation regarding meal
1	Middle School, Maghra	Worms were found (May 2010) in the meal
2	Upgraded Middle School, Chainpur	Cooked food was sour (July 2010)
3	All schools of the Chandi block	Smelly cooked food was served (22 February 2012)
4	Schools of Chandi block	Worms were found (September 2012) in the meal

Further, DPO, Nalanda found (Feb 2012 and July 2012) that the centralised kitchen of the NGO at Ramghat was very dirty and not cleaned for a long period. It was also found that the cooked food was being packed by other than authorised persons and loaded in the van in absence of kitchen-in-charge. Despite these deficiencies, the DPO Nalanda had not recommended for cancellation of the agreement with NGO and Director, MDM had extended the agreement twice (July 2012 and January 2014). In the meantime, a major incident also occurred in May 2013 in which 64 children fell ill and admitted to the hospital. However, the NGO continued supply of meal for six more months (10 July 2013 to 23 January 2014) after lapse of extended agreement period without any further extension. The *post-facto* approval for extension of agreement was granted in January 2014.

The Department replied (December 2016) that the time extension was given to the NGO after work evaluation report submitted and on the recommendations by the DPO, Nalanda.

The reply was not satisfactory as MDM was served by the NGO since 10 July 2013 to 23 January 2014 after expiry of the agreement and the extension was granted (24 January 2014) by the Director, MDM after six months despite several incidents of violation of agreement terms during May 2010 to November 2013.

### **3.2.7.3 Health check-up**

Scheme guidelines envisaged that the MDM scheme should be complemented with micronutrients supplement and deworming through administration of six monthly doses of Vitamin A and deworming, weekly Iron and Folic acid, Zinc and other appropriate supplements depending on area specific deficiencies.

During test-check of records it was noticed that test-checked districts (except Muzaffarpur and Nalanda) were unaware about the area specific deficiencies. As a result, Vitamin A supplements, weekly Iron and Folic acid supplements, Zinc and other appropriate supplements were not provided to children.

Further, records regarding the number of underweight children, cases of anemia or other deficiencies were also not available.

During exit conference, Secretary, ED expressed concern over this issue and stated (November 2016) that due to procurement issues, distribution of Vitamin A and Iron tablets suffered in the State. However, no explanation was provided for the lack of information about area-specific deficiencies in micro-nutrients supplements.

### 3.2.8 Provision for drought affected areas

MDM guidelines envisaged to provide nutritional support to children in drought affected areas during summer vacation. It was observed that GoB declared (August 2010 and September 2013) the drought affected areas for the year 2010-11 (in 38 districts) and 2013-14 (in 33 districts) respectively. Considering the effect of drought in subsequent year, the Programme Approval Board (PAB) approved 21 days for serving MDM to the children during the summer vacation of the year 2011-12 and released the Central Assistance (CA) of ₹37.64 crore (May 2011).

Scrutiny of records, however, revealed that despite withdrawal of the CA (October 2011), MDM was not served in the drought affected areas of the State during the summer vacation in the year 2011-12. Further, though 33 districts in Bihar were declared as drought hit during 2013-14, proposal for serving MDM to children was not incorporated by GoB in AWP&B for the year 2014-15. As a result, the children were deprived of MDM during summer vacations of 2011-12 and 2014-15.

The Department while accepting the facts replied (December 2016) that the allotment was received in May 2011 and the summer vacation in the school commenced from 22/5/2011 due to severe climatic conditions.

### 3.2.9 Coverage of MDM

#### 3.2.9.1 Number of days of coverage

The objective of the MDM is to serve hot cooked meal to every student present in the school so that they would get adequate nutrition. The MDM was to be given on each school day. The details regarding number of enrolled children and their coverage under MDM in the State are given in the **Table no. - 3.2.5:**

**Table no. - 3.2.5**  
**Coverage of MDM against enrolment in the State during 2011-16**

Year	Total Enrolment (Nos. in crore)	Target Approved by PAB in crore (per cent of enrolment)	Number of meals served (in crore)	Number of days in which meal was served in a year		Average beneficiaries (per cent of enrolment)
				Target as per PAB	Actual no. of days (per cent of target)	
2011-12	2.06	1.57 (76)	162.49	254	184 (72)	0.88(43)
2012-13	2.01	1.01 (50)	202.48	230	180 (78)	1.12(56)
2013-14	1.99	1.29 (65)	264.54	230	203 (88)	1.30(65)
2014-15	2.04	1.34 (66)	258.63	245	197 (80)	1.31(64)
2015-16	2.06	1.36 (66)	265.58	245	192 (56)	1.38(67)

(Source: information provided by Directorate, MDM)

From the **Table no. - 3.2.5**, it was evident that the target was less than the enrolled children and only 43 to 67 *per cent* of enrolled children were benefitted from the MDM at the State level.

MDM was not served in schools as per approved days by PAB during 2011-16.

Further, scrutiny of records of 132 test-checked schools revealed that the MDM was served on fewer days than the planned days. The details are given in the **Table no. - 3.2.6**:

**Table no. - 3.2.6**  
**Coverage of MDM in the test-checked schools**

Year	Number of days MDM was to be served as per plan	Number of schools in which meal was served						Total
		1 – 50 days	51 – 100 days	101 – 150 days	151 – 200 days	More than two hundred days	Details not available	
2011-12	254	6	24	41	36	9	16	132
2012-13	230	0	5	37	43	31	16	132
2013-14	230	0	2	3	41	70	16	132
2014-15	245	0	1	6	47	62	16	132
2015-16	245	0	1	6	49	60	16	132

(Source: information provided by test-checked DPOs)

From the **Table no. - 3.2.6**, it was clear that MDM was served for less than 151 days in 71 and 42 schools during the year 2011-12 and 2012-13 respectively. The coverage has improved during the year 2013-14 and 2015-16, even though during this period only 60 (45 *per cent*) to 70 (53 *per cent*) schools could provide MDM for more than 200 days.

The Department replied (December 2016) that target for enrolment was approved by the PAB on the basis of average beneficiary. The reason for less serving of MDM than approved working days in the State was due to closing of schools by the order of District administration during adverse climatic conditions, *Panchayat/Assembly/Parliament* election, handing/taking over the charge after transfer of teachers and single teacher.

The reply was not satisfactory as the number of meals was nearly achieved during 2012-16 even though the number of days in which meal was served ranged between 56 to 88 *per cent* compared to target approved by the PAB.

### 3.2.9.2 Implementation of food security allowance

As per the notification (September 2015) of MoHRD, and as per Rule 9 of Mid-Day-Meal Rules, 2015, if the MDM is not provided in schools on any school day due to lack of foodgrains, cooking cost, fuel or absence of cook-cum-helper or any other reasons, the State Government shall pay food security allowance by 15<sup>th</sup> of the succeeding month as follows:

- Quantity of foodgrains as per entitlement of the child; and
- Cooking cost prevailing in the State

During scrutiny of records, it was noticed that directions for payment of food security allowance was not issued by Directorate MDM to districts concerned. As a result, food security allowance was not paid to beneficiaries in any of the test-checked schools though the MDM was not served to students.

During exit conference, Secretary, ED instructed (November 2016) the Director, MDM to issue directives for payment of food security allowance after the approval of the Department.

### 3.2.10 Achievement of scheme objectives

The objective of the MDM is to boost universalisation of primary education by increasing enrolment, retention, attendance and the nutrition levels of children. The extents of achievements through implementation of MDM in State are discussed in the following paragraphs:

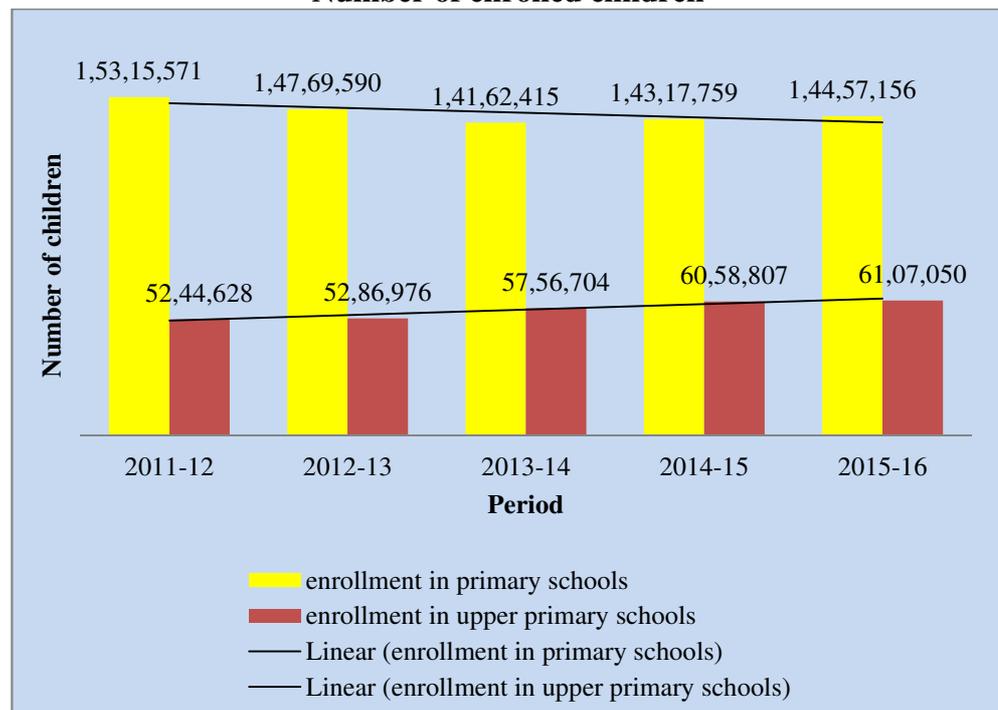
#### 3.2.10.1 Increase/decrease in enrolment of primary/ upper primary schools

One of the primary objectives of the scheme was to enhance enrolment, retention and attendance among children.

During scrutiny of records of MDM Directorate, it was observed that the number of enrolled children in primary schools decreased in the year 2015-16 from the year 2011-12 while there was minor increase in the number of enrolled children in Upper Primary Schools of the State. The status of enrolment in the State during 2011-16 is shown in the **Chart no. - 3.2.3:**

**Chart no. - 3.2.3**

**Number of enrolled children**



(Source: information provided by MDM Directorate)

Despite implementation of MDM, the enrolment of children in primary schools decreased (six per cent) while in Upper Primary Schools, the enrolment increased (16 per cent) during 2011-16.

From the **Chart no. - 3.2.3**, it was evident that the number of enrolled children in primary schools in the State decreased (six per cent) from 1,53,15,571 in 2011-12 to 1,44,57,156 in 2015-16 while in Upper Primary Schools it increased (16 per cent) from 52,44,628 in 2011-12 to 61,07,050 in 2015-16.

However, scrutiny of admission and attendance register of class I of test-checked 74 schools relating to the period 2011-16 disclosed that against admission of 14,447 children, 17,514 were shown as enrolled in attendance register. This indicated that the figure of enrolment was inflated in comparison to the actual admission.

The Department replied (December 2016) that the students of private schools were also enrolled in the Government schools. Therefore, difference in enrolment was noticed. However, specific replies to the issue raised in the objection were not provided to Audit.

### 3.2.11 Attendance and retention

The data relating to dropouts from classes was not maintained in the State or at district level. However, it was derived from the number of students retained/dropped out during 2011-16 in the State from the class wise enrolment figure provided by the BEPC. Besides, number of students retained/ dropped out in the test-checked schools during 2011-16 was derived from the data provided by test-checked 104 schools. The status regarding class-wise enrolment and the children retained/ dropped out during 2011-16 in the State as well as in the test-checked schools in the districts are given in **Table nos. - 3.2.7 and 3.2.8:**

**Table no. - 3.2.7**  
**Status of class-wise enrolment of students**  
**(State Government/ Government aided schools)**

Year	No. of enrolled students				
	Class I	Class II	Class III	Class IV	Class V
2011-12	<b>33,37,088</b>	32,52,715	32,61,529	31,19,354	28,56,801
2012-13	28,07,787	<b>28,21,391</b>	28,90,682	27,87,185	26,44,969
2013-14	29,35,570	28,12,829	<b>29,09,908</b>	28,61,408	27,43,140
2014-15	27,78,486	29,18,459	28,74,047	<b>28,70,113</b>	28,18,376
2015-16	31,24,270	29,46,717	30,94,855	29,49,737	<b>29,60,763</b>

(Source: Information provided by Bihar Education Project council Patna)

**Table no. - 3.2.8**  
**Status of class-wise enrolment of students (Test-checked 104 schools)**

Year	No. of enrolled students				
	Class I	Class II	Class III	Class IV	Class V
2011-12	<b>4,854</b>	4,838	4,794	4,483	3,990
2012-13	4,296	<b>4,083</b>	4,270	4,069	3,866
2013-14	4,381	4,234	<b>4,010</b>	4,091	3,880
2014-15	4,226	4,341	4,288	<b>3,996</b>	4,064
2015-16	4,726	4,330	4,423	4,309	<b>3,899</b>

(Source: Information provided by test-checked schools)

Further, it was also clear that against 33,37,088 children enrolled in class-I in 2011-12 in the State, 29,60,763 children could only be retained in class-V in 2015-16. Similarly, in the test-checked schools, against enrolled 4,854 children of class-I in 2011-12, only 3,899 children could be retained up to 2015-16 and upgraded into class-V. This indicated that retention rate was poor in the State in spite of implementation of MDM over a period of 10 years.

**Table no. - 3.2.9**  
**Status of children enrolled in private schools in the State**

Year	No. of enrolled students				
	Class I	Class II	Class III	Class IV	Class V
2011-12	<b>5,739</b>	5,160	4,981	4,852	4,818
2012-13	17,664	<b>15,343</b>	15,061	15,278	15,427
2013-14	1,93,686	1,59,002	<b>1,47,474</b>	1,34,981	1,22,757
2014-15	2,76,549	2,29,244	2,09,618	<b>1,90,975</b>	1,74,489
2015-16	2,68,112	2,29,819	2,10,541	1,90,037	<b>1,77,237</b>

(Source: Information provided by Bihar Education Project council Patna)

It was evident from **Table nos. - 3.2.7, 3.2.8 and 3.2.9** that the enrolment of students in class I of Government/Government aided schools in the State decreased from 33.37 lakh (2011-12) to 31.24 lakh (2015-16), a decrease of six *per cent*. Similarly, in the case of 104 test-checked schools also, a decrease of two *per cent* in enrolment was noticed in 2015-16, when compared with enrolment during 2011-12. However, as per data provided by BEPC as on 2015-16, the private schools in the State had a surge in enrolment by over forty times the enrolment for 2011-12.

The Department replied (December 2016) that due to double enrolment of students in the class I to V the difference was shown.

Thus, the basic objective of enhancing enrolment, retention and attendance in primary/ upper primary education was not achieved through MDM.

### **3.2.12 Adverse impact on teaching and learning**

The scheme guidelines, 2006 prescribed that teachers should, under no circumstances be assigned responsibilities that would impede or interfere with teaching and learning activities. Teachers should be involved only in ensuring that good quality wholesome food was served to the children in a spirit of togetherness under hygienic conditions and in an orderly manner so that the entire process was completed in 30-40 minutes.

However, during test-check, Headmasters of 81 out of 132 test-checked schools reported that teachers were actively involved in the operation of the MDM. It was also reported by 47 HMs that on an average one to four hours per day was lost in other than teaching activities. However, 34 HMs did not disclose the consumption of time in MDM.

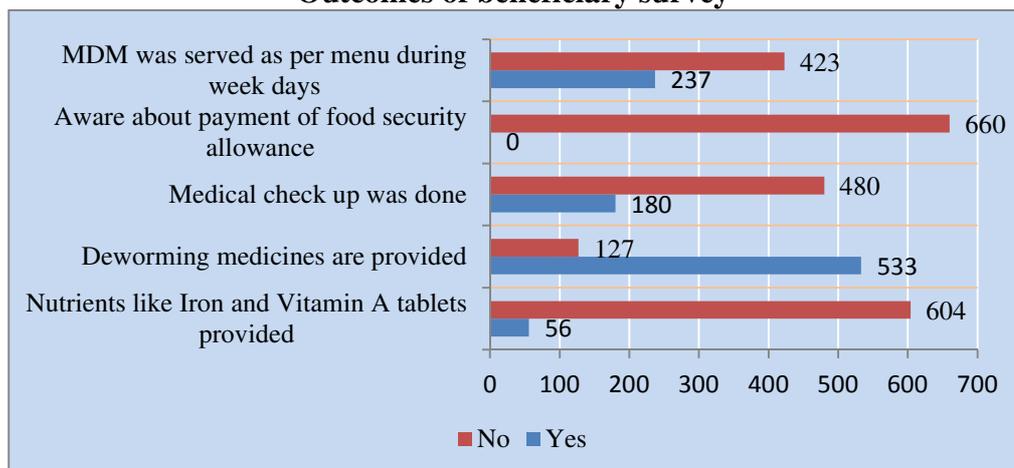
Thus, the teaching and learning activities was affected due to involvement of teachers in MDM work.

The Department replied (December 2016) that the power to take necessary arrangement and supervision of MDM was given to the *Vidyalaya Shikhsa Samiti* (VSS). The MDM was prepared and served to the students by cook-cum-helper under supervision of VSS.

### **3.2.13 Beneficiary survey**

During the course of audit of the MDM scheme, the audit team surveyed 660 beneficiaries/ guardians in 132 test-checked schools to know about the various facilities provided to them/ their wards and recorded their responses. The facts revealed in beneficiary survey are shown in the **Chart no. - 3.2.4:**

**Chart no. - 3.2.4**  
**Outcomes of beneficiary survey**



### 3.2.14 Monitoring and evaluation

#### 3.2.14.1 Steering-cum-Monitoring Committee meetings

The scheme guidelines envisaged that Steering cum Monitoring committee (SMC) were to be set up at the State, district and block levels to oversee the implementation of the programme to ensure greater coordination, convergence and effective implementation of the scheme. State level SMC was to meet at least once in every six months and the district and block level SMCs were to meet once in a quarter. The instruction was issued (November 2016) at the Directorate level to ensure adequate number of district/block level meetings.

Scrutiny of records revealed that at the State level during 2011-16, the SMC met only once during 2011-12 and 2015-16 against the requirement of two every year. The meetings at test-checked districts and block level was much less than that required under the norms. The details regarding meetings conducted at State level and in test-checked districts/blocks are given in **Table no. - 3.2.10**:

**Table no. - 3.2.10**  
**SMC meetings required and meetings held during 2011-16**

Year	State level		Test-checked districts		Blocks in the test-checked districts	
	Meetings to be held as per norms	Meetings actually held	Meetings to be held as per norms	Meetings actually held	Meetings to be held as per norms	Meetings actually held
2011-12	2	1	44	1	664	7
2012-13	2	2	44	4	664	68
2013-14	2	2	44	17	664	228
2014-15	2	2	44	9	664	245
2015-16	2	1	44	5	664	220
<b>Total</b>	<b>10</b>	<b>8</b>	<b>220</b>	<b>36</b>	<b>3320</b>	<b>768</b>

(Source: Information provided by MDM Directorate)

It was obvious from the **Table no. - 3.2.10** that the required number of meetings to oversee the implementation of MDM was not held at any level.

The Department replied (December 2016) that in the last two years, three elections (Parliament/Assembly/*Panchayat*) were conducted in the State. Meetings could not be held in required numbers due to involvement of the officers in election/natural calamities.

### 3.2.14.2 Inspections by Block Resource Persons/DPOs

As per the scheme guidelines, 25 *per cent* of schools were to be visited by Block Resource Persons/DPOs in every quarter and all schools were to be visited at least once every year. Findings of the inspection reports were to be documented and correction measures were to be initiated without delay.

Scrutiny of test-checked districts disclosed that the required numbers of inspections were not carried out in the schools as shown in the **Table no. - 3.2.11:**

**Table no. - 3.2.11**  
**Details of inspections done by BRP/DPOs**

Year	Number of inspections to be done	Number of inspections done ( <i>per cent</i> )
2011-12	53,291	22,709 (43)
2012-13	53,307	36,057 (68)
2013-14	54,168	48,217 (89)
2014-15	54,162	40,278 (74)
2015-16	54,199	25,721 (47)

It was evident from **Table no. - 3.2.11** that the number of inspections was much less than the required number during the year 2011-16.

The Department replied (December 2016) that the number of inspections to be conducted was calculated on the basis of 365 days though PAB approved 245 days and the monitoring was carried out for 56 to 118 days during 2011-16.

The reply was not tenable as the inspection by the BRP was mandatory to be carried out in 20 *per cent* of total schools or at least 30 schools whichever is maximum as per direction issued by the Director, MDM though the guidelines provide at least 25 *per cent* of total schools of each blocks.

#### **Recommendation**

***Prescribed number of meetings of Steering-cum- Monitoring Committees at all levels should be held for smooth implementation and monitoring of the scheme.***

### 3.2.15 Conclusion

The Annual Work Plan and Budget of Mid-Day Meal Scheme (MDM) was not realistic and consequently, the requirements of State could not be addressed properly. As a result, 33 to 57 *per cent* of enrolled children were deprived of Mid-Day Meals.

Allocated foodgrains were not lifted from godowns of Food Corporation of India/State Food Corporation at many instances. Therefore, MDM was served on fewer days than the mandatory number of days in the test-checked schools.

The infrastructure for providing MDM in schools was not adequate. Twenty six *per cent* of the MDM covered schools remained without kitchen facility

and cooking was undertaken in classrooms and corridors of the schools. A tragic incident in *Navsrijit* Government Primary School, Gandaman Dharamsati Maidan, Masharak, Saran took place in July 2013 as kitchen facility was not available and food articles for MDM was being stored outside the school.

Neither the records regarding use of Fair Average Quality foodgrains were available with district offices of MDM nor there was any institute available for testing of foodgrains to ensure that quality meals were being served to children in the State.

The inadequate monitoring of the scheme was a major bottleneck in scheme implementation as the required number of meetings of Steering cum Monitoring Committees at the State, district and block level was not conducted. Besides, District Programme Officers/ Block Resource Persons did not conduct the required number of inspections in schools.

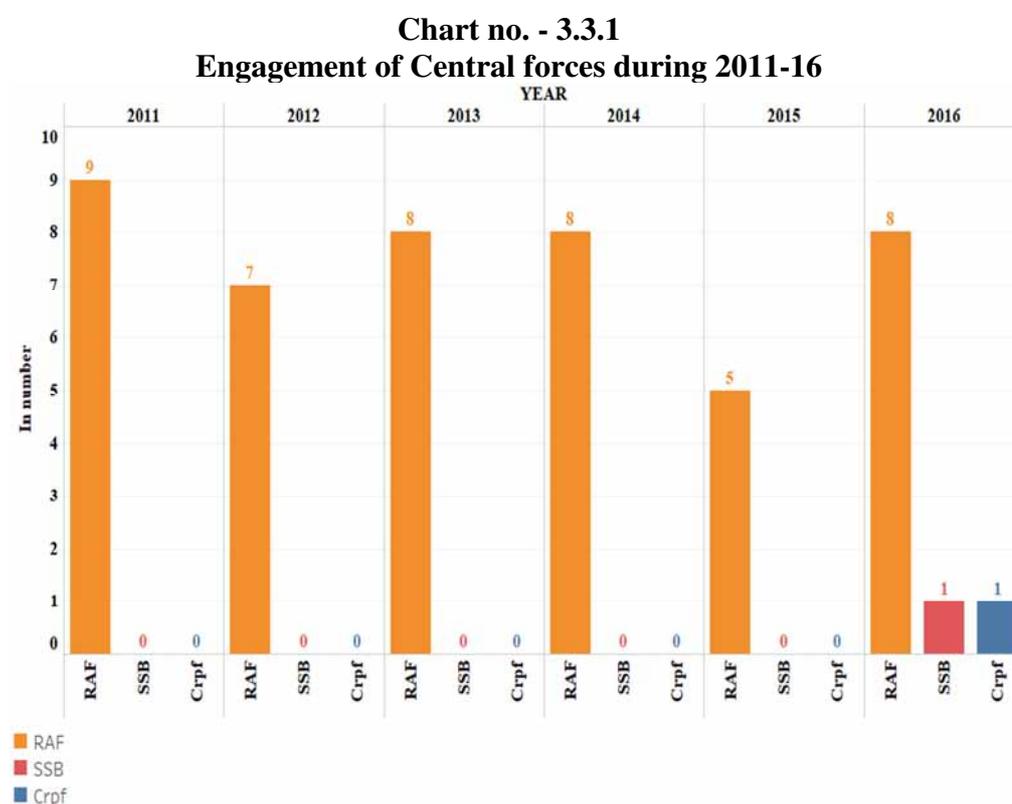
## HOME (POLICE) DEPARTMENT

### 3.3 Audit of Modernisation of Police Force

#### 3.3.1 Introduction

The Modernisation of Police Force (MPF) scheme is a significant initiative of Government of India (GoI) towards capacity building of State police force since 1969-70. Prime objective of the scheme is to meet the identified deficiencies in various aspects of police establishment and operations by strengthening police infrastructure at the cutting edge level by way of construction of secure police stations, equipping the force with required level of mobility, modern weaponry, communication systems, other equipment, forensic tools, training and sufficient housing. It aims to foster the balanced development of the State police force so that they are able to tackle various challenges of internal security and law and order situations arising out from time to time and to reduce the dependency on Central forces. The scheme was being implemented in 40 police districts, four rail police districts, 18 Bihar Military Police (BMP) units and Forensic Science Laboratories (FSL) of the State *etc.*

In Bihar, the State Government (GoB) had to depend on Central forces in the matters of internal security on several occasions and Home (Police) Department had called Rapid Action Force (RAF)/*Shashatra Seema Bal* (SSB)/ Central Reserve Police Force (CRPF) frequently (total 47 times during 2011-16 covering 377 days) for maintenance of law and order in the State as shown in **Chart no. - 3.3.1:**

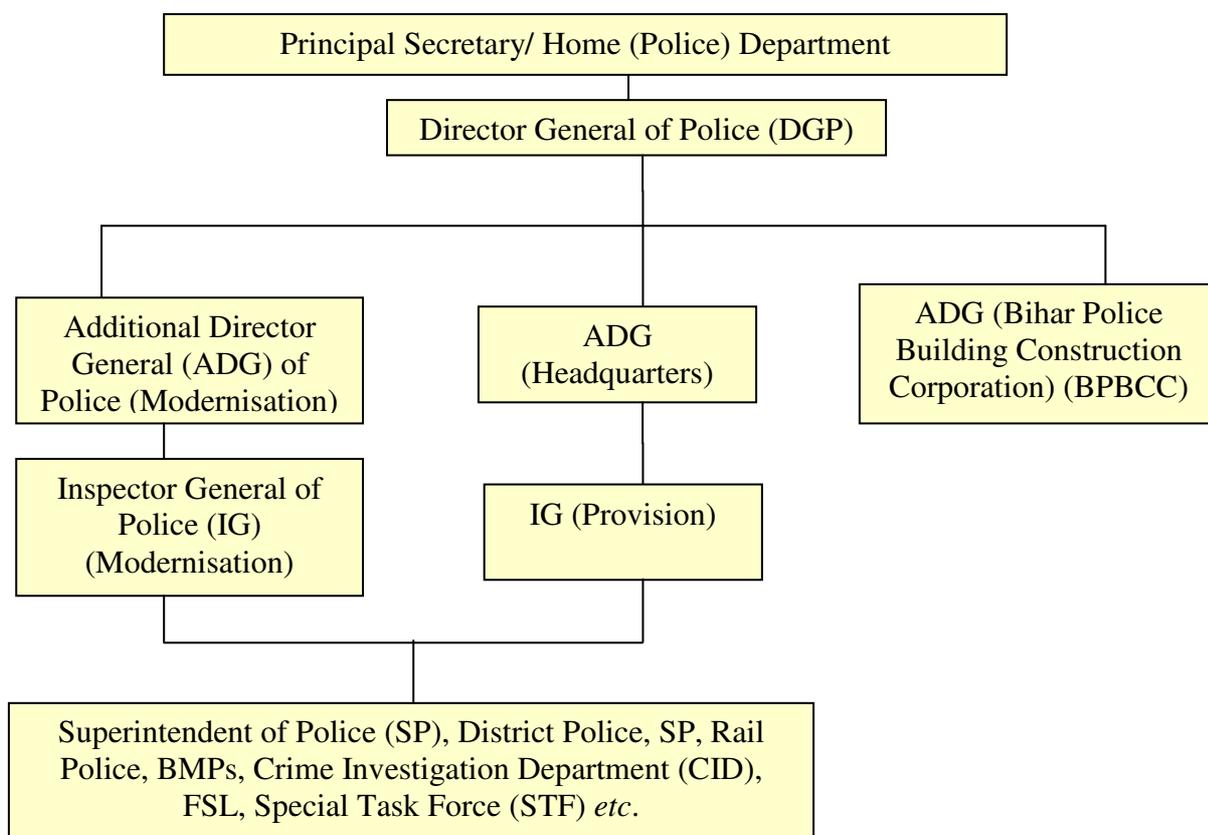


The scheme was earlier reviewed in 2006 and the findings were included in Audit Report (Civil) for the year March 2006. The report was pending for discussion before Public Accounts Committee till date (November 2016). However, to assess the progress made in implementation of MPF, this audit was conducted.

### 3.3.2 Organisational structure

The Principal Secretary, Home (Police) Department (Department), GoB was responsible for overall implementation of MPF in the State. Further, the authorities responsible for implementation of the MPF from department to district level are given in the **Chart no. - 3.3.2**:

**Chart no. - 3.3.2**  
**Organisational set-up for implementation of MPF**



(Source: Information furnished by I.G, Provision)

Besides, there was a State Level Empowered Committee (SLEC) under the chairmanship of the Chief Secretary of the State to monitor the implementation of MPF and construction works were executed by BPBCC<sup>51</sup>.

### 3.3.3 Scope and methodology of audit

The audit of MPF for the period 2011-16 was conducted during April to July 2016 through test-check of records of the offices under Principal Secretary, Home (Police) Department, DGP, ADG (Modernisation), IG (Provision) and Director (FSL). Besides, records relating to implementation of the scheme in

<sup>51</sup> BPBCC was established in June 1974 under Company Act 1956 for construction of various residential and non-residential police buildings in the State

10<sup>52</sup> out of 40 district police offices (the selection of district police offices was done on Probability Proportion to Size without Replacement method), four BMP offices<sup>53</sup> situated in these districts, FSL, Patna and Police Training Centre, Nathnagar, Bhagalpur were test-checked during audit. Further, information was collected from BPBCC through questionnaire only regarding construction of buildings.

The audit methodology consisted of document analysis, collection of information through questionnaires and joint physical verification.

### ***Audit Findings***

Significant audit findings noticed in course of audit of MPF are discussed in the succeeding paragraphs:

#### **3.3.4 Planning**

The scheme guidelines of MPF recommend that a perspective plan should be prepared which would incorporate *inter alia* an equipment acquisition plan for five years. This plan will also identify and analyse the gaps in various components under MPF and in conjunction with the Bureau of Police Research and Development (BPR&D) norms to arrive at the requirement for the State Police Force covered under the scheme. It was also recommended that a decentralised, evidence based bottom-up planning approach with adequate flexibility should be made the core of budgeting. The GoB was also to submit Annual Action Plan (AAP) each year to GoI by December. The AAP was to be prepared by the IG (Provision) after taking inputs from districts and submitted to the Home Department for its approval in the SLEC. After getting approval from the SLEC, AAP was to be submitted to the Ministry of Home Affairs (MHA) for approval.

**The planning was not in accordance with the directives mentioned in MPF guidelines and the Department could not identify and prioritise the requirements of State police infrastructure through its plans.**

- During scrutiny of records of the IG (Provision) and the Department, it was observed that the perspective plan for the period 2012-16 was prepared and submitted to the MHA (August 2011). However, the approval of submitted perspective plan was not received from the MHA and no further correspondence was made between the Department and the MHA regarding its approval.
- It was further observed that prepared AAPs were not based on proper aggregation of inputs from its units (*i.e.* 40 District Police Offices, four Rail Police District Offices and four BMP Offices *etc.*) though six out of 10 test-checked districts submitted their annual requirement proposals. This resulted in shortages against requirement under mobility, weaponry, FSL as discussed in succeeding **paragraphs 3.3.6.2, 3.3.6.3 and 3.3.6.4.**
- Besides, the preparation and approval of AAPs were delayed at Department as well as SLEC level. Consequently, final submission to the MHA was delayed. The details of submission and approval of AAP during 2011-16 are given in the **Table no. - 3.3.1:**

<sup>52</sup> Begusarai, Bhagalpur, Chapara, Darbhanga, Kaimur, Madhubani, Muzaffarpur, Nalanda, W. Champaran and Patna

<sup>53</sup> BMP-5, Patna; BMP-6, Muzaffarpur; BMP-8, Begusarai; BMP-13, Darbhanga

**Table no. - 3.3.1**  
**Details of delay in submission of AAPs at various stages**

Year	Actual date of submission of AAP to Department	Date of approval by SLEC	Date of submission to MHA	Date of approval by MHA	Delay (in month) in submission to the MHA from the due date (31 December)
2011-12	16/3/2011	13/4/2011	11/5/2011	2/01/2012	4
2012-13	25/4/2012	31/5/2012	13/6/2012	27/6/2012	6
2013-14	11/6/2013	26/6/2013	12/7/2013	5/8/2013	7
2014-15	26/5/2014	18/6/2014	25/6/2014	3/7/2014	6
2015-16	8/4/2015	15/5/2015	4/6/2015	30/6/2015	5

(Source: Records of Home (Police) Department)

It was evident from the **Table no. - 3.3.1** that delay in submission of AAPs by the Department resulted in cascading delay in its approval by the MHA. As a result, Department did not get ample time to spend the scheme funds within the year and funds remained unspent as discussed in **paragraph 3.3.5**.

The above facts indicate that planning was not in accordance with the directives mentioned in MPF guidelines and the Department could not identify and prioritise the requirements of State police infrastructure through its plans. As a result, the identified deficiencies in various aspects of police establishments like office buildings, mobility, FSL and weaponry could not be addressed.

The Department while accepting (November 2016) the recommendation did not offer any comments on the audit observation. Later during exit conference, the Principal Secretary instructed the respective officials to adhere to the schedule of submission of annual plan with proper aggregation of inputs from its units.

**Recommendation**

**Department should prepare annual plans in a timely manner after taking inputs from the district level units to assess the actual requirements on the basis of realistic data.**

**3.3.5 Financial management**

The ratio of the funding between GoI and State Government under the MPF was 75:25 for the year 2011-12 and thereafter 60:40 for each year of 2012-16. After approval of the AAP by the State Government, GoI released its share to the State Governments and to Ordnance Factories Boards (OFBs) for supply of goods (*i.e.* arms and ammunition). The funds intended for construction activity were directly released to BPBCC. The State share (40 *per cent*) was released by the State Government through the budgetary mechanism.

During scrutiny of records relating to MPF in the office of IG (Provision), it was found that as against approved plan of ₹473.26 crore during 2011-16, only ₹261.48 crore (55 *per cent*) was received under the MPF as presented in **Table no. - 3.3.2:**

**Table no. – 3.3.2**  
**Position of receipt and utilisation of funds during 2011-16**

(₹in crore)

Year	Approved plan		Unspent balance at the beginning of the year	Funds received				Total available funds	Expenditure during year	Unspent balance at the end of the year
	Central	State		Central share		State share	Total			
				Amount	Goods					
2011-12	45.97	11.49	82.74	24.80	3.70	11.49	39.99	122.72	25.26	97.47
2012-13	76.40	51.94	97.47	13.49	1.54	10.02	25.05	122.52	15.65	106.87
2013-14	79.29	52.86	106.87	51.31	4.68	34.21	90.20	197.07	33.92	163.15
2014-15	67.70	44.91	163.15	45.88	3.20	30.59	79.67	242.82	10.37	232.45
2015-16	25.62	17.08	232.45	23.12	3.45	0.00	26.57	259.02	67.79	191.23
<b>Total</b>	<b>294.98</b>	<b>178.28</b>		<b>158.60</b>	<b>16.57</b>	<b>86.31</b>	<b>261.48</b>		<b>152.99</b>	

(Source: Information furnished by IG, Provision)

Analysis of the **Table no. - 3.3.2** revealed that:

- As against the total approved Central allocation of ₹294.98 crore, only ₹175.17 crore (59 per cent) was received during 2011-16; and
- The State Government did not spend the available funds due to delay in procurement process and slow pace of civil works.

State Government was deprived of Central share of ₹119.82 crore due to slow pace of expenditure.

Short receipt of Central share of ₹119.82 crore was attributable to delay in release of matching State share and slow pace of utilisation of funds by the State Government as discussed in succeeding paragraphs.

### 3.3.5.1 Delayed release of matching State share

According to MPF guidelines, MHA provides funds to various States normally in two-three instalments and States are to provide matching contribution for the funds released. Without release of the State share, the balance 50 per cent of the assistance for the year from the Centre is not released.

State share contribution was released by the Department after three to 36 months from the receipt of Central share.

Scrutiny of records of the IG (Provision) disclosed that the State share contribution was released by the Department after three months to three years from the receipt of Central share as shown in **Table no. - 3.3.3**:

**Table no. - 3.3.3**  
**Release of Central and State share**

(₹in crore)

Year	Central share		Matching State share		Delay in release of matching share (Period in months)
	Amount	Date of release	Amount	Date of release	
2011-12	24.27	2/1/2012	6.07	29/3/2012	03
			5.42	30/3/2012	03
2012-13	12.49	27/2/2013	9.35	14/2/2014	12
	1.00	26/3/2013	0.67	17/3/2016	36
2013-14	51.31	18/12/2013	31.21	24/10/2014	10
			3.00	5/1/2016	25
2014-15	42.10	5/8/2014	28.07	4/1/2016	17
	3.78	17/3/2015	2.52	1/9/2015	06
2015-16	18.02	4/3/2016	Not released		-
	5.10	16/3/2016	Not released		-

(Source: Information provided by IG, Provision)

From the **Table no. - 3.3.3**, it was evident that maximum delay of three years occurred in release of State share of 2012-13. Resultantly, the second/final instalment of Central share was not received.

During exit conference, the Principal Secretary assured (November 2016) that timely release of matching share would be ensured in future.

### 3.3.5.2 Delay in utilisation of funds

The instruction of GoI (January 2012) stipulates that in case of any unspent balance of more than one previous financial year, the State Government would be deprived of the entire allocation made to it from the Centre under MPF.

During scrutiny of records of IG (Provision), it was observed that there were unspent balances of more than one year during each financial year of 2011-16 as shown in **Table no. - 3.3.4**:

**Table no. - 3.3.4**  
**Details of more than one year old unspent balances**

(₹ in crore)

Year	Total funds received	Expenditure within the same financial year	Expenditure within next one financial year	Expenditure within next two financial years	Expenditure after two or more financial years	Unspent balances
1	2	3	4	5	6	7
2011-12	39.99	0.00	7.59	13.89	10.34	8.17
2012-13	25.05	0.00	6.86	0.08	4.51	14.05
2013-14	90.20	0.00	6.05	19.93	0.00	64.22
2014-15	79.67	3.20	0.00	0.00	0.00	76.47
2015-16	26.57	3.45	0.00	0.00	0.00	23.12
<b>Total (per cent)</b>	<b>261.48</b>	<b>6.65 (2)</b>	<b>20.50 (8)</b>	<b>33.90 (13)</b>	<b>14.84 (6)</b>	<b>186.04 (71)</b>

(Source: Information provided by IG, Provision)

From the **Table no. - 3.3.4** it was evident that only 10 per cent of funds could be spent during the same and next financial year while 19 per cent of funds were spent in next two financial years from their receipt and 71 per cent of the funds remained unspent. The funds remained unspent due to delay in finalisation of tender for procurement and slow pace of work in constructions. As a result, the amount of Central share in approved plan was curtailed. This indicates that the Department was not able to utilise available funds.

In reply, the Department admitted (November 2016) the observation and during exit conference, the Principal Secretary assured that steps would be taken to gradually expedite the expenditure process.

### 3.3.5.3 Submission of incorrect Utilisation Certificates

As per MPF guidelines, funds released to BPBCC should be treated as advances and considered as expenditure only on receipt of statement of expenditure /Utilisation Certificates and charged to expenditure based on the settlement of advances.

During verification of Utilisation Certificates for the period up to 2014-15, it was noticed that different figures of expenditure were reported by the GoB

and the BPBCC. As per UCs submitted by GoB, the unspent balance under plan head was ₹134.39 crore whereas it was found to be ₹146.25 crore as per information furnished by BPBCC. The inaccurate capture of expenditure data was indicative of inadequate accounting controls.

The Department replied that as per practice, released funds were treated as spent and in light of audit observation, it would be based on the UCs received from the BPBCC.

### Recommendation

*Optimum utilisation of allocated funds as per the approved annual plan should be ensured to obtain complete Central assistance.*

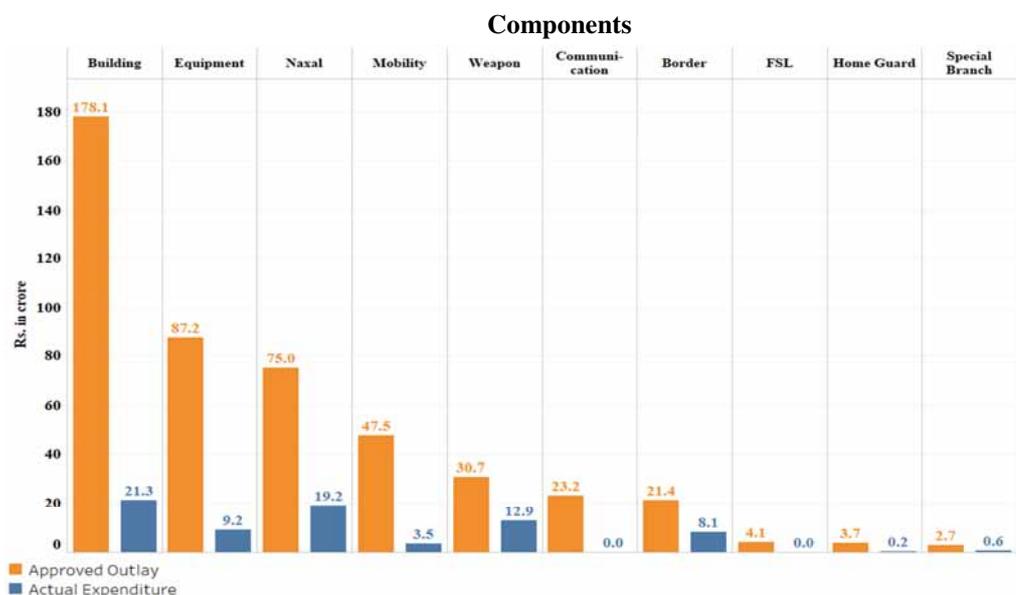
### 3.3.6 Implementation of components of scheme

Apart from civil works for strengthening of infrastructural buildings, police stations *etc.*, as per scheme guidelines, high priority should be given to procurement of goods and effective management of supplies for successful implementation of all components of the MPF. According to BPR&D norms, average time period required for the complete procurement cycle is usually 12 to 18 months which needs to be compressed. Hence, the process is required to be initiated well in advance and the procurement guidelines have to ensure that necessary supplies are available for the project at right time, in right quantity, of right quality, at the right place, and at right cost. Any problem encountered with the procurement and distribution over the last few years should be taken into account and analysed.

- Scrutiny of records relating to implementation of different components under the scheme disclosed that out of a total approved plan of ₹473.26 crore for 2011-16, amount of ₹261.48 crore only was allocated by Home (Police) Department for MPF. This was due to availability of balance funds with BPBCC and delay in procurement. The utilisation of funds of MPF is as shown in **Chart no. - 3.3.3**.

**Chart no. - 3.3.3**

### Component-wise approved outlay and expenditure



(Source: Information received from IG, Provision)

It may be seen from **Chart no. - 3.3.3** that under various components, the highest expenditure as per approved plan was in procurement of weapons whereas there was negligible expenditure under purchase of communication equipment, Home Guard and FSL (Naxal and Border component was excluded from the scheme from 2013-14). The Department did not prepare any priority mechanism for procurement. As a result, Department could not get optimum benefit of strengthening of the State police forces from MPF.

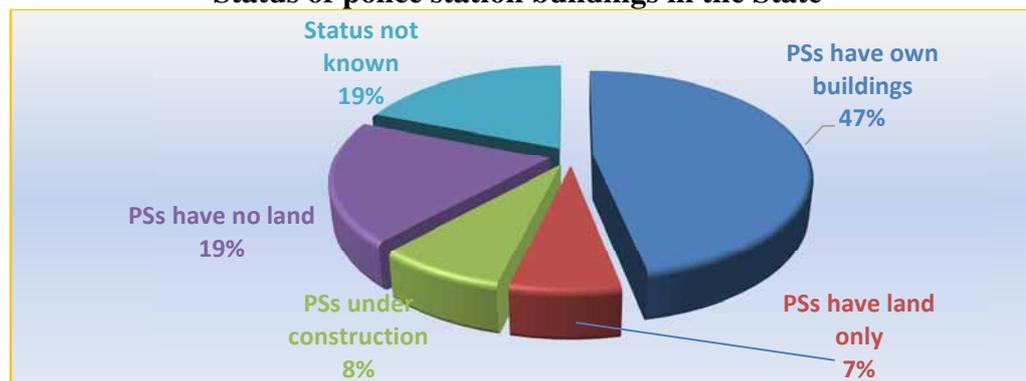
**Delayed purchase procedure resulted in extra expenditure of ₹10.94 crore.**

Further scrutiny of AAPs of 2011-16 showed that total 285<sup>54</sup> types of items for procurement were approved under different components. However, only 124 types of items were purchased during 2011-16 and further verification of records relating to 22 types (containing total no. 166) of purchased items disclosed that due to delayed purchase procedure, items were purchased after lapse of one to 12 years from its sanctioned year. As a result, not only extra expenditure of ₹10.94 crore incurred against per unit cost, as approved in AAPs (*Appendix-3.3.1*), the procured number of items were also reduced from 166 to only 115. The delay in procurement was mainly attributed to the condition of exhibition of equipment, rejection of technical bid and advertisement not made in the Indian Trade Journal (ITJ) etc. Instances of irregularities noticed in purchase procedures are discussed in its respective components in succeeding **paragraphs 3.3.6.2 and 3.3.6.3**.

### 3.3.6.1 Construction of buildings/police stations and housings

According to MPF guidelines, priority should be given to the construction sector. The buildings proposed for construction were mostly connected with providing well-secured police station buildings, barracks and housing to staff. However, information provided by IG (Provision) in June 2016 disclosed that only 499 (47 per cent) out of 1,064 police stations (PS) of the State were running in their own buildings. The status of buildings of PSs in the State is given in the **Chart no. - 3.3.4**:

**Chart no. - 3.3.4**  
**Status of police station buildings in the State**



(Source: Information provided by IG, Provision)

Scrutiny of records of IG (Provision), disclosed that construction of 103 PSs (i.e. 85 naxal PSs, 17 PSs and one out post) were approved under AAPs

<sup>54</sup> Naxal-40, Border-10, Weapon-27, Equipment-129, Mobility-29, Special Branch-5, Communication-25, Home Guard-13, and FSL-7.

Out of proposed construction of 218 units (PSs, barracks and buildings etc.) at ₹249.33 crore, only 77 units (35 per cent) could be completed at a cost of ₹31.07 crore and the construction of remaining 144 units could not be completed due to slow pace of work, delayed receipt of funds, lack of required land, delay in finalisation of tender process etc.

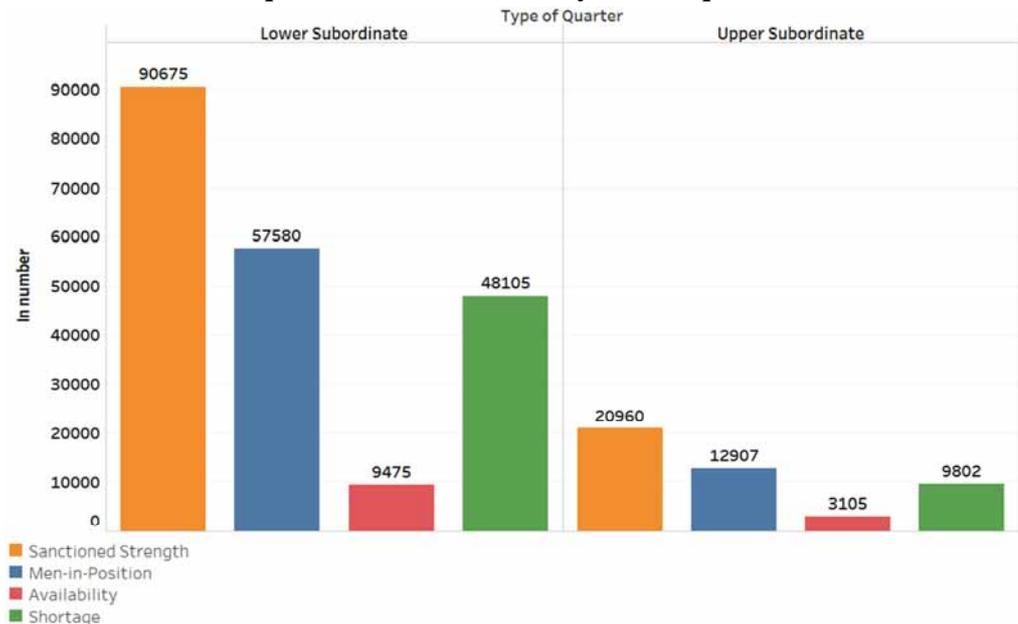
(2011-16). However, only 56 out of 85 Naxal PSs could be completed by March 2016. It was further observed that BPBCC had received ₹169.59 crore against sanctioned amount of ₹249.33 crore for construction of 218 PSs, barracks and buildings etc. But, the BPBCC did spend only ₹31.07 crore (only 12 per cent) and completed construction in only 77 works (only 35 per cent) including 56 Naxal PSs, 19 quarters, one barrack and one water point during 2011-16 (Appendix-3.3.2). The main reasons for works remaining incomplete were slow pace of work, delayed receipt of funds, lack of required land, delay in finalisation of tender process etc. Thus, the funds received for buildings were not utilised by the BPBCC resulting in inadequate infrastructure for the police force.



Doriganj PS under Saran police district is running in a dilapidated shed

Further, the review committee of MHA recommended to provide cent per cent accommodation for all police personnel. The status of requirement and availability of subordinate staff quarter is given in Chart no. - 3.3.5:

**Chart no. - 3.3.5**  
**Requirement and availability of staff quarters**



(Source: Information provided by IG, Provision)

From the **Chart no. - 3.3.5**, it was evident that shortage under Upper/Lower Subordinate categories as per men-in-position was 76 and 83 per cent respectively.

Further, in nine selected police districts, only 152 out to 310 PSs were running in good condition buildings.

During exit conference, the Principal Secretary instructed (November 2016) the respective officials of the BPBCC to improve the situation with efficient implementation.

**Recommendation**

**The pace of construction of buildings for police stations, barracks and other houses should be speeded up to meet the requirement.**

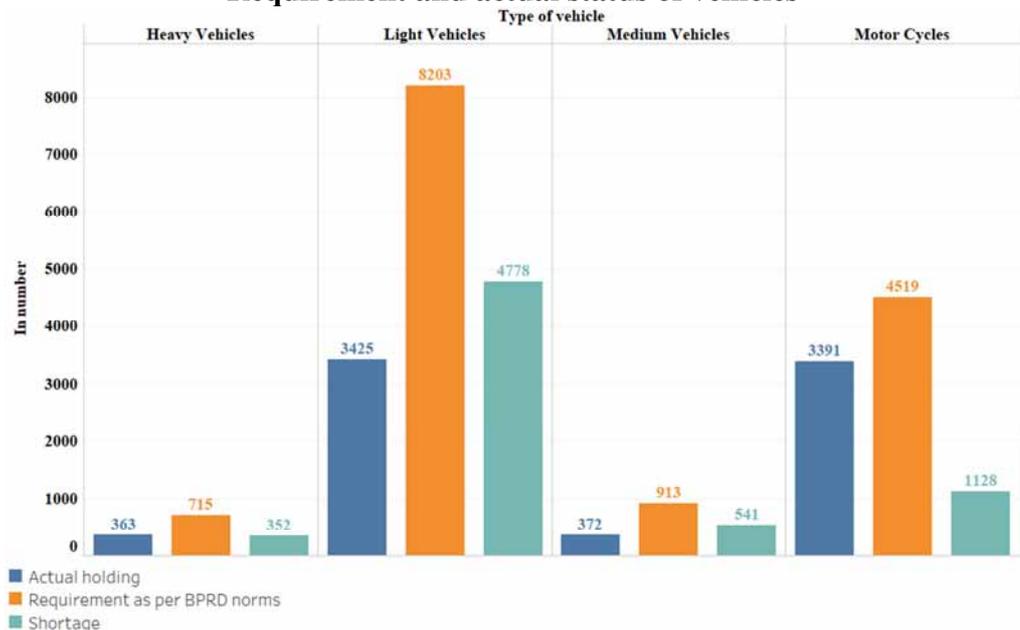
**3.3.6.2 Mobility of police force**

Mobility is measured in terms of the ability of the entire strength of a police unit to move at once. It is directly linked to the performance of police. Quick response in real time during law and order situations helps in a significant way to preserve the precious lives of people and to protect public and private property besides being a reliable indicator of police performance. Further, GoI advised (March 2009) the State Governments to acquire more motor cycles for police and less number of jeeps as motor cycles give strength to the beat constables.

The Department procured 531 vehicles only out of 2,160 proposed.

During scrutiny of records of IG (Provision), it was observed that though 29 types of 2,160 vehicles were proposed for procurement in AAPs 2011-16, only seven types of 531 vehicles were procured (**Appendix-3.3.3**). It was also observed that the Department procured only 262 motorcycles (27 per cent) against the proposed 980. The requirement of vehicles in the State according to the norms of BPR&D and actual status of vehicles with Department is shown in **Chart no. - 3.3.6**:

**Chart no. - 3.3.6  
Requirement and actual status of vehicles**



(Source: Information provided by IG, Provision)

Further, scrutiny of records in ten police districts and four BMPs disclosed that there was shortage of vehicles as these offices had 1,701 vehicles only (excluding 354 off-road vehicles) against 2,519 vehicles needed (*Appendix-3.3.4*).

On being asked, the Department stated (November 2016) that reduced release of Central share due to unspent balance of previous year resulted in lesser procurement. During exit conference, Principal Secretary assured that corrective steps would be taken to improve the situation in future.

Instances of delayed purchases resulting in extra avoidable expenditure were noticed in two instances discussed as under:

- Four Anti Land Mines Vehicles (ALMV) at ₹72.40 lakh per unit were to be purchased for which ₹2.86 crore was sanctioned (September 2010) by the Department on the basis of invoice submitted by the respective ordnance factory. But, the Department took three years between September 2010 to May 2014 to take a decision for procurement of vehicles either through ordnance factory or inviting open tender. However, after inordinate delay in finalisation of purchase procedure, these ALMVs were purchased in 2014-15 after spending ₹4.67 crore, from the same ordnance factory which had submitted the first invoice. Thus, due to delay in taking appropriate decision for over three years resulted in avoidable expenditure of ₹1.81 crore.
- Five cranes of three ton capacity (two at ₹9.5 lakh in 2008-09 and three at ₹15 lakh in 2011-12) were sanctioned under MPF. However, two cranes having capacity to lift only 850 kgs were purchased at ₹20.20 lakh each (June 2014) without changing the specifications in the tender documents and not mentioning any reasons during the purchase procedure.

During exit conference, the Principal Secretary instructed (November 2016) the respective officials to review the cases and take due care in future.

#### **Recommendation**

*In order to improve the mobility of the police force, adequate number of vehicles as per BPR&D norms should be provided to police stations and delay in procurement process should be minimised.*

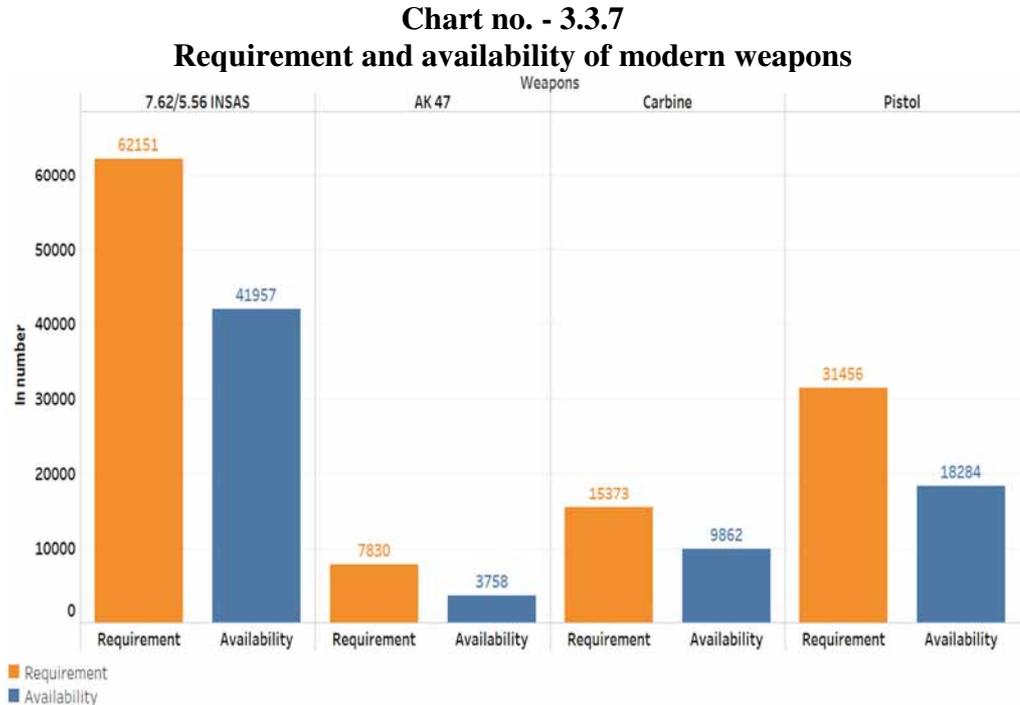
#### **3.3.6.3 Modern weaponry and equipment**

During 2011-16, the Department procured modern weapons through both State plan and MPF. Under MPF, weapons were procured through OFBs for which Central share was directly transferred to OFBs. However, the Department did not provide the segregated figures of requisitions for weapons in MPF (exclusively). Therefore, despite release of Central share amounting to ₹16.57 crore to OFB, the procurements made for MPF could not be ascertained in audit. However, it was observed that weaponry valuing ₹49.61 crore was not received from the OFBs though the amount was paid in advance during 2007-15.

**Delay in finalisation of procurement procedure resulted in avoidable expenditure of ₹1.81 crore.**

**Weaponry valuing ₹ 49.61 crore was not received from OFBs though the amount was paid in advance.**

Further, scrutiny of records of IG (Provision) disclosed that the State did not have adequate numbers of weapons. A comparison of requirement and availability of weapons is given in the **Chart no. - 3.3.7**:



(Source: Information provided by IG, Provision)

The **Chart no. – 3.3.7** shows that there was substantive shortage in each category of modern weapons *i.e.* 33 per cent in INSAS rifles, 42 per cent in Pistol, 36 per cent in Carbine and 52 per cent in AK 47.

Further, it was observed in 10 selected police districts and four BMPs that the availability of modern weapons was only 59 per cent against the requirement and despite directions of MHA (January 2012) to phase out .303 rifles, they were still in use and the ratio of availability of .303 rifles against modern weapon was 46:54.

During exit conference, the Principal Secretary stated that they were purchasing modern weapons under MPF as well as State plan and .303 rifles were being used by Home Guards. The reply was not acceptable as the gap between requirement and availability could not be minimised despite availability of MPF funds.

***Injudicious expenditure on purchase of equipment***

During verification of records relating to purchase of two equipment, (portable x-ray scanner machine and video spectral comparator) irregularities noticed are discussed below:

- The IG (Provision) procured (July 2013) only one portable x-ray scanner machine against requirement of 12 machines at the rate of ₹29.50 lakh each from the finalised first tender (March 2011) and invited second tender (June 2011) for the same equipment after two months. However as per condition of first tender, supply order for number and quantity of the machines could be increased or

Due to injudicious decision extra expenditure of ₹1.16 crore was incurred.

decreased. Further, no procurement was made from second tender with no reason and a third tender was invited (November 2011). The tender was finalised (December 2011) with higher rates of ₹39.16 lakh each from the sister agency of the earlier selected agency through first tender and procurement of 12 portable x-ray scanner machines were made (February 2014). Thus, the Department did not utilise the condition of first tender regarding subsequent increase in quantity of machine and finalised the third tender with sister agency of the supplier with higher rates. This imprudent decision led to finalisation of procurement at higher prices and injudicious expenditure of ₹1.16 crore<sup>55</sup>.

- For Basic Video Spectral Comparator, ₹15 lakh was sanctioned in 2007-08. The tender of M/s Shiva global technologies, Delhi was finalised at ₹34 lakh inclusive of all taxes on February 2011. However, instead of executing an agreement, the firm demanded sale tax and custom duty exemption in excess of the value of the goods. Further, the firm was ready to supply the goods only after providing the custom exemption certificate. But the Department did not consider the proposal. Instead of initiating action to blacklist the firm for not supplying the goods, the Department purchased goods valued at ₹59.75 lakh in September 2013.

During exit conference, the Principal Secretary instructed (November 2016) the respective officials to review the case and take due care in future.

#### **Recommendations**

##### **IG (Provision) should:**

- *coordinate with OFBs to ensure obtaining outstanding weaponries for minimising the gap of availabilities against the requirements; and*
- *procure all the items timely and in accordance with the requirement.*

#### **3.3.6.4 Forensic Science Laboratory**

Forensic Science is an efficient and essential enabler in the dispensation of justice in criminal, civil, regulatory and social context. There are one Forensic Science Laboratory (FSL) and two Regional Forensic Science Laboratories (RFSL) in the State. At Patna, the FSL was functioning from a police barrack and one RFSL was functioning at Muzaffarpur while another at Bhagalpur was yet to be made functional. Besides, GoI also directed (September 2012) to strengthen FSL and RFSL by allocating suitable funds and making provision for acquisition of hi-tech equipment in the modernisation plan.

The proposal for strengthening of FSL was not submitted by the Director, FSL during 2011-15.

Scrutiny of records of IG (Provision) disclosed that FSL was not given due importance in AAPs and no proposals were made during 2011-15. Later ₹4.06 crore was approved under AAP in 2015-16 which was only 10 per cent of the approved outlay of that year. However, that funds was also not spent during 2015-16, as the Central share was received in March 2016. The

<sup>55</sup> Rate in first finalised tender- ₹29.50 lakh/machine, rate in third finalised tender- ₹39.16 lakh. Injudicious expenditure = (₹39.16 lakh- ₹29.50 lakh) × 12 units= ₹115.92 lakh or ₹1.16 crore).

outcomes of the analysis of status of FSL including RFSLs are discussed below:

### ***Ineffective Governing body***

The MHA had allocated (March 2010) ₹four crore for establishment of four<sup>56</sup> District Mobile Forensic Units (DMFU) in the State and provided ₹1.64 crore in October 2011. According to conditions of MHA, the State Government had to form a Forensic Science Governing body and submit utilisation of the funds after every six months to receive next instalment. It was observed that the said body was constituted in July 2012 and in the meantime the received funds were given (October 2011) to Bihar State Electronic Development Corporation. However, the Governing body did not pursue the work and the same amount was still lying with Corporation till date of audit (July 2016). Since utilisation confirmation could not be sent to the MHA, remaining funds were not received and DMFUs could not be constructed in the earmarked districts.

In reply the Department stated (November 2016) that efforts are being made to organise the meeting of said Governing body to expedite the matter. It was further stated that proper allocations would be made under this component in future plan.

### ***Shortage of equipment***

**There was substantive shortage in equipment against the requirement of FSL.**

The Additional Director General (Modernisation) had ascertained shortage of 19 types of equipment out of required 39 in FSL, Patna in July 2014 (*Appendix-3.3.5*). However, these equipment could not be procured till date of audit due to paucity of funds. Further, two out of available four Polygraph machines remained idle since 2010-11 as four machines were purchased and made available to the FSL by the IG (Provision) against the requirement submitted by Director, FSL Patna for purchase of two polygraph machines. The Director also stated that machines were used by scientist of other section and proposal for post creation was submitted.

Further, at RFSL, Nathnagar, Bhagalpur apart from Mobile Forensic van, no other equipment was available and newly constructed three storied building of RFSL was being used as IG office.

In reply, the Department stated (November 2016) that purchase of various high-tech machinery/equipment was under process.

### ***Shortage of manpower***

**Against the total sanctioned strength of 314 officials, only 66 were posted in FSL.**

It was observed that there was acute shortage of manpower as against the total sanctioned strength of 314 officials of different posts in FSL (including RFSL), only 66 officials were posted. Again, it was noticed that Histopathology, Cyber, Polygraph and DNA divisions started functioning with deputation of other division's staff. However, no appointment was made in these divisions (May 2016) and posts were sanctioned only for DNA divisions.

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<sup>56</sup>

*Bhagalpur, East Champaran, Patna and Purnea*

For analysis of received cases, no time frame was fixed in different divisions of the FSL. In DNA division, 103 cases were pending for analysis in April 2016 which included 21 cases of more than three years old. Similarly, in Ballistic division cases were pending since August 2013 in absence of Test Fired Shell/Bullet. Further, 443 exhibits of Viscera were pending in Toxicology division for analysis as the post of Viscera Cutter was vacant.



*The exhibits of Viscera lying on the roof of FSL, Patna*

Thus, the pendency of various tests had been a major constraint in completing investigation and delaying respective judiciary process.

In reply, the Department while accepting the shortage of required manpower stated (November 2016) that the process of recruitment was started.

#### ***Recommendation***

***FSL should be strengthened in terms of equipment, manpower and its coverage at State level with establishing RFSL, DFMUs as proposed to aid scientific investigation of crime.***

#### **3.3.6.5 Training**

Training is essential for any police force for all round development and regular up-gradation of their professional and physical skill and ensuring their preparedness in executing their duties. As per BPR&D norms, training aid equipment such as gym equipment, firing target, global positioning system, smart board, driving simulator, crime scene investigation kit, communication system, forensic kit were shortlisted which should be available at each centre.

During scrutiny of records in five selected district police offices (*i.e.* Bettiah, Chapra, Darbhanga, Muzaffarpur and Patna) and CTS Nathnagar, it was found that none of the equipment was available at their training centres. In CTS Nathnagar, out of 12 classrooms, only five rooms were used as classrooms and remaining rooms were being used for accommodation of Law instructor/BPA trainees. Further scrutiny of records of the Constable Training School, Nathnagar (CTS) at Bhagalpur disclosed that despite having three firing simulators, only one simulator was being used at a time due to

**Required equipment for training was not found in five selected district police offices and CTS Nathnagar.**

availability of one firing weapon. Thus, due to shortage of two firing arms, the three simulators could not be used in their full capacity at a time and two simulators remain idle. These facts indicated that required infrastructure for training was not available in the State.

During exit conference, the Principal Secretary assured that adequate consideration to the training component would be given in future plan.

### **3.3.7 Monitoring and supervision**

Monitoring and supervision plays a vital role in the success of any programme. The progress of implementation of approved annual plans was to be monitored by the SLEC.

Scrutiny of records of Department disclosed that SLEC could hold only 11 against required 60 meetings during 2011-16 to monitor the implementation of the scheme. Resultantly, the construction, procurement and other aspects of the scheme discussed above were delayed despite availability of funds. Besides, evaluation of the scheme was not conducted by any internal/external agencies.

During exit conference, the Principal Secretary accepted (November 2016) the requirement of scheduled SLEC meeting and also stressed the need of improvement at both end *i.e.* police Headquarters and BPBCC.

#### **3.3.7.1 Annual physical verification of created assets**

Further, for proper utilisation of funds, it is necessary that the created assets not only serve the intended purpose but their indenting and physical verification should also be done periodically.

Scrutiny of records of Department disclosed that register of fixed assets were not maintained and annual physical verification of assets created under MPF was never done. There was no data available regarding condition and workability of assets created under MPF. As a result, unused assets remained un-noticed and lying idle in test-checked districts as given below:-

- Under the scheme, 53 sets of CCTV camera with LCD (worth ₹3.11 crore) were purchased in 2011-12 and provided to different units. However, during test-check, it was found that in 11 district units, nine set of CCTV cameras was not installed in eight districts (Begusarai, Bettiah, Bhabhua, Bhagalpur, BMP- 6, Darbhanga, Madhubani, Muzaffarpur and Nalanda) and was lying in the respective stores.
- The equipment used by Bomb squad such as Bomb Suit and Non Linear Junction Detector were provided in August 2012 and October 2015 respectively to units in Bhagalpur, Darbhanga and Muzaffarpur. But due to lack of training for operation, the equipment remained idle.

During exit conference, the Principal Secretary instructed (November 2016) to ensure the proper utilisation of created assets at district level with maintenance of physical asset register and annual physical verification.

**Recommendations**

- *Monitoring mechanism for implementation of MPF should be made effective both at SLEC and Department level.*
- *The Department should ensure utilisation of assets acquired and annual physical verification of assets.*
- *Asset register should be maintained in prescribed format.*

**3.3.8 Conclusion**

Despite introduction of the Modernisation of Police Force (MPF) scheme four and half decades ago, the State was still dependent upon the Central forces to maintain law and order in the State. This was due to deficient preparation of Annual Action Plan (AAP) for identifying and assessing the requirements of State police force according to norms of Bureau of Police Research and Development. Besides, the AAP was not based on inputs from the districts also.

Further, Department did not ensure optimum utilisation of MPF funds which resulted in shortage of buildings and vehicles for the forces. Adequate modern weaponry was also not available.

The Forensic Science Laboratories (FSL) component of the Scheme remained unattended as funds for improvement in FSL were not provided during 2011-16 and more than two year old cases remained pending for analysis.

The procurement procedure also suffered from injudicious/delayed decisions. Prescribed monitoring under the scheme was also not ensured as State level Empowered Committee could hold only 11 against 60 meetings.

There is, thus, a need for the State Government to review the implementation of various components of MPF and develop a time bound strategy for addressing the weaknesses.

## EDUCATION DEPARTMENT

### *3.4 Follow-up audit on Performance Audit of Secondary Education Programme*

#### **3.4.1 Introduction**

Secondary Education Programme covers children studying in class IX to XII (*i.e.* IX to X constitute the secondary stage whereas XI to XII is designated as higher secondary stage). A Performance Audit on 'Secondary Education Programme' for the period from 2005-06 to 2009-10 was conducted by this office during March to August 2010 and the findings were included in the Report of the Comptroller & Auditor General of India (Civil) for the year ended 31 March 2010, Government of Bihar (GoB). All the five recommendations made in the Performance Audit were accepted by the Education Department (ED). These recommendations were as follows:

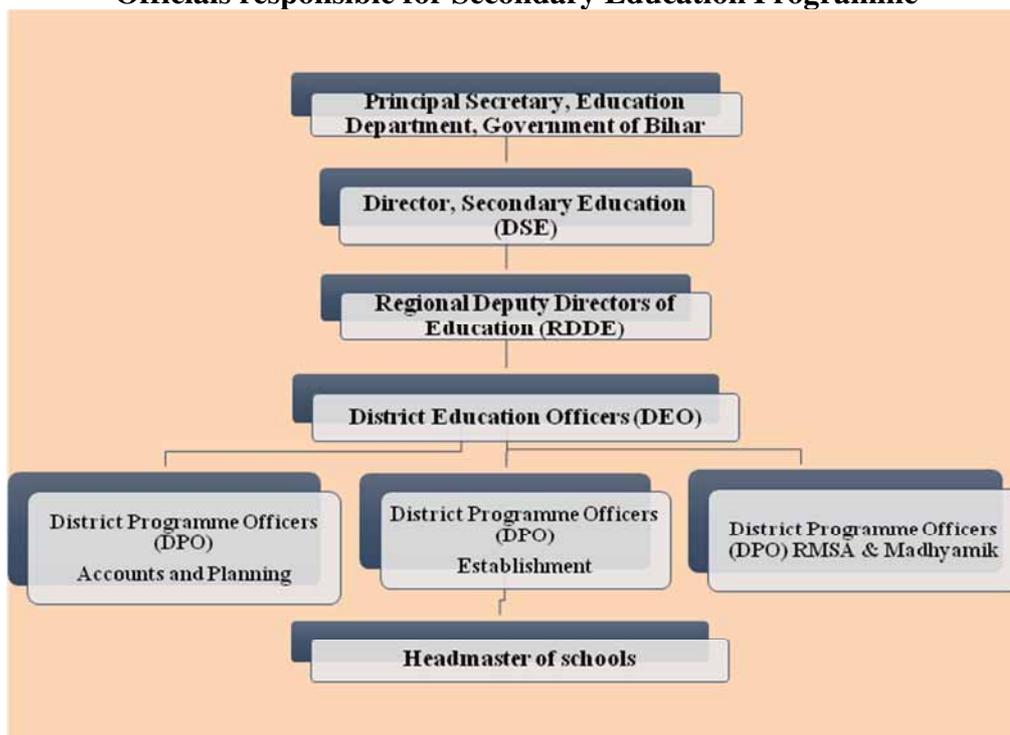
- The Department should take a fresh look at the planning process to ensure that a long term Strategic Plan and detailed Annual Plans are drawn up on the basis of reliable data regarding student population, infrastructure and manpower;
- Funding and financial management should be appropriate and relevant to the programme requirements;
- The required infrastructure, teaching aids and subject-wise teachers should be provided to the schools;
- Computer and vocational education should be given due importance; and
- An effective monitoring mechanism should be put in place and timely corrective measures should be taken.

The follow-up audit was intended to assess the progress made by the ED towards implementations of these accepted recommendations of the performance audit.

#### **3.4.2 Scope and methodology of follow up audit**

The Secondary Education Programme falls under the administrative control of the Principal Secretary of the ED, GoB. Other officials responsible for implementation of Secondary Education Programme in the State are given in the **Chart no. - 3.4.1:**

**Chart no. - 3.4.1**  
**Officials responsible for Secondary Education Programme**



(Source: Directorate of Secondary Education)

During the follow up audit, records of Director of Secondary Education (DSE) and Bihar *Madhyamik Shiksha Parishad*<sup>57</sup> (BMSP) were scrutinised at the State level. At the district level, records of District Programme Officers (Accounts & Planning, Establishment and *Rashtriya Madhyamik Shiksha Abhiyan* and *Madhyamik*) of 10<sup>58</sup> out of 38 districts were examined. The test-checked districts were the same as in earlier Performance Audit. In addition, records of 78 (**Appendix-3.4.1**) out of 1,667 secondary schools of selected districts (five per cent of secondary schools in each districts selected through Simple Random Sample without Replacement method) were also test-checked.

### 3.4.3 Compliance to recommendations accepted by the Department

The status of implementation of recommendations of the Performance Audit is given in succeeding paragraphs:

<sup>57</sup> Bihar *Madhyamik Shiksha Parishad* is an implementing agency of the programmes being run and executed under centrally sponsored scheme *Rashtriya Madhyamik Shiksha Abhiyan*

<sup>58</sup> Begusarai, Bhagalpur, Katihar, Muzaffarpur, Nalanda, Nawada, Saharsa, Samastipur, Saran and Vaishali

**3.4.3.1 Preparation of long term strategic plan and annual plan**

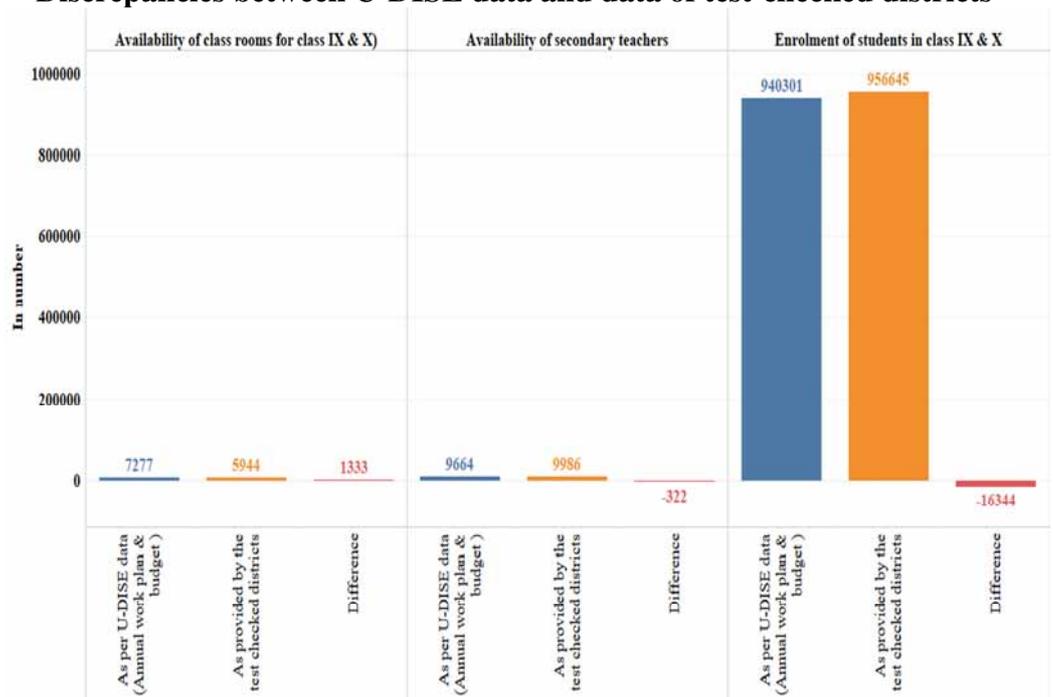
**Accepted recommendation 1:- The Department should take a fresh look at the planning process to ensure that a long term Strategic Plan and detailed Annual Plans are drawn up on the basis of reliable data regarding student population, infrastructure and manpower.**

**Preparation of Perspective Plan and Annual Plan**

During follow up audit, it was noticed that the ED prepared (2009) the Perspective Plan for the Secondary Education for the period 2009-22 with the help of BMSP. The framework for planning had been adopted on the basis of the results of the analysis of Secondary Education Management Information System (SEMIS) 2007-08 data. Further, it was also noticed that Annual Work Plan was being prepared from 2011-12 by BMSP on the basis of SEMIS and Unified District Information System for Education (U-DISE) data.

However, comparison of the U-DISE data and the data provided by the test-checked district offices for the period 2015-16 disclosed that data of both the sources were different from each other as shown in **Chart no. - 3.4.2:**

**Chart no. - 3.4.2  
Discrepancies between U-DISE data and data of test-checked districts**



(Source: Data provided by BMSP and districts)

**Chart no. - 3.4.2** indicated that there was difference of 16,344 students, 322 teachers and 1,333 class rooms between the data of U-DISE and test-checked district offices.

In reply, the Secretary, ED while accepting the audit observation stated (November 2016) that due to some fault in compilation work of U-DISE data capture format, difference occurred in the U-DISE data base. It was further stated that data of schools would be cross checked by linking it to AADHAR

number. Thus, it was evident that Annual Plans were still not being prepared by the ED on the basis of reliable data.

### ***Target of the Perspective Plan and achievement***

During follow up audit, it was noticed that targets were fixed in the Perspective Plan for expanding the Secondary Education. The important targets of the Perspective Plan and their achievement are discussed in the succeeding paragraphs:

#### ***Availability of physical facilities and staff***

As per Perspective Plan, availability of physical facilities, staff and supplies according to the standards prescribed in the *Rashtriya Madhyamik Shiksha Abhiyan* (RMSA) norms were to be ensured in all secondary schools of the State by 2017. Accordingly, pupil/teacher ratio of 30:1, pupil/classroom ratio of 30:1, adequate and fully equipped laboratories, computer rooms and libraries in all schools were to be ensured by the year 2017.

However, it was noticed in follow up audit that pupil teacher ratio and pupil-class room ratio in the State were 75:1 and 94:1 respectively, while 16 *per cent* of schools had computer education. Library facility was available in 26 *per cent* schools (March 2016) only.

#### ***Access to secondary schools***

The Perspective Plan stipulated availability and access to secondary schools to all girls and boys up to the age of 16 by 2015. However, it was noticed in follow up audit that 5.44 lakh girls and boys were enrolled for higher secondary education<sup>59</sup> in 2015-16 against projected population of children of age group 16-17 years, (34.71 lakh of girls and boys) in the State.

During exit conference, the Secretary, ED stated (November 2016) that though the construction of 200 Model Schools had been completed, these schools could not be made operational as the GoI did not finalise the policy for their functioning. The other reason for shortage in achieving the target was paucity of funds.

The target values (year wise) and achievement as of 31 March 2016 against major components were as indicated in **Table no. - 3.4.1:**

<sup>59</sup> As per RMSA Manual, the normal age group of the children in secondary classes is 14-15 whereas it is 16-17 for higher secondary classes.

**Table no. - 3.4.1  
Targets and achievement**

Sl. No.	Outcome indicators	Base line	Target		Achievement upto 2015-16	Remarks
		2007-08	2011-12	2016-17		
1	All Gram Panchayat to be covered with secondary schools ( in per cent)	75	90	100	65	35 per cent Gram Panchayat still to be covered with secondary schools.
2	Model Schools: 200 by 2012	None	230	NA	0	No progress in achievement of targets.
3	Upgradation of Middle Schools in Educationally Backward Blocks (EBBs)	None	1,500	6,000	3,185	Target for 2011-12 achieved
5	Girls Hostels in EBBs for Secondary Education	None	100	0	100	100 out of 292 sanctioned girls hostels were constructed and functional and 192 girls hostels were under construction.
6	Gross Enrolment Ratio (in per cent)	30.2	42.4	64	77	Target achieved
7	Transition rate between Middle to Secondary Level ( in per cent)	83	92	95	84	Even the target of 92 per cent to be achieved in 2011-12 was not achieved.
8	Retention (Survival Rate) at Secondary level ( in per cent)	95	99	99	100	Target achieved
9	Dropout rate at Secondary level will be reduced ( in per cent)	5	2.50	1	0	Target achieved

(Source: Annual Working Plan 2016-17 and data provided by BMSP) (NA= Not available)

It can be seen from the **Table no. - 3.4.1** that the Department did not achieve intended targets for reasons such as 35 per cent Gram Panchayat still to be covered with secondary schools, 192 girls hostel being under construction etc.

Thus, it was evident from the preceding paragraphs that though Department had prepared Perspective Plan, the targets set under plan were not achieved and consequently, the goals as envisaged for expanding of secondary education were not fulfilled.

#### **3.4.3.2 Financial management**

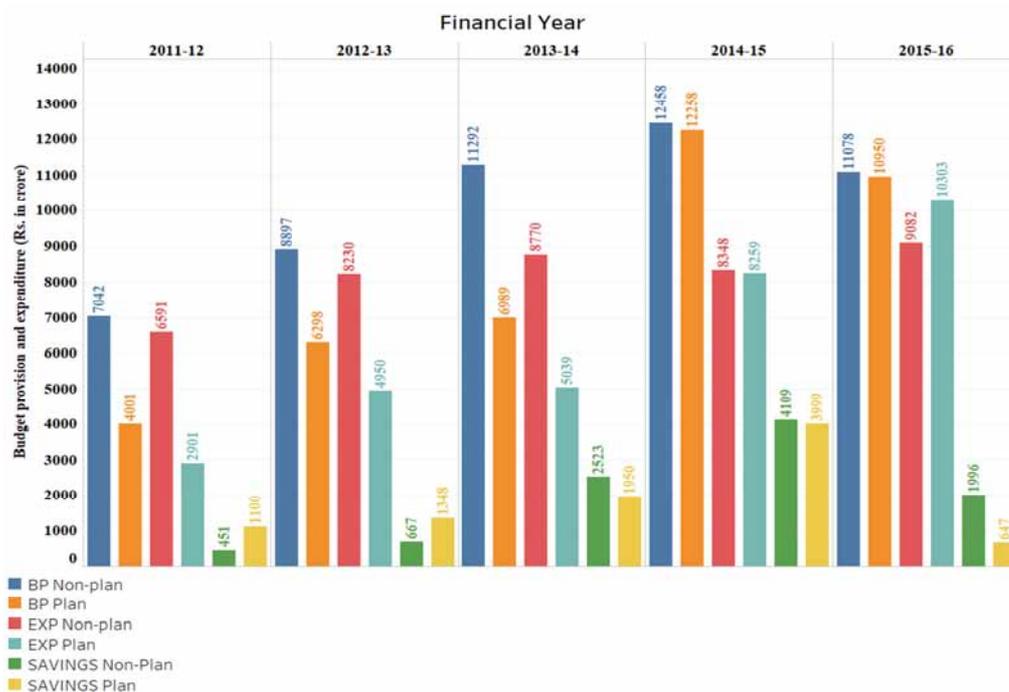
**Accepted recommendation 2:- Funding and financial management should be appropriate and relevant to the programme requirements.**

##### **Savings under budget heads**

It was observed during Performance Audit that preparation of budgets in the Department was unrealistic as savings of 51 per cent in Plan heads and 15 per cent in Non-plan heads were noticed during 2005-10.

During the follow up audit, it was observed that the Department could not improve its financial management during the period 2011-16. Details are given in the **Chart no. - 3.4.3:**

**Chart no. - 3.4.3**  
**Budget provision and expenditure**



(Source: Data provided by DSE)

The savings ranged between six and 33 *per cent* in both Plan as well as Non-plan heads of the Department. As the budget for components<sup>60</sup> were not based on the actual requirement of the districts, savings were incurred under Plan and Non-plan heads and allotted funds remained unutilised. Besides, delay in progress of construction works of new school buildings and additional classrooms also resulted in savings under Plan head. Similarly, two to 34 *per cent* and five to 12 *per cent* savings under Plan and Non-Plan heads respectively were also noticed in test-checked districts (**Appendix-3.4.2**).

During exit conference, the Secretary, ED assured (November 2016) that efforts would be taken to improve the situation in succeeding years.

### ***Reconciliation of expenditure***

As per Bihar Financial Rules, receipts/expenditure figures maintained in the Department are required to be reconciled on a monthly basis, with those maintained by the Accountant General (A&E). In case monthly reconciliation is not possible, the controlling officer has to depute an assistant to Accountant General (A&E) office every third month and on the closing of the financial year for this purpose.

During Performance Audit, it was noticed that the receipts and expenditure of the Department were not being reconciled with the books of the Accountant General (A&E). There were differences of ₹11,445 crore, ₹11,552 crore and

<sup>60</sup> Cycle scheme, Poshak scheme, Napkin scheme, Incentive scheme and non-plan head of establishment

₹14,298 crore between books of both offices during 2012-13, 2013-14 and 2014-15 respectively.

During exit conference, the Secretary, ED stated (November 2016) that a drive would be started for reconciliation of the receipts and expenditure figure with the books of the Accountant General (A&E). Thus, despite acceptance of recommendation, Department had yet to initiate steps to improve the issues relating to funding and financial management.

#### **3.4.3.3 School infrastructure, teaching aids and subject-wise teachers**

***Accepted recommendation 3:- The required infrastructure, teaching aids and subject-wise teachers should be provided to the schools.***

The Department decided (July 2013) to cover every *Gram Panchayat* of the State with a secondary school. For this purpose, some middle schools were also to be upgraded for Secondary Education and should be equipped with necessary infrastructure (15 rooms including eight class rooms) and teachers (minimum six secondary teachers).

Scrutiny of the records of BMSP disclosed that there was an overall increase of 79 *per cent* in enrolment of students in 2015-16 (28.88 lakh students) in 5,226 secondary schools of the State (as on March 2016) when compared with the enrolment in 2009-10 (16.16 lakh students). However, it was observed that 2,939 out of 8,429 *Gram Panchayats* did not have any secondary schools and only 2,289 middle schools were upgraded into secondary schools during the period 2009-16 (**Appendix-3.4.3**).

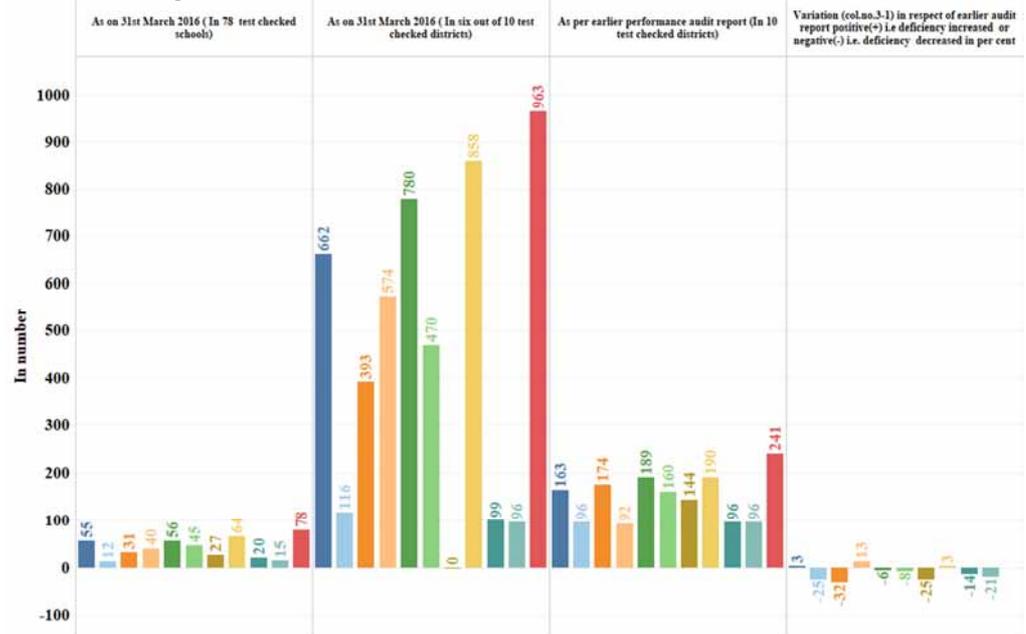
During exit conference, the Secretary, ED stated (November 2016) that identification work of middle schools to be upgraded to secondary school had been completed and step-wise implementation was being done and the position would be improved in future.

#### ***Availability of school infrastructure***

As per the norms specified in RMSA, each secondary school should have at least four classrooms (*i.e.* one class room for every 30 students) excluding the laboratory and library. In absence of adequate infrastructural facilities, the students were deprived of proper educational facilities and environment in the schools.

A comparison of infrastructural facilities in the test-checked districts and schools between Performance Audit and follow up audit is shown in the **Chart no. - 3.4.4:**

**Chart no. - 3.4.4**  
**Availability of infrastructural facilities in test-checked districts/schools**



#### Infrastructure Facilities

- Computer
- Drinking water
- Electricity
- Head master room
- Laboratory
- Library
- Minimum class rooms
- Sports
- Toilet for Boys
- Toilet for girls
- Total number of test checked districts/schools

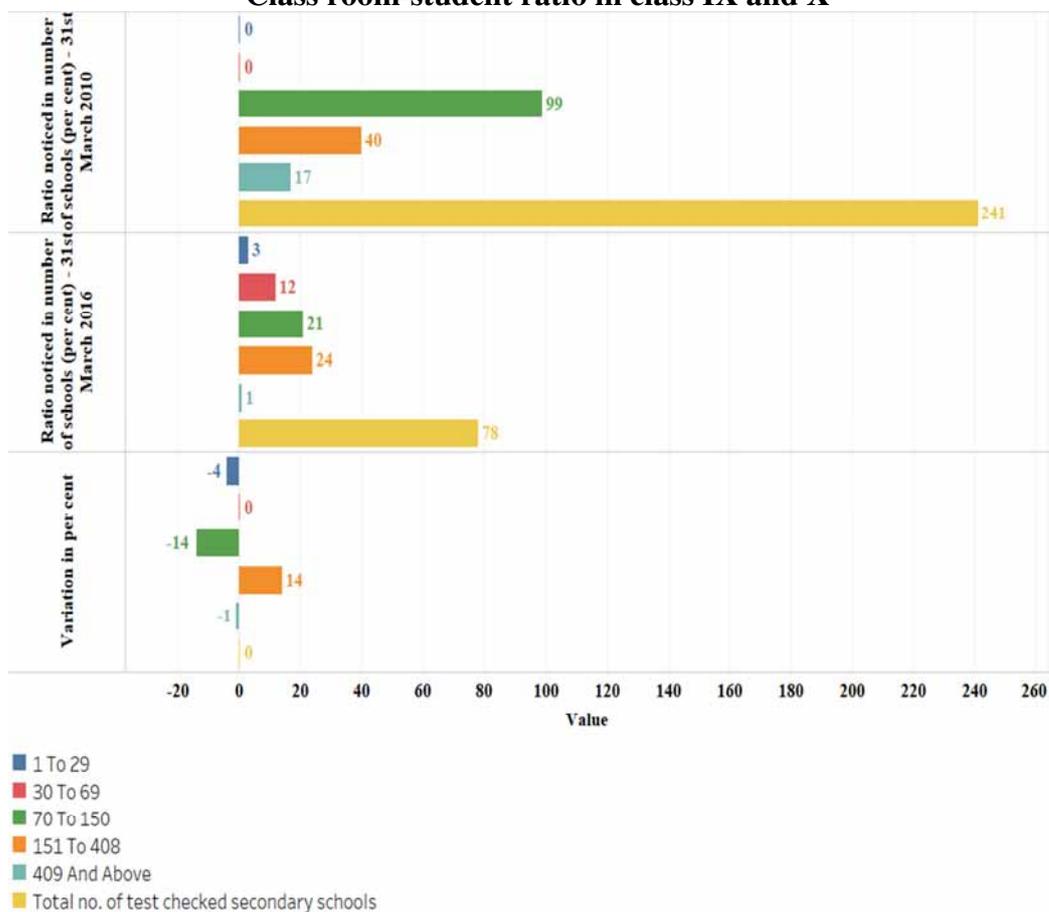
(Source: Information provided by test-checked schools)

It was evident from the **Chart no. - 3.4.4** that infrastructural facilities like classroom, laboratory, library, electricity, toilets for girls and boys and drinking water facilities in the test-checked schools were improved while the shortage of computer room, sports room and headmaster room were further increased in percentage comparison to Performance Audit. It was also noticed that the facilities for utilities of students were increased in number of schools. The main reason for shortage of infrastructural facilities was mainly due to slow progress of construction works as 455 out of 1,153 construction works of new schools building were completed in upgraded schools. Similarly, construction work of 5,279 additional class rooms *etc.* were initiated during 2010-12 however, no work was completed till date.

Further, it was noticed during follow up audit in 10 test-checked districts that overall student-class room ratio was 161:1 which ranged between 88:1 and 269:1 (**Appendix-3.4.4**). However, in 78 test-checked secondary schools overall student-class room ratio for secondary and higher secondary class were 155:1 and 51:1 respectively. A comparison of availability of classrooms as reflected in earlier Performance Audit Report and as noticed in 78 test-checked schools disclosed that class room for secondary classes were not

available in 17 schools, while student class room ratio was also not maintained in the remaining 61 test-checked schools as shown in **Chart no. - 3.4.5**:

**Chart no. - 3.4.5**  
**Class room-student ratio in class IX and X**



(Source: Information provided by test-checked schools)

The **Chart no. - 3.4.5** indicated that the classroom-students ratio had deteriorated as higher class room-student ratio of 151 to 408 has been noticed in 31 per cent of schools as against 17 per cent schools ascertained in previous Performance Audit. However, lower class room-student ratio of 70 to 150 was noticed in 27 per cent of schools only as against 41 per cent schools as reported in previous Performance Audit.

Further, scrutiny of the records of 757 upgraded secondary schools in 10 test-checked districts revealed that their upgradation was done without ensuring the availability of infrastructure and manpower. It was observed that 531 out of 757 upgraded secondary schools did not have required buildings and 364 schools had no secondary school teachers (**Appendix-3.4.5**).

During exit conference, the Secretary, ED agreed (November 2016) with the audit observation and stated that the situation was mainly due to lack of funds which may improve only after further receipt of funds from GoI.

Hence, recommendation was only partially implemented by the Department.

**Availability of teachers**

As per the previous Performance Audit, the shortage of secondary school teachers was 22 *per cent* in the State while the teacher-student ratio in 97 out of 241 test-checked schools ranged between 1:60 and 1:350. Besides, the shortage also persisted in the sanctioned strength of subject-wise teachers.

During the follow up audit, it was observed that the shortage of secondary school teachers increased upto 68<sup>61</sup> *per cent* at the end of year 2015-16 in the State and in the 10 test-checked districts it was 69 *per cent* and 57 *per cent* in secondary and higher secondary classes respectively. However, shortage of subject-wise teachers (minimum one teacher in each school) ranged between 10 to 62 *per cent* in eight<sup>62</sup> out of ten test-checked districts. Further, scrutiny of records in 78 test-checked schools revealed that the availability of secondary school teachers was not ensured in six schools while teacher-student ratio and availability of subject-wise teachers further deteriorated during 2015-16 in rest 72 schools as shown in **Table no. - 3.4.2 and Chart no. - 3.4.6:**

**Table no. - 3.4.2**  
**Comparison of teacher-students ratio**

Details	No. of test-checked schools	Availability of one teacher for students in number of schools ( <i>per cent</i> )			
		1 to 30	31 to 60	61 to 200	201 to 350
Test-checked schools-31 March 2010	241	NA	NA	91(38)	6 (2)
Test-checked schools-31 March 2016	78	10 (13)	13 (17)	44 (56)	5 (6)
Variation ( <i>per cent</i> )				(+) 18	(+) 4

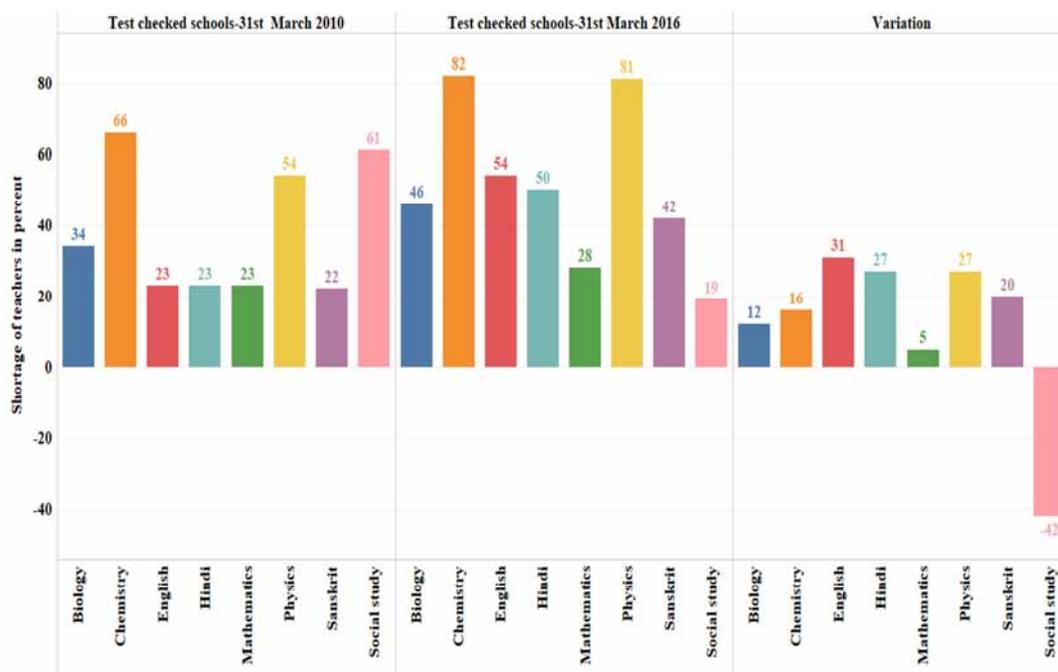
(Source: Information provided by test-checked schools) (NA= Not available)

The figures of **Table no. - 3.4.2** indicate that the teacher-student ratio ranged between 61 to 200 in 56 *per cent* and 201 to 350 in six *per cent* of the test-checked schools in comparison to 38 and two *per cent* respectively during the previous Performance Audit.

<sup>61</sup> Total requirement of teachers =96,283 (Total enrolment of students in class IX and X in 2015-16 divided by 30 students, i.e. 28,88,496 /30 = 96,283), Shortage of teachers = 65,846 (Total requirement of teachers minus available teachers i.e. 96,283-30,437=65,846), Shortage of teachers in *per cent* =65,846 X 100 / 96,283 =68.39 i.e 68 *per cent*

<sup>62</sup> Begusarai, Bhagalpur, Katihar, Nalanda, Nawada, Saharsa, Samastipur and Vaishali (minimum one Secondary teacher in English, Hindi, Sanskrit, Science and Social study subject in each school)

**Chart no. - 3.4.6**  
**Lack of subject-wise Secondary teachers**



(Source: Information provided by test-checked schools)

**Chart no. - 3.4.6** indicated that shortage of subject-wise Secondary teachers in comparison to earlier report increased from five to 31 *per cent*, in test-checked schools, except teachers for Social Studies. The main reason for shortage of Secondary teachers, as analysed in audit were mainly due to procedural delay in recruitment of required number of teachers.

The Secretary, ED accepted (November 2016) the audit observation in exit conference and stated that retired teachers would be deployed to minimise the shortage of teachers.

#### **Skill upgradation**

In-service training to secondary school teachers is an important capacity-building component in delivery of quality education. According to Perspective Framework Plan for expanding Secondary Education 2009-2017, every teacher should undergo in-service training for seven days per year for the professional development of teachers and innovate techniques in teaching practices.

As per Performance Audit, except for 316 teachers in Katihar district, none of the teachers of the test-checked districts were provided any “in-service training”. However, during this follow up audit, it was observed that in-service training was imparted to seven *per cent* to 39 *per cent* of the teachers during 2015-16 in 10 test-checked districts (**Appendix-3.4.6**).

The Secretary, ED accepted (November 2016) the audit observation in exit conference and stated that due to inadequate funds, in-service training for all the teachers could not be imparted.

#### 3.4.3.4 Vocational and computer education

**Accepted recommendation 4:- Computer and vocational education should be given due importance.**

The Department, while accepting audit recommendation stated that efforts were being made to provide vocational education in additional 200 schools under Centrally sponsored scheme and computer education was provided in 832 higher secondary schools under BOOT<sup>63</sup> model. The present status in this regard is discussed in succeeding paragraphs:

##### **Vocational education**

According to Performance Audit, 91 out of 2,938 secondary schools in the State were providing two years vocational courses. During follow up audit it was observed that there were no increase in vocational education providing schools since then whereas the number of total secondary schools were increased from 2,938 to 5,226 as on 31 March 2016. It indicated that vocational education was not given due importance by the Department.

On being asked, the BMSP stated that vocational education could not be initiated in schools as funds were not available.

##### **Computer Education**

According to Performance Audit, during 2008-10 computers were installed in 53 out of 241 test-checked schools only whereas computer teachers were available in only 31 schools. However, during the follow up audit it was noticed that though computer education was initiated in 494 out of 1,667 schools in 10 test-checked districts during 2011-15, it was operational only in 210 schools at the end of March 2016 (**Appendix-3.4.7**) due to following reasons:

- Under BOOT model, computers and other equipment were handed over to concerned 276 schools by outsourcing agencies, but computer education was not being imparted in 261 schools as computer teachers were not available.
- In 23 schools of five selected districts<sup>64</sup>, computers were reported stolen.

During exit conference, the Secretary, ED (November 2016) termed recruitment of computer teachers as local issue and assured that matter would be investigated and position would be improved in future.

#### 3.4.3.5 Monitoring mechanism

**Accepted recommendation 5:- An effective monitoring mechanism should be put in place and timely corrective measures should be taken.**

The Performance Audit conducted during 2010 revealed that administrative and financial inspections were not carried out effectively by the departmental

<sup>63</sup> BOOT Model-Built Own Operate and Transfer model

<sup>64</sup> Begusarai (3), Muzaffarpur (5), Nalanda (3), Samastipur (7) and Vaishali (5)

officers. During the follow up audit also, it was noticed that the administrative and financial inspections were not carried out by the state level officers during 2011-15 in any test-checked districts. Only 58 out of 1,667 schools were inspected by the district officers in 2015-16. No inspection was carried out by the district officers during 2011-14 (*Appendix-3.4.8*).

In reply, the Secretary, ED (November 2016) stated that the system for development of effective monitoring of secondary schools was in advance stage.

#### **3.4.4 Conclusion**

The Education Department (ED) did not initiate effective steps towards implementation of accepted recommendations of the Performance Audit of 'Secondary Education Programme' featured in Audit Report (Civil) March 2010.

The ED neither improved the infrastructure of secondary schools nor enforced discipline in financial management. Resultantly, 22 *per cent* of test-checked schools did not have class rooms for Secondary education and six to 33 *per cent* of budget provisions remained unspent.

Department had not taken action to initiate vocational education in any of the secondary schools. Computer education was provided in 210 out of 1,667 schools only in test-checked districts;

Effective monitoring mechanism for implementation of programme was not yet established by the Department as no inspection was carried out by district officers in test-checked districts during 2011-14 while only three *per cent* of the schools were inspected in 2015-16.

Besides, Department did not implement its own resolution to establish secondary schools in every *Panchayats*.

## 3.5 Fraudulent payment/misappropriation/losses

### HEALTH DEPARTMENT

#### 3.5.1 Fraudulent withdrawal

**Lack of monitoring, negligence and failure on the part of concerned Drawing and Disbursing Officers, Civil Surgeons, and Treasuries in complying with the prescribed rules and checks facilitated fraudulent withdrawals of ₹1.66 crore. Besides, evidence of expenditure of ₹9.03 crore was also not available.**

Rule 34 read with rule 452 of Bihar Financial Rules (BFR) stipulated that every officer responsible for expenditure of Government money should ensure that proper accounts are maintained for all financial transactions along with details. Further, every Government servant would be held personally responsible for any loss sustained by Government through fraud or negligence on his part. Rule 110 (b) of Bihar Treasury Code (BTC) 2011 stipulated that a bill duly passed by the treasury should be sent to the bank with a payment advice which would be paid on proper discharge from the payee.

Test-check of records of three<sup>65</sup> Primary Health Centres (PHC) and Sub-Divisional Hospital (SDH), Paliganj disclosed (January 2016, March 2016 and June 2016) that negligence (*Appendix-3.5.1*) on the part of concerned Drawing and Disbursing Officers (DDOs), Civil Surgeons (CSs) and Treasury Officers (TOs) facilitated following fraudulent withdrawals:

- Amounts relating to pay, arrears of pay, Group Insurance (GI), Death-cum-Retirement-Gratuity (DCRG), leave encashment, advance/final withdrawal from General Provident Fund (GPF) *etc.* worth ₹ 1.66 crore<sup>66</sup> comprising 91 bills were transferred to bank accounts of 18 different persons other than the accounts of the officials concerned (*Appendix-3.5.2*) by the concerned DDOs.
- Whereabouts of ₹ 3.26 crore<sup>67</sup> withdrawn by concerned DDOs from treasury during February 2010 to January 2015 for pay, arrear pay, wages, provisional pension *etc.* could not be ascertained (*Appendix-3.5.3*). Whole or partial misappropriation of this amount could not be ruled out<sup>68</sup>.

<sup>65</sup> Bodhgaya with Additional PHCs (Cherki and Khajwatti), Paliganj (Patna) and Sahdei Buzurg (Vaishali)

<sup>66</sup> ₹43.80 lakh (PHC Paliganj), *Appendix-3.5.2 (i)*; ₹1.56 lakh (SDH Paliganj), *Appendix- 3.5.2(ii)*; ₹29.32 lakh (PHC Sahdei Buzurg), *Appendix 3.5.2(iii)*; ₹91.76 lakh (PHC Bodhgaya), *Appendix 3.5.2(iv)*

<sup>67</sup> ₹2.83 lakh (PHC, SDH Paliganj), *Appendix-3.5.3 (i)*; ₹3.23 crore (PHC Bodhgaya), *Appendix-3.5.3 (ii)*

<sup>68</sup> In PHC Bodhgaya ₹4.73 crore was not on record. However, audit obtained screenshots of ₹1.50 crore from treasury and found that ₹1.29 crore (86 per cent) was fraudulently withdrawn. Out of this ₹91.76 lakh was detected by audit and included in the *Appendix-3.5.2(iv)*, while rest amount of ₹37.54 lakh was detected earlier by the Department

- Evidence in support of expenditure, such as vouchers, acquittance rolls, etc of ₹5.77 crore<sup>69</sup> was not found on record (**Appendix-3.5.4**).

On being pointed out, the Department<sup>70</sup> accepted the findings and stated (July and August 2016) that FIR had been lodged in respect of fraud committed in the PHC, Bodhgaya in June 2016. All concerned DDOs<sup>71</sup> had been placed under suspension (August 2016) except the DDO of Sahdei Buzurg against whom departmental proceedings is contemplated. Action has been initiated against other officials involved (June 2016). CS Gaya and Patna had been directed (August 2016) to file FIR against officials concerned. It was further stated that the matter relating to Paliganj was brought to the notice of the Home Department (July 2016) for investigation through Crime Investigation Unit (CCU) or Economic Offence Unit (EOU).

Thus, lack of monitoring, negligence and failure on the part of concerned DDOs, CSs and Treasuries in complying with the prescribed rules and checks facilitated fraudulent withdrawals of ₹1.66 crore<sup>72</sup>. Besides, evidence of expenditure for ₹9.03 crore<sup>73</sup> was also not available. Detection of similar fraudulent withdrawals by the Department in PHCs indicated systemic failure and weak internal control.

## RURAL DEVELOPMENT DEPARTMENT

### 3.5.2 Misappropriation of Government money

**Deficient internal control as well as negligence on the part of Block Development Officer and district administration to comply with the provisions of financial rules resulted in misappropriation of Government money of ₹81.57 lakh.**

Rule 34 of Bihar Financial Rules, 2005 provided that every Government servant should realise fully and clearly that he will be held personally responsible for any loss sustained by the Government through fraud or negligence on his part and he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

Scrutiny of records relating to release of compensation for flood relief in Block and Circle office, Patarghat in Saharsa district (December 2013) and follow-up audit (January- June 2015 and January 2016) revealed that the Circle Officer (CO), Patarghat who was also in-charge Block Development Officer (BDO), directed (September 2008) *Nazir*<sup>74</sup> of the Block to make

<sup>69</sup> PHC Bodhgaya , ₹15.68 lakh, ₹3.71 lakh, ₹5.58 crore, Appendix-3.5.4(i, ii, iii)

<sup>70</sup> Officer on special duty (in respect of PHC Paliganj and PHC Sahdei Buzurg), Additional Secretary (in respect of PHC Bodhgaya)

<sup>71</sup> Dr. Binod Kumar Verma, Dr. Surendra Prasad Singh, Dr. Udai Narayan Sinha and Dr. Umesh Kumar Verma (Bodhgaya), Dr Chandradeep Kumar, Dr.Arjun Prasad Sahu (Paliganj)

<sup>72</sup> ₹2.98 crore (PHC and SDH Paliganj), ₹0.11 crore (PHC Sahdei Buzurg) and ₹1.13 crore (PHC Bodhgaya)

<sup>73</sup> ₹3.26 crore + ₹5.77 crore

<sup>74</sup> Sri Rajesh Kumar Verma

available at relief centres<sup>75</sup>, the amounts needed for distribution to flood victims at the rate of ₹2,250<sup>76</sup> per family in cash in the light of instructions (August 2007 and September 2008) of Disaster Management Department (DMD), Government of Bihar (GoB). For this purpose, ₹6.92 crore<sup>77</sup> was made available (September 2008 to February 2009) to *Nazir*. Out of this ₹6.20 crore was paid to 13 Government functionaries and two private parties during September 2008 to June 2009 (**Appendix-3.5.5**). *Nazir* and the persons to whom the amount was made available, submitted adjustment bills for ₹6.10 crore<sup>78</sup> only and the same were adjusted during October 2009 to December 2015. Further bills related to flood relief were neither submitted nor pending for adjustment with BDO and CO office. Thus, an amount of ₹81.57 lakh<sup>79</sup> remained with *Nazir* and seven out of 13 Government functionaries to whom the amount was given for distribution of relief.

The matter was brought to the notice (February 2015) of the Secretary, Rural Development Department (RDD) by audit. On being instructed (June 2015) by the Secretary, RDD, the District Magistrate (DM) constituted (June 2015) a committee to investigate the matter. The committee observed (October 2015) that serious irregularities were committed in maintenance of accounts relating to withdrawal and expenditure of money for the flood relief and held the BDO responsible for the same. The committee also recommended to recover ₹34.05 lakh from the then *Nazir* and ₹60.34 lakh from those persons to whom the amount was paid by the then *Nazir*. Accordingly, ₹12.81 lakh of the outstanding amount was adjusted (December 2015) from *Nazir*. The BDO issued notice (January 2016) to seven erring Government officials to deposit the amount. But, the amount could not be recovered (July 2016). Secretary, RDD instructed (November 2016) the DM to accord top priority to the matter. However, despite lapse of more than six years since the disbursement of advance the amounts remained outstanding (November 2016).

Thus, deficient internal control as well as negligence on the part of BDO and district administration to comply with the statutory provisions of financial rules resulted in misappropriation of Government money of ₹81.57 lakh.

<sup>75</sup> Middle School, Patarghat; Kosi Inspection Bunglow, Pastpar; Middle School, Sabesa (Dhaboli East); Middle School, Kishanpur Haat; PACS Co-operative Bhawan Jamhar; Middle School, Kapasia; Middle School, Golma West; Middle School, Pama

<sup>76</sup> ₹1000 for clothes, ₹1000 for utensils/domestic goods and ₹250 cash assistance

<sup>77</sup> ₹2.64 crore by diverting the amount of Indira Awaas Yojana (IAY) and Member of Legislative Assembly (MLA) Fund scheme maintained by the Block and ₹2.68 crore in cash and ₹1.60 crore by cheques from Disaster Management account of the Circle Office

<sup>78</sup> ₹5.60 crore (15 persons), ₹0.50 crore (*Nazir*)

<sup>79</sup> ₹21.23 lakh (*Nazir*), ₹60.34 lakh (Seven out of 15 persons)

**ENVIRONMENT AND FOREST DEPARTMENT  
and  
WATER RESOURCES DEPARTMENT**

**3.5.3 Loss of forest/ land in river bank**

**Absence of timely measures against erosion of forest/land in the river bank and negligence of the Environment and Forest Department, Government of Bihar led to erosion of forest and land property costing around ₹621.47 crore.**

Government of India constituted (March 1994) Valmiki Tiger Reserve (VTR) over 898.937 Sq Km under the scheme 'Project Tiger'. In Bihar, the 'Project Tiger' is managed by Bihar State Forest Development Corporation till 1994 and thereafter by the Environment and Forest Department, Government of Bihar (GoB). The Directorate of 'Project Tiger', Ministry of Environment, Forest and Climate Change, Government of India is responsible for providing technical guidance, budgetary support, coordination, monitoring and evaluation of Project. Further, Section 38(V) of Wild Life (Protection) Amendment Act, 2006 stipulated that the State Government shall prepare a Tiger Conservation Plan including staff development and deployment plan for the protection of tiger reserve and providing site specific habitat inputs for a viable population of tigers, co-predators and prey animals without distorting the natural prey-predator ecological cycle in the habitat.

Scrutiny of records of the office of the Divisional Forest Officer cum Deputy Director, Valmiki Tiger Reserve Division-II, Bettiah (DFO), disclosed (May 2015) that forest area of North West corner of VTR was being eroded since the past 20 years which was affecting larger part of land area, forest and wild life of Madanpur range. Further, the retaining wall with 12 spurs<sup>80</sup> on the west bank of river Gandak, constructed by the Irrigation Department of Uttar Pradesh changed the course of the river to eastern side. But, the failure to construct similar permanent structures by the Water Resources Department (WRD), GoB on the eastern side of the river resulted in erosion of land and destruction of forest area. Therefore, as an immediate step, the DFO requested (August 2005) Superintending Engineer (SE), Head Work Circle, Valmiki Nagar and Executive Engineer (EE), Chief West Canal Division, Valmiki Nagar to construct spurs, retaining wall and wire mesh structure to check the erosion. The DFO submitted (October 2005) detailed work plan to the Conservator of Forests (CF) also. However, no effective action was initiated by the CF till the year 2012. According to the report of the DFO and Chief Conservator of Forest, VTR, by the year 2016, 1078 hectares forest area was eroded. The cost of 1078 hectares of forest area and land eroded (April 2013,

<sup>80</sup> *Spur- It is a linear structure projecting into a channel from the bank for the purpose of altering flow direction, including deposition, or reducing flow velocity along the bank.*

May 2013 and December 2016) was ₹562.18 crore<sup>81</sup> and ₹59.29 crore<sup>82</sup> respectively.

On this being pointed out, Joint Secretary, WRD replied (June 2016 and August 2016) that CE, WRD Valmikinagar was directed (November 2012) to prepare an action plan after site verification for the permanent solution of this problem. Tenders were also invited thrice for anti-erosion work but due to technical reasons, these were cancelled. Ultimately, the Department Tender Committee decided to save the site through execution of flood fighting works during flood year 2016. The effective measures to control erosion by executing the anti-erosion work would be taken up as per the site condition after the flood period 2016. However, no effective measure was taken to check the erosion of forest area by WRD so far (August 2016).

The Environment and Forest Department, GoB replied (November 2016) that the Chief Engineer of WRD was requested by CF cum Director VTR, Bettiah to take up massive and highly technical anti-erosion work as the WRD was aware with the nature and extent of the water flowing in the river during monsoon season. It also informed that the WRD had prepared anti-erosion schemes in 3700 meter downstream of Gandak river which would check further erosion of forest area.

Thus, absence of timely measures against erosion and negligence of the Environment and Forest Department led to erosion of forest and land property costing ₹ 621.47 crore. The failure to create any permanent structure by the WRD made the forest and land of VTR further vulnerable to erosion.

## INDUSTRY DEPARTMENT

### 3.5.4 Loss of interest

**Contrary to instructions of Industry Department, Government of Bihar, an amount of ₹308.96 crore was kept outside saving bank account of nationalised bank by IDA and DM Bhagalpur for 161 days resulting in loss of interest of ₹5.45 crore.**

Resolution (March 2011) of the Industry Department, Government of Bihar (GoB), stipulated that Infrastructure Development Authority (IDA) should control and administer funds for acquisition and disposal of land. The amounts transferred by IDA to the district administration for acquisition and disposal of land should be kept in a savings bank account of any nationalised bank by the latter and the interest accrued should form part of the fund itself.

A test-check of records of the office of the District Magistrate (DM), Bhagalpur disclosed (May 2015) that IDA released ₹821.68 crore<sup>83</sup> to the DM,

<sup>81</sup> The botanical density of the eroded area was 0.7 and hence it was under the grade of very dense forest. For which the Net Present Value (NPV) was fixed @ ₹10.43 lakh per hectare. Since this area was under Forest reserve, the rate for this area was five times the fixed NPV per hectare. Therefore, the NPV for the 1078 hectare eroded forest land was 1078 hectare × ₹10.43 lakh × 5 = ₹562.18 crore

<sup>82</sup> The cost of 1078 hectare eroded land @ ₹50000 per hectare was ₹59.29 crore

<sup>83</sup> ₹50.00 crore (December 2010); ₹160.36 crore (March 2011); ₹308.96 crore (January 2014); ₹302.36 crore (January 2015)

Bhagalpur for acquisition of 1179.08 acres of land for setting up Thermal Power Station at Pirpainthi in Bhagalpur district during the financial years 2010-15. An amount of ₹210.36 crore<sup>84</sup> was utilised for land acquisition and ₹ 302.36 crore was transferred to District Land Acquisition Officer (DLAO) for further acquisition of land. The remaining amount of ₹308.96 crore was kept idle in the form of demand drafts (DDs) with IDA for 21 days<sup>85</sup> and DM, Bhagalpur for 66 days<sup>86</sup>.

Despite directives by Industry Department to deposit the funds transferred by IDA to district administration in savings account of any nationalised bank, DDs were not deposited in savings bank account by DM Bhagalpur as the Finance Department (FD) directed DM Bhagalpur (May 2012 and March 2014) to deposit the amount to Personal Deposit Account (PDA) of treasury. DM followed the instruction of FD and deposited (24 March 2014) the DDs in PDA which was not earning any interest. However, FD subsequently instructed (June 2014) to deposit the amount relating to land acquisition in savings bank account of a nationalised bank. Thus delay to take a decision due to contrary stand taken by two Departments of GoB resulted in loss of interest of ₹5.45 crore<sup>87</sup> as the money was kept away from savings bank account from 27/12/2013 to 05/06/2014 (161 days<sup>88</sup>).

On this being pointed out District *Nazarat* Deputy Collector, Bhagalpur and DM Bhagalpur accepted (July 2016) that delay in deposit was due to varying instructions of the two Departments. The Industry Department also concurred (August 2016) with the reply of DM Bhagalpur.

## ENVIRONMENT AND FOREST DEPARTMENT

### 3.5.5 Loss to the Government

**Injudicious decision to procure Poplar plants without assessing the requirement, deficient planning and procurement without conformity with the provision of Bihar Financial Rules resulted in loss of ₹four crore to the Government.**

Rule 126 of Bihar Finance (Amendment) Rules, 2005 envisaged that every authority delegated with the financial powers of procuring goods in public interest shall have the responsibility and accountability to bring efficiency, economy and transparency in matters relating to public procurement. Care should also be taken to avoid purchasing quantities in excess of requirement to avoid inventory carrying costs and the procuring authority should be satisfied that the selected offer adequately meets the requirement in all respects.

<sup>84</sup> ₹50.00 crore (August 2014); ₹160.36 crore (August 2014)

<sup>85</sup> 27/12/2013 to 16/01/2014. DM Bhagalpur did not arrange to receive DDs from IDA despite request by IDA.

<sup>86</sup> 17/01/2014 to 23/03/2014

<sup>87</sup> Contribution to loss by district administration =  $(308.96 \times 4 \times 21/365)/100 + (308.96 \times 4 \times 66/365) /100 + (308.96 \times 4 \times 74/365)/100 = ₹0.71 \text{ crore} + ₹2.23 \text{ crore} + ₹2.51 \text{ crore} = ₹5.45 \text{ crore}$ ; interest is calculated at the rate of four per cent per annum.

<sup>88</sup> 21 days (IDA)+ 66 days (DM, Bhagalpur)+ 74 days (PDA) =161 days

Information based on the audit (October 2015) of the office of the Chief Conservator of Forest (CCF), Panchklula, Haryana, conducted by the office of the Principal Accountant General (Audit), Haryana and a test-check of records of Principal Chief Conservator of Forest (PCCF), Bihar, Patna disclosed (March and April 2016) that under Agro Forestry Scheme, Poplar plants (plants) were to be provided to the farmers, landlords and industrialists free of cost for plantation on their own land. For this purpose, the Environment and Forest Department (Department) administratively approved (January 2013) ₹6.25 crore<sup>89</sup> for procurement of 25 lakh plants from Haryana Government for the year 2012-13 and 2013-14. It was subsequently revised (February 2014) to ₹11.63 crore for procurement of 48.376 lakh<sup>90</sup> plants for the year 2012-13 to 2014-15. Forest Department, Bihar procured 28.376 lakh plants (January 2014) from CCF, Haryana and paid ₹4.26 crore at the rate of ₹15 per plant (March 2013 to March 2014). The Department further advanced ₹four crore<sup>91</sup> for procurement of balance 20 lakh plants to CCF, Haryana.

Later, the Additional Principal Chief Conservator of Forest (APCCF), Bihar decided (November 2014) that the department itself was capable<sup>92</sup> of growing the sufficient number of the Plants and there was no requirement of procuring the plants from Haryana. The APCCF, Bihar Patna accordingly, informed (November 2014) the CCF, Haryana. The CCF, Haryana stated (November 2014, January 2015 and March 2015) that 20 lakh plants were raised as per the orders of Bihar Government and these were ready to be supplied and requested for lifting of plants from nurseries. It was also intimated that the refund of the amount was not possible as there was a risk of loss of plants after February 2015. He also stated that the Forest Department, Government of Haryana would not grow plants for Bihar in future.

The CCF, Haryana further intimated (August 2016) that all the Poplar plants had either been destroyed or died and therefore ₹ four crore including unspent balance amount of ₹92.48 lakh would not be refunded to the Forest Department, Bihar.

The PCCF, Bihar replied (July 2016) that the amount paid in this regard was not refunded by Haryana. It was also stated that since the survival of plants raised in Bihar was sufficient, these plants were not obtained from Haryana. The Department concurred (November 2016) with the reply of PCCF, Bihar.

The reply indicated that the Department failed to assess the availability and requirement of plants and plan the procurements accordingly. This resulted in loss of ₹four crore to the Government.

<sup>89</sup> ₹1.875 crore (2012-13) and ₹4.375 crore (2013-14)

<sup>90</sup> 28.376 lakh plants during financial year 2013-14 @ 21.25 per plant (₹15 for cost of plant and ₹6.25 for transportation charges) and 20 lakh plants during financial year 2014-15 @ ₹28 per plant (₹20 for cost of plant and ₹8.00 for transportation charges).

<sup>91</sup> BD No. 958881 dated 15.03.2014 amount ₹2 crore; BD no. 963307 dated 21.08.2014 amount ₹1 crore; BD No. 963335 dated 22.08.2014 amount ₹1 crore

<sup>92</sup> As on the basis of survival of plants during the 2013-14 (55 per cent), 60 per cent plants were assessed to be obtainable during 2014-15 but the survival of plants obtained during 2014-15 was actually 74.658 per cent, which was beyond expectation.

### 3.6 Excess payment/Infructuous expenditure

#### HEALTH DEPARTMENT

##### 3.6.1 Excess and avoidable payment

**Failure to adhere to the terms and conditions of the rate contracts and absence of a condition for deduction of testing charges in purchases through local tender led to excess and avoidable payment of ₹1.46 crore.**

The State Health Society (SHS), Bihar finalised (August 2011<sup>93</sup> and October 2012<sup>94</sup>) rate contracts with various companies for supply of approved drugs in 38 districts of Bihar for the period from 27 August 2011 to 31 March 2014. As per the rate contracts, a sum of two *per cent* of total bill amount, exclusive of sales tax, should be deducted from the bills towards testing charges. The Secretary, Health-cum-Executive Director, SHS, also directed<sup>95</sup> (December 2013) the Superintendents of all the Medical College and Hospitals to deduct two *per cent* of the billed amount as testing charges and remit the amount in the bank account of SHS.

Scrutiny of records of six<sup>96</sup> Medical College and Hospitals (MCHs) disclosed (January 2015 to August 2016) that drugs worth ₹35.94 crore, exclusive of Value Added Tax (VAT), were purchased from various suppliers during 2011 to 2014. Despite a provision in the rate contracts, testing charges at the rate of two *per cent* amounting to ₹71.89 lakh were not deducted from the supplier's bills which led to excess payments to the suppliers to that extent (*Appendix-3.6.1*).

It was further noticed that the above-mentioned MCHs also purchased drugs worth ₹36.84 crore, exclusive of VAT, through local tenders during 2011 to 2015. However, testing charges at the rate of two *per cent* amounting to ₹73.69 lakh could not be deducted from the supplier's bills as the provision *per se* was not incorporated in the rate contracts by respective MCHs for purchases through local tenders which led to avoidable payments to that extent (*Appendix-3.6.2*).

Health Department<sup>97</sup> replied (September 2016 and November 2016) that the Superintendents of six<sup>98</sup> MCHs had been directed (August 2016) to recover the two *per cent* testing charges from all the suppliers concerned and initiate action against the officials concerned. It was also directed to lodge FIRs against the suppliers, in the event of failure to remit the testing charges and effect recovery under Bihar and Orissa Public Demand Recovery Act, 1914.

<sup>93</sup> Round VIII, this was effective during 27/08/2011 to 31/03/2013

<sup>94</sup> Round IX, this was effective during 01/10/2012 to 31/03/2014

<sup>95</sup> In respect of Round VIII

<sup>96</sup> Patna Medical College and Hospital (PMCH); Sri Krishna Medical College and Hospital (SKMCH), Muzaffarpur; Darbhanga Medical College and Hospital (DMCH), Darbhanga; Nalanda Medical College and Hospital (NMCH), Patna, Anugrah Narain Magadh Medical College and Hospital (ANMMCH), Gaya; Jawahar Lal Nehru Medical College and Hospital (JLNMCH), Bhagalpur.

<sup>97</sup> Officer on Special Duty in respect of DMCH, PMCH and SKMCH; Principal Secretary in respect of ANMMCH, JLNMCH and NMCH

<sup>98</sup> ANMMCH, DMCH, JLNMCH, NMCH, PMCH and SKMCH

Thus, violation of the terms and conditions of the rate contracts and negligence in not including condition regarding deduction of testing charges in purchases through local tender led to excess and avoidable payment of ₹ 1.46 crore during 2011 to 2015.

### 3.7 Avoidable/unfruitful expenditure

#### WATER RESOURCES DEPARTMENT

##### 3.7.1 Avoidable expenditure

**Decision to supply electricity from High Tension connection to residential colonies and charging at fixed Low Tension rates of Bihar State Electricity Board led to avoidable expenditure of ₹22.11 crore.**

Rule 9 of Bihar Financial Rules (BFR) stipulated that every Government servant incurring or authorising expenditure from public funds should be guided by high standards of financial propriety and was expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

Scrutiny of records (February 2015) and follow-up audit (November 2016) of the Executive Engineer, Irrigation Mechanical Division (Division), Birpur (EE, IMD) disclosed that a one point High Tension (HT) connection was taken by the Division for supply of electricity to Koshi barrage and residential colonies located at Birpur and Bhim Nagar (August 1971). Though the HT connection was arranged by the Division for residential colonies also, it was recovering electricity charges on the basis of electric points in each residence at Low Tension (LT) rates which was lower than the cost. The matter was brought to the notice (February 2010) of the Water Resources Department (Department) through Inspection Report but no corrective measure was taken.

Audit noticed (February 2015) that the Division paid electricity expenses at the HT rate of ₹4.23 to ₹5.70 per unit during 2011-12 to 2016-17 (upto July 2016) whereas it recovered the same from the colonies at the LT rate<sup>99</sup> of ₹2.00 to ₹3.70 per unit. As a result, the Division received payment of electricity charges of ₹0.99 crore from the colonies against which the payment of ₹ 23.10 crore was made to the Bihar State Electricity Board (BSEB) from April 2011 to July 2016. This resulted in an avoidable expenditure of ₹ 22.11 crore<sup>100</sup>.

On this being pointed out, the Joint Secretary of the Department replied (September 2016) that an agreement for HT connection of 500 KVA was executed with BSEB for Barrage workshop and residential colonies in 1971. Despite a lot of efforts, only one point HT connection was continued by the BSEB. He also stated that a system was developed to recover the electricity charges from the consumers at LT rates in anticipation that each consumer would be provided LT connection and a separate meter by the BSEB. Thus, the decision to supply electricity from HT connection to residential colonies but

<sup>99</sup> Departmental staff @ ₹2 per unit, other departmental staff- @ ₹3.40 per unit and official building - ₹3.70 per unit fixed on the basis of electric points of the quarters and offices

<sup>100</sup> ₹23.10 crore - ₹0.99 crore = ₹22.11 crore.

recover the charges at LT rates of Bihar State Electricity Board led to an avoidable expenditure of ₹22.11 crore.

### 3.7.2 Unfruitful expenditure

**Initiation of a work without prior land acquisition and mid way stoppage resulted in unfruitful expenditure of ₹14.13 crore on incomplete works besides denial of intended benefits as envisaged under the scheme.**

As per Para 7.5 of Resolution No. 948 (July 1986) of Cabinet Secretariat and Coordination Department included in Bihar Public Works Accounts (BPWA) Code, tender process is to be initiated only after the technical sanction is accorded and fund allotted for the work. In cases where land acquisition is necessary for execution of the work, the same should be completed prior to the initiation of the tendering process.

A test-check of records (August 2013) and follow-up audit (June 2015, April 2016 and November 2016) of the Executive Engineer (EE), Flood Control Division (FCD) No.-2, Khagaria disclosed that the scheme for Khagaria Town Protection envisaged construction of earthen embankment on the right bank of river Chanha starting from Bagras sluice (in upstream) and ending up to Santosh sluice (in downstream) from 10.4 Km to 38.2 Km. The work was administratively approved (June 2008) for ₹13.39 crore by the Water Resources Department (WRD) and was technically sanctioned (September 2008) for ₹12.83 crore by the Chief Engineer, WRD, Samastipur. Nine agreements were executed (November 2008 to March 2013) with contractors for this work with a total agreement value of ₹11.85 crore. The contractors executed only approximately 70 per cent of earthwork on acquired land for which payment of ₹9.69 crore was made as of March 2015 (*Appendix-3.7.1*). The work was not completed due to hindrance of the villagers and lapse of land acquisition process. The WRD was to acquire additional 80.54 acres (revised to 90.293 acres) land afresh for completion of the work. The EE prepared (February 2012) a revised estimate for ₹29.41 crore<sup>101</sup>, incorporating the requirement of land acquisition and nine anti-flood sluice structures for discharging rain water from the country side of embankment as per site condition and public demand. The WRD gave administrative approval (September 2012) for ₹29.35 crore for revised estimate. However, technical sanction for ₹4.56 crore only was granted by the CE (November 2012) for construction of nine anti flood sluice structures only. Five agreements were executed (December 2012) for construction of the sluice structures with total agreement value of ₹3.83 crore. The work of sluice structures was completed at a cost of ₹3.67 crore (*Appendix-3.7.2*). Further, an amount of ₹76.58 lakh was spent on mechanical works relating to sluice gates. Thus, a total expenditure of ₹14.13 crore<sup>102</sup> was incurred on construction of incomplete embankment and nine sluice structures including associated mechanical works.

Joint physical verification by audit with officers of FCD (April 2016) revealed that embankment was not constructed between 25.60 Km and 29.45 Km due to

<sup>101</sup> Preliminary ₹0.02 crore, land ₹10.54 crore, sluice structures ₹4.66 crore, earthwork ₹14.10 crore, miscellaneous ₹0.07 crore, communication ₹0.02 crore

<sup>102</sup> ₹9.69 crore + ₹3.67 crore + ₹0.77 crore = ₹14.13 crore

dispute of land. The constructed embankment was also eroded because of rain cuts at many places.



*Unconstructed portion of KTP at 29.20 KM*

On this being pointed out by Audit, the Joint Secretary, WRD while partially accepting the facts of the paragraph, replied (August 2016) that land acquisition work was in progress. After acquisition of land, balance 30 per cent work would be completed. Reply of the WRD was not acceptable as the work was started without availability of hindrance free land. Joint physical verification also disclosed that the constructed portion of embankment had eroded at many places because of rain cuts. Though, no severe floods hit Khagaria town after construction of the incomplete embankment and sluice structures, the town is still vulnerable as the embankment is not complete.

Thus, initiation of a work without prior land acquisition and mid way stoppage resulted in unfruitful expenditure of ₹14.13 crore on incomplete works. Due to passage of time and vagaries of Nature, the possibility of complete erosion could not be ruled out, rendering the entire expenditure, wasteful.

## ROAD CONSTRUCTION DEPARTMENT

### 3.7.3 Additional burden to the State exchequer for road work

**Imprudent decision to award the work before obtaining Technical Sanction and execution of agreement at a monetary value higher than the upper threshold resulted in additional burden of ₹3.24 crore to the State exchequer against which the Department had already paid ₹2.34 crore to the contractor.**

Rule 121 of Bihar Public Works Department (BPWD) Code stipulates that technical feasibility approval is a token of acceptance of the project by the competent authority and it should be taken as Technical Approval (TA) for the purpose of the scheme to be considered for Administrative Approval (AA). After getting AA, Technical Sanction (TS) of the detailed estimate would be required before actual commencement of work.

Further, Clause 27.5 of Instruction to Bidders (ITB) of Model Bidding Document<sup>103</sup> (MBD), stipulated that the price for the Initial Rectification (IR), Periodic Maintenance (PM), Minor Improvement (MI) and Ordinary Maintenance (OM) works should not be higher than the upper threshold of 10 per cent above the estimated cost of IR, PM, MI and OM including all taxes and cess, failing which the bid should be rejected.

Scrutiny of records (September 2014) and follow-up audit (November 2016) of Executive Engineer (EE) Road Division (RD), Darbhanga disclosed that TA for IR, PM, MI and OM of 15 roads<sup>104</sup> was accorded (August 2013) for ₹38.04 crore by the Chief Engineer<sup>105</sup> (CE) and subsequently AA was granted (September 2013) for the same amount by the Road Construction Department (RCD). Agreement was executed (December 2013) with the contractor<sup>106</sup> for ₹41.73 crore (overall agreement value ₹42.54 crore). Subsequently, the TS was accorded in August 2014, but it was restricted to an amount of ₹34.99 crore. The upper threshold derived on the basis of estimated cost indicated in TS was ₹38.49 crore whereas the agreement value for IR, PM, MI and OM was ₹41.73 crore, higher than the upper threshold by ₹3.24 crore<sup>107</sup>. As the contractor was paid ₹30.19 crore as on October 2016, the proportionate amount of additional burden to the exchequer amounted to ₹2.34 crore<sup>108</sup>.

The CE replied (September 2016) that the agreement was executed prior to TS of the estimates. Normal practice as per BPWD code is that AA is granted on the basis of TA of estimate. Thereafter, TS is accorded on the detailed estimate and on its basis, Bill of Quantity is approved and the tender is invited. In this particular case, tender was invited on the basis of detailed TA estimate. After approval of the tender by the competent authority, agreement was executed. He further added that work was being executed as per agreement done on the basis of tender invited. Agreement on the basis of TA estimate was a *fait accompli*, so no change was possible in the light of TS estimate. The reply itself is an admission of audit conclusion.

Thus, imprudent decision of the RCD to award the work before obtaining TS and execution of agreement at a monetary value higher than the upper threshold resulted in additional burden of ₹3.24 crore to the Government exchequer against which the Department had already paid (October 2016) ₹2.34 crore to the contractor.

The matter was reported to the Government (May 2016), reminders issued (July 2016 and August 2016) but reply was still awaited.

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<sup>103</sup> Model Bidding Document of Road Construction Department (RCD), Government of Bihar (GOB) for Long Term Output and Performance Based Road Assets Maintenance Contract (OPRMC).

<sup>104</sup> Under package no. 14/OPRMC/Darbhanga.

<sup>105</sup> Chief Engineer<sup>105</sup> (C), North Bihar Wing, Darbhanga.

<sup>106</sup> M/s Durga Tower Pvt. Ltd., Madhubani.

<sup>107</sup> ₹41.73 crore - ₹38.49 crore = ₹3.24 crore

<sup>108</sup> Proportionate payment = upto date payment on (OM+IR+PM+MI)/Agreement value of (OM+IR+PM+MI) × extra burden; ₹30.19 crore/₹41.73 crore × ₹3.24 crore = ₹2.34 crore

## MINOR WATER RESOURCES DEPARTMENT

### 3.7.4 Unfruitful expenditure on renovation of pyne irrigation system

**Faulty design recommended by the Technical Advisory Committee and the Superintending Engineer without proper survey, planning and site verification led to unfruitful expenditure of ₹2.33 crore on renovation of pyne irrigation system.**

Irrigation in Mohanpur block of Gaya district suffered due to scant rainfall and deficient monsoon. *Ahar pyne* being the main source of irrigation in the region, Minor Water Resources Department (MWRD) administratively approved (September 2011) ₹2.13 crore for extensive renovation of *Mohane ahar pyne*<sup>109</sup> irrigation system to create irrigation potential in 1600 hectares by ensuring flow of river water in the *pyne*.

The Detailed Project Report (DPR) for the work was prepared by the Minor Irrigation Division, Gaya (MID) and approved by Technical Advisory Committee (TAC). The work was technically sanctioned (TS) for ₹2.13 crore (September 2011) by the Chief Engineer, Minor Water Resources Department (CE, MWRD) as per direction (August 2011) of TAC. An agreement with the contractor<sup>110</sup> was executed for ₹1.98 crore (December 2011) and the scheduled date of completion was March 2012.

Scrutiny of records (February 2015) and follow-up audit (November 2016) of Executive Engineer (EE), MID disclosed that the work was completed (August 2012), but the river water did not flow through the *pyne*. The Superintending Engineer, Minor Irrigation Circle, Gaya (SE, MIC) (August 2012) attributed this to structural shortcomings<sup>111</sup>. The SE, MIC had also stated (August 2012) that the construction was improper and totally useless. To ensure flow of water in the *pyne*, the SE recommended additional measures<sup>112</sup> which were executed by revising the estimates and executing a supplementary agreement with the existing contractor for ₹32.26 lakh (February 2013). Even after completion of this work (March 2013) by spending ₹2.33 crore, the desired results were not achieved.

<sup>109</sup> *Pyne is a channel that links river or other sources of water to the farm fields. It is used for irrigation purposes*

<sup>110</sup> *M/s Kamlesh Kumar, Gaya*

<sup>111</sup> *The nose constructed with Boulder pitching in upstream at starting point of pyne caused obstacle in the flow of river water into the pyne*

<sup>112</sup> *(i) to maintain the level from upstream to downstream of pyne along all branches and to ensure digging of pyne upto the fixed level (ii) to immediately remove constructed nose in upstream at starting point of the pyne and to extend the downstream nose towards river (iii) construction of Return wall/wing wall in R.C.C. Bridge constructed under this scheme by the Rural Works Department (iv) and to ensure connectivity of pyne embankment with the Cross Regulator constructed at Chain 140*



*Water not flowing into the Mohane river pyne in Mohanpur block of Gaya District*

The CE, MWRD visited the site (July 2014) and recommended to construct a rock-fill weir to facilitate the flow of water. Departmental high level team also inspected the site (September 2014) and recommended the measures suggested by the CE. However, no work was executed as on August 2016.

On being pointed out by audit, the EE, MID stated (April 2016) that as there was very low rainfall during 2010-11, 2011-12 and even in present days, there was very low water level in the river. Therefore, water was not entering into the *pyne*. Besides, the bed of the *pyne* was filled by the villagers for crossing tractors and cattle. However, the EE also accepted that no water flowed into the *pyne* and therefore, no irrigation potential was created. He further informed (August 2016) that silt was deposited at the entry point of the *pyne* and river was flowing away from it.

Thus, faulty design recommended by the TAC and the SE without proper survey, planning and site verification led to unfruitful expenditure of ₹2.33 crore on renovation of *pyne* irrigation system.

The matter was reported to the Government (May 2016), reminder issued (July 2016, August 2016 and October 2016) but reply is still awaited.

### **3.7.5 Avoidable expenditure**

**Execution of supplementary agreement by Executive Engineer, Minor Irrigation Division, Madhubani on the instructions of Chief Engineer at the higher rate for items already included in the primary agreement led to extra avoidable expenditure of ₹1.92 crore.**

Rule 182A of Bihar Public Works Department (BPWD) Code stipulates that the item of work not included in the Bill of Quantity (BOQ) shall be termed as extra item. For extra item, there should always be a supplementary agreement and rate in it in any case should not be more than that quoted for the primary agreement.

Scrutiny of records of Executive Engineer, Minor Irrigation Division, Madhubani (EE, MIDM) in two cases disclosed (June 2015) that:

- Bill of Quantity relating to restoration and renovation work<sup>113</sup> of 50 numbers of lift irrigation schemes was approved (October 2011) by the EE, MIDM for ₹10.30 crore. An agreement<sup>114</sup> was executed (January 2012) with an agency<sup>115</sup> for ₹10.19 crore. Subsequently, the estimate was revised to ₹11.33 crore (October 2013) by the Chief Engineer Minor Water Resources Department (North), Muzaffarpur (CE MWRDM) due to increase in cost of materials and the CE MWRDM ordered (October 2013) to execute a supplementary agreement. Despite objection (November 2013) of Divisional Accountant, a supplementary agreement for ₹94.92 lakh was executed by the EE with the same agency (November 2013), increasing the total agreement value to ₹11.14 crore.

Audit noticed that contrary to the provision of BPWD Code, the rates of ten items included in the supplementary agreement were higher than the rate of same item in primary agreement. The agency was paid ₹10.13 crore (upto March 2014) which included the payments at a higher rate for same items of work also. This resulted in extra avoidable expenditure of ₹1.67 crore (**Appendix- 3.7.3**). As the agency did not complete the work, no further payment was made (September 2016). However, the agency had approached (December 2015) the High Court, Patna for payment of the remaining agreement value.

- BOQ relating to restoration and renovation work<sup>116</sup> of 11 numbers of lift irrigation schemes was approved (March 2013) by EE, MIDM for ₹2.63 crore. An agreement<sup>117</sup> was executed (May 2013) with an agency<sup>118</sup> for ₹2.59 crore. Subsequently, estimate was revised to ₹2.95 crore (May 2013) by the CE due to increase in cost of materials. Accordingly, a supplementary agreement for ₹28.46 lakh was executed (June 2013) with the same agency, resulting in a total agreement value ₹2.87 crore.

Audit noticed that contrary to the provision of BPWD code, the rates of eleven items included in the supplementary agreement were higher than the rate of same item in primary agreement. The agency was paid an amount of ₹1.86 crore (upto September 2015) including payments at a higher rate for same items of work leading to extra avoidable expenditure of ₹0.25 crore (**Appendix-3.7.4**).

On being pointed out, CE MWRDM replied (January 2016) that the revised estimate was sanctioned by then Chief Engineer.

Thus, execution of supplementary agreements by the EE MIDM on the instructions of CE at a higher rate for same items already included in the

<sup>113</sup> Administrative approval in September 2011 for ₹9.55 crore by Government of Bihar and technical sanction for ₹10.75 crore in October 2011 by Chief Engineer Minor Water Resources Department (North), Muzaffarpur

<sup>114</sup> Agreement no. 01 SBD/2011-12 at 1.11 per cent below the BOQ rate

<sup>115</sup> Malti Singh, Jogyara, Darbhanga

<sup>116</sup> Administrative approval in February 2013 for ₹2.65 crore by Government of Bihar and technical sanction for ₹ 2.72 crore in March 2013 by CE MWRDM

<sup>117</sup> Agreement no. 01 SBD/2013-14 at 1.51 per cent below the BOQ rate

<sup>118</sup> M/s Phuldev Narain Singh Builtech Private Limited, Muzaffarpur

primary agreement in contravention of BPWD Code led to extra avoidable expenditure of ₹1.92 crore<sup>119</sup>.

The matter was reported to the Government (June 2016), reminder issued (July 2016) but reply was still awaited.

### 3.8 Unadjusted advances

#### EDUCATION DEPARTMENT

##### 3.8.1 Unadjusted advances

**Failure to adhere to the provisions of Bihar State Universities Act, lack of monitoring, weak internal controls and inaction of authorities of Veer Kunwar Singh University and Lalit Narayan Mithila University led to accumulation of unadjusted advances of ₹ 1.88 crore against 115 persons for a period ranging from one to 44 years.**

Section 23 read with Section 15 of Bihar State Universities (BSU) Act, 1976 stipulates that the Registrar shall act as Secretary to the Syndicate which shall hold, control and manage the funds of the University. Further, Section 12 A *ibid* provides that it shall be the responsibility of the Financial Adviser to see that all financial matters of the University are dealt with in accordance with the Act, the Ordinance, the Statutes, the University Ordinances, Regulation and Rules framed there under.

Scrutiny revealed the following instances of advances remaining unadjusted:

- Records of Veer Kunwar Singh University (VKSU), Ara disclosed (November 2015) that an amount of ₹1.52 crore was advanced from the Examination Fund to 79 persons for various purposes<sup>120</sup> during February 1994 to December 2014. It was noticed that frequent advances were given without adjustment of previous advances (*Appendix-3.8.1*) and these advances remained unadjusted till August 2016. Further scrutiny revealed that advances amounting to ₹60.85 lakh (40 per cent) outstanding against 13 persons were unadjusted for more than one to five years and advances amounting to ₹91.08 lakh (60 per cent) taken by 66 persons remained unadjusted for more than five to twenty two years. Scrutiny also disclosed that four persons were dead, 19 were retired, 54 were working in universities/offices beyond the jurisdiction of VKSU and remaining two were working in VKSU and advances of ₹4.61 lakh, ₹39.91 lakh, ₹95.85 lakh and ₹11.56 lakh respectively were outstanding against them (*Appendix-3.8.2*).
- Records (December 2014) of Lalit Narayan Mithila University (LNMU), Darbhanga and follow-up audit (April 2016) disclosed that an amount of ₹0.36 crore was advanced to 36 persons for examination purposes during 1972 to October 2009 (*Appendix-3.8.3*). But these advances were unadjusted till August 2016. Out of this, advances amounting to ₹1.44 lakh (four per cent) outstanding against two persons were unadjusted for a period ranging from five to 10 years and the remaining advances of

<sup>119</sup> ₹1.67 crore + ₹0.25 crore

<sup>120</sup> Paper setting, answer book evaluation, practical/viva-voce examination, exam centre expenses, remuneration for examination, contingency expenditure, etc.

₹34.71 lakh (96 per cent) taken by 34 persons remained unadjusted for a period ranging from 15 years to 44 years. Scrutiny further disclosed that out of this, 34 persons were dead and two were retired with advances of ₹28.78 lakh and ₹7.38 lakh respectively being outstanding against them (Appendix-3.8.4).

On this being pointed out, the Registrar, VKSU, Ara replied (September 2016) that letters were issued to the defaulting officials (August 2016) to deposit the outstanding amount within a month, failing which the amount would be recovered from the amount of pension relief of those who had already retired or who were working outside the University. Necessary legal action would be taken if the same would not be adjusted within the time stipulated. The Registrar, LNMU, Darbhanga stated (August 2016) that neither any adjustment or recovery was effected till date nor the same was possible as the persons concerned were not alive.

Thus, the failure of the Universities to adhere to the provisions of BSU Act, lack of monitoring, weak internal control and inaction of authorities of VKSU and LNMU led to accumulation of unadjusted advances of ₹1.88 crore against 115 persons for a period ranging from one to 44 years.

The matter was reported to the Government (June 2016), reminder issued (July 2016) but reply is still awaited.

Patna  
The 22 February 2017

  
(DHARMENDRA KUMAR)  
Accountant General (Audit), Bihar

Countersigned

New Delhi  
The 23 February 2017

  
(SHASHI KANT SHARMA)  
Comptroller and Auditor General of India