



**Report of the
Comptroller and Auditor General of India
on
Local Bodies**

for the year ended March 2016



Government of Bihar
Report No. 4 of the year 2017

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PREFACE

This Report for the year ended March 2016 has been prepared for submission to the Governor of Bihar under the CAG's (DPC) Act, 1971.

The Report contains significant results of the audit of the Panchayati Raj Institutions and Urban Local Bodies in the State including the departments concerned.

The issues noticed in the course of test audit for the period 2015-16 as well as those issues which came to notice in earlier years, but could not be dealt within the previous Reports have also been included, wherever necessary.

The audit has been conducted in conformity with auditing standards issued by the Comptroller and Auditor General of India.

OVERVIEW

OVERVIEW

This Report contains five chapters. The first and third chapters contain an overview of the functioning, accountability mechanism and financial reporting issues of the Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) respectively. The second and fifth chapters contain compliance audit paragraphs relating to PRIs and ULBs respectively. Fourth chapter contains a Performance Audit report on ‘Utilisation of Grant under Civic Amenities Head (State Plan) By Nagar Nigams’ pertaining to ULBs. A summary of main audit findings is presented in this overview.

1. An overview of the functioning of PRIs in Bihar

Audit arrangements

Thirteenth Finance Commission recommended that the CAG must be entrusted with Technical Guidance and Support over the audit of all the Local Bodies at every tier. Government of Bihar accepted (December 2015) the standard Terms and Conditions for audit of Local Bodies under Technical Guidance and Support arrangement.

(Paragraph 1.6.2)

The audit of accounts of PRIs conducted by the Examiner of Local Accounts under the supervision of the Accountant General (Audit), Bihar as per Bihar & Orissa Local Fund Audit Act, 1925 was discontinued and the audit under Technical Guidance and Support arrangement commenced from December 2016. During the year 2015-16, Examiner of Local Accounts conducted audit of 1102 PRIs and Director of Local Fund conducted audit of 127 PRIs.

(Paragraph 1.6.1 & 1.6.2)

Devolution of functions, funds and functionaries

Government of Bihar devolved 29 functions as listed in Eleventh Schedule of the Seventy-Third Constitutional Amendment Act to the PRIs, as of January 2017.

As per Fifth State Finance Commission report, funds available to the PRIs from various sources were grossly inadequate for their assigned functions.

Zila Parishads in the State did not have adequate staff to discharge the devolved functions and 79 *per cent* of sanctioned posts were vacant as of January 2017. In Zila Parishads such as Buxar and Supaul, men-in-position was less than 10 *per cent* of sanctioned strength. At Gram Panchayat level, 3,160 posts of the Panchayat Secretaries (38 *per cent* of the total 8,397 posts) were vacant as of 31 March 2016.

(Paragraph 1.4.3)

Utilisation of funds

As of January 2017, Utilisation Certificates of ₹ 6,924.71 crore for the period 2007-16 were not submitted by the PRIs and utilisation percentage ranged between two to seventy nine *per cent*.

(Paragraph 1.8.3)

Maintenance of Accounts by PRIs

In PRIASoft, out of total eight Model Accounting System formats, only three formats were being generated. However, accounting work in PRIASoft was discontinued since 17 April 2015 and e-Panchayat Module was introduced thereafter.

(Paragraph 1.9.6.2)

2. Compliance Audits

Implementation of recommendations of Fourth State Finance Commission in PRIs

The State Government accepted all the 17 recommendations made by Fourth State Finance Commission in respect of the PRIs. However, four recommendations were implemented *in toto*, ten recommendations were implemented with modifications and no action was taken on three recommendations.

(Paragraph 2.1.1)

Recommendations implemented in toto

The Fourth State Finance Commission made four recommendations with regard to allocation of funds to the PRIs and the ULBs and its subsequent release to the three tier PRIs. Audit observed that the above recommendations were accepted by the State Government and implemented *in toto*.

Recommendations implemented with modifications

The State Government implemented ten recommendations with modifications as detailed below:

Basis for release of grants

The Fourth State Finance Commission recommended that 7.5 per cent of the State's tax revenue net of collection costs should be devolved to the local bodies on the basis of the audited figures of that financial year. However, the State Government released funds on the basis of two year old figures. As a result, against recommendations of ₹ 4026.55 crore grants, ₹ 1580.49 crore was only released during 2010-15.

(Paragraph 2.1.3.1)

Release of grants half yearly in two instalments

Audit observed that, in two years (2011-13) out of the three years of Fourth State Finance Commission period (2010-15), grants were released in one instalment at the fag end of the year.

(Paragraph 2.1.3.2)

Release of funds to Panchayat Samitis

Audit observed that in Nalanda and Saran districts, funds were not transferred to the PSs as per the criteria of 80 per cent weight to population and 20 per cent weight to number of BPL families. Instead, the funds were transferred as per the population of the PSs.

(Paragraph 2.1.3.3)

Release of grants under high priority sectors

There was short release of funds of ₹ 635.98 crore to PRIs under the high priority sectors in 2010-11 and 2014-15. Further, funds amounting to ₹ 282.37

crore meant for the exclusive use of the Gram Panchayats were allocated to the Zila Parishads and the Panchayat Samitis during 2011-14.

(Paragraph 2.1.3.4)

Grants for Capacity Building

The Fourth State Finance Commission recommended that grants of ₹ 15 lakhs, ₹ one lakh and ₹ two lakh per annum were to be given to each Zila Parishad, Panchayat Samiti and Gram Panchayat respectively for capacity building (₹ 901.35 crore over the five year period of 2010-15 at ₹ 180.27 crore per annum). Audit observed that the State Government released ₹ 538.11 crore only to the PRIs for three years (2011-14) for Account maintenance and Capacity Building to fulfil the basic responsibility of planning, budgeting, spending, accounting and reporting.

(Paragraph 2.1.3.5)

Untied grants

The Fourth State Finance Commission recommended that the amount of untied grants remaining after fulfilment of the requirement of priority sectors were to be spent on purposes consistent with the duties and functions stated in the Act and were not to be utilised for payment of salary or purchase of vehicles without previous sanction of the State Government.

Audit scrutiny revealed that for Panchayat Samitis and Gram Panchayats, the State Government released grants of ₹ 518.27 crore during 2011-14 in the ratio of 20:70. However, the Zila Parishads share of ₹ 108.25 crore was released for payment of salaries and retirement benefits during 2011-15 as per the population of the district instead of on other development heads. As a result, the Zila Parishads failed to receive additional funds to be spent on purposes consistent with the duties and functions stated in the Act.

(Paragraph 2.1.3.6)

Devolution of Functions, Functionaries and Fund

The Fourth State Finance Commission recommended that transfer of Functions, Functionaries and Fund (3Fs) should be expedited.

Audit observed that the Departments of GoB had transferred (July to September 2001) 79 functions to Gram Panchayats, 60 functions to Panchayat Samitis and 61 functions to Zila Parishads and prepared tier wise activity mapping of devolved functions by PRIs. But the process so far on department-wise and subject-wise activity mapping was unsatisfactory. Staff was answerable to their respective departments and the PRIs did not have adequate staff to discharge the devolved functions. Though funds available to the PRIs from various sources were grossly inadequate for their assigned functions, they were not able to utilise even that due to capacity constraints.

(Paragraph 2.1.3.7)

Release of grants for salary of employees

The Fourth State Finance Commission recommended for release of grants by the State Government for salary to Zila Parishad employees without any tapering for the period 2010-15. However, only 39 to 70 per cent of grants were made available to the Zila Parishads during 2011-15 as the State Government released funds on the basis of population instead of actual men-in-position.

(Paragraph 2.1.3.8)

Payment of Retirement Benefits

The Fourth State Finance Commission recommended that the arrears of retirement benefit to employees of local bodies should be cleared by giving one-time lump sum grants-in-aid. Audit observed that no such grant was released to the PRIs by the State Government during 2010-15.

(Paragraph 2.1.3.9)

Adoption of accounting formats for PRIs

The Fourth State Finance Commission recommended that the accounting formats prescribed by C&AG should be adopted and accounting manuals be finalised in consultation with Accountant General. It was also recommended that the possibility of simplifying the formats may also be explored.

However, Audit observed that out of eight data formats, only three were generated upto March 2015 and five formats were not maintained as accrual basis of accounting required was not adopted by PRIs. As a result, financial statements of the accounts of PRIs were not prepared and therefore, actual status of assets of PRIs was not ascertainable.

(Paragraph 2.1.3.10)

Recommendations not implemented by the Government

The State Government did not implement three of the accepted recommendations as detailed below:

Grant-in-aid to Zila Parishads and Panchayat Samitis

The share in State taxes followed by the grants-in-aid to Zila Parishads and Panchayat Samitis shall be firstly put to use in filling the gaps in the actual cost of execution of schemes identified as priority activities. The Fourth State Finance Commission recommendations and State Government directives specified the purposes for which funds were to be utilised.

Audit observed, that grants were not released to Zila Parishads and Panchayat Samitis for the purposes specified in the recommendations of Fourth State Finance Commission/directives of the Government.

(Paragraph 2.1.4.1)

Financial self-reliance of PRIs and enhancement of revenue

The Fourth State Finance Commission recommended that the PRIs, especially the Zila Parishads, should strive to become financially self-reliant by raising their own resources by approaching financial institutions for investment in projects to ensure that the prime lands available to them are put to profitable use and may also try to explore the possibility of creating assets by adopting the Public Private Partnership mode. Audit Scrutiny revealed that the four test checked Zila Parishads failed to approach the financial institutions or adopt Public Private Partnership mode for profitable use of their prime lands. Further, the test checked ZPs also failed to initiate action to enhance the revenue.

(Paragraph 2.1.4.2)

Imposition of Taxes

As per Fourth State Finance Commission recommendation, the State Government should notify the maximum rate of taxes to be levied by the PRIs to enable them to raise resources or amend the law so that there would be no need to have government approval.

The State Government failed to notify any rate of taxes as of May 2016. As a result, the PRIs were unable to generate revenue by way of taxation.

(Paragraph 2.1.4.3)

Audit Paragraphs

Inaction by the Chief Executive Officer, Zila Parishad Patna to follow the orders of the Zila Parishad Board to lease out an eight storied Annexe Building in existing condition resulted in loss of rental income of ₹ 3.78 crore during September 2011 to August 2016.

(Paragraph 2.2)

Delay in release of Fourteenth Finance Commission grants to Gram Panchayats by Government of Bihar resulted in avoidable payment of penal interest of ₹ 8.12 crore.

(Paragraph 2.3)

3. An overview of the functioning of ULBs in Bihar

Audit arrangements

The audit of accounts of ULBs conducted by the Examiner of Local Accounts under the supervision of the Accountant General (Audit) Bihar as per Bihar & Orissa Local Fund Audit Act, 1925 was discontinued and the audit under Technical Guidance and Support arrangement commenced from December 2016. During the year 2015-16, Examiner of Local Accounts conducted audit of 59 ULBs. During the year 2015-16, Director of Local Fund conducted audit of seven ULBs.

(Paragraph 3.6.1)

Devolution of functions, funds and functionaries

Of the total 18 subjects listed in the Twelfth Schedule of Seventy-Fourth Constitutional Amendment Act, ULBs carried out functions related to 12 subjects and functions of six subjects were carried out by the functional department of the Government of Bihar.

As per Fifth State Finance Commission report, funds available to the ULBs from various sources were grossly inadequate for their assigned functions. Against entitled amount of grants of ₹ 781.32 crore for the year 2015-16 under Fifth State Finance Commission, only ₹ 434.64 crore was released to ULBs.

Of the total 12,453 sanctioned posts in ULBs, 7,145 posts (57 per cent) were vacant. As of March 2007, 40 per cent posts were vacant which increased to 57 per cent as of September 2016 whereas 96 to 99 per cent posts of technical staff were vacant.

(Paragraph 3.4.2, 3.9.3 & 3.4.3)

Release of funds

The first instalment of Fifth State Finance Commission for the year 2016-17 amounting to ₹ 462.93 crore was released in October 2016 though it was due in May 2016 while second instalment was not released (February 2017) to ULBs in want of Utilisation certificates of grants released as first instalment.

(Paragraph 3.9.3)

Utilisation of funds

The Urban Development and Housing Department released grants of ₹ 10,261.62 crore to ULBs during 2003-15 (up to July 2015) under various assistance grant heads. But, the Utilisation Certificates of ₹ 4223.56 crore (41 per cent) were pending as on 2 February 2017.

(Paragraph 3.8.6)

4. Performance Audit

Utilisation of Grants under Civic Amenities Head (State Plan) By Nagar Nigams

The Urban Development and Housing Department, Government of Bihar released grants to the Nagar Nigams under State Plan head during the period 2011-16 for providing civic amenities such as construction of parks, Bus stand/Bus stop, construction of ghat, infrastructure development in slums, construction of community hall, construction of guest house/town hall, traffic lights/public conveniences and special sanitation.

During Performance Audit it was noticed that:

Utilisation of funds

Audit observed that 55 per cent of the total grants received by Nagar Nigams were transferred to Parallel/Parastatal Bodies such as Bihar Urban Infrastructure Development Corporation Ltd., Bihar Urban Development Agency etc. which are formed due to poor staffing and technical incapability of the Urban Local Bodies for performing various functions of Municipality. Thus, more than 50 per cent of works for civic amenities were executed without involving the ULBs.

(Paragraph 4.1.7.1)

In four test checked Nagar Nigams, grants amounting to ₹ 48.19 crore were not utilised for a period ranging from one to seven years as required land was not made available.

(Paragraph 4.1.7.2)

Construction of Parks

GoB released grants of ₹ 11.56 crore for construction of 17 parks under Nagar Nigam Patna during 2009-16. Of this, 10 parks were completed with an expenditure of ₹ 10.08 crore whereas seven parks remained incomplete as of August 2016.

Audit physically verified six parks and found that two parks constructed at a cost of ₹ 51.25 lakh were locked, filthy and not put to use.

(Paragraph 4.1.8.1)

Construction of bus stands and bus queue shelters

With a view to provide better infrastructure to urban population, GoB mandated Bihar Urban Infrastructure Development Corporation Ltd. for development of bus stands/bus queue shelters throughout the State. During 2011-16, GoB released ₹ 26.24 crore to BUIDCO through four test checked Nagar Nigams for construction of bus stand/bus queue shelters. Out of this, ₹ 18.74 crore was released for construction of five bus stands in the test checked Nagar Nigams.

However, two works were in progress whereas three works were not started as of August 2016. Bihar Urban Infrastructure Development Corporation Ltd failed to start the construction of three bus stands despite availability of ₹ 12.73 crore since March 2013 to November 2014 as land was not made available by two Nagar Nigams and administrative approvals for Inter State Bus Terminal, Patna were not received from GoB.

(Paragraph 4.1.8.2)

Construction/renovation/beautification of Pond/Ghat

GoB released (October 2010) ₹ 80 lakh for beautification/renovation of *Kagwali* Pond under Nagar Nigam, Gaya. The work to be completed by February 2012, could not be started in time due to dispute at the work site and was started in June 2012 only. The work was neither completed by the contractor nor any action was initiated against him by Nagar Nigam, Gaya (August 2016).

(*Paragraph 4.1.8.3*)

Infrastructure Development in Slums

GoB sanctioned (December 2013 and July 2014) ₹ 45.25 crore to Bihar Urban Development Agency for infrastructure development in slums under four sampled Nagar Nigams.

Audit observed that out of 4,488 individual toilets planned (2014), only 1,548 toilets were completed in the first phase and despite availability of ₹ 1.87 crore, 2,940 toilets were not constructed by the Nagar Nigams and people of the selected households were compelled to continue with the open defecation.

(*Paragraph 4.1.8.4*)

Construction of Community Halls

An amount of ₹ three crore was released (December 2011) to District Urban Development Agency, Gaya for Construction/Extension/Renovation of four Community Halls in test checked Nagar Nigams. However, construction of two Community Halls remained incomplete/not commenced as of August 2016 due to dispute at worksite of Azad Park Community Hall and the tender for the Hall at *Maa Bageshwari* Temple Gaya was not invited (August 2016).

(*Paragraph 4.1.8.5*)

Construction of Town Halls

Grants released under construction of *Samrat Ashok Bhawan* (Town Hall) were lapsed as the moneys were not drawn from the treasury. Though, the Municipal Commissioner was responsible for drawl of grants from the treasury, no records were available to indicate that such a monitoring was done by the Municipal Commissioner.

(*Paragraph 4.1.8.6*)

Construction of public conveniences

GoB allotted (January 2010) ₹ 5.94 crore to Bihar Rajya Pul Nirman Nigam Ltd (BRPNNL) for construction of 32 numbers of public conveniences at different locations in Patna at ₹ 18.54 lakh each. Subsequently, these conveniences were to be handed over to Nagar Nigam Patna to enhance its source of income. All the 32 public conveniences were constructed during the period November to December 2009. However, 10 were not handed over to Nagar Nigam Patna even after a lapse of more than six years of its construction.

These 10 public conveniences were physically verified by Audit and it was found that nine were not in use since construction and the one at Indira Gandhi Institute of Medical Sciences campus was being used and maintained by the hospital which was also confirmed during beneficiary survey of 177 beneficiaries.

(*Paragraph 4.1.8.7*)

Special Sanitation

The grants for comprehensive improvement in sanitation across the municipal area were to be utilised on six components viz., door-to-door waste collection, purchase of equipment for collection of waste, purchase/development of landfill sites for waste management, assistance in generation of compost/electricity from the waste, de-silting, cleaning and consolidation of drains and providing manpower for special sanitation drive of public places. Audit observed that two test checked Nagar Nigams incurred an expenditure of ₹ 10.56 crore out of total grants of ₹ 20.60 crore during 2015-16 on components other than the prescribed ones such as salary of regular sanitation staff, daily wages of sanitation staff, night sanitation, purchase of aprons etc.

(Paragraph 4.1.8.8)

Planning

The Development Plan for providing Civic Amenities was not prepared by the test checked Nagar Nigams and development works executed by them were not the part of district plan prepared by District Planning Committees.

(Paragraph 4.1.6.1)

5. Compliance Audits

Nagar Parishad Sultanganj made irregular payment of ₹ 50 lakh on training component of *Swarna Jayanti Shahari Rozgar Yojana*, due to lack of observance of Scheme guidelines. In eight ULBs, NGOs failed to provide employment to trained beneficiaries despite an expenditure of ₹ 3.91 crore over their training.

(Paragraph 5.1)

Annual Rental Value of holdings was not revised by minimum 15 *per cent* every five years and Property Tax was levied at a rate below the prescribed minimum rate which led to a loss of tax revenue of ₹ 36.56 lakh.

(Paragraph 5.2)

Relevant financial rules were not observed by Nagar Parishad, Siwan in payment of advance for maintenance of solar lights which led to irregular payment of ₹ 80.87 lakh to the agency.

(Paragraph 5.3)

PART – A
PANCHAYATI RAJ INSTITUTIONS

CHAPTER – I
AN OVERVIEW OF FUNCTIONING OF
THE PANCHAYATI RAJ INSTITUTIONS
IN BIHAR

Chapter - I

An Overview of the Functioning of the Panchayati Raj Institutions in Bihar

1.1 Introduction

The Seventy-Third Constitutional Amendment Act, 1992 gave constitutional status to the Panchayati Raj Institutions (PRIs) and established a system of uniform structure, elections, reservation of seats for Schedule Caste/Tribes and women and devolution of fund, functions and functionaries to PRIs. The PRIs aim to promote participation of people and effective implementation of rural development schemes for economic development and social justice in various areas including those in relation to the matters listed in the Eleventh Schedule of the Constitution.

Consequently, the Government of Bihar (GoB) enacted the Bihar Panchayat Raj Act (BPRA), 1993 (subsequently replaced by the BPRA, 2006) and established a three-tier system of PRIs viz., Gram Panchayat (GP) at village level, Panchayat Samiti (PS) at block level and Zila Parishad (ZP) at the district level to enable them to function as institutions of self-government. As of March 2016, there are 8,969 PRIs¹ having 1,35,725 elected representatives in the State. The last general election to the elected bodies of PRIs was held during April-May 2016.

1.2 State Profile

Bihar is the thirteenth largest State in the country with an area of 94,163 sq. km. and constitutes 2.86 *per cent* of total geographical area of the country. The population growth in Bihar in the last decade was 25.4 *per cent*. The rural population in the State was 9.23 crore (89 *per cent*) out of total population of 10.41 crore. The comparative demographic and development statistics of the State are given in **Table 1.1** below:

Table - 1.1: Important statistics of the State

Indicators	Unit	State Value	National Value	Rank amongst all States
Population	Crore	10.41	121.09	3
Population Density	Per sq. km.	1,106	382	1
Rural Population	Crore	9.23	83.31	2
Gender Ratio	1000 males	918	943	23
Literacy	Per cent	61.80	74.04	29
Number of districts	Number	38	686	3
Number of PRIs	Number	8,969	2,56,116	11
Human Development Index (HDI), 2011	Value	0.447	0.504	18
Decadal growth rate	Per cent	25.42	17.64	3

(Source: Census 2011, Thirteenth Finance Commission Report, Planning Commission Report, Government of India and United Nations Development Programme Report 2011)

¹ 38 ZPs, 534 PSs and 8,397 GPs

The position of PRIs in Bihar in terms of number, average area and average population is given in **Table 1.2** below:

Table - 1.2: Position of PRIs

Level of PRIs	Number	Average Area per PRIs (Sq. Km.)	Average Population (in lakh)
		As per 2011 Census	
Zila Parishad	38	2,427.83	24.30
Panchayat Samiti	534	172.77	1.73
Gram Panchayat	8,397	10.99	0.11

(Source: Website of Planning and Development Department, Bihar)

1.3 Organisational set-up

At the State level, Panchayati Raj Department (PRD) co-ordinates and monitors the functioning of PRIs. The ZP is headed by the *Adhyaksha*, while the PS and the GP are headed by the *Pramukh* and the *Mukhiya* respectively who are elected representatives of the respective PRIs.

The Deputy Development Commissioner (DDC) and the Block Development Officer (BDO) are the executive heads of the ZP and the PS respectively. The Panchayat Secretary is in-charge of the office of the GP and is also responsible for maintenance of accounts and records at GP level. The organisational structure of PRIs is depicted in **Chart - 1.1 & 1.2** below:

Chart – 1.1: Elected Bodies

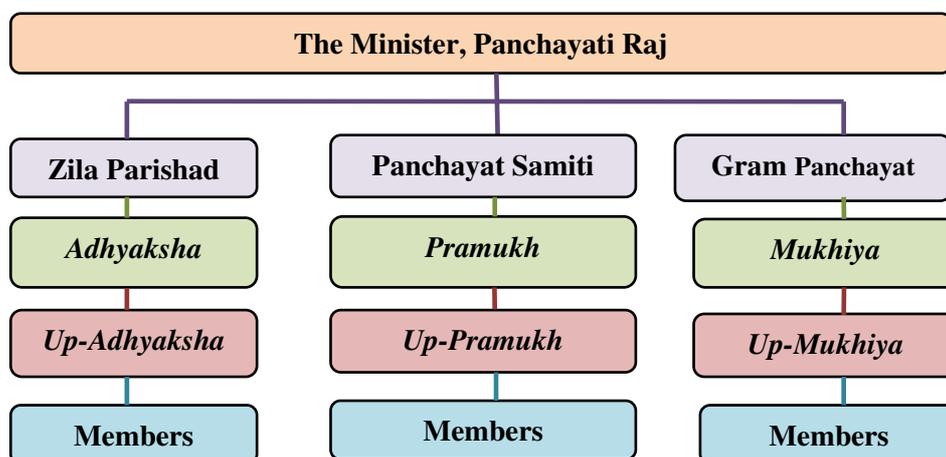
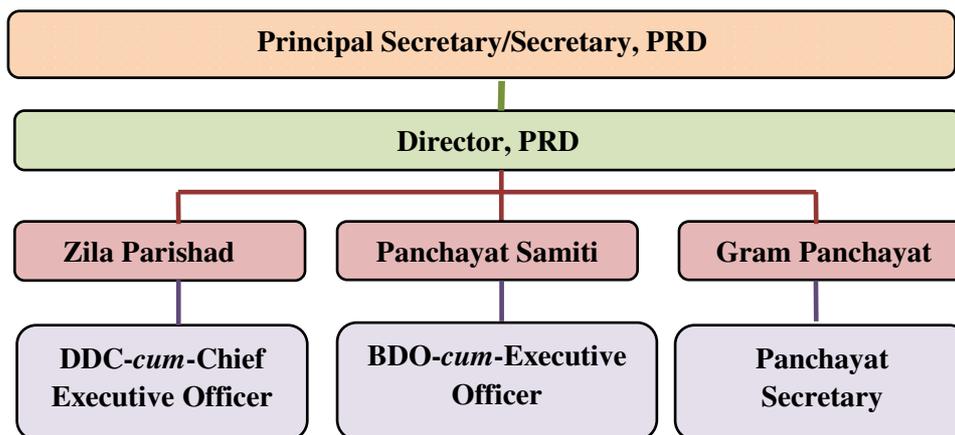


Chart – 1.2: Administrative set-up



(Source: BPRA, 2006 and www.biharprd.bih.nic.in)

1.4 Functioning of PRIs

1.4.1 Powers and Functions of PRIs

Articles 243G and 243H of the Constitution of India stipulate that the Legislature of a State may, by law, endow the PRIs with the following powers, authority and responsibilities:

- preparation of plans for economic development and social justice;
- implementation of schemes for economic development and social justice as may be entrusted to them including those in relation to the matters listed in the Eleventh Schedule of the Constitution; and
- powers to impose taxes and constitute funds for crediting all moneys of the panchayats.

Besides, Section 22, 47 and 73 of the BPRA, 2006 describe the nature of power and duties to be performed by the GPs, PSs and ZPs respectively.

1.4.2 Powers of the State Government

The BPRA, 2006 entrusts the State Government with following powers to enable it to monitor proper functioning of the PRIs. A brief summary of powers and roles of the State Government in respect of PRIs is given in **Table 1.3** below:

Table - 1.3: Powers of the State Government

Authority	Powers of the State Government
Section 146	Power to frame rules: The State Government may, by notification in Official Gazette, make rules to carry out functions as specified in BPR, 2006, subject to approval by the State Legislature.
Section 150, 152 and 153	Power to make model Regulations, Inquiry and Inspection: The State Government may make standard rules for the purposes of the BPR, 2006 and has the power to inspect any office or records under the control of the PRIs.
Section 167	District Planning Committee: The State Government shall constitute in every district a District Planning Committee to consolidate plans prepared by the Panchayats and the Municipalities in the district and to prepare a Draft Development Plan for the district as a whole.
Section 168	Finance Commission for Panchayats: The State Government shall constitute in every five year, a Finance Commission to review the financial position of PRIs, and to make recommendations for devolution of funds and measures to improve the financial position of PRIs.
Section 27, 55 and 82	Taxation: The PRIs may impose taxes on holdings, professions and levy tolls, fees and rates subject to the maximum rates notified by the State Government.
Section 172	Removal of difficulties: If any difficulty arises in giving effect to the provisions of the Act, the State Government, may by order, do anything necessary to remove the difficulty.
Section 18(5), 44(4) and 70 (5)	Removal from post: The State Government may remove <i>Mukhiya/Up-Mukhiya, Pramukh/Up-Pramukh and Adhyaksha/Upadhyaksha</i> from their post on the ground of absence from the meeting, lack in performing duties as per BPR, 2006, misusing their powers and convicted and absconded for more than six months after giving them opportunity to represent themselves.

(Source: BPR, 2006)

1.4.3 Devolution of Functions, Funds and Functionaries to PRIs

The Seventy-third Constitutional Amendment Act envisaged that all 29 functions along with funds and functionaries mentioned in the Eleventh Schedule of the Constitution would be eventually transferred to the PRIs through suitable legislation of the State Government.

Devolution of Functions

Twenty departments of GoB transferred their respective functions to the PRIs as of January 2017. The PRIs were entrusted 621 types of responsibilities by various departments of GoB from time to time which include selection of beneficiaries, financial powers, preparation of plans, construction of infrastructure, management of programmes, monitoring works, maintenance of assets etc. A meeting (July 2014) of all the Principal Secretaries/Secretaries of GoB decided to frame Operational Guidelines for effective devolution of powers to PRIs. In first phase 12 Departments were selected for framing the Operational Guidelines. However, only two departments framed the Operational Guidelines (January 2017). The Fifth State Finance Commission (Fifth SFC) observed (February 2016) that the progress so far on Department wise and subject wise activity mapping was unsatisfactory and Parastatal Bodies (PBs) were also carrying the functions of PRIs.

Devolution of Funds

No taxes were levied and collected by the PRIs as of January 2017 despite recommendation of the Fourth State Finance Commission (Fourth SFC) and provisions of the BPR, 2006 as the State Government did not notify the rate of taxes. The Monitoring Officer, PRD stated (January 2017) that framing of Regulation for taxation by PRIs is under process.

Untied grants were made available to three levels of PRIs under Fourteenth Finance Commission (FFC), Fifth SFC and *Rajeev Gandhi Panchayat Sashaktikaran Yojana* (RGPSY) during 2015-16. Backward Region Grant Fund (BRGF) was delinked from the support of the Central Government from 2015-16. As per Fifth SFC report, funds available to the PRIs from various sources were grossly inadequate for their assigned functions. Further, they were not able to utilise even the allocated funds due to capacity constraints viz., serious deficiencies in skilled manpower, office space, IT facility, equipment etc.

Devolution of Functionaries

The ZPs in the State did not have adequate staff to discharge the devolved functions and 79 per cent² of sanctioned posts were vacant as of January 2017. In two ZPs³, men-in-position was less than 10 per cent of sanctioned strength. At GP level, 3,160 posts of the Panchayat Secretary (38 per cent of the total 8,397 posts) were vacant as of 31 March 2016. The Fifth SFC while observing the acute shortage of staff at all levels of PRIs, recommended a revised staffing pattern, which was not followed as of December 2016.

1.5 Formation of various Committees

The BPR, 2006 provides that PRIs shall constitute the various committees by election from among its members for effective discharge of its function.

1.5.1 Standing Committees

As per Sections 25, 50 and 77 of BPR, 2006, the PRIs shall constitute various Standing Committees for performance of the assigned functions. Standing Committees to be constituted at three-tier PRIs is given in **Table 1.4** below:

Table - 1.4: Standing Committees

Committees	GP	PS	ZP
General Standing Committee	No	Yes	Yes
Planning, Co-ordination & Finance Committee/ Finance, Audit & Planning Committee	Yes	Yes	Yes
Production Committee	Yes	Yes	Yes
Social Justice Committee	Yes	Yes	Yes
Education Committee	Yes	Yes	Yes
Committee on Public Health, Family Welfare & Rural Sanitation	Yes	Yes	Yes
Public Works Committee	Yes	Yes	Yes

(Source: Section 25, 50 and 77 of BPR 2006)

² Total Sanctioned strength - 3,974; Men-in-position - 844; Vacancy - 3,130
³ Buxar and Supaul

1.5.2 District Planning Committee

Article 243ZD of the Constitution of India and Section 167 of the BPR, 2006, envisage formation of a District Planning Committee (DPC) to consolidate the plans prepared by both the Panchayats and the Municipalities in the district and to prepare a draft development plan for the district as a whole. Further, the Chairperson of every DPC shall forward the development plan as recommended by such Committee to the State Government.

Though, the DPCs were constituted by all the districts of the State, Fifth SFC observed that planning was limited only to BRGF scheme and Finance Commission funds due to lack of cooperation of the line departments and low capacity of PRIs and DPCs to plan. Thus, the purposes of the Article 243ZD and provisions made in BPR, 2006 were only partially fulfilled.

1.6 Audit Arrangements

1.6.1 Primary Auditor

Sections 31, 59 and 86 of BPR, 2006 (amended in May 2011) provide for audit of GP, PS and ZP respectively by the Comptroller and Auditor General (CAG) of India or its authorised authority and a copy of the Report will be forwarded to respective PRIs within a month from the date of completion of audit.

GoB declared (2006) the Examiner of Local Accounts (ELA), Bihar as the prescribed 'authority' for audit of PRIs. Accordingly, audit of the accounts of PRIs in Bihar was conducted by the ELA as primary auditor under the supervision of the Accountant General (Audit), Bihar, as per provisions of the Bihar and Orissa Local Fund Audit (LFA) Act, 1925.

During 2015-16, out of 8,969 PRIs in the State, audit of 1,102 PRIs was conducted by ELA under AG (Audit), Bihar. Besides, audit of PRIs was also conducted by the Directorate of Local Fund Audit (DLFA) constituted by Finance Department, GoB without overlapping the units audited by ELA. Details of audit conducted by ELA, office of AG (Audit) and by DLFA of GoB are given in **Table 1.5** below:

Table 1.5 Status of audit conducted by ELA, AG (Audit) and DLFA, GoB

PRIs	Total No. of units	No. of units audited by ELA	No. of units audited by DLFA	No. of reports received from DLFA to AG (Audit) for guidance
ZPs	38	38	11	4
PSs	534	158	19	4
GPs	8397	906	97	6
Total	8969	1102	127	14

(Source: information furnished by DLFA and Inspection Reports at ELA office)

During 2015-16, DLFA conducted audit of 127 PRIs⁴. Out of these, reports of 14 PRIs were received (September 2015) in the office of the ELA for guidance and comments on these reports were communicated to DLFA in December 2015.

⁴ ZP - 11, PS - 19 and GP - 97

1.6.2 Audit by Comptroller and Auditor General of India

Thirteenth Finance Commission (Th FC) while emphasizing the recommendations of Eleventh Finance Commission regarding audit of panchayats by the CAG of India had recommended that the CAG must be entrusted with Technical Guidance and Support (TGS) over the audit of all the LBs at every tier and his Annual Technical Inspection Report as well as Annual Report of DLFA must be placed before the State Legislature. The Fourteenth FC had also recommended that the initiatives made by the previous Finance Commissions regarding improvement in maintenance of accounts of LBs and their audit under TGS arrangement by the CAG should be continued.

Consequently, GoB notified (June 2015) the establishment of DLFA and its functioning since 11 June 2015. The Finance Department intimated (December 2015) that GoB had accepted the Standard Terms and Conditions under Regulations on Audit and Accounts, 2007 for audit of LBs under TGS arrangement. Audit under TGS arrangement commenced from December 2016.

1.7 Response to Audit Observations

1.7.1 Poor response to Inspection Reports

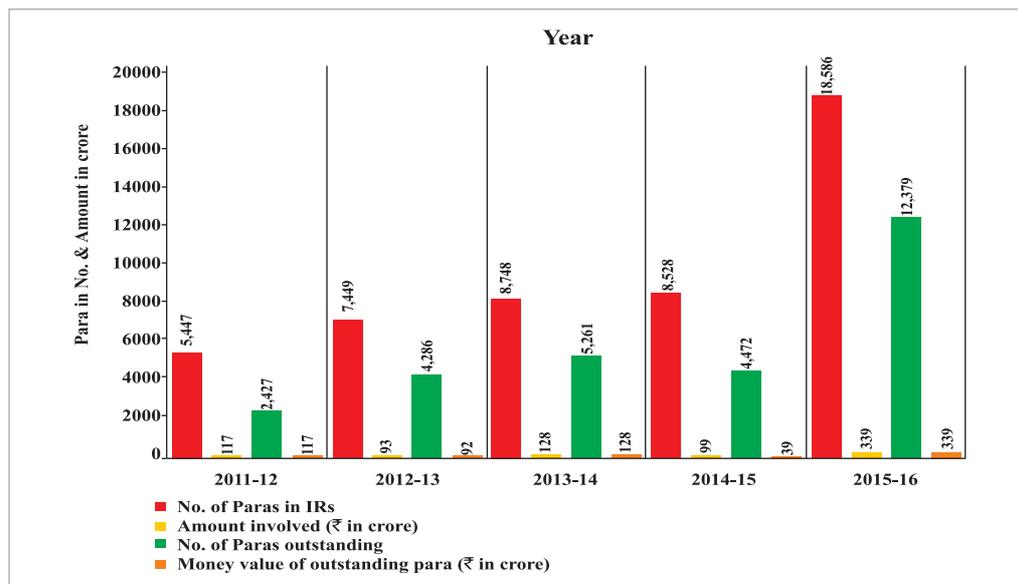
After completion of audit, Inspection Reports (IRs) containing audit findings were issued to the PRIs concerned with a copy to the State Government. The CEOs of the ZPs, the EOs of PSs and the *Mukhiyas* of GPs were required to respond to observations contained in the IRs and send compliance report to the ELA within three months. But, status of compliance of audit paras outstanding was not satisfactory as evident from increasing number of paragraphs outstanding as on 31 March 2016. Details of paragraphs outstanding for the last five years (2011-16) are given in **Table 1.6** and **Chart – 1.3** below:

Table – 1.6: Outstanding paragraphs in PRIs for the last five years

Year	No. of IRs	No. of paras in IRs	Amount involved (₹ in crore)	No. of paras settled	Amount of settlement (₹ in crore)	No. of paras outstanding	Money value of paras outstanding (₹ in crore)
1	2	3	4	5	6	7 (3-5)	8 (4-6)
2011-12	518	5447	117.15	3020	0.54	2427	116.61
2012-13	416	7449	92.80	3163	0.44	4286	92.36
2013-14	503	8748	128.12	3487	0.00	5261	128.12
2014-15	574	8528	99.14	4056	59.91	4472	39.23
2015-16	1454	18586	339.01	6207	0.01	12379	338.99
Total	3465	48758	776.22	19933	60.90	28825	715.31

(Source: Inspection reports of LBs)

Chart – 1.3



It was evident from the **Table 1.6** and **Chart – 1.3** above that a large number of paragraphs remained outstanding during 2011-16. Out of total 48,758 audit paragraphs only 19,933 (41 *per cent*) paragraphs were settled and 28,825 paragraphs involving ₹ 715.31 crore were remained outstanding as of 31 March 2016.

The high number of outstanding old IRs and paragraphs therein and its increasing trend indicated weak internal controls in PRIs.

1.7.2 Compliance to the ELA's Annual Audit Reports

The Finance Department, GoB had constituted (March 2010) three-tier Committees – High Level, Departmental Level and District Level for review/compliance of the ELA's Annual Audit Reports. The District Level Committee⁵ had the responsibility to ensure compliance of audit paragraphs/reports received from PRIs and ULBs of that district. The Department Level Committee⁶ had to review the status of compliance made by the District Level Committees. The High Level Committee⁷ had to meet once in six months to review the functioning of District and Department Level Committees.

It was observed that seven District Level Committee meetings were held for PRIs during 2015-2016 and only one Department Level Committee meeting was held in July 2015 whereas, High Level Committee meeting was not held since August 2013. Thus, the purpose of constituting three-tier Committees was defeated.

1.7.3 Status of Local Bodies Report

Sections 31(4), 59(4) and 86(4) of the BPR (Amendment) Act, 2011 stipulate that the Annual Report of the CAG of India or an authority authorised by him shall be laid before both the houses of the State Legislature. The Annual Audit

⁵ Headed by the District Magistrate/Deputy Development Commissioner

⁶ Headed by the Principal Secretary/Secretary of the Panchayati Raj Department, GoB

⁷ Headed by the Principal Secretary to the Finance Department, GoB and the Pr. A.G. (Audit), Bihar as a member

Reports of ELA's on LBs for the year ended March 2013 and March 2014 were placed before State Legislature on 11 March 2016. But, arrangement for discussion of the ELA's report had not been made till January 2017.

The first CAG's report on LBs, Government of Bihar for the year ended March 2016 was laid before both the houses of State Legislature on 4 April 2016 and GoB decided to discuss the report in Public Accounts Committee (PAC) which discussed four paragraphs (December 2016) of the report but no observations were settled for want of proper reply from the department concerned.

Accountability Mechanism and Financial Reporting Issue

1.8 Accountability Mechanism

1.8.1 Lok Prahari (Ombudsman)

As per Section 152(5) of BPRA 2006, *Lok Prahari* (Ombudsman) is to be appointed by the State Government for Panchayats and *Gram Kutchahary*. Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) guidelines also provide appointment of a *Lok Prahari* (Ombudsman) for the period of two years extendable by one year on satisfactory performance or up to age of 65 years whichever is earlier and establishment of its office for redressal of complaints under MGNREGS to ensure transparency and responsibility.

However, Draft Bihar Local Government Ombudsman Rules 2011 for appointment of *Lok Prahari* (Ombudsman) for Panchayats and *Gram Kutchahary* was not finalized. Therefore, *Lok Prahari* (Ombudsman) for PRIs was not appointed by PRD as of January 2017.

Regarding *Lok Prahari* (Ombudsman) for MGNREGS, Rural Development Department (RDD) informed (November 2016) that Ombudsman was working in 23 districts and in remaining 15 districts, appointment was in process.

Thus, the complaints regarding Schemes (other than MGNREGS) were not addressed by *Lok Prahari* (Ombudsman) as envisaged in the BPRA, 2006.

1.8.2 Social Audit

The basic objective of Social Audit is to ensure public accountability in the implementation of projects, laws and policies.

GoB had sanctioned constitution of an independent Social Audit Committee with 69 different posts (July 2015) to conduct Social Audit of works under MGNREGS. As per information furnished by the RDD, GoB during the year 2015-16, 3544 Social Audits were conducted in 2,100 GPs by respective *Gram Sabhas*. These Social Audits were mainly facilitated by the functionaries of MGNREGS and the *Gram Sabhas* were conducted in presence of an observer assigned by the District Administration.

The Secretary RDD replied (June 2016) that Social Audit reports were lying with the GPs and districts and the State had not received any Social Audit report as there was no such arrangement in the State as of now.

Commissioner, MGNREGS instructed (July 2013) all the DM *cum* District Program Coordinators of the State to adopt the Standard Operating Procedure formulated by the Ministry of Rural Development (MoRD), GoI for preparation of Social Audit reports of GPs from 2013-14.

Accordingly, Social Audit reports for the period 2013-16 were prepared by the GPs in the prescribed format and uploaded in the website of the MoRD.

1.8.3 Submission of Utilisation Certificates

As per instruction of GoB read with provisions contained in Section 342 of Bihar Financial Rules (BFR), time limit for submission of Utilisation Certificates (UCs) for the grants sanctioned for specific purposes was 18 months from the date of allotment of the grants. It was noticed that the PRD had released grants of ₹ 14,025.96 crore to PRIs during 2007-08 to 2015-16 under Th FC, *Mukhya Mantri Gramodaya Yojana* (MMGY), Fourth SFC, Furniture and Equipment head etc. But, the UCs for only ₹ 7,101.25 crore (50.62 per cent) were submitted by the PRIs as of July 2016. Details are given in the **Table 1.7** below:

Table – 1.7: Submission of Utilisation certificates by PRIs for funds allotted during 2007-16

(₹ in crore)						
Sl. No.	Head	Total Allotment	period	UCs submitted	UCs not submitted	Percentage of UCs submitted
1.	Th FC	4810.74	2010-11 to 2014-15	2676.41	2134.33	56
2.	MMGY	267.70	2012-13 to 2014-15	43	224.70	16
3.	Fourth SFC	2118.61	2011-12 to 2014-15	1016.95	1101.66	48
4.	Allowance to PRIs member	492.46	2008-09 to 2015-16	10.30	482.16	2
5.	Furniture & equipment for Gram <i>Kutchahary</i>	14.00	2008-09 to 2015-16	Nil	14.00	Nil
6.	RGPSA	83.71	2013-14 to 2014-15	4.71	79.00	6
7.	IT cell under BRGF	9.26	2013-14 to 2014-15	5.48	3.78	59
8.	BRGF Basic Grant	3960.30	2007-08 to 2014-15	3140.46	819.84	79
9.	Fourteenth FC	2269.18	2015-16	203.94	2065.24	8.99
Total		14025.96		7101.25	6924.71	50.62

(Source: Information provided by the PRD, GoB)

UCs of ₹ 6,924.71 crore were not submitted for periods ranging from one years to eight years and utilisation percentage ranged between two to seventy nine per cent except for grants under Furniture and Equipment head for which no utilisation was submitted. This indicated weak internal control and possible misutilisation of funds.

1.8.4 Utilisation of grants under major Centrally Sponsored Schemes

Details of utilisation of grants under major Centrally Sponsored Schemes (CSSs) are given in **Table 1.8** below:

Table - 1.8: Utilisation of grants under major CSSs

(₹ in crore)

Sl. No.	Grant / Scheme	Year	Fund Available	Utilisation	Percentage of Utilisation
1.	MGNREGS	2011-12	2566.45	1668.69	65
		2012-13	2377.68	1971.13	83
		2013-14	2344.22	2038.48	87
		2014-15	1374.24	1090.88	79
		2015-16	1897.31	1606.16	85
2.	BRGF	2011-12	1172.08	457.88	39
		2012-13	1179.82	546.34	46
		2013-14	1162.36	786.80	68
		2014-15	740.00	280.23	38
3	RGPSY	2013-14	8.61	2.30	27
		2014-15	81.43 [#]	2.41	3
		2015-16	79.00	Nil	Nil

(Source: Annual Reports of RDD, GoB; data provided by the PRD and RDD, GoB)

Note: BRGF was delinked from the support of the Central Government w.e.f. 2015-16.

[#] includes State share of ₹20.58 crore.

The utilisation under BRGF decreased from 68 per cent (2013-14) to 38 per cent (2014-15). The Monitoring Officer, PRD replied (October 2016) that the percentage of utilisation had improved to 81 per cent as of August 2016. The status of utilisation of RGPSA ranged between three to twenty seven per cent during 2013-15 while no utilisation was submitted for the grant received during 2015-16.

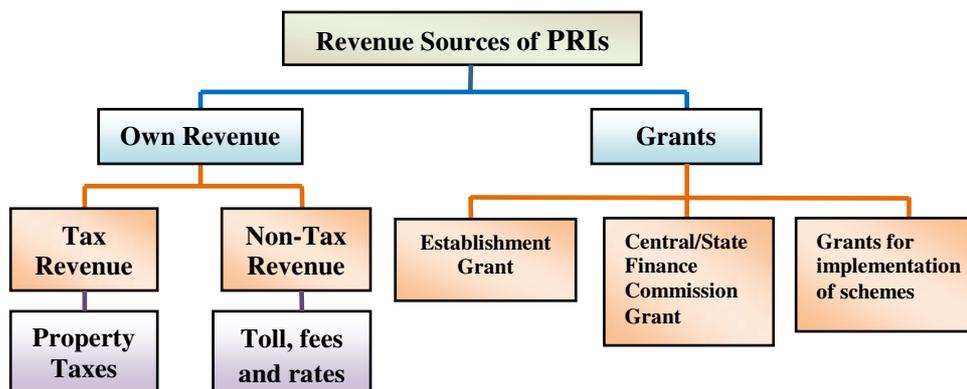
1.9 Financial Reporting Issues

1.9.1 Source of Funds

1.9.1.1 Sources of Finances

The resource base of PRIs consists of own revenue generated by collection of tax and non-tax revenues, devolution of funds as per recommendations of State and Central Finance Commission, Central and State Government grants for maintenance and development purposes and other receipts. As per Sections 27, 55 and 82 of BPR, 2006, the PRIs may impose taxes on holdings, professions and levy tolls, fees and rates subject to a maximum rates notified by the State Government. A flow chart of sources of finances of PRIs is depicted in the **Chart 1.4** below:

Chart – 1.4: Source of Finances



(Source: Section 27, 55 and 82 of BPR, 2006)

But, the PRIs did not have any own tax revenue as the State Government had not yet notified the maximum rates of taxes, tolls and fees etc., as of January 2017. Of the three level of PRIs only the ZPs had some own non-tax revenue from rent of shops/Inspection Bungalow, leasing of ponds/bus-stand etc., whereas PSs and GPs did not have any revenue from own sources. However, framing of Regulations for collection of taxes by PRIs was under process at the State level.

1.9.1.2 Fund Flow arrangement of Centrally/State Sponsored Schemes

Fund Flow arrangement for major Centrally/State Sponsored Schemes is given in **Table 1.9** below:

Table-1.9: Fund Flow arrangement of Centrally/State sponsored schemes

Sl. No.	Name of Scheme	Fund flow arrangement
1.	MGNREGS	An electronic Fund Management System (e-FMS), has been introduced in MGNREGS. Under this system, funds are held at one account at the State level (e-FMS Debit account) which is electronically linked to all implementing levels. The implementing agency after due verification of the work and the muster rolls, generates an electronic Fund Transfer Order (FTO) to transfer the wages direct into the beneficiary accounts duly debiting the State level account.
2.	Fourteenth FC	Grants shall be released in two instalments in June and October every year which must be transferred to the GPs within 15 days of receipt from the Central Government. The amount of grant was to be transferred directly into account of GPs.
3.	Fifth SFC	The Fifth SFC grants will be released directly into the bank account of PRIs concerned through electronic fund transfer and core banking system. For the year 2015-16, grant is to be released in one instalment based on Revised/Actuals of 2014-15. In the subsequent year, first allocation of 50 per cent of the devolved funds would be released in April and second instalment by October of the year based upon RE/Actuals of previous year subject to the submission of account of the previous year.
4	RGPSY	This is a Centrally Sponsored Scheme and fund sharing between Central and State government was in the ratio of 75:25. At the State level, Officer on Special Duty (OSD) of the PRD is the Drawing and Disbursing Officer (DDO) for drawing the funds and make available to training providers agencies. At the district level, DDC cum CEO of the ZP is the DDO for utilising the funds for providing human resources to PRIs, capacity building, institutional infrastructure etc.

(Source: Scheme Guidelines and allotment letters of GoB)

1.9.1.3 State Budget allocation vis-à-vis expenditure

The budget provisions of State Government to PRIs including State share towards GoI schemes and grants received under recommendations by Central Finance Commissions (CFCs) for the year 2011-16 is given in **Table 1.10** below:

Table-1.10: Budget allocation vis-à-vis expenditure

(₹ in crore)							
Particulars	Head	2011-12	2012-13	2013-14	2014-15	2015-16	Total
1	2	3	4	5	6	7	8 (3 to 7)
1. Budgetary Allocation	Revenue	3299.79	3276.75	4074.14	4709.01	5465.11	20824.80
	Capital	250.00	250.00	0.00	100.50	2.00	602.50
	Total	3549.79	3526.75	4074.14	4809.51	5467.11	21427.30
2. Expenditure	Revenue	2179.80	2591.06	3003.35	2374.78	2893.01	13041.42
	Capital	210.31	0.00	0.00	0.00	0.00	210.31
	Total	2389.53	2591.06	3003.35	2374.78	2893.01	13251.73
3. Savings (1-2)		1160.26	935.69	1070.79	2434.73	2574.10	8175.57
4. Percentage of savings		33	27	26	51	47	38

(Source: Appropriation Accounts of Government of Bihar)

It is evident from **Table 1.10** above that the PRD could not utilise budgetary allocation fully and percentage of savings ranged between 26 per cent and 51 per cent during 2011-16. Total allocation under Capital head was less than three per cent of the total allocation during 2011-16 while capital expenditure during 2012-16 was nil.

1.9.2 Recommendations of the State Finance Commission

In terms of Article 243-I of the Constitution of India and as per provisions contained in Section 168 of the BPR, 2006, GoB had constituted State Finance Commissions⁸ to assess the financial status and to determine the principles on the basis of which adequate financial resources would be ensured to the LBs.

Of the total 17 recommendations of the Fourth SFC whose tenure ended in 2014-15, implementation of three recommendations⁹ were pending till 31 March 2016.

The Fifth SFC was constituted in December 2013 for the period 2015-20 and its report was due on 31 March 2015 that was however submitted (2 February 2016) with a delay of 10 months.

As per recommendations of the Fifth SFC, two types of amount (i) share of net tax revenue of the State (ii) amount in shape of grants are to be released to the PRIs to be spent on water supply, sanitation, smart panchayat, e-governance, Panchayat Sarkar Bhawan etc. The amount was to be distributed among GPs, PSs and ZPs in the ratio of 70:10:20 respectively. GoB had made provision of

⁸ First SFC - April 1994, Second SFC - June 1999, Third SFC - July 2004, Fourth SFC - June 2007 and Fifth SFC - December 2013

⁹ ZPs to become financially self-reliant by raising own resources; State Government to notify maximum limit of taxes to enable the PRIs to raise resources and Accounting format and accounting manual prescribed by the CAG to be used.

₹ 1,822.88 crore to be released to PRIs during 2015-16 but grants were not released till January 2017.

1.9.3 Recommendations of the Central Finance Commission

Article 280(3)(bb) and 280(3)(c) of the Constitution of India mandate the Finance Commission to recommend measures to augment the Consolidate Fund of a State to supplement the resource of Panchayats and Municipalities.

Thirteenth Finance Commission

The Th FC recommended grants-in-aid to the LBs as a percentage of the previous years' pool of taxes over and above the share of the States. GoB received allotment of ₹ 4,810.74 crore for the period 2010-15 and out of this, the PRIs could utilised only ₹ 2,676.41 crore (56 per cent) leaving unspent balance of ₹ 2,134.33 crore as of July 2016. As per recommendation of the Th FC, grants were to be released to PRIs within 15 days from receipt of grants from GoI failing which penal interest for the delays beyond 15 days was to be paid by the State Government from own resources to PRIs. It was observed that Performance Grant amounting to ₹ 167.75 crore was released by the GoI on 31 March 2015 for the period 2014-15 and GoB sanctioned the grants to PRIs on 6 April 2015 but the same was released to the PRIs (2 September 2015) with delays of 133 days. As a result, GoB incurred avoidable liability in shape of penal interest of ₹ 4.43 crore.

Fourteenth Finance Commission

The Fourteenth FC recommended grants in two parts- (i) Basic Grant (ii) Performance Grant for duly constituted GPs and Municipalities during award period of 2015-20. Grants to be released every year in two installment (June and October). In the case of GPs, 90 per cent of the grant will be the Basic Grant and 10 per cent will be the Performance Grant. Entitlement of Performance Grant may be from the second year of award period i.e., from 2016-17 onwards.

Entitlement of Basic Grant to GoB for the period 2015-20 was ₹ 18,916.05 crore and Performance Grant for the period 2016-20 was ₹ 2,101.78 crore. Against the entitlement of ₹ 2,269.18 crore of Basic Grant for the period 2015-16, GoB received full amount but second installment received with a delay of five months. Though, the first instalment for the period 2016-17 was due in June 2016, the same was released to PRIs (December 2016) with a delay of six months.

1.9.4 Maintenance of Records

1.9.4.1 Budget

As per Rule 14 of the Bihar Panchayat Samitis and Zila Parishads (Budget and Account) Rules, 1964, the annual budget estimates of the ZPs are to be prepared on the basis of the average of its last three years' actuals of income and expenditure. The budget of ZP is to be approved by the Parishad not later

than 20 February. The budget so prepared and approved by the Parishad shall be sent to the State Government before 1 March. Further, Rule 16 prohibits the ZP from incurring expenditure without budget provisions.

Scrutiny of records of 10 test checked ZPs¹⁰ revealed that five ZPs¹¹ did not prepare budget for the period 2015-16, whereas, in remaining five ZPs, budget for the year 2015-16 was passed by the respective Parishads with a delay of three to eleven months. Of the five ZPs that prepared budget, ZP Banka did not submit the passed budget to the State Government as of July 2016 whereas ZPs Munger, Nalanda and West Champaran submitted their budget to the State Government with a delay of four to nine months.

The ZPs Kishanganj, Muzaffarpur and Purnea replied (June –September 2016) that due to shortage of staff, budget could not be prepared. ZP Gopalganj replied (June 2016) that format of budget and guidelines for preparation of budget were not made available by the Department/Government and ZP Samastipur replied (July 2016) that budget was being prepared for the year 2016-17.

Incurring expenditure without budget is not a healthy financial practice as it undermines the importance of prioritisation of resources, besides diluting the exercise of control over receipt and expenditure. High Level Committee at State level had directed the PRD to prepare the Budget and Accounts Rules for PRIs by September 2013 but the preparation of rules was under process as of January 2017.

1.9.4.2 Maintenance of records

Rule 40 of Bihar Panchayat Samitis and Zila Parishads (Budget and Account) Rules, 1964 prescribes maintenance of basic records, registers and accounts for transparency and accountability.

Scrutiny of records (2015-16) revealed that out of 38 ZPs in the State, six test checked ZPs did not maintain key records¹² such as Grant Register, Asset Register, Daily Collection Register, and Cashier's Cash Book etc. Further, out of 8931 PSs and GPs in the State, 1064 test checked PSs and GPs did not maintain the key records. Failure to maintain key records could lead to deficient monitoring and actual financial position of the audited entities was not ascertainable in audit. CEO, ZPs replied that due to shortage of manpower, records were not maintained.

1.9.4.3 Annual Accounts

Rule 94 of Bihar Panchayat Samitis and Zila Parishads (Budget and Account) Rules, 1964 stipulates that as soon as possible after close of the year and not later than the 15 April, the total of the receipts and expenditure of the year shall be posted in the prescribed formats of Annual Accounts.

¹⁰ Banka, Buxer, Gopalganj, Kishanganj, Munger, Muzaffarpur, Nalanda, Purnea,, Samastipur and West Champaran

¹¹ Gopalganj, Kishanganj, Muzaffarpur, Purnea and Samastipur

¹² **Asset Register**-Buxer, Patna, Rohtas, West Champaran; **Cashier Cash Book** - West Champaran; **Daily Collection Register** - Munger and Rohtas; **Grant Register** - Buxer, Nalanda, Patna, Rohtas, Samastipur and West Champaran; **Stock register** - Rohtas; **Advance Ledger**-Buxer, Rohtas and West Champaran.

However, Annual Accounts were not prepared by the seven¹³ out of 38 test checked ZPs for the year 2015-16. As a result, head-wise receipts as well as expenditure were not ascertainable and its comparing with budget estimate was also not possible.

1.9.5 Reconciliation of Balances

As per Rule 80(a) to (d) of Bihar Panchayat Samitis and Zila Parishads (Budget and Account) Rules, 1964, at the end of each month, a statement indicating the reconciliation of balances should be prepared in the Cash Book.

Scrutiny of records for the period 2015-16 revealed that in three ZPs¹⁴ reconciliation statements were not prepared and there was a total difference of ₹ 87.17 lakh between Cash Books' balance and banks' balance of Th FC, Fourth SFC and BRGF as on 31 March 2016. Failure to reconcile the difference was fraught with risk of misuse of funds.

1.9.6 Maintenance of Accounts by PRIs

1.9.6.1 Maintenance of Accounts by PRIs

The Panchayats were required to maintain accounts as per Section 30, 58 and 85 of the BPR, 2006. No separate rules were framed under the existing BPR and at the best, the provisions of the BPR 1947 and Panchayat Samiti and Zila Parishads (Budget and Accounts) Rules, 1964 were being followed. The revised Budget and Accounts Rules for PRIs were to be framed by September 2013 but, the Budget and Accounts Rules for PRIs were not framed (January 2017). In six test checked ZPs¹⁵, accounts were found maintained in single entry system. The PRIs were maintaining accounts on cash basis in single entry system.

1.9.6.2 Model Accounting System and PRIASoft

Model Accounting System (MAS) was prescribed (2009) by GoI in consultation with the CAG of India for exercising proper control and securing better accountability. Consequently, the PRD, GoB notified (July 2010) that the accounts of PRIs would be maintained in the MAS formats¹⁶ from 1 April 2010. In Bihar, the MAS was implemented through Panchayati Raj Institutions Accounting Software (PRIASoft) developed by the National Informatics Centre (NIC). It aims at computerization of accounts of all the three levels of PRIs through MAS. It was observed that accounting work was done in PRIASoft till 2014-15 and out of total eight MAS formats, only three formats¹⁷ were being

¹³ Aurangabad, Buxar, Munger, Muzaffarpur, Patna, Rohtas and West Champaran

¹⁴ Buxar (₹5.04 lakh), Gopalganj (₹40.67 lakh) and Muzaffarpur (₹41.46 lakh)

¹⁵ Aurangabad, Munger, Muzaffarpur, Patna, Rohtas, and West Champaran

¹⁶ Format-I: Annual Receipt and Payments Accounts; Format-II: Consolidated Abstract Register; Format-III: Monthly Reconciliation Statement; Format-IV: Statement of Receivables and Payables; Format-V: Register of Immovable Property; Format-VI: Register of movable property; Format-VII: Inventory Register; and Format - VIII: Register of Demand and Collection

¹⁷ Format-I, II and III

generated. However, accounting work in PRIASoft was discontinued since 17 April 2015 and e-Panchayat module was introduced thereafter.

Thus, after a lapse of six years from adoption of MAS formats, maintenance of accounts in MAS formats remained unimplemented.

1.9.7 Impact of Audit

Recoveries amounting to ₹ 8.12 lakh were made from the person(s) concerned in four PRIs¹⁸ at the instance of audit conducted during 2015-16.

1.9.8 Good Practices

JEEVIKA is an initiative of the State Government for poverty alleviation. The Bihar Rural Livelihoods Promotion Society (BRLPS) is functioning under the overall framework of National Rural Livelihoods Mission (NRLM) and implementing the JEEVIKA scheme. By the end of September 2015, 47 lakh poor households were mobilised into 4.40 lakh Self-Help Groups (SHGs). Out of these SHGs, 60 *per cent* were federated into 21,529 Village Organisations.

¹⁸ GP-Kachiana ₹4.14 lakh, PS- Khijarsarai - ₹1.57 lakh, Kumarkhand- ₹0.50 lakh and ZP West Champaran- ₹1.91 lakh

CHAPTER – II
COMPLIANCE AUDIT

Chapter-II Compliance Audits

Panchayati Raj Department

2.1 Implementation of recommendations of Fourth State Finance Commission in PRIs

2.1.1 Introduction

In pursuance of Article 243-I of the Constitution of India and Section 168 of the Bihar Panchayat Raj Act (BPRA), 2006, Government of Bihar (GoB) constituted the Fourth State Finance Commission (Fourth SFC) in June 2007 to review the financial position of Panchayats. The Fourth SFC made recommendations on principles that should govern the distribution between the State and the Panchayats, of the net proceeds of the taxes, duties, tolls and fees leviable by the State. The Fourth SFC submitted (June 2010) 17 recommendations to strengthen the Panchayati Raj Institutions (PRIs) to enable them to function as local self-government.

The audit covering the period 2011-16 was conducted during June to September 2016 through a test-check of records in four Zila Parishads (ZPs), 16 Panchayat Samitis (PSs) and 49 Gram Panchayats (GPs) under the PSs.

The audit commenced with an Entry Conference on 9 May 2016 with the Secretary, PRD, GoB. Exit Conference was held on 3 February 2017 with the Secretary of the department wherein audit findings were discussed and the replies of the department have been suitably incorporated in the Report.

Audit findings

The State Government accepted all the 17 recommendations made by Fourth SFC in respect of the PRIs (*Appendix -2.1*). However, four recommendations were implemented *in toto*, ten recommendations were implemented with modifications, whereas no action was taken on three recommendations.

2.1.2 Recommendations implemented in toto

The Fourth SFC made four recommendations with regard to allocation of funds to the PRIs and the Urban Local Bodies and its subsequent release to the three tier PRIs as detailed under:-

Out of the total devolution as share in State taxes to Local Bodies 70 *per cent* should be for PRIs and 30 *per cent* for the ULBs.

Among the PRIs the total devolved share in State taxes should be further shared in the proportion of 70 *per cent* to GPs, 20 *per cent* to PSs and 10 *per cent* to ZPs. The 10 *per cent* share of the ZPs should be distributed among the ZPs on the single criterion of population of the district.

The 70 *per cent* share of the GPs should be distributed equally among all GPs.

Audit observed that the above recommendations were accepted by the State Government *in toto*.

2.1.3 Recommendations implemented with modifications

2.1.3.1 Release of funds to Local Bodies by the State Government

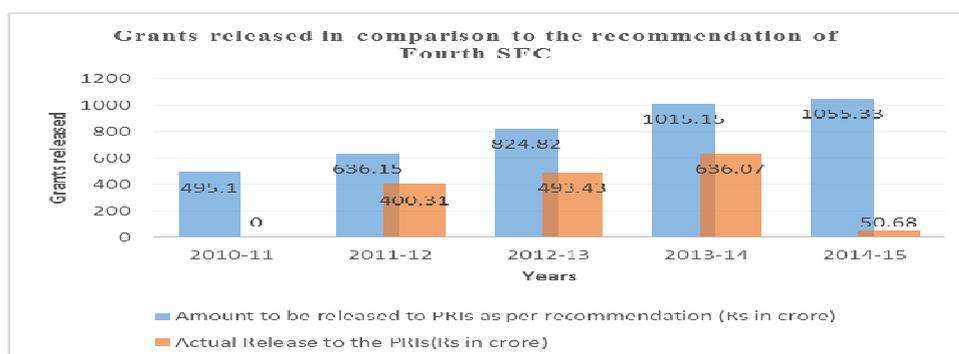
The Fourth SFC recommended that 7.5 per cent of the State's tax revenue net of collection costs should be devolved to the local bodies on the basis of the audited figures of that financial year.

Audit observed that as per the Fourth SFC recommendation the State Government had to release ₹ 4026.55 crore during 2010-15 to the PRIs. The details of grants released and shortfall are given in **Table:-2.1** and **Chart:-2.1** below:

Table-2.1: Status of State own Tax Revenue and amount released to the PRIs
(₹ in crore)

Sl. No.	Particular	2010-11	2011-12	2012-13	2013-14	2014-15	Total
1.	Total State Revenue from own sources	9869.85	12612.10	16253.08	19961	20750	79446.03
2.	Less: Cost of Collection	439.33	495.03	542.24	624.88	648.49	2749.97
3.	Net Revenue	9430.52	12117.07	15710.84	19336.12	20101.51	76696.06
4.	Amount to be released to PRIs as per recommendation	495.10	636.15	824.82	1015.15	1055.33	4026.55
5.	Actual Release to the PRIs	0	400.31	493.43	636.07	50.68 ¹⁹	1580.49
6.	Short Release of grant (4-5)	495.10	235.84	331.39	379.08	1004.65	2446.06

Chart-2.1



(Source: Information furnished by the Finance department and PRD, GoB)

Above **Table-2.1** and **Chart-2.1** show that against the recommendations of ₹ 4026.55 crore grants, only ₹ 1580.49 crore²⁰ (39 per cent) was released to the PRIs as the State Government decided to release 7.5 per cent share of SOTR to local bodies since 2011-12. It was also observed that during 2010-11, no funds were released by the State Government, though ₹ 495.1 crore was to be released as per the recommendation of Fourth SFC.

The Deputy Secretary, Finance department stated (October 2016) that it was the considered decision of the State Government to release the grant on net tax collected two years back. The Secretary clarified that it was practically not

¹⁹ The Finance department, GoB did not release the allotted share of the PRIs as the PRD failed to submit the proposal.

²⁰ ₹ 953.97 crore for high priority sectors and ₹ 626.52 crore for other development works and salary

possible to release the funds on the basis of current year SOTR. The reply was not acceptable in the light of Fourth SFC recommendations as the PRIs received ₹ 2446.06 crore less for execution of high priority works and for spending on purposes consistent with the duties and functions envisaged in the Act.

2.1.3.2 Release of share of Local Bodies in two half yearly instalments

As per Fourth SFC recommendation, grants to PRIs were to be released in two instalments. First instalment was to be released by not later than 30 September and the balance before the end of the financial year.

Audit observed that, in two years (2011-13) out of the three years of Fourth SFC period (2010-15), grants were released in one instalment at the fag end of the year. As a result, no works were taken up by the sampled PRIs during 2011-12 and execution of works got delayed as grants of a particular year were utilised during next year and consequently, ₹ 5.09 crore remained unspent with test checked PRIs even after lapse of Fourth SFC period.

2.1.3.3 Release of funds to Panchayat Samitis

As per Fourth SFC recommended that the 20 *per cent* share of Panchayat Samitis should be distributed among the PSs on the criterion of 80 *per cent* weight to population and 20 *per cent* weight to number of BPL families.

Audit observed that in Nalanda and Saran districts, funds were not transferred to the PSs as per the criteria of 80 *per cent* weight to population and 20 *per cent* weight to number of BPL families. Instead, the funds were transferred as per the population of the PSs. As a result, ₹ 20.94 lakh meant for 22 PS²¹ were transferred to the other 18 PS²² that did not meet the criteria.

The CEO, ZP Nalanda and the CEO, ZP Saran accepted the audit contention.

2.1.3.4 Release of funds under high priority sectors

Six²³ activities were identified as high priority for PRIs. These activities can primarily be financed through devolution amount of share in State taxes. The estimated cost of these programmes is ₹ 1,590 crore. The Fourth SFC recommended allocation of fund of ₹ 316.72 crore each year under the five²⁴ high priority sectors to 8,463 GPs and ₹ 1.27 crore to 531 PSs for sanitation²⁵.

Audit observed, that against recommendation of ₹ 1,589.95 crore for GPs (₹ 1,583.6 crore) and PSs (₹ 6.35 crore) for the period 2010-15, only ₹ 667.78 crore was released to GPs equally. This happened as the State Government released ₹ 953.97 crore against recommended amount of ₹ 1,589.95 crore and due to allocation of GP's share to ZP and PS of in the ratio of 10 *per cent* (₹ 95.39 crore) and 20 *per cent* (₹ 186.98 crore) respectively. Thus, there was not only a short release of ₹ 635.98 crore under the high priority sectors but funds

²¹ Nalanda-11 PS and Saran-11 PS

²² Nalanda-9 PS and Saran-9 PS

²³ Drinking water, Brick Soling, Drain, Sanitation, Library and Street lighting

²⁴ Two activities Brick Soling and Construction of drain clubbed as one activity

²⁵ For cleaning of drains, ponds public roads, wells and similar functions

amounting to ₹ 282.38 crore²⁶ meant for the exclusive use of the GPs were also distributed to the ZPs and the PSs. As a result, GPs failed to execute works as per its discretion regarding selection of villages where development works were required as the ZPs and the PSs executed works as per their own plans.

The Monitoring Officer, PRD replied that in comparison to GPs, the PSs and ZPs were being allocated less amount and there was demand for excess amount from time to time. Further, the department is considerate to the three tier PRIs and as such takes decisions to provide funds. The reply is not tenable as the recommendation of Fourth SFC was not followed.

Execution of schemes under high priority sector

The GoB released funds of ₹ 23.01 crore to the sampled units under five priority sectors which were to be utilised in prescribed ratio²⁷ of grant as per Government directions. The head wise utilisation of the funds under the five priority sectors during the period 2011-16 is given in **Appendix-2.2** and its abstract is given in **Table 2.2** below:

Table-2.2: Execution of schemes under the high priority sector

(₹ in crore)

Sector of work	Prescribed Percentage	Grant available	Expenditure Amount	Per cent utilised against grant available	No. of Units with no utilisation
Drinking Water	15.75	3.62	9.44	41.02	4
Street lighting	16.25	3.74	1.62	7.04	45
Brick soling and Drains	61.20	14.08	13.62	59.19	14
Library	3.2	0.73	0.02	0.09	56
Sanitation	3.6	0.83	0	0	69
Total	100	23	24.7*		

(Source: Information furnished by PRIs)

* Expenditure includes high priority grant, interest and other development grant.

It was evident from the **Table- 2.2** above that:

The prescribed ratio of grants was not adhered in any of the sector of works. In drinking water head 41.02 *per cent* and in street lighting 7.04 *per cent* was utilised instead of the prescribed limit of 15.75 *per cent* and 16.25 *per cent* respectively.

Audit also observed that 45 to 69 test checked units failed to incur any expenditure on any of the three priority sectors viz. street lighting, library and sanitation.

During physical verification of the schemes, Audit noticed that 37 works for hand pump involving ₹ 8.47 lakh were found executed in private premises in two PSs and 11 GPs (**Appendix-2.3**) in contrary to Government's instruction.

Physical verification of the schemes also revealed that 39 works²⁸ of hand pump and solar lights amounting to ₹ 10.46 lakh were found out of order in three PSs

²⁶ ₹953.97 crore*30 per cent – ₹3.81 crore

²⁷ Drinking water-16 per cent, Brick Soling and drains-61 per cent, Sanitation-4 per cent, Library-3 per cent and Street lighting-16 per cent

²⁸ 15 hand pumps amounting to ₹3.40 lakh and 24 solar lights amounting to ₹ 7.06 lakh

and 18 GPs (*Appendix-2.4*). The above facts were confirmed during beneficiary survey.

2.1.3.5 Grants for Capacity building

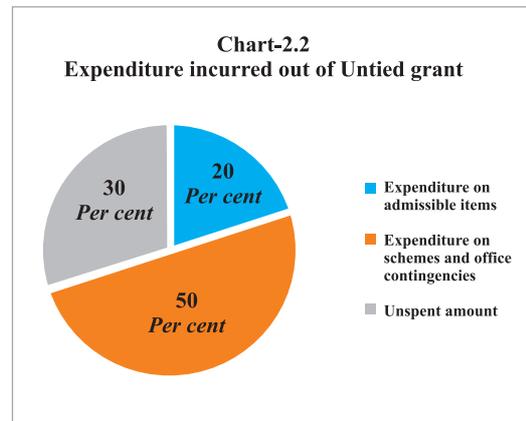
The Fourth SFC recommended that grants at ₹ 15 lakhs, ₹ one lakh and ₹ two lakhs per annum were to be given to each ZP, PS and GP respectively for capacity building (₹ 901.35 crore over the five year period of 2010-15 at ₹ 180.27 crore per annum).

Audit observed that the State Government released ₹ 538.11 crore to the PRIs for three years (2011-14) only for Account maintenance and Capacity Building²⁹ to fulfil the basic responsibility of planning, budgeting, spending, accounting and reporting against the recommendation of ₹ 901.35 crore for 2010-15.

The PRD replied that due to ban on release of grants by the Finance department, the amount could not be allocated to PRIs while Finance department replied that the PRD failed to submit proposal for releasing of grants. Thus, PRIs were deprived of the grants due to lackadaisical approach of the departments.

Test checked PRIs received ₹ 5.22 crore as untied grants out of which only 20 *per cent* was expended on admissible works. Thirteen PSs and 22 GPs failed to expend any amount under the untied head while in the remaining units, the expenditure percentage ranged from one to sixty seven *per cent*.

Further, contrary to the Fourth SFC recommendations and Government directives Audit noticed that test checked PRIs expended untied grants of ₹ 2.60 crore (50 *per cent*) on execution of schemes and office contingencies instead of spending the amount on account maintenance and capacity building while grants amounting to ₹ 1.56 crore (30 *per cent*) remained unspent in 60 test checked units as depicted in **Chart-2.2**



and details have been given in *Appendix -2.5*.

The PRIs replied that expenditure was incurred on office contingencies due to paucity of fund in contingency head. There was no clear direction for expenditure from GoB and works were executed as per the requirement of the PSs and GPs. The reply was not tenable as the grant sanctioning letter had clearly indicated the purposes for which the fund was to be utilised.

During physical verification, Audit noticed that in six³⁰ GPs ₹ 10.80 lakh was incurred on purchases of computer and its related parts and chairs and tables but these items were being used for private purposes by *Mukhiya/Ex-Mukhiya* of the GPs.

²⁹ Purchase and maintenance of Computer, printer, Scanner, Fax Machine, Telephone, Internet connection, Computer Table and related equipment's and payment to the service of outsourced employees for the audit work

³⁰ GPs-Attanagar, Agauthar Sundar, Bhaisaha, Bhaluari. MeghiNagma and Nipaniya

	
<p>Purchase of computer set in custody and private use of the Ex-Mukhiya Gram Panchayat Atanagar under Panchayat Samiti Isuapur in Saran District (Date of Photography 5 August 2016)</p>	<p>Purchase of computer set in custody and private use of the Ex-Mukhiya Gram Panchayat Agauthar Sunder under Panchayat Samiti Isuapur in Saran District (Date of Photography 5 August 2016)</p>

2.1.3.6 Utilisation of untied grants by ZPs

The Fourth SFC recommended that the untied amounts left after fulfilment of the requirement for priority sectors were to be spent on purposes consistent with the duties and functions stated in the Act and was not to be utilised for payment of salary or purchase of vehicles without previous sanction of the State Government.

Audit scrutiny revealed that for PSs and GPs, the State Government released grants of ₹ 518.27 crore during 2011-14 in the ratio of 20:70 of the remaining portion of share of PRI in SOTR in the form of other development grant and ZP share of ₹ 108.25 crore was released for payment of salaries and retirement benefits during 2011-15 as per the population of the district instead of on other development heads. As a result, the ZPs failed to receive additional funds to be spent on purposes consistent with the duties and functions stated in the Act.

2.1.3.7 Devolution of Functions, Funds and Functionaries (3F)

The Fourth SFC recommended that transfer of 3F should be expedited. It has to be done in such a manner that regular government employees are not put to any hardship and work of other departments, if done by such employees also does not suffer. The panchayats should also be in a position to exercise effective control over the functionaries transferred.

Audit observed that the departments of GoB had transferred (July to September 2001) 79 functions to GPs, 60 functions to PSs and 61 functions to ZPs and prepared activity mapping³¹. But the process so far on department wise and subject wise activity mapping was unsatisfactory. Parastatal Bodies³² were also carrying out the functions devolved to PRIs. Though funds available to the PRIs from various sources were grossly inadequate for their assigned functions, they were not able to utilise even that due to capacity constraints. Staff was answerable to their respective departments and the PRIs did not have adequate staff to discharge the devolved functions.

In the test checked four ZPs, 81 per cent posts were vacant whereas in GPs under test checked 16 PSs, 57 per cent post of Panchayat Secretary was vacant as of

³¹ Activity mapping defines tier wise performance of devolved functions by PRIs.

³² Bodies owned and controlled wholly or partly by the Government.

March 2016. Block staff was in additional charge of PSs as no separate cadre was created for PS.

Thus, it was clear that devolution of 3F was not effective. The Secretary, PRD stated that shortage of manpower was the main obstacle in achieving the goals of devolution and steps were being taken to fill the vacant posts by June 2017.

2.1.3.8 Payment of salaries to the employees of the PRIs

The Fourth SFC recommended that expenditure on current salary of employees working against sanctioned posts was to be borne by the Government for another five years without any tapering.

GoB released grants of ₹ 108.25 crore for payment of salary to ZPs in the State for four years (2011-15) only on the single criterion of the population of the district against actual requirement as per men-in-position of the ZPs.

In the four test checked ZPs, ₹ 15.34 crore was released against the total salary demand of ₹ 29.78 crore for the period 2011-15. As a result, GoB grants could meet only 39 to 70 per cent of the salary demand of employees in the four test checked ZPs and the remaining ₹ 14.44 crore of salary demand was met by the ZPs out of its own sources as detailed in the **Table 2.3 and Chart-2.3** below:

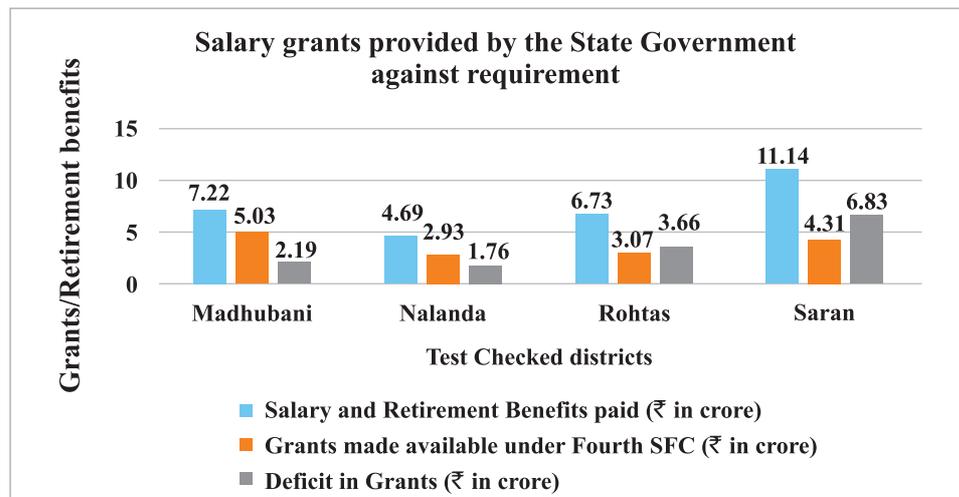
Table-2.3: Statement showing payment of Salary and Retirement benefits

(₹ in crore)

District	Salary and Retirement Benefits paid	Grants made available under Fourth SFC	Deficit in Grants	Percentage of Grant available	Percentage of Deficit
Madhubani	7.22	5.03	2.19	69.63	30.37
Nalanda	4.69	2.93	1.76	62.44	37.56
Rohtas	6.73	3.07	3.66	45.62	54.38
Saran	11.14	4.31	6.83	38.68	61.32
Total	29.78	15.34	14.44		

(Source: Information furnished by the Zila Parishad and Grant sanctioning letter PRD, GoB)

Chart-2.3



(Source- Information furnished by the Zila Parishad)

This hampered ZPs to utilise their own sources in creation of new assets and become financially self-reliant as discussed in **para 2.1.4.2** of the report.

The Monitoring Officer, PRD replied that as per Finance department resolution, 10 per cent share was to be released to the ZPs as per population of the districts. Further, ZP was to make arrangement of salary of staff out of its own sources and that salary was not provided to ZP as compulsion but assistance.

The reply was not tenable as Fourth SFC had recommended payment of salary to ZP staff for five years without any tapering.

2.1.3.9 Payment of Retirement Benefits

The Fourth SFC recommended that the arrears of retirement benefit to employees of local bodies should be cleared by giving a one-time lump sum grants-in-aid.

Audit observed, that no such grant was released to the PRIs by the State Government during 2010-15. Instead the State Government directed the PRIs to pay retirement benefits out of the salary grants released. As a result, retirement benefit could not be paid and there was considerable amount of arrears on this account. Against an allotment of ₹ 7.96 crore (2011-15) for salary and retirement benefits to ZP Madhubani and Nalanda, ₹ 92 lakh remained unspent till the end of March 2016. However, a sum of ₹ 94 lakh was outstanding as retirement dues of 20 retired employees (January 2011 to June 2015) in the two ZPs.

The Additional Chief Executive Officer (ACEO), ZP Nalanda stated that action was being taken for payment of the retirement benefits.

2.1.3.10 Adoption of accounting formats for PRIs

The Fourth SFC recommended that the accounting formats prescribed by C&AG should be adopted and accounting manuals be finalised in consultation with Accountant General. It was also recommended that the possibility of simplifying the formats may also be explored.

PRD, GoB notified (September 2010) that PRIs should maintain their accounts in Model Accounting System (MAS) in eight formats from April 2010 as prescribed by the C&AG of India through effective roll out of Panchayati Raj Institutions Accounting Software.

However, it was observed from the records maintained by the PRD that out of eight data formats, only three were generated upto to March 2015 and five formats were not maintained as accrual basis of accounting required was not adopted by PRIs and thereafter, no formats in MAS were maintained. As a result, financial statements of the accounts of PRIs were not prepared and actual status of assets of PRIs was not ascertainable.

Further, even after 10 years of enactment of the BPR, 2006, new Accounting Rules were not framed by the GoB and the provisions of BPR, 1947 and PS and ZP (Budget and Accounts) Rule, 1964 were being followed. It was noticed that, the test checked PRIs did not maintain even the aforesaid three data formats.

Audit scrutiny of the test checked units also revealed the following irregularities in maintenance of accounts:

Grant of ₹ 17.83 crore for transfer to PSs and GPs was not entered in the Cash Book by the ZP Madhubani. It was observed that a lump sum entry of the grant was made in an abstract prepared for the month of July 2013 to February 2014. Thus, Cash Book did not depict the actual status of receipts and expenditure

during the period. The CEO, ZP Madhubani accepted the findings and assured that this would not be done in future.

In ZP Saran, a total sum of ₹ 7.94 lakh was expended from untied grant Cash Book during 13 December 2013 to 25 January 2014 but the said amount was debited from the bank account (Punjab National Bank A/c no.-434517) maintained for high priority sectors grant instead of bank account (A/c no.-455404) specially maintained for untied grant. As a result, three works of high priority sectors could not be completed due to requirement of additional funds. In reply, the CEO, ZP Saran accepted the findings and assured that the amount would be transferred to high priority sector bank account.

There was a difference between balance in bank pass book and Cash Book balance by ₹ 38.59 lakh in 9 PSs and 15 GPs during 2011-16 which was not reconciled as on 31 March 2016 (*Appendix-2.6*). The unreconciled differences were fraught with risk of misuse of funds. Executive Officer of PSs and the Panchayat Secretaries of the GPs concerned replied that difference between Cash Book and bank balance would be reconciled.

2.1.4 Recommendations not implemented by the Government

2.1.4.1 Grants-in-aid to PSs and ZPs

The share in State taxes followed by the grants-in-aid to PSs and ZPs shall be firstly put to use in filling the gaps in the actual cost of execution of schemes identified as priority activities. The Fourth SFC guidelines and State Government directives specified the purposes³³ for which funds under Fourth SFC were to be utilised.

Audit observed, that grants were not released to ZP and PS for the purposes specified in the guidelines of Fourth SFC/ directives of the Government. However, out of GPs share under high priority sectors amount was released to ZPs and PSs.

During test- check it was observed that ZP Madhubani and ZP Rohtas incurred expenditure of ₹ 1.39 crore on 36 inadmissible works during 2012-16 (*Appendix- 2.7*) out of GP share.

Regarding execution of inadmissible item of works the CEO, ZP Madhubani replied that works were executed as per recommendation of the elected members of the ZP. The reply was not tenable as Government's directives were violated.

2.1.4.2 Financial Self-reliance of PRIs

The Fourth SFC recommended that the PRIs, especially the ZPs, should strive to become financially self-reliant by raising their own resources by approaching financial institutions for investment in projects to ensure that the prime lands available to them are put to profitable use and may also try to explore the possibility of creating assets by adopting the Public Private Partnership mode.

³³ *Brick Soling and Drain, Drinking water, Library, Sanitation and Street lighting*

Profitable use of prime lands/creating assets

Audit Scrutiny revealed that the four test checked ZPs failed to approach the financial institutions or adopt Public Private Partnership mode for profitable use of their prime lands. ZP Rohtas and Nalanda planned for construction of shops but failed in its implementation.

It was further noticed that:

ZP Rohtas made provision of ₹ 6.27 crore in 2011-12 for construction of shops at 20 places in ZP budget which was raised to ₹ 7.10 crore in 2013-14 and construction of shops at first floor with estimated cost of ₹ 90 lakh in six places where shops had already been constructed (2011-12), but no expenditure was incurred.

The CEO, ZP Rohtas stated that due to shortage of staff and absence of regular District Engineer, the construction work could not be taken up. The reply regarding shortage of staff is not tenable as the construction could have been undertaken through tender.

ZP Rohtas advertised (October 2000) for construction of 99 shops under self-financing mode in eight blocks at an estimated cost of ₹ 48.75 lakh at *Chenari* Inspection Bungalow. ZP issued notice to lease the proposed shops for ten years in October 2000 and received ₹ 57.17 lakh (July 2006) including interest from 76 lessees for construction. A sum of ₹ 37.89 lakh had been spent on the construction of the shops out of the amount received but the shops remained incomplete (August 2016). As a result, the ZP was deprived of revenue in the form of rent amounting to ₹ 13 lakh³⁴ during the period 2011-16.

The CEO, ZP Rohtas replied that due to lack of monitoring on the part of the then CEO, ZP construction of the shops could not be completed. Audit observed that the present CEO, ZP also failed to take effective steps to complete the construction of the shops during his tenure since October 2014.

ZP Nalanda in its general meeting (23 July 2011) resolved to construct a market complex consisting of 122 shops in seven blocks in the premises of *Parwalpur* Inspection Bungalow. Advertisement for the allotment of the said shops was published (June 2012) and the ZP received 22 applications along with a security deposit of ₹ 5,000 each (July 2012) but, shops were not constructed. As construction of the shops were not initiated, there was an annual loss of revenue of ₹ 8.78 lakh³⁵ to the ZP.

The ACEO, ZP Nalanda replied that as the requisite number of application for allotment of shops were not received, construction work could not be undertaken. The reply was not tenable as no steps were taken by the ZP authorities to re-advertise for the construction of shops.

Enhancement of revenue

The PRD issued (July 2013) instructions to the District Magistrate, Deputy Development Commissioner in the State to initiate action for enhancing the revenue of the ZP by way of survey of assets, construction in vacant lands of the ZP for official and commercial purposes, renovation of the ZP buildings and

³⁴ 62 shops @ ₹240, 36 shops @ ₹180 and 1 shop @ ₹432

³⁵ Annual loss of revenue= ₹600 x 122 x 12 months i.e., ₹ 8.78 lakh

putting it on rent or utilising for its work, recovering of rents of Dak Bungalow/Inspection Bungalow at market rate.

In contravention to the above directives, the following deficiencies were noticed in the four test checked ZPs.

Occupation of ZP Inspection Bungalow/lands

In two ZPs, seven Inspection Bungalows/buildings (***Appendix-2.8***) were occupied by the officers of the State Government for running block offices/residence and by the private parties for running of *Sudha* Milk Parlour and operation of Bus Stand without paying any rent or nominal rent. Some cases are illustrated below:

The Inspection Bungalows Madhubani having an area of 1 acre 15 decimal was being used by District Magistrate, Madhubani as his official residence by paying a nominal rent of ₹ 250 per month.

The Dak Bungalow at Benipatti was occupied by the Deputy Superintendent of Police Benipatti as his residence but no rent was being paid by him.

Four rooms at Inspection Bungalows at Bikramganj were occupied by the Sub Divisional Officer @ ₹ 68 per day the rate of rent remained same since 2005-06 while IB Kochas was being used as Block and Circle office @ ₹ 64 per day and rent has not been revised for the last 24 years.

The CEO, ZP Madhubani and the CEO, Rohtas replied that necessary action for realisation of the rent at the prevailing market rate would be initiated with intimation to the PRD. The reply is not tenable as the ZPs not only failed to enhance the rate of rent despite the Government direction but also did not apprise the Government in this regard.

Realisation of rent

Vikas Bhawan, office of the District Rural Development Agencies (DRDA) Madhubani having an area of 14,765 sq. ft. constructed on the land of ZP Madhubani was not paying any rent to the ZP since construction. As a result, the ZP was deprived of rent of ₹ 55.37 lakh³⁶ at the prevailing market rate during 2011-16. The CEO, ZP Madhubani replied that rent would be demanded from the DRDA.

Outstanding rent

In three ZPs, rent of 1,325 shops amounting to ₹ 90 lakh was lying outstanding against the lessee for a period ranging from one to two hundred forty two months. The ZPs also failed to take effective steps to enhance the rent of the shops which were being realised at rates fixed between December 1987 and September 2011 due to the failure to revise/renew the agreement (***Appendix-2.9***).

The CEO, ZP Madhubani, and the ACEO, ZP Nalanda replied that notice was being served to the shopkeepers for realisation of the outstanding rent while the revision /renewal of the agreement was in process. The CEO, ZP Saran replied

³⁶ ₹ 90,805 per month @ ₹ 6.15 per sq. ft from April 2011 and ₹ 1,03,355 per month @ ₹ 7 per sq. ft from January 2015 to March 2016

that agreement of shops was not done at the time of allotment of shops however, ZP later executed agreements with some lessee but no revision/renewal of agreement was done.

Two ZPs let out their premises to the State Government offices but the rent was not being paid by the offices for the last one to 22 years approx. thereby depriving the ZPs of revenue to the tune of ₹ 24.86 lakh (*Appendix- 2.10*).

The CEO, ZP Rohtas replied that despite several reminders the rent was not paid by the concerning offices. The ACEO, ZP Nalanda replied that notice has been issued in the past for realisation of the rent and fresh notices is also being issued. The reply was not tenable as the ZPs failed to intimate the matter to the State Government.

Thus, the ZPs not only failed to realise rent in time but also failed to take steps for increasing rate of rent.

2.1.4.3 Imposition of Tax

As per Fourth SFC recommendation, the State Government had to notify the maximum rate of taxes to be levied by the PRIs to enable them to raise resources or amend the law so that there would be no need to have government approval.

The State Government failed to notify any rate of taxes as of May 2016, as a result, the PRIs were unable to generate revenue by way of taxation.

The Secretary, PRD informed (February 2017) that the process for notification of rate of taxes is in advance stage and would be notified soon.

2.1.5 Conclusion

The recommendation of the Fourth SFC to notify the maximum rates of taxes to be levied by the PRIs to enable them to raise resources was not implemented by the Government. As a result, the PRIs were still dependent on the Government grants to execute various schemes.

The recommendation to strive for financial self- sufficiency through profitable use of prime land and creation of assets by adopting PPP mode was not yet implemented by the PRIs.

State Government did not devolve grants to PRIs as per accepted recommendations of Fourth SFC. There was a short release of grant of ₹ 2,446.06 crore during 2010-15. The grants for the year 2010-11 was not released whereas, against entitled grant of ₹ 1,055.33 crore for the year 2014-15, only ₹ 50.68 crore was released.

Funds under High Priority Sectors meant for exclusive use of GPs and PSs were allocated to the ZPs also.

Though the State Government accepted the recommendation of Fourth SFC to release grants to PRIs for salary and retirement benefit for the period 2010-15 only 39 to 70 *per cent* of grant was made available to ZPs for the purpose.

2.1.6 Recommendations

Based on above audit findings, we recommend that:-

The State Government should notify the maximum rate of taxes to be levied by PRIs.

The PRIs should strive for financial self-reliance through profitable use of their prime land and should create new assets through PPP mode.

The State Government should devolve adequate funds and functionaries to PRIs to enable them to carry out the mandated functions.

In order to increase its share of revenue, the ZPs should take appropriate steps for timely enhancement of rents of their buildings/shops and its collection in time.

2.2 Loss of rental income

Inaction by the CEO, ZP Patna to follow the orders of the ZP Board to lease out an eight storied Annexe Building in existing condition resulted in loss of rental income of ₹ 3.78 crore during September 2011 to August 2016.

Rule 37 of Bihar Financial Rules (BFR) stipulates that the departmental controlling officer should ensure that all sums due to Government are regularly and promptly assessed and realised. Rule 105 and 106 of the Bihar Panchayat Samitis and Zila Parishads (Budget and Account) Rules, 1964 stipulate that separate register shall be maintained to show the details of each source from which periodical Zila Parishad (ZP) revenue is derived and the register should be checked annually by the Secretary of ZP and attested.

Scrutiny (February 2016) of records of ZP Patna revealed that a commercial building named *Loknaya Bhawan* and an Annexe building were constructed (March 2000) by the ZP by destroying the old and dilapidated building of Bankipur Dak Bunglow (1991). The commercial building was completed and let out (1993) but the Annexe building remained to be leased out as of January 2017.

A meeting was held (March 2000) under the Chairmanship of Commissioner-cum-Chairman of *Loknaya Bhawan* Construction Committee to fix the rates for lease³⁷ of the Annexe Building of *Loknaya Bhawan*. It was also decided to let out the building on a monthly rent of ₹ 25 per sq. ft. of super built-up area for first floor and at a rate reduced would be lesser by ₹ one for every two floors thereafter.

However, after a delay of nine years, a decision was taken in the meetings held in July 2009 and June 2010 presided by the Chairman and the Chief Executive Officer (CEO) of ZP respectively to let out the Annexe Building in existing

³⁷ Settlement means *Bandobast* i.e., awarding of *sairats* (buildings, ponds, bus stand etc.) to a person or firm through advertisement for a fixed period at an agreed value.

condition. The CEO, ZP stated that several government and other organisations³⁸ had expressed their interest in the building in existing condition along with four other organisations³⁹ (May 2011 to June 2015). Thus, there was opportunity for ZP to let out the building. However ZP failed to initiate any action till August 2016 despite decision of the ZP Board. This resulted in loss of expected rental income of ₹ 3.78 crore for the period September 2011 to August 2016 at the rate fixed during March 2000. The CEO, ZP neither checked the fixed demand register nor addressed the issue of leasing of the Annexe building.



Loknaya Annexe Bhawan located at Dak Bunglow Chauraha, Patna

On this being pointed out in audit, the CEO, ZP replied (May 2016) a Committee was set up to monitor the affairs of lease of Loknaya Annexe Bhawan and after the constitution of Three Tier Panchayati Raj Institutions in 2001, ZP office sought (September 2001) clear direction from Rural Development Department (RDD) regarding validity of the said Committee but no reply was received (May 2016). However, the Secretary Panchayati Raj Department replied (August 2016) that since entire work of the building was yet to be completed and the building was not yet handed over by the contractor, the building could not be let out. Reply of the Secretary was not acceptable as the ZP Board had taken decision to let out the building in its present condition and the government and other organizations were interested to take the building on lease.

Reply of the CEO, ZP was also not acceptable as no advertisement was published in daily newspapers for the lease. Direction regarding the validity of the Committee could have been taken from the department earlier also so that the delay could be avoided.

Thus, the lack of initiative by the ZP, Patna and the failure of the monitoring mechanism in the ZP the Annexe Building could not be let out and the ZP was deprived of revenue of ₹ 3.78 crore (*Appendix-2.11*) up to August 2016.

³⁸ Income Tax Department; National Thermal Power Corporation Limited and others

³⁹ United India Insurance Company Ltd.; O/o the Joint Director General of Foreign Trade; Coir Board and Registrar, Debts Recovery Tribunal

2.3 Avoidable payment of penal interest

Delay in release of Fourteenth Finance Commission grants to Gram Panchayats by Government of Bihar resulted in avoidable payment of penal interest of ₹ 8.12 crore.

As per recommendation of Fourteenth Finance Commission (Fourteenth FC) and conditions laid down by the Government of India (GoI), the State should release the grants to the Gram Panchayats (GPs) and Municipalities within 15 days of it being credited to their account by GoI and in case of delay, the State Government must release the instalment with interest as per Reserve Bank of India (RBI) rate from its own funds.

On scrutiny (February-July 2016) of records relating to Panchayati Raj Department (PRD), it was observed that as per recommendation of Fourteenth FC, GoI released (30 June 2015) first instalment of ₹ 1,134.59 crore for the year 2015-16 and the same was received by the State Government (2 July 2015).

However, the State Government had no system for direct transfer of grants to GPs. As a result, the grant was sanctioned and allotted by GoB to the districts (17 July 2015) to make available to GPs to spent on identified basic services⁴⁰ and Deputy Development Commissioner (DDC)-cum-Chief Executive Officer, Zila Parishad concerned was assigned the work of Drawing and Disbursing Officer (DDO) for the grant. However, the grant was not made available to 8398 GPs within prescribed 15 days but with delays ranged from 11 days to over six months.

The PRD, Government of Bihar (GoB) submitted (14 December 2015) Utilisation Certificates (UCs) of ₹ 1,134.59 crore to the Ministry of Finance, GoI.

However, the Ministry directed (22 December 2015) the State Government to pay interest to GPs concerned for the delays in release of grant. Ministry of Finance further directed the State Government to submit revised UCs after payment of penal interest to GPs as a prior condition for release of second instalment of grant for the year 2015-16.

On the issue, the Chief Minister of Bihar remarked (March 2016) that the amount of grant should have been released to the GPs in time as delayed release caused extra financial burden on State exchequer and sanctioned (10 March 2016) the amount of ₹ 8.12 crore (GP wise) to be paid to GPs, as penal interest.

The PRD replied (July 2016) that the amount of grant was released within prescribed 15 days by the department but interest was paid due to delay in release of amount by the DDO at district level due to procedural delay at ZP level.

The reply was not acceptable as the amount of grant was to be credited directly into the account of GPs concerned and State Government had to ensure release of grants to GPs within 15 days of receipt of grant. The State Government failed in establishing a mechanism to transfer amount of grant directly to the accounts of GPs resulted in delayed release of grants to GPs. Resultantly, GoB had to make an extra avoidable payment of interest of ₹ 8.12 crore to GPs. It also caused

⁴⁰ Parks, roads, street lighting, sanitation, solid waste management and water supply etc.

delayed release of second instalment of grant for 2015-16 in March 2016 whereas it was due in October 2015.

Further, though Chief Minister, Bihar remarked that delayed release of grant caused extra financial burden on State exchequer, no action has been taken against the erring DDOs.

PART – B
URBAN LOCAL BODIES

CHAPTER – III
AN OVERVIEW OF FUNCTIONING
OF THE URBAN LOCAL BODIES (ULBs)
IN BIHAR

Chapter - III

An Overview of the Functioning of the Urban Local Bodies (ULBs) in Bihar

3.1 Introduction

The Seventy-Fourth Constitutional Amendment Act, 1992 had envisaged creation of local self-governments for urban area population and accordingly the Municipalities were accorded constitutional status for governance. The States were required to entrust Municipalities with powers, functions and responsibilities to enable them to function as institutions of local self-government and carry out the responsibilities conferred upon them including 18 subjects listed in Twelfth Schedule of the Constitution.

Accordingly, the Government of Bihar (GoB) enacted the Bihar Municipal Act (BM Act), 2007 by repealing the Bihar and Orissa Municipal Act, 1922 and framed Bihar Municipal Accounts Rules, 2014, the Bihar Municipal Accounting Manual and the Bihar Municipal Budget Manual. As per Census 2011, the urban population of Bihar was 1.18 crore constituting 11.29 *per cent* of the total population (10.41 crore) of the State. As of March 2016, there were 141 Urban Local Bodies (ULBs) in the State with 3,320 Councillors. The last election to the ULBs was held in May 2012.

Sections 7 and 20 of the BM Act, 2007 lay down the criteria for classification of municipal area by GoB. The number of ULBs on the basis of the population as ascertained in Census 2011 is given in **Table 3.1** below:

Table - 3.1: Classification of ULBs

Category of ULBs	Grade	Population	No. of ULBs
Municipal Corporation	Larger urban areas	More than 2 lakh	11
Municipal Council	Class 'A'	1.5 to 2 lakh	42
	Class 'B'	1 to 1.5 lakh	
	Class 'C'	0.40 to 1 lakh	
Nagar Panchayat	Transitional small urban areas	0.12 to 0.40 lakh	88

(Source: Section 7 and 20 of BM Act, 2007)

Municipal area of the State was divided into a number of wards on the basis of population which were determined and notified by the State Government. There were minimum 10 wards and maximum 75 wards across different classes of Municipality in the State. As of March 2016, there were 3,320 wards in the State.

3.2 State Profile

The State of Bihar is among the least urbanised State in the country and only one city (Patna) of the State had more than one million population. Though Bihar has 8.6 *per cent* of India's total population, but only 3.1 *per cent* of its

urban population. The comparative demographic and development statistics of the State are given in **Table 3.2** below:

Table - 3.2: Important statistics of the State

Indicators	Unit	State	All over India
Urban Population	Million	11.76	377.11
Urban Population Density	Person per Sq. km	4811	3836
Urban Literacy	Per cent	76.86	84.11
Number of ULBs	Number	141	3700
Number of districts	Number	38	686
Urban poverty level	Per cent	31.2	13.7
Municipal per capita own revenue	₹	58	2540

(Source: Fifth State Finance Commission Report and Report of Indian Institute of Public Administration, New Delhi)

3.3 Organisational set-up of ULBs

The ULBs are under administrative control of Urban Development and Housing Department (UD&HD), GoB and headed by the Principal Secretary. The Municipal Commissioner is the executive head of the Municipal Corporation while Municipal Council and Nagar Panchayat are headed by the Executive Officers appointed by the State Government. City Manager is appointed on contractual basis in ULBs to assist the Executive Officer.

The ULBs have an Empowered Standing Committee (ESC) comprising Councillors elected by the people and headed by the Mayor (for Municipal Corporations), the Chairperson (for Municipal Councils) and the Municipal President (for Nagar Panchayats) elected among members who preside over the meetings of the ESC. The organisational structure of ULBs is presented in **Chart 3.1** and **Chart 3.2** below:

Chart - 3.1: Elected Body

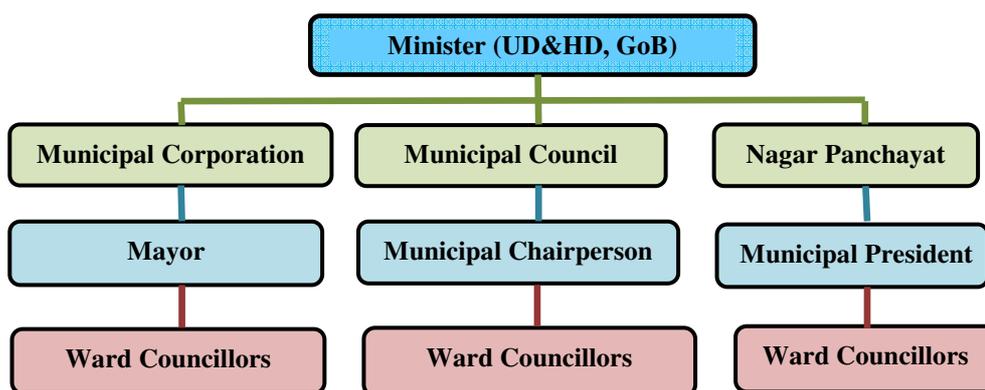
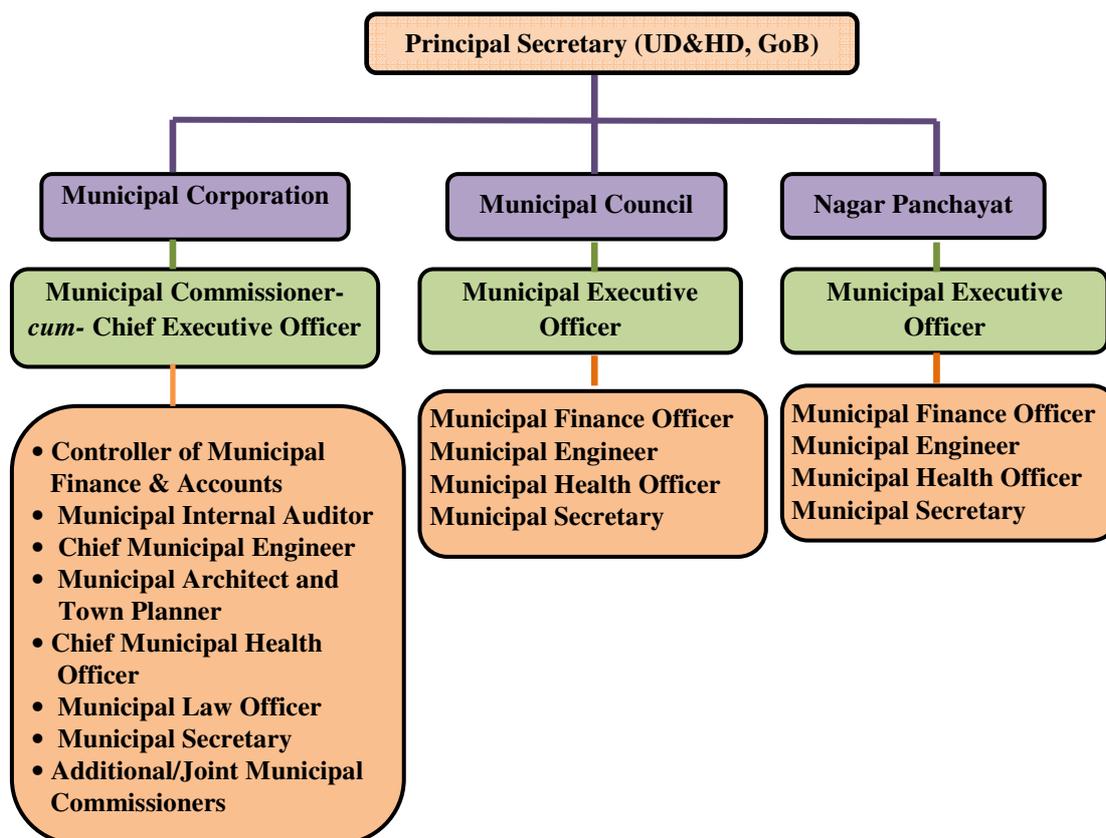


Chart - 3.2: Administrative Body



(Source: Section 36 of BM Act, 2007 and www.urban.bih.nic.in)

3.4 Functioning of ULBs

3.4.1 Powers of the State Government

The BM Act, 2007 entrusts the State Government with certain powers so as to enable it to monitor proper functioning of the ULBs. The ULBs have some powers in delivery of some functions, but decision on all key issues rests largely with the State Government. A brief summary of powers of the State Government is given in **Table 3.3** below:

Table - 3.3: Powers of the State Government

Authority	Powers of the State Government
Section 3 and 6	Constitution of Municipal Area: The State Government may, after making such enquiry as it may deem fit, and having regard to the population of any urban area, density of population therein, the revenue generated for the local administration of such area may by notification constitute such large urban area, city, town or transitional area or any specified part thereof as a municipal area under this Act.
Section 44	State Municipal Vigilance Authority: The State Government shall appoint <i>Lok Prahari</i> to inquire into any allegation of corruption, misconduct, lack of integrity or any kind of malpractice or mal-administration or misdemeanor of Chief/Deputy Chief Councilor/officers and other employees of the municipality.
Section 65 and 66	Power to inspect office, call for records etc.: The State Government may inspect any office or call for the records under the control of the ULBs.
Section 87	Preparation of Manual: The State Government shall prepare and maintain a Manual viz., the Bihar Municipal Accounting Manual for implementation of accrual based double entry accounting system containing details of all financial and accounting matters and procedures in Municipalities.
Section 419	Power to make Rules: The State Government may, by notification, make rules to carry out the purpose of BM Act, 2007 subject to approval by the State Legislature.
Section 421 and 423	Power to make regulations: The Municipality may make regulations for the purpose of giving effect to the provisions of BM Act, 2007 subject to approval of the State Government.
Section 487	Removal of difficulties: If any difficulty arises in giving effect to the provisions of BM Act, 2007, the State Government may do anything necessary to remove such difficulty.

(Source: BM Act, 2007)

3.4.2 Devolution of functions and funds

The Seventy-Fourth Constitutional Amendment Act (74th CAA) enables the ULBs to perform functions related to 18 subjects listed in the Twelfth Schedule of the Constitution. Accordingly, GoB made provisions in BM Act, 2007 for functions relating to 17 subjects (except fire services) to be carried out by the ULBs (*Appendix - 3.1*). Audit observed that out of these 17 subjects, functions relating to 12 subjects were carried out traditionally by the ULBs and functions relating to remaining five⁴¹ subjects were performed by the functional departments of GoB. Separate notification regarding devolution of functions in terms of 74th CAA was not issued and activity mapping for clarification of roles and responsibilities to be carried out by ULBs was also not done. Due to poor staffing and technical incapacities of the ULBs, a number of Parastatal Bodies (PBs) were created for performing various functions of ULBs and funds were accordingly devolved to them. Thus, the

⁴¹ (1) Water supply by Public Health and Engineering Department except in Patna (2) Urban forestry and protection of environment (3) Fire services (4) promotion of Art & Culture and (5) Primary education by Education Department.

functions of ULBs were overlapped by the functional departments/ PBs of GoB and even after a lapse of more than 24 years of 74th CAA, ULBs were not able to carry out mandated functions.

3.4.3 Devolution of functionaries

Section 36 of BM Act, 2007 provides a number of posts for ULBs but, most of these posts were vacant. Details of posts vacant as of September 2016 are given in **Table 3.4 (i) & (ii)** below:

Table - 3.4 (i): Vacant posts of staff in ULBs

Sl. No.	ULBs	Sanctioned Post	Men-in-Position	Vacancy	Percentage of vacant posts
1.	Municipal Corporation	5747	2524	3223	56
2.	Municipal Council	4923	1977	2946	60
3.	Nagar Panchayat	1783	807	976	55
Total		12453	5308	7145	57

(Source: Information provided by UD&HD, GoB)

Table - 3.4 (ii): Vacant posts of Executive and technical staff in ULBs

Sl. No.	Designation	Sanctioned Post	Men- in position	Vacancy	Percentage of vacant posts
1.	Executive Officer	130	22	108	83
2.	Assistant Engineer	70	3	67	96
3.	City Manager	152	69 (on contract)	83	55
4.	Junior Engineer	201	3	198	99

(Source: Information provided by UD&HD, GoB)

It is evident from the **Table 3.4 (i) & (ii)** above that ULBs were short staffed. Of the total 12,453 sanctioned posts, 7,145 posts (57 per cent) were vacant. Audit further observed that 40 per cent posts were vacant as of March 2007 which increased to 57 per cent as of September 2016. Further, 96 to 99 per cent posts of technical staff were also vacant. The role and responsibilities of the Executive Officer were being performed by the officers of other departments as 83 per cent posts of the Executive Officer were vacant as of September 2016. Functionaries available in the ULBs were grossly inadequate as there was a freeze on recruitment since 1990. Due to shortage of staff in ULBs, there was less utilisation of grants, inadequate maintenance of key records, creation of number of Parallel Bodies for performing various functions of ULBs etc. However, the UD&HD took step (February 2014, May 2016 and November 2016) for filling up the vacancies of Executive Officers, Junior Engineers and City Managers.

3.5 Formation of Committees

3.5.1 Empowered Standing Committees

Section 21 and 22 of BM Act, 2007 provide that in every Municipality, there shall be an Empowered Standing Committee (ESC) and the executive powers

of a Municipality shall vest in ESC. The Chief Councilor shall exercise such powers and functions as are delegated to him by the ESC. The composition of ESC is shown in **Table 3.5** below:

Table - 3.5: Empowered Standing Committees

Category of ULBs	Presiding Officer	Composition of ESC	Remarks
Municipal Corporation	Mayor	Mayor, Deputy Mayor and seven other Councillors	Other members of ESC shall be nominated by the Chief Councilor from amongst the elected Councillors.
Class 'A' or 'B' Municipal Council	Municipal Chairperson	Municipal Chairperson, Municipal Vice-Chairperson and five other Councillors	
Class 'C' Municipal Council	Municipal Chairperson	Municipal Chairperson, Municipal Vice-Chairperson and three other Councillors	
Nagar Panchayat	Municipal President	Municipal President, Municipal Vice-President and three other Councillors	

(Source: Section 21 of the BM Act, 2007)

The ESC is collectively responsible to the Municipal Corporation, the Municipal Council and the Nagar Panchayat as the case may be.

3.5.2 District Planning Committees

Article 243ZD of the Constitution envisages formation of a District Planning Committee (DPC) to consolidate the plans prepared by both the Panchayats and the Municipalities in the district and to prepare a Draft Development Plan (DDP) for the district as a whole. Accordingly, GoB made provisions in BM Act, 2007 and framed constitution of Bihar District Planning Committee and Conduct of Business Rules, 2006.

Section 275 of BM Act, 2007 also provides that all development plan to be executed by the ULBs should be included in the DDP of the district consolidated by the DPCs and approved by the State Government. It was, however noticed that the development works executed up to 2015-16 by the ULBs from their own sources and civic amenities heads were not included in the DDPs of the district.

However, the Special Secretary, UD&HD stated (19 December 2016) that plans prepared by the ULBs for the year 2016-17 were consolidated by the DPC.

3.6 Audit Arrangements

3.6.1 Primary Auditor

Section 91(1) of BM Act, 2007 provides that the accounts contained in the financial statement, including the accounts of special funds, if any, and the balance sheet shall be examined and audited by the Director Local Fund Audit (DLFA) or his equivalent authority or auditor appointed by the State Government from the panel of professional Chartered Accountants. Further, as per section 91(2) of BM Act, 2007 (amended in 2013) the CAG of India shall provide Technical Guidance and Support (TGS) over proper maintenance of

accounts and audit of the accounts of ULBs and an Annual Report prepared by the CAG shall be laid on both the Houses of State Legislature.

The State Government authorised (November 2007) the Examiner of Local Accounts (ELA) of the office of the Accountant General (Audit), Bihar to work as DLFA. Accordingly, audit of ULBs was conducted by the ELA as a primary auditor under provisions contained in Local Fund Audit Act, 1925 upto November 2016.

Further, in pursuance of the Central Finance Commission, the State Government had notified (June 2015) the establishment of Directorate of Local Fund Audit headed by the Chief Controller of Accounts-cum-DLFA under Finance Department of GoB to conduct the audit of Local Bodies and it had been functioning since 11 June 2015. Audit of ULBs was conducted by the ELA as DLFA and also by the Directorate of Local Fund Audit during 2015-16 as detailed in **Table-3.6** below;

Table 3.6 Status of audit conducted by ELA, AG (Audit) and DLFA, GoB

ULBs	Total No. of units	No. of units audited by ELA	No. of units audited by DLFA	No. of reports received from DLFA to AG (Audit) for guidance
Municipal Corporation	11	11	00	00
Municipal Council	42	20	06	03
Nagar Panchayat	88	28	01	01
Total	141	59	07	04

(Source: information furnished by DLFA and Inspection Reports at ELA office)

Out of total 141 ULBs in the State, the audit of the accounts of 59 ULBs⁴² was conducted by ELA whereas, audit of seven units⁴³ of ULBs was conducted by the Directorate of Local Fund Audit during 2015-16. Out of total units of ULBs conducted by DLFA, reports of four ULBs were submitted (September 2015) to the office of ELA for guidance and comments on these reports were communicated to DLFA (December 2015).

3.6.2 Audit by Comptroller and Auditor General of India

The Central Finance Commission had recommended that the CAG must be entrusted with TGS over the audit of all the Local Bodies at every tier/ category and his Annual Technical Inspection Report as well as Annual Report of DLFA must be placed before both the Houses of State Legislature.

In this regard, the State Government had created (October 2013) a cell⁴⁴ under the Finance Department for audit of Local Bodies. Further, the State

⁴² **Municipal Corporation (11):** Ara, Bhagalpur, Begusarai, Biharsharif, Darbhanga, Gaya, Katihar, Munger, Muzaffarpur, Patna and Purnea; **Municipal Council (20):** Araria, Bettiah, Bhabhua, Bihat, Dehri Dalmianagar, Gopalganj, Hilsa, Jamui, Khagaul, Madhepura, Madhubani, Motihari, Samastipur, Sasaram, Sheikhpura, Sitamarhi, Siwan, Sultanganj and Supaul; **Nagar Panchayat (28):** Areraj, Bakhtiyarpur, Barauli, Barhaiya, Bihiya, Bodhgaya, Chanpatiya, Daudnagar, Dhaka, Fatuha, Jhanjharpur, Jogbani, Kahalgawn, Kesaria, Khusrupur, Koath, Mahnar, Mirganj, Murliganj, Nasriganj, Nirmali, Piro, Rafiganj, Rajgir, Sherghati, Silao, Sonpur and Teghra.

⁴³ **Municipal Council-** Bhabhua, Danapur, Lakhisarai, Phulwarisarif, Sasaram and Sitamarhi; **Nagar Panchayat-** Sheohar

⁴⁴ Comprising 39 senior auditors and one Deputy Finance Controller

Government notified (June 2015) the establishment of Directorate of Local Fund Audit for the purpose. The Finance Department, GoB intimated (December 2015) that the State Government had accepted the Standard Terms and Conditions under Regulations on Audit and Accounts, 2007 for audit of Local Bodies under TGS arrangement. Audit under TGS arrangement commenced from December 2016.

3.7 Response to audit observations

3.7.1 Poor response to Inspection Reports

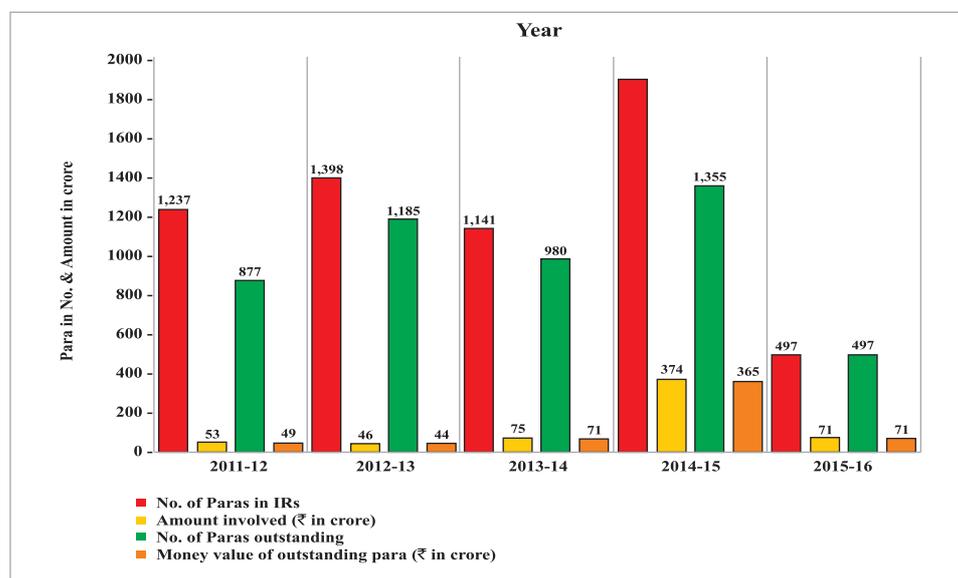
After completion of audit, Inspection Reports (IRs) containing audit findings were sent to the audited entities with a copy to the UD&HD, GoB. The Chief Executive Officer/Executive Officers of the audited entities concerned were required to respond to observations contained in the IRs and submit compliance report to the ELA within three months from the date of receipt of the IRs. The Executive Officers did not take effective steps to comply with the observations contained in the IRs which was evident from increasing number of outstanding audit paragraphs year by year. Details of paragraphs outstanding are given in **Table 3.7** and **Chart - 3.3** below:

Table - 3.7: Outstanding audit paragraphs for the last five years (2011-16)

Year	No. of IRs	No. of paras in IRs	Amount involved (₹ in crore)	No. of paras settled	Amount of settlement (₹ in crore)	No. of paras outstanding	Money value of paras outstanding (₹ in crore)
1	2	3	4	5	6	7 (3-5)	8 (4-6)
2011-12	43	1237	52.94	360	4.16	877	48.78
2012-13	61	1398	45.63	213	1.74	1185	43.89
2013-14	67	1141	75.35	161	4.68	980	70.67
2014-15	93	1898	373.66	543	9.04	1355	364.62
2015-16	35	497	70.91	-	-	497	70.91
Total	299	6171	618.49	1277	19.62	4894	598.87

(Source: Inspection Reports on the accounts of ULBs)

Chart - 3.3



It is evident from the **Table 3.7** and **Chart - 3.3** above that out of total 6,171 paragraphs contained in 299 IRs, only 1,277 paragraphs (21 per cent) were settled and 4,894 paragraphs involving ₹ 598.87 crore were remained outstanding as of 31 March 2016.

Huge outstanding paragraphs indicated lack of efforts by the authorities concerned in furnishing compliance to audit observations.

3.7.2 Compliance to the ELA's Annual Audit Reports

The Finance Department, GoB constituted (March 2010) three-tier Committees – High Level, Departmental Level and District Level for review/compliance of the ELA's Annual Audit Reports. The District Level Committee⁴⁵ has the responsibility to ensure compliance of audit paragraphs/reports received from ULBs of that district. The Department Level Committee⁴⁶ has to review the status of compliance made by the District Level Committees and the High level Committee⁴⁷ is to meet once in six months to review the functioning of District Level and Department Level Committees.

Audit observed that only one District Level Committee meeting was held for ULBs during 2015-16. No meeting of Department Level and High Level Committee was held during 2015-16 and therefore, the purpose of constitution of these Committees was defeated and the audit observations contained in the Annual Audit Report of ELA remained unattended.

3.7.3 Status of Local Bodies Report

As per provisions contained in Section 91(2) of the BM Act, 2007 (amended in January 2014), the Annual Report on account of ULBs prepared by the CAG shall be laid before both the Houses of State Legislature.

For the period up to 2013-14, Annual Audit Report of the ELA on Local Bodies had been prepared and submitted to the State Government with a copy to the respective departments. Though, the Local Bodies Reports for the period 2012-13 and 2013-14 were laid before State Legislature (11 March 2016), arrangement for discussion of the reports in Public Accounts Committee (PAC) or PAC like committees was not made. The first CAG's report on Local Bodies for the year 2014-15 was laid before both the Houses of State Legislature on 4 April 2016 and GoB decided to discuss the report in PAC. As of 23 January 2017, two meetings of PAC were held (June and August 2016) to discuss the CAG's report on ULBs but no observations were settled.

⁴⁵ Headed by the District Magistrate/Deputy Development Commissioner

⁴⁶ Headed by the Principal Secretary/Secretary of the UD&HD, GoB

⁴⁷ Headed by the Principal Secretary to the Finance Department, GoB and the Pr. A.G. (Audit), Bihar as a member

Accountability Mechanism and Financial Reporting issues

3.8 Accountability Mechanism

3.8.1 Lok Prahari (Ombudsman)

Section 44(1) of BM Act, 2007 provides for appointment of *Lok Prahari* (Ombudsman) for looking into any allegation of corruption, lack of integrity, malpractice etc., of the authorities of the ULBs. The qualification, terms and conditions and tenure of appointment and the powers and duties of the *Lok Prahari* (Ombudsman) shall be as may prescribed by the Government. The Th FC had recommended to State Governments to put in place a system of independent Local Body *Lok Prahari* (Ombudsman) as one of the eligibility criteria, to draw down its general performance grant. The *Lok Prahari* (Ombudsman) so appointed will look into complaints of corruption and maladministration against the functionaries both elected and official, and recommend suitable action. The Fifth SFC had also recommended a separate *Lok Prahari* (Ombudsman) for ULBs. But, the *Lok Prahari* (Ombudsman) had not been appointed by the UD&HD, GoB as of December 2016. The UD&HD had drafted Ombudsman Rules (combined for UD&HD and PRD) and shared with the PRD for their opinion, which was awaited for more than two years as of December 2016.

3.8.2 Social Audit

The basic objective of the Social Audit is to ensure public accountability in the implementation of projects, laws and policies through public participation. The Fifth SFC recommended that Social Audit was to be conducted in ULBs as an accountability measure and Social Audit for slum and poverty alleviation programmes should be a must though the BM Act, 2007 does not provide for Social Audit in ULBs.

The Additional Secretary, UD&HD stated that system for Social Audit had not been established in ULBs till October 2016. Reasons for not establishing the system of Social Audit were not provided by the UD&HD (December 2016).

3.8.3 Property Tax Board

Section 138(A) of BM Act, 2007 provides for putting in place a State level Property Tax Board for independent and transparent procedure to optimise assessment, collection and recovery of Property Tax. The Th FC had also recommended the setting up of a State level Property Tax Board to assist the ULBs to put in place an independent and transparent procedure for assessing Property Tax. Though the Bihar Property Tax Board Rules, 2013 was framed and notified (May 2013) by the UD&HD, GoB, constitution of the Board was under process (October 2016).

3.8.4 Service Level Benchmarks

The Th FC recommended that the ULBs should accord priority to service delivery and put in place benchmarks for essential civic services. As part of this condition, the ULBs should notify every year, the standards to be achieved by the end of the next fiscal year and publish the same in the State Gazette.

Accordingly, GoB framed Service Level Benchmarks (SLBs) for services provided by the ULBs. Scrutiny of records of 11 Municipal Corporations (MCs) revealed that most of the MCs could not achieve the standards of SLBs. There was no achievement by five MCs in respect of sewerage treatment, less than 50 per cent coverage of toilets in seven MCs and there was less than 20 per cent achievement in respect disposal of Municipal Solid Waste (MSW) in 10 MCs. Details of standards of SLBs and its status in 11 MCs are given in (Appendix-3.2).

The Additional Secretary, UD&HD stated (October 2016) that it was made mandatory from January 2016 for all ULBs of the State to announce service level benchmarking with budget.

3.8.5 Fire Hazard Response

As per Th FC recommendation, all Municipal Corporations with a population of more than one million (2001 census) must put in place a fire hazard response and mitigation plan for their respective jurisdictions.

The UD&HD, GoB had notified (March 2011) the Fire Hazard Response and Mitigation Plan for Patna Municipal Corporation. But, the Plan was not put in place as of February 2016.

3.8.6 Submission of Utilisation Certificates

Rule 342 (1) of BFR provides that utilisation of the grants is to be submitted by the grantee entities within 18 months from the date of receipt of the grants. The instruction contained in the allotment letters of the funds released to the ULBs also required furnishing of the Utilisation Certificates (UCs) to the State Government within the prescribed period.

The UD&HD, GoB could not provide status of pending UCs, however, as per UCs compiled by the AG (A&E), the UD&HD released grants of ₹ 10261.62 crore to ULBs during 2003-15 (up to July 2015) under various assistance grant heads but, UCs of ₹ 4223.56 crore (41 per cent) were pending as of 2 February 2017. Year wise details of UCs pending are given in Table 3.8 below:

Table-3.8: Year wise details of UCs pending

Year	Grants released	UCs pending	Percentage of UCs pending
2003-12	4107.71	1308.68	31.86
2012-13	1376.53	240.47	17.47
2013-14	1736.19	635.39	36.60
2014-15	2229.12	1394.67	62.57
2015-16 (Up to July 2015)	812.28	644.35	79.33
Total	10261.62	4223.56	41.16

(Source: Information provided by O/o the AG (A&E), Bihar)

UCs pending for such a long periods showed weak internal control and fraught with risk of misutilisation of funds.

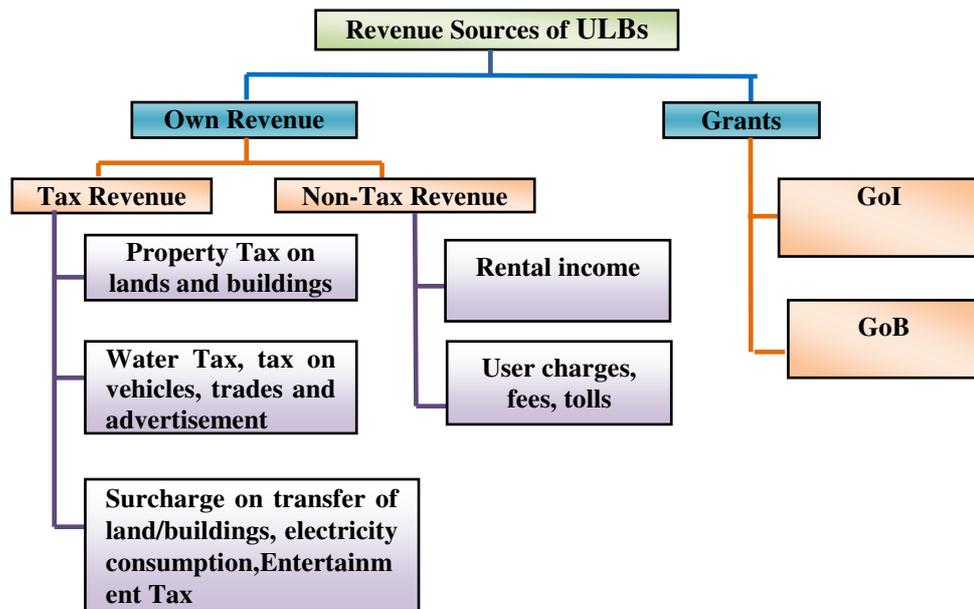
3.9 Financial Reporting Issues

3.9.1 Source of Funds

3.9.1.1 Sources of Finances

The ULBs receive funds for execution of development works from Government of India (GoI) and the State Government in the form of grants. The GoI grants include grants devolved under recommendation of the Central Finance Commission (CFC). The State Government grants are received through devolution of net proceeds of the State own tax revenue on recommendations of the State Finance Commission (SFC) and grants for implementation of State Sponsored Schemes. Besides, the ULBs had their own sources of funds (tax and non-tax revenue). The Property Tax on lands and buildings is mainstay of ULBs' own revenue. Sources of finances of ULBs are shown in **Chart 3.4** below:

Chart - 3.4: Source of Funds



(Source: Section 127 of BM Act, 2007)

3.9.1.2 State Budget allocation vis-à-vis expenditure

The budget provisions made by the State Government to ULBs including State share towards GoI Schemes and grants received under recommendations of CFCs for the year 2011-16 are given in **Table 3.9** below:

Table-3.9: Budget allocation vis-à-vis expenditure

								(₹ in crore)
Sl. No.	Particulars	Head	2011-12	2012-13	2013-14	2014-15	2015-16	Total
	1	2	3	4	5	6	7	8 (3 to 7)
1.	Budgetary Allocation	Revenue	1374.83	1668.44	2537.40	3300.59	3111.15	11992.41
		Capital	7.00	2.00	1.00	1.00	37.73	48.73
		Total	1381.83	1670.44	2538.40	3301.59	3148.88	12041.14
2.	Expenditure	Revenue	661.37	1263.72	1717.44	1778.46	1977.47	7398.46
		Capital	0	2.00	1.00	0	0	3.00
		Total	661.37	1265.72	1718.44	1778.46	1977.47	7401.46
3.	Saving (1-2)		720.46	404.72	819.96	1523.13	1171.41	4639.68
4.	Percentage of saving		52	24	32	46	37	39

(Source: Appropriation Accounts of Government of Bihar)

It is evident from **Table 3.9** above that the UD&HD could not utilise budgetary allocation fully and percentage of saving ranged between 24 per cent and 52 per cent during 2011-16. Total allocation under Capital head was less than one per cent of the total allocation during 2011-16 while capital expenditure during 2011-12, 2014-15 and 2015-16 were nil.

3.9.1.3 Receipts and expenditure of grants by ULBs

The consolidated position of receipts and expenditure of grants by ULBs under various schemes were not provided by UD&HD. However, as per information furnished by the Support Programme for Urban Reforms (SPUR)⁴⁸ under UD&HD, status of grants received and expenditure in 28 ULBs⁴⁹ for which accounts were maintained by SPUR during the years 2012-16 is shown in **Table 3.10** below whereas, details are given in (**Appendix-3.3**).

Table - 3.10: Receipt and Expenditure of 28 ULBs

					(₹ in crore)
Particulars	2012-13	2013-14	2014-15	2015-16	
1. Opening Balance	330.98	430.08	641.89	835.84	
2. Receipts	300.79	444.33	735.17	667.33	
3. Fund available (1+2)	631.77	874.41	1377.06	1503.15	
4. Expenditure	201.66	296.60	589.40	574.31	
5. Percentage of Utilisation	32	34	43	38	

(Source: Data provided by SPUR, UD&HD)

The above position indicates that only 32 to 43 per cent of available funds were utilised during 2012-16. The UD&HD did not provide figure of funds available/released and utilisation thereof in respect of other ULBs.

⁴⁸ A GoB initiative funded by the United Kingdom's Department For International Development (DFID) to provide financial, technical and managerial support to enhance efficacy of ULBs.

⁴⁹ Ara, Aurangabad, Begusarai, Bettiah, Bhagalpur, Biharsharif, Bodhgaya, Chhapra, Danapur, Darbhanga, Dehri, Gaya, Hajipur, Jamalpur, Katihar, Khagaul, Kishanganj, Motihari, Munger, Muzaffarpur, Nawada, Patna, Phulwarisharif, Purnea, Saharsa, Sasaram, Sitamarhi and Siwan

3.9.2 Centrally/State Sponsored Schemes

GoB received grants from GoI for execution of Centrally Sponsored Schemes viz., *Rajiv Awaas Yojana* (RAY), Integrated Housing and Slum Development Programme (IHSDP), Water Supply (State Plan) and *Swarna Jayanti Shahari Rozgar Yojana* (SJSRY)/National Urban Livelihoods Mission (NULM). However, the percentage of utilisation of grants ranged between 65 per cent and 92 per cent as detailed in **Table 3.11** given below:

Table-3.11: Receipt and Expenditure of Centrally/State Sponsored Scheme

(₹ in crore)

Scheme	2011-12		2012-13		2013-14		2014-15		2015-16		Total		Utilisation (%)
	Receipt	Exp.	Receipt	Exp.	Receipt	Exp.	Receipt	Exp.	Receipt	Exp.	Receipt	Exp.	
RAY*	--	--	--	--	--	--	149.15	0.67	--	96.93	149.15	97.60	65.43
IHSDP	47.11	-	227.55	9.46	44.33	70.85	--	185.43	117.73	137.61	436.72	403.35	92.35
Water Supply (State Plan)	63.27	61.39	34.87	30.83	235.00	182.76	200	168.46	154.50	142.18	687.64	585.62	85.16
SJSRY	47.76 [#]	6.05	35.81	61.70	29.38	2.52	1.99	19.55	--	--	114.94	89.82	78.14
NULM	--	--	--	--	--	--	--	--	50.71 ^{**}	34.44	50.71	34.44	67.91

(Source: Data provided by UD&HD, GoB)

[#] including OB of ₹45.66 crore;

* *Rajeev Awaas Yojana* launched in 2014-15;

** ₹ 50.71 crore includes OB of ₹ 25.12 crore transferred from SJSRY. SJSRY renamed as NULM from September 2013 but grants were released for NULM from 2015-16.

Audit further observed that grants under RAY amounting to ₹ 149.15 crore was released on 20 November 2014 but only 65.43 per cent of the grants was utilised as of August 2016.

3.9.3 State Finance Commission (SFC)

GoB constituted (December 2013) the Fifth SFC for the period 2015-20 in pursuance of the Article 243-Y read with Article 243-I and Section 71 of BM Act, 2007 to review the financial position of Local Bodies and to recommend the principles to govern the distribution of net proceeds of taxes, duties etc., between the State and the Local Bodies. Though the report of the Commission was due on 31 March 2015, it was however submitted in February 2016. Consequently, the State Government had decided to implement the recommendations of the Fifth SFC from the year 2015-16 with some minor amendments in the recommendations vide details in (**Appendix - 3.4**).

Though the amount of share of ULBs in State Own Tax Revenue and grants for the year 2015-16 were to be released in toto, GoB released grant of ₹ 434.64 crore only against entitled amount of ₹ 781.32 crore for the year 2015-16 at the fag end of the financial year (21 March 2016). The first instalment for the year 2016-17 amounting to ₹ 462.93 crore was released in October 2016, though it was due in May 2016 while second instalment was not released (February 2017) to ULBs in want of Utilisation certificates of grants released as first instalment.

3.9.4 Maintenance of records

Rules 12, 69, 84 and 103 of Bihar Municipal Accounting Rules, 2014 prescribe maintenance of basic records, registers for transparency, accountability and proper watch.

Scrutiny of records (2015-16) revealed that 15 test checked ULBs did not maintain⁵⁰ key records viz., Accountant Cash Book, Grant Register, Asset Register and Stock Register. Executive Officers of the ULBs concerned replied that the records would be maintained in future.

3.9.5 Maintenance of Accounts by ULBs

The Ministry of Urban Development, GoI in consultation with the CAG prepared (2004) the National Municipal Accounts Manual for maintenance of accounts on accrual basis by the ULBs. Section 86, 87 & 88 of the BMA, 2007 also stipulate that the State Government shall prepare a Bihar Municipal Accounting Manual for implementation of accrual based Double Entry Accounting System and the Chief Municipal Officer shall within four months of the close of a year, cause to prepare a financial statements consisting of a Fund Flow Statement, an Income and Expenditure Account, Receipt and Expenditure Account and a Balance Sheet for preceding year.

The UD&HD approved and notified Bihar Municipal Accounting Manual (21 March 2016) after nine years of enactment of BM Act, 2007. It was observed that 13 test checked ULBs⁵¹ did not prepare the financial statements for the period 2012-16 (*Appendix-3.5*). The Executive Officers of the ULBs concerned replied that the financial statements would be prepared in future.

The UD&HD notified (January 2014) the 'Bihar Municipal Accounting Rules, 2014' for preparation and maintenance of financial statements on accrual based Double Entry System in the municipalities (1 April 2014).

However, The Additional Secretary, UD&HD stated (October 2016) that the ULBs were maintaining their accounts on both of the single entry and double entry system in parallel and as soon as the new Double Entry Accounting System is migrated in all aspect and runs smoothly, the old accounting system would be discontinued.

⁵⁰ *Accountant Cash Book-Nagar Parishad Barh and Saharsa; Nagar Panchayat Barbigha and Bikramganj Grant Register-Nagar Parishad Barh and Motihari; Nagar Panchayat Barbigha, Beerpur, Bikarmganj, Kataiya, Makhdumpur, Nokha Asset Register-Nagar Parishad Barh, Hajipur and Nawada; Nagar Panchayat Bikramganj, Kanti, Kataiya, Makhdumpur, Motipur, Nokha, Sahebganj Stock Register-Nagar Parishad Barh and Dumaron; Nagar Panchayat Kataiya.*

⁵¹ *Nagar Parishad - Dumraon, Mokama , Nawada and Saharsa Nagar Panchayat - Amarpur, Barbigha, Kanti, Katiaya, Makhdumpur, Nawgachhiya, Nokha, Bikram and Bikramganj*

3.9.6 Impact of Audit

In respect of 13 audit observations relating to six ULBs⁵² issued during June 2015 to February 2016, ₹ 33.69 lakh collected on account of Holding Tax and miscellaneous receipts by the municipal staff was not deposited into account of ULBs, the same was deposited by the person(s) concerned in course of audit.

⁵² *Barauli (₹ 3.75 lakh), Bhabhua (₹ 0.21 lakh), Hilsa (₹ 0.50 lakh), Khagaul (₹ 2.51 lakh), Sheikhpura (₹ 3.39 lakh) and Siwan (₹ 23.33 lakh).*

CHAPTER – IV
PERFORMANCE AUDIT

**CHAPTER-IV
PERFORMANCE AUDIT**

URBAN DEVELOPMENT AND HOUSING DEPARTMENT

**4.1 Utilisation of Grants under Civic Amenities Head (State Plan) by
Nagar Nigams**

Executive Summary

A Performance Audit on 'Utilisation of Grants under Civic Amenities Head (State Plan) by Nagar Nigams' covering four sampled Nagar Nigams viz., Bhagalpur, Biharsharif, Gaya and Patna for the period 2011-16 was conducted from June to August 2016 and the major findings are as follows:

The Development Plan for providing Civic Amenities was not prepared by the test checked Nagar Nigams and development works executed by them were not part of district plan prepared by District Planning Committees.

(Paragraph 4.1.6.1)

Grants amounting to ₹ 4.07 crore were lapsed and an expenditure of ₹ 10.56 crore was incurred on inadmissible item of works by Biharsharif and Patna Nagar Nigams.

(Paragraph 4.1.8.6 & 4.1.8.8)

In four test checked Nagar Nigams, grants amounting to ₹ 48.19 crore meant for civic amenities viz park, special sanitation etc. were not utilised for a period ranging from one to seven years as required land was not made available.

(Paragraph 4.1.7.2)

Utilisation Certificates of ₹ 79.35 crore (56.62 per cent) were not submitted by the four test checked Nagar Nigams to the State Government.

(Paragraph 4.1.7.4)

Additional liability of ₹ 83 lakh was created in construction of two parks. Out of six parks physically verified, two parks constructed at a cost of ₹ 51.25 lakh were found locked, filthy and not put to use.

(Paragraph 4.1.8.1)

Expenditure of ₹ 1.58 crore incurred on construction of nine public conveniences was rendered unfruitful as the same were not handed over by Bihar Rajya Pul Nirman Nigam Limited to Nagar Nigam Patna.

(Paragraph 4.1.8.7)

The Patna Nagar Nigam did not execute an agreement with allottees of Deluxe Public Conveniences since June 2010. This resulted in loss of revenue of ₹ 1.54 crore as the leased amount was not realised.

(Paragraph 4.1.8.7)

Bihar Rajya Pul Nirman Nigam Limited awarded 23 work orders aggregating ₹ 7.33 crore to contractors on nomination basis.

(Paragraph 4.1.8.8)

Consultancy fee on preparation of DPRs was enhanced by ₹ 56.37 lakh based on demand of consultants rather than by tender or other competitive bidding by Bihar Urban Infrastructure Development Corporation Ltd.

(Paragraph 4.1.8.2)

Without getting Administrative Approval, Bihar Urban Infrastructure Development Corporation Limited constructed 117 Bus Queue Shelters and created additional liability of ₹ 6.35 crore.

(Paragraph 4.1.8.2)

By ignoring the request of Bihar Raj Pul Nirman Nigam Limited, Bihar Urban Infrastructure Development Corporation sustained an avoidable loss of ₹ 27.60 lakh on dismantled 10 Bus Queue Shelters.

(Paragraph 4.1.8.2)

The electrical work of ₹ 81.05 lakh for repair of Maurya Lok Complex (a shopping complex) was awarded to a contractor who was not holding a license or experience for electrical works.

(Paragraph 4.1.8.7)

Failure to construct 2,940 individual toilets despite availability of ₹ 1.87 crore forced people of 2,940 households compelled to continue with open defecation under Bhagalpur Nagar Nigam.

(Paragraph 4.1.8.4)

4.1.1 Introduction

The Seventy-Fourth Constitutional Amendment Act, 1992, gave Urban Local Bodies (ULBs) the status of local self-government and entrusted comprehensive powers to them for providing civic amenities in urban areas. Government of Bihar (GoB) also framed the Bihar Municipal Act 2007 which provided various responsibilities under Section 45 to be exercised by the Municipalities in the sphere of Public Health and Sanitation.

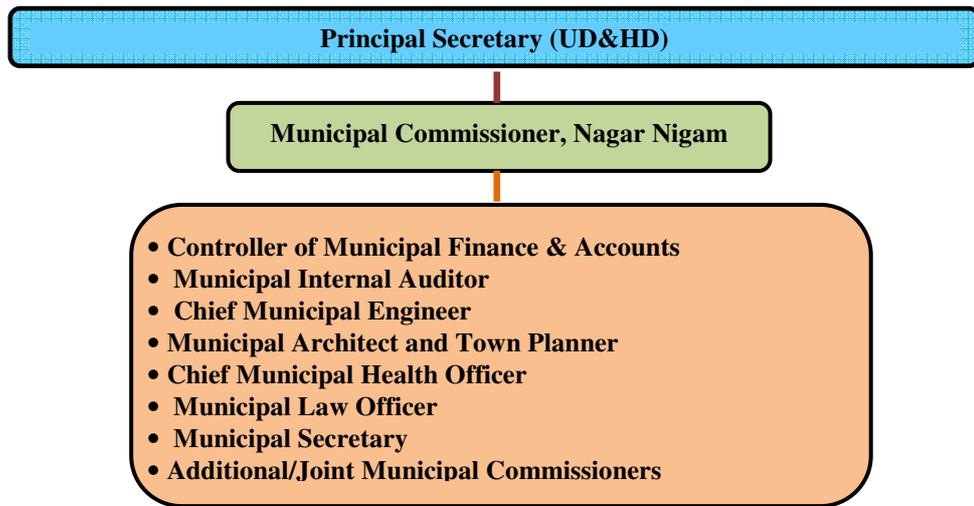
The Urban Development and Housing Department (UD&HD), GoB released grants to the Nagar Nigams (NNs) under State Plan head during the period 2011-16 for providing civic amenities such as construction of Town Halls, Bus Stands, Guest Houses, Street Lights/High mast lights, Auditoriums, *Ghats* and Parks.

4.1.2 Organisational Set Up

The NNs are under the administrative control of UD&HD, GoB headed by the Principal Secretary. The Municipal Commissioner (MC) appointed by the State Government is the executive head of a Nagar Nigam.

The NNs had an Empowered Standing Committee (ESC) comprising Councillors/ Members elected by the people and is headed by the Mayor elected from amongst the Councillors. The executive power of the NN is exercised by the ESC. The organisational structure of NNs is depicted in **Chart- 4.1** below:

Chart- 4.1



4.1.3 Audit Objective

The objectives of the Performance Audit (PA) were to assess whether:

- the NNs prepared a Development plan for utilisation of grants for the civic amenities;
- grants received were adequate to provide the civic amenities and were utilised economically, efficiently and effectively; and
- the execution under civic amenities were as per the Development plans of NNs and/or conditions of grants and /or directives of the Government.

4.1.4 Audit Criteria

Audit criteria for the Performance Audit were:

- Seventy-Fourth Constitutional Amendment Act, 1992;
- Bihar Municipal Act, 2007;
- Bihar Municipal Accounting Rules (BMAR), 1928 and 2014;
- Bihar Financial Rules, 2005;
- Bihar Public Works Department Code; and
- Guidelines/sanctioning letters of scheme (s)/programmes relating to civic amenities and orders of Government of Bihar.

4.1.5 Scope of Audit and the methodology

The PA conducted during June - September 2016 covered all the eight components⁵³ of civic amenities under State Plan during the period 2011-16. The

⁵³ *Bus stand, community hall, Guest house/Town hall, ghats, infrastructure in slums, park, Traffic light/public conveniences/Maurya Lok complex and special sanitation*

PA commenced with an Entry Conference (19 May 2016) with the Special Secretary, UD&HD, GoB wherein audit objectives, audit scope, audit criteria etc., were discussed. The field audit involved test-check of records in four NNs⁵⁴ including records of Parallel Bodies⁵⁵ (PBs) such as Bihar Urban Infrastructure Development Corporation Ltd (BUIDCO), District Urban Development Agency (DUDA), Bihar State Housing Board (BSHB) and *Bihar Rajya Pul Nirman Nigam Limited* (BRPNL).

Four NNs were selected by using Simple Random Sampling without Replacement (SRSWOR) method. The draft report was forwarded to UD&HD (19 October 2016) to confirm facts and figures. Exit Conference was held (19 December 2016) with the Special Secretary UD&HD wherein audit findings were discussed and their replies have been suitably incorporated.

The field audit also involved physical verification of construction sites with officials of the NNs/PBs. Photographs were also included as part of audit evidence in cases where irregularities were noticed during physical verifications.

Audit Findings

4.1.6 Planning

Planning is a basic function involving formulation of one or more detailed plans to achieve optimum balance of needs or demands with available resources. Planning process identifies the objectives to be achieved, formulates strategies to achieve them, arrange or creates the means for it and implements, directs and monitors all steps in their proper sequence.

4.1.6.1 Preparation of Development Plan

Article 243ZD(1) of the Seventy-Fourth Constitutional Amendment Act envisaged that District Planning Committees (DPC) should be constituted in every district to consolidate plans for providing civic amenities prepared by the Panchayats and the Municipalities in the district and to prepare a draft development plan for the district as a whole. Such a consolidated plan is submitted to the State Government for approval. Further, Bihar Municipal Act (BM Act), 2007 stipulated that every Municipality shall prepare plans for development and social justice and shall implement such plans and carry out such functions as may be assigned to it in this behalf.

Audit observed that test checked NNs had not prepared the development plans for providing civic amenities. As a result, no consolidated development plans by the DPCs were available for execution by the NNs. Further, NNs did not prioritise the needs of urban people for economic development and social justice as envisaged in the Seventy-Fourth Constitutional Amendment Act.

⁵⁴ *Bhagalpur, Biharsharif, Gaya and Patna*

⁵⁵ *Parallel/Parastatal Bodies means a company or agency owned or controlled wholly or partly by the government. Due to poor staffing and technical incapacities of the ULBs, a number of Parallel Bodies (PBs) viz., BUIDCO, BUSTL, Bihar Urban Development Agency (BUDA), BRJP etc., were created for performing various functions of Municipality*

The failure to prepare development plans resulted in works remained unexecuted as land was not available, proper place for providing civic amenities for optimum use was not identified, works got delayed, created assets were not maintained or put to use etc. As a result, 35 per cent of grants released during 2011-16 remained unutilised.

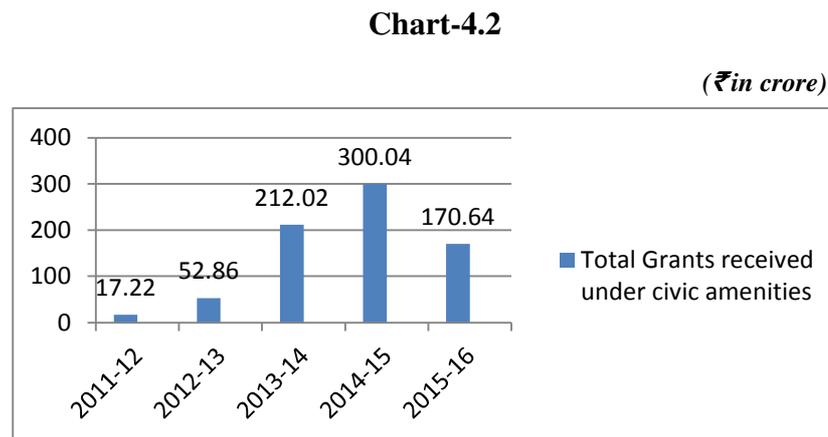
NNs replied that the works for providing civic amenities were selected by UD&HD without assessing the basic needs of NNs and feasibility of the works. The Special Secretary, UD&HD replied in Exit Conference that development plan in respect of civic amenities were not prepared by the NNs.

4.1.7 Financial Management and Fund Flow

The NNs receive funds for execution of various civic amenities from the State Government in the form of grants and devolution of net proceeds of State Own Tax Revenue on the recommendations of the State Finance Commission (SFC).

4.1.7.1 Release and utilisation of grants

The position of funds provided by GoB under civic amenities Head (State Plan) to ULBs of the State during the year 2011-16 are given in the **Chart 4.2** below:



(Source: Grant sanctioning/allotment letters of the UD&HD, GoB)

The test checked four NNs received funds of ₹ 136.97 crore under eight components of civic amenities under State plan during 2011-16 as detailed in **Table 4.1** below;

Table-4.1: Component wise allocation of funds
(₹ in crore)

Sl.No.	Civic amenities components	Funds allocated during 2011-16
1	Park	13.03
2	Bus stand/Bus stop	26.23
3	Construction of <i>ghat</i>	6.30
4	Infrastructure development in slum	20.89
5	Construction of community hall	3.35
6	Construction of guest house/Town hall	0.65
7	Traffic lights and Public convenience	39.43
8	Special sanitation	27.09
	Total	136.97

(Source: Grant sanctioning/allotment letters of the UD&HD, GoB)

Against total allotment of ₹ 136.97 crore, ₹ 104.26 crore was utilised for civic amenities during 2011-16. The position of funds available and expenditure incurred by test checked NNs during 2011-16, is given in **Table 4.2** below:

Table-4.2: Funds Available and Expenditure for the sampled NNs

(₹ in crore)								
Year	Opening balance	Funds received	Total Funds	Transfer to Parallel Bodies	Expenditure /utilisation by NNs	Total Expenditure	Closing balance	percentage of Utilisation by NNs
1	2	3	4 (2+3)	5	6	7(5+6)	8(4-7)	9
2011-12	2.51	0.28	2.79	0.00	0.05	0.05	2.74	17.85
2012-13	2.74	7.03	9.77	4.56	0.24	4.80	4.97	3.41
2013-14	4.97	10.75	15.72	5.94	1.48	7.42	8.30	13.76
2014-15	8.30	69.32	77.62	46.25	0.73	46.98	30.64	1.05
2015-16	30.64	49.59	80.23	19.25	25.76	45.01	35.22	51.94
Total		136.97		76.00	28.26	104.26		20.63

(Source: Information furnished by test checked NNs)

Audit observed that 55 per cent⁵⁶ of the total grants received by NNs were transferred to PBs (**Appendix-4.1**) and only 45 per cent was left with NNs for execution of development works. Thus, more than 50 per cent of works for civic amenities were executed without involving the ULBs.

In the year 2014-15, only 1.05 per cent of total grants were spent mainly due to unavailability of land for construction of *Samrat Ashok Bhawan* at all the four test checked NNs and delay in tendering process for execution of works for infrastructure development in slums at Bhagalpur and Biharsharif NNs..

Further, the above table indicates poor utilisation of grants by NNs and PBs as closing balance showed an increasing trend from ₹ 2.74 crore (2011-12) to ₹ 35.22 crore (2015-16) during five years while utilisation by NNs ranged from one per cent (2014-15) to fifty two per cent (2015-16) of available grant during the period 2011-16.

⁵⁶ 55 per cent of fund received (₹136.97 crore) = ₹76 crore

4.1.7.2 Failure to utilise grants

In four test checked NNs and PBs, grants amounting to ₹ 24.11 crore and ₹ 24.08 crore out of ₹ 136.97 crore and ₹ 43.17 crore respectively released during 2011-16 were not utilised as of August 2016 and remained in different Saving Accounts of bank/Treasury for a period ranging from one to seven years as required land was not made available by the four test checked NNs and because of absence of demand for construction of park by a works division concerned of NN Patna (*Appendix-4.2*).

4.1.7.3 Maintenance of Cash Books

Rule 63 to 65 of BMAR, 1928 stipulate that Accountant of the Municipality shall keep a cash book and record the transactions pertaining to cash receipts and disbursements of the Municipality. The cash book shall be closed daily, the totals for the end of the day being struck and the closing balance worked out with detail. Rule 118 of the BMAR, 2014 stipulates that within fifteen days from the end of the month, reconciliation shall be carried out between the balances shown in cash book and in the treasury/bank pass book. A monthly bank reconciliation statement duly signed by the Accountant for each bank account shall be prepared. Further, as per Rule 12 of BMAR, 2014, the cash book shall be closed daily and the totals for the end of the day being struck and the closing balance worked out and the Chief Municipal Officer shall examine the entries and the closing balance in the cash book and affix his signature in token of such examination.

Audit observed that cash book was not maintained by NN Patna whereas in the three other test checked NNs cash books were neither closed daily nor signed by the Municipal Commissioners. Monthly bank reconciliation statements duly signed by the Accountant were also not prepared by three sampled NNs.

The Controller of Municipal Finance and Accounts (CMFA), NN, Patna replied (July 2016) that cash book was not maintained as regular Accountant was not posted whereas the other NNs did not provide any response.

Deficient maintenance of cash book in three NNs not only violated the provisions of aforesaid rules but also indicated lack of financial propriety and absence of internal controls. Further, in NN Patna receipts of grant, interest earned from bank, position of cheque issued, cheque bounced, revalidation of cheque, misappropriation, diversion of fund, position of outstanding advances and its adjustment, position of cash in hand and at bank could not be ascertained due to its failure to maintain cash book.

4.1.7.4 Utilisation Certificates (UCs)

For timely utilisation and proper monitoring of the grants released, the NNs were required to submit UCs to the State Government as per conditions laid down in the grant sanctioning letters. Scrutiny of records of funds released to the four test checked NNs revealed that the UCs of ₹ 79.35 crore (56.62 per cent) were not submitted to the State Government as detailed in the **Table 4.3** below:

Table-4.3: Pending Utilisation Certificates

(₹ in crore)

Name of NNs	Receipt of fund		Utilisation certificates pending
	Period	Amount	
Bhagalpur	2012-13 to 2015-16	27.81	23.17
Biharsharif	2013-14 to 2015-16	11.95	9.03
Gaya	2011-12 to 2015-16	16.18	16.18
Patna	2012-13 to 2015-16	84.22	30.97
Total		140.16	79.35

(Source: Information furnished by the test checked NNs)

In absence of UCs, utilisation of grants for intended purposes could not be ascertained.

The CMFA of NN Patna replied (July 2016) that out of ₹ 64.24 crore transferred to the PBs, UCs of ₹ 12.02 crore only was made available by them which was not tenable as the NN should have monitored the utilisation of grant by PBs.

4.1.8 Execution of Works

4.1.8.1 Parks

Construction of parks

GoB released grants of ₹ 11.56 crore for construction of 17 parks under NN Patna (*Appendix-4.3*) during 2009-16. Out of the total 17 parks to be constructed by NN/PBs, 10 parks were completed with an expenditure of ₹ 10.08 crore whereas seven parks remained incomplete as of August 2016. Audit observed the following irregularities:

Out of the total 10 completed parks, three⁵⁷ were neither handed over for their operation and maintenance to NN Patna. The lack of operation and maintenance made the parks not suitable for recreation and the intended purpose of providing green spaces could not be achieved. Further, it was also observed that electricity connection was not available for illuminating lights and operation of fountains.

The District Magistrate-cum-Chairman, DUDA, Patna replied that the two parks⁵⁸, would be handed over to the agency concerned once the completion certificate from DUDA was received. The reply was inconsistent as the Executive Engineer (EE), DUDA had already requested (December 2013) to the District Planning Officer working under District Magistrate Patna for transfer of park. The EE, BSHB replied that in absence of guidelines from GoB, the park at MIG Lohianagar was not handed over to any agency.

In two parks⁵⁹, expenditure of ₹ 3.65 crore was incurred against the Administrative Approval (AA) of ₹ 2.82 crore resulting in creation of additional liability of ₹ 83 lakh.

⁵⁷ 100 MIG Park No.9, Lohiya Nagar (BSHB), Park in Anand Vihar Colony near temple, Park behind Rajendra Nagar near telephone exchange (DUDA, Patna)

⁵⁸ Park in Anand Vihar Colony near temple, Park behind Rajendra Nagar near telephone exchange (DUDA, Patna)

⁵⁹ MIG Park at Hanuman Nagar (BSHB), Kankarbagh (Administrative Approval- ₹ 92.65 lakh, Expenditure- ₹ 106.44 lakh), S.K. Puri Children Park, Patna (BRPNL) (Administrative Approval- ₹ 189.23 lakh, Expenditure- ₹ 258.49 lakh)

The EE, BSHB accepted the findings whereas Senior Project Engineer, BRPNNL replied that the excess expenditure was incurred in anticipation of administrative approval from the department. The reply was not tenable as AA of UD&HD was to be obtained prior to commencement of the work.

NN and DUDA, Patna failed to start construction of two parks⁶⁰ despite availability of ₹ 73.36 lakh for one to four years.

The CMFA, NN, Patna replied that in absence of demand from the EE of Works Division concerned, works on construction of a park was not started. Reply was not acceptable as NN had to monitor the progress of works.

A joint physical verification of six Parks⁶¹ out of the 10 completed parks revealed that two parks⁶² constructed at a total cost of ₹ 51.25 lakh were in a filthy condition and not put to use. Tiles/granites were found broken/damaged as the operation and maintenance of parks were not handed over to NN Patna

	
	
100 MIG Park No.-9 at Lohiyanagar (Completed in July 2015) but not put in use.	Park behind Rajendra Nagar Telephone Exchange (Completed in October 2013 but not maintained)

Park at Anand Vihar colony completed in September 2014 was not handed over to NN Patna for its operation and maintenance, though, it was found in good condition. However, items⁶³ worth ₹ 2.01 lakh were not found in place.

⁶⁰ Janta PRDA flat Park ₹ 17 lakh and Park in veterinary college campus ₹ 56.36.

⁶¹ Park behind Rajendra Nagar Telephone Exchange, Park in Anand Vihar Colony (ward No.-2) near temple, MIG Park at Hanuman Nagar (BSHB), Kankarbagh, S.K. Puri Children Park, Patna (BRPNNL), 100 MIG Park No. 9 at Lohiyanagar, Rajbanshi Nagar Park, Patna.

⁶² 100 MIG Park No. 9 at Lohiyanagar, Park behind Rajendra Nagar Telephone Exchange.

⁶³ Dustbin (₹ 0.24 lakh), Fiber Bench (₹ 0.76 lakh), Sign Board (₹ 0.07 lakh), HPSV Street light (₹ 0.50 lakh), Swing (₹ 0.44 lakh).



Anand Vihar Colony Park (completed in September 2014 but not handed over to NN Patna for maintenance)

Similarly, in *Rajbanshi Nagar* park Patna, a fountain worth ₹ 1.81 lakh was not found in place.

Beautification of park (Hiranya Parbat)

Hiranya Parbat, Biharsharif, Nalanda is a tourist place. Beautification of *Hiranya Parbat*, was planned to be done with an objective to improve the local economy by increasing tourism and also to generate revenue for the NN. Accordingly, NN prepared estimate worth ₹ 4.85 crore with a provision of centage of ₹ 18.56 lakh (four *per cent* of the estimated cost) and allotment of ₹ 4.85 crore was made by the UD&HD. The work was awarded to a firm at 4.64 *per cent* above the Bill of Quantity (₹ 2.84 crore) and was to be completed by January 2016. However, the work remained incomplete as of August 2016. Audit further observed that provision of centage in the estimate was not to be made by the NN as the development of park was one of the core functions of NN.

Clause 6 of Standard Bidding Document (SBD) envisaged that measurement of all items having financial value shall be entered in Measurement Book (MB) so that a complete record is obtained of all works performed under the contract. Audit observed that work valued ₹ 1.27 crore was booked in MB on percentage basis and as such actual work done by the contractor could not be ascertained.

Audit observed that 866 Reinforced Concrete Cement (RCC) slabs along Hedge Plants parallel to red stone passage were constructed at the cost of ₹ 17.75 lakh at ₹ 2,050 each slab (1st Running Bill), However, in the second, third and fourth running account bills, cost was calculated for the said 866 numbers of RCC Slabs at ₹ 2,500 each slab which resulted in excess payment of ₹ 4.08 lakh.

The MC Biharsharif accepted the audit observation and replied that excess payment of ₹ 4.08 lakh would be adjusted from the next bills which was yet to be adjusted (February 2017). On the issue of provision of centage of ₹ 18.56 lakh, it was replied that directions would be obtained from UD&HD. The reply was not acceptable as the NN cannot charge centage for providing civic amenities to public as it is the core function of NN.

4.1.8.2 Construction of bus stands and bus queue shelters

With a view to provide better infrastructure to urban population, UD&HD, GoB mandated BUIDCO for development of bus depots throughout the State. During 2011-16, UD&HD released ₹ 26.24 crore to BUIDCO through four test checked NNs for construction of bus stand and bus queue shelters.

Detailed Project Report (DPRs) for bus stands

BUIDCO fixed (July 2013) the fees for reimbursement of consultancy charges for preparation of DPRs for construction of bus stands at 1.25 per cent of the sanctioned project cost upto ₹ 50 crore with six consultants⁶⁴. A meeting for awarding work for preparation of 47 DPRs of bus stand was held (May 2014) in which only four empanelled⁶⁵ consultants out of six were invited but, only three consultants participated in meeting. The consultants requested for increase in rate from 1.25 to 1.75 per cent of the sanctioned project cost which was accepted by BUIDCO and accordingly an agreement was executed with the consultants.

Thus, all the empanelled consultants were neither given an opportunity for participation in meeting nor any open tender was invited for getting competitive rates. It was also noticed that consultancy fee on preparation of 36 DPRs (July 2016) was enhanced by ₹ 56.37 lakh based on demand of consultants rather by tender or other competitive bidding.

Project Director (PD), BUIDCO replied that the fee was increased in the meeting held (May 2014) under the chairmanship of the then Managing Director BUIDCO.

Out of 36 DPRs prepared, six⁶⁶ were prepared without getting no objection certificates from land owners⁶⁷. As a result, work on five bus stands could not be started due to objections of land owners and one bus stand was not constructed at Sahebganj, Muzaffarpur due to encroachment of land. Construction work of remaining 30 bus stands was in progress as on February 2017. As availability of land was not ascertained prior to preparation of DPRs, an expenditure of ₹ 19.11 lakh (*Appendix-4.4*) incurred on consultancy fee towards preparation of the six DPRs proved wasteful.

Construction of bus stands

GoB released grants of ₹ 18.74 crore for construction of five bus stands in the test checked NNs (*Appendix-4.5*). Out of five bus stands, two works were in progress whereas three works were not started as of August 2016.

⁶⁴ 1. M/s EDMAC Eng. consultant 2. M/s Kapoor & Associates 3. M/s Sen & Lall Consultant (p) Ltd. 4. M/s Vivek Bhole Architect 5. M/S Black Ink 6. M/s Architect Hafiz consultant

⁶⁵ 1. M/s EDMAC Eng. consultant 2. M/s Kapoor & Associates 3. M/s Sen & Lall Consultant (p) Ltd. 4. M/s Vivek Bhole Architect

⁶⁶ .Bus stand at Nawada, Manpur(Gaya), Purnia, Sahebganj, Motipur, Chakia

⁶⁷ Zila Parisad Nawada, Gorakshini Committee Gaya, Animal Husbandry Department Purnia, Nagar Panchyat Sahebganj, Public works Department, Motipur Muzaffarpur, Nagar Panchyat, Chakia

BUIDCO failed to start the construction of three bus stands⁶⁸ despite availability of ₹ 12.73 crore since March 2013 to November 2014. Audit observed that works were not started as land was not made available by two NNs and administrative approvals for Inter State Bus Terminal, Patna were not received from UD&HD. BUIDCO accepted the audit findings.

Construction of bus queue shelters (BQs)

To cater huge volumes of passenger buses, autos and tempos, GoB released ₹ 7.50 crore to NN Patna during 2014-15 for construction of 104 BQs in Patna.

Audit observed that:

The Bihar Public Works Department Code, provides that every work initiated or connected with the requirements of another department, it is necessary to obtain the concurrence of the department concerned before technical sanction to the work is accorded. The formal acceptance by the department concerned is termed AA of the work.

DPR for construction of 208 BQs in Patna with an estimated cost of ₹ 15 crore was prepared by BUIDCO. Before getting AAs of the department, BUIDCO finalised tenders for ₹ 13.72 crore and constructed 117 BQs. But, the department accorded AAs of ₹ 7.50 crore only for construction of 104 BQs. When the demand for additional amount of ₹ 6.35 crore was placed, the department requested to complete the construction of BQs from the sanctioned amount and refused to sanction further amount. Thus, without getting AAs of UD&HD, BUIDCO constructed 117 BQs and created additional liability of ₹ 6.35 crore.

The PD, BUIDCO replied that Principal Secretary, UD&HD, in a meeting (April 2015), directed officials of UD&HD to make available the remaining funds. However, UD&HD had not sanctioned the remaining amount (September 2016)

The BRPNNL requested (September 2014) to stop the work of ten BQs⁶⁹ at the stretch of road from *Lalit Bhawan* to *Vidyut Bhawan* due to initiation of the project work of flyover, under- pass and multi junction interchange. But, ignoring the request, BUIDCO constructed BQs on this stretch.

Joint physical verification revealed that work on the project had begun and BRPNNL dismantled (August 2016) five BQs and the remaining five BQs were to be dismantled soon.

⁶⁸ *Bhagalpur, Gaya and Inter State Bus Terminal at Patna*

⁶⁹ *Lokyukta office (UP & Down), Bihar Public Service Commission (UP & Down), Income Tax Chauraha (UP & Down), Mount Camel School, High Court and Vikash Bhawan (UP & Down)*

	
Dismantled BQS near <i>Lalit Bhawan</i> , Patna	Dismantled BQS near Bihar Public Service Commission office, Patna

Hence, by ignoring the request of BRPNNL, BUIDCO sustained an avoidable loss of ₹ 27.60 lakh (**Appendix-4.6**) on the dismantled ten BQSs.

Project Director BUIDCO replied that the BQSs were constructed and inaugurated before the request of BRPNNL. The reply was not acceptable since at the time of request from BRPNNL (September 2014) the work of *jungle* cleaning only was done as per MB (13 October 2014).

Separate tender was required to be floated for advertisement in the BQS for revenue generation which could be used for its operation and maintenance. Audit observed that the construction of BQSs was completed in March 2015. However, tenders for advertisements were not awarded to any agency till August 2016. Thus, financial resource could not be raised for maintenance of BQSs.

As per grant letter, the constructed BQSs were to be handed over to Bihar Urban Transport Corporation Ltd. (BUTCL). But the BQSs were not handed over to BUTCL. As a result, BQSs were not being operated and maintained.

It was observed during joint physical verification of sixty BQSs that twenty nine were encroached, buses were not stopping at fifty eight BQSs, time-table of the buses plying through the route was not displayed at any of the BQSs and electricity connection was not provided to any of the BQSs.



BQS at <i>Shiv Mandir</i> , Bailey Road was encroached.	BQS at BMP-16 was encroached and a hotel was running in it.
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As the constructed BQSs were not handed over to BUTCL for operation and maintenance, BQSs constructed at a cost of ₹ 13.85 crore failed to cater to passengers and are prone to encroachment, damage and destruction.

A beneficiary survey of 64 beneficiaries was conducted with the Deputy Project Director, BUIDCO (November 2016) which also confirmed the audit findings and are summarised below:

Criteria	Response
Whether BQs were used by the public	56 per cent stated that BQs were not utilised by the public.
Whether the City Buses stops near the BQs	88 per cent stated that city buses did not stop near BQs.
Whether people gathered near BQs for boarding in buses	66 per cent stated that people did not gather near BQs for boarding in buses
Whether BQs were maintained properly	83 per cent stated that BQs were not maintained.
The BQs were utilised by whom	97 per cent stated that BQs were being utilised unauthorisedly viz., by Vendors, Nursery etc.

4.1.8.3 Construction/renovation/beautification of Pond/Ghat

GoB released ₹ 13.27 crore for construction of *ghat*⁷⁰ at Gaya (2012-15). Audit observed that plan and DPR was not prepared and Technical Sanction (TS) was not obtained from the competent authority⁷¹ and the work was completed with a delay of six months without assigning any reason. As per conditions of contract, penalty at 10 per cent of estimated cost i.e., ₹ 13.23 lakh (Estimated cost ₹ 132.28 lakh) was not deducted which resulted in excess payment of ₹ 13.23 lakh to the contractor.

On this being pointed out, the MC Gaya replied (February 2017) that the contractor was instructed by the former Minister, UD&HD and the Commissioner, Magadh Division to stop the work during *Pitri Paksha Mela*. Reply of MC Gaya was not tenable as no documentary proof of instruction regarding stopping the work was made available to audit. Further, the total period of *Pitri Paksha Mela* was 15 days only but the extension was granted for more than six months without justification.

During joint physical verification of *Sangat Ghat* to *Gayatri Ghat* on north side of *Dev Ghat*, it was found that many slabs of *ghat* were cracked and uprooted from riser steps and one Mini High Mast light of *ghat* was not functioning.

Construction of steps, pathway and beautification with plantation and desilting of Brahmsarovar

GoB released (October 2010) ₹ 80 lakh for beautification/renovation of *Kagwali sarovar* under NN, Gaya. Audit noticed that the work was split in two⁷² parts. The first work was decided to be taken up with an objective to prevent the pollution of *sarovar* from dirty water and waste that emanates from houses around it by constructing pathways/steps around the *sarovar* so as to provide a clean *sarovar* to the pilgrims visiting for *Pind Dan*.

⁷⁰ *Sangat Ghat to Gayatri Ghat on north side of Dev Ghat*

⁷¹ *From Superintending Engineer instead of Chief Engineer*

⁷² *(i) Construction of Steps, Pathway and beautification with plantation and de-silting of Brahmsarovar, Ward No. 45 (Estimated cost ₹ 70.15 lakh) and (ii) Beautification of Kagwali Bedi situated at Brahma sarovar (Estimated Cost ₹ 8.95 lakh).*

Audit observed that the TS was not obtained from the competent authority. As per work order, the work for construction of steps, pathway, beautification with plantation and de-silting of *Brahmsarovar* was to be completed by February 2012. However, the work could not be started in time due to dispute at the work site.

The work was started in June 2012 only. However, the Contractor requested several times for cost revision due to time overrun which was denied by the NN. The contractor was directed (April-May 2015) by the NN to complete the work at the earliest with a warning that if the work was not completed, his registration would be cancelled, the firm would be blacklisted and First Information Report (FIR) would be lodged against him. But, the work was neither completed by the contractor nor any action was initiated against him by NN, Gaya (August 2016).

However, the second part of work worth ₹ 8.95 lakh was completed (September 2012).



Pollution control works not executed in Bhramsarovar at Kagwali under NN Gaya

The MC Gaya replied that action would be taken against the contractor and admitted that TS from competent authority was not obtained. Thus, due to stoppage of work midway for more than three years, the intended objective of preventing the pond from being polluted and facilitating the pilgrims a clean *sarovar* for *Pind Dan*, could not be achieved thereby rendering an expenditure of ₹ 37.85 lakh, unfruitful.

4.1.8.4 Infrastructure Development in Slums

GoB sanctioned (December 2013 and July 2014) ₹ 45.25 crore to BUDA for infrastructure development in slums under four sampled NNs.

Audit observed:

Of the total 4,488 DPRs prepared (2014) for construction of toilets, only 1,548 individual toilets were completed in the first phase, and despite availability ₹ 1.87 crore under infrastructure development in slums 2,940 toilets were not constructed. As 2,940 individual toilets were not constructed, people of 2,940 households were compelled to continue with open defecation under Bhagalpur Nagar Nigam. The MC, Bhagalpur replied that due to delay in preparation of DPR, execution of works got delayed.

Para 15 of guidelines for infrastructure development work in slum stipulated that in case of individual toilets, share⁷³ of the beneficiary had to be deposited in the special bank account of the *Samuh Vikas Samitee* (SVS). Audit observed that shares of the beneficiaries of 30 SVSs amounting to ₹ 17.74 lakh (**Appendix-4.7**) were not deposited in the special bank account of the SVSs. Instead, separate registers were maintained which did not prove that the shares of beneficiaries were utilised on the works of construction of individual toilets. NN Bhagalpur replied that direction would be issued to SVS for deposit of share of beneficiary in special bank account of SVS.

Para 8 of the guidelines stipulated that 10 *per cent* of sanctioned estimated amount should be transferred as advance to the account of registered SVSs for execution of individual toilets and hand pumps. Thereafter, 30 *per cent* of the estimated amount would be released in instalments on production of complete details of every expenditure to ULBs. However, NN Bhagalpur released ₹ 32.42 lakh to SVSs without obtaining complete details of expenditure in the prescribed format indicating weak financial control. NN Bhagalpur replied that details of expenditure would be obtained from the SVS which is not tenable as NN had to take the details of expenditure prior to release of fund.

As per guidelines, development work in slums was to be completed in two parts, In first part construction of individual toilets and installation of hand pumps was to be executed through SVS and in second part construction of road, drain, community hall and installation of solar street lights was to be executed by e-tendering. UD&HD accorded AA of ₹ 13.09 crore in first phase for infrastructure development in 46 slums under NN Bhagalpur.

Audit observed that ₹ seven crore was allotted for execution of works under second part. Provision of construction of Paver Block road worth ₹ 4.96 crore was made in the initial estimate. However, the same was changed to PCC road for ₹ 6.24 crore without obtaining revised AA. Accordingly, work order for ₹ 5.71 crore was issued and payment of ₹ 2.82 crore was incurred (August 2016). As a result, fund fell short to ₹ 74.55 lakh for construction of community hall and installation of street lights, Community Toilet and water post. The execution of PCC road without an AA and with a financial implication of ₹ 74.55 lakh not only resulted in compromising with some development items of second part of the works but also prevented these slums from upgrading and delisting from slum.

Audit observed during physical verification that:

- Electrical fittings were not found in 81 individual toilets of five slums⁷⁴ under NN Bhagalpur. In *Mushahari tola* slum, at a place drain was found filled with soil.
- In *Refugee tola* slum, roads were built in areas where there were no slums.

⁷³ ₹1500 or ₹1000 in case of digging foundation and pit of the toilet by beneficiary himself
⁷⁴ *Mushahari Tola* in ward 29, *Passi Tola Barari* in ward no. 28, *Refuzee colony* in ward no. 28, *Makbara Harijan Tola* in ward no. 2, *Dhobi Tola* in ward no. 26

- Provision for electricity, Boring and Motor for supply of water was not made in the estimate. As a result, water tank and connecting pipes for the tanks in community hall at *Dhaniya Bagicha*, Gaya remained unutilised (December 2015).

				
Drain filled with soil in <i>Mushahari Tola</i> slum Bhagalpur		Roads were laid between houses in <i>Refuzee Tola</i> slum Bhagalpur		Unutilised water tank/pipes in Community Hall at <i>Dhaniya Bagicha</i> , Gaya

A beneficiary survey of 251 beneficiaries was conducted with officials of NN Bhagalpur (November 2016) and findings are summarised below:

Criteria	Response
Whether the individual toilets have been constructed by SVS/NN, Bhagalpur	A total of 37 <i>per cent</i> of beneficiaries stated that individual toilets were not constructed by NN Bhagalpur.
If no, what is the arrangement for toilets	Eighty eight <i>per cent</i> beneficiaries stated that they resorted to open defecation as no arrangements were made.
Is the arrangement for electricity made by SVS/NN, Bhagalpur	Seventy nine <i>per cent</i> of beneficiaries stated that provision for electricity was not made.
If no, is there any difficulty in the use of toilets in absence of electricity.	Nearly 61 <i>per cent</i> beneficiaries described the difficulties they faced in absence while using toilets.

4.1.8.5 Construction of Community Hall

Allotment of ₹ three crore was made (December 2011) for construction/Extension/Renovation of Community Halls to DUDA, Gaya as detailed in **Table 4.4** below:

Table-4.4: Construction/renovation/extension of community halls

Sl. no.	Allotment No./Date	Name of the Executing Agency	Name of the Scheme	₹ in crore	
				Amount sanctioned	Expenditure
1.	41 /29.12.11	DUDA, Gaya	Extension of Community Hall near Bageshwari Temple, Gaya	0.65	0.42
2.	-Do-	-Do-	Construction of Community Hall near Chand Chaura Akhara, Gaya	0.40	0.40
3.	-Do-	-Do-	Construction of Community Hall in Akshayavat, Gaya	1.25	1.25
4.	-Do-	-Do-	Renovation and Beautification	0.70	Nil

			of Azad Park-cum-Community Hall, Gaya		
Total				3.00	2.07

(Source: Allotment letter and information provided by Nagar Nigam, Gaya)

Thus, out of a total grant of ₹ three crore, ₹ 0.93 crore⁷⁵ remained blocked as of August 2016 due to dispute at worksite at Azad Park Community Hall and tender for remaining works⁷⁶ of *Maa Bageshwari* Temple Gaya was not invited (August 2016).

As envisaged in the Clause 2 of the Conditions of Contract, the Contractor shall pay as compensation, an amount equal to half *per cent* on the amount of the estimated cost of the whole work for every day that the work remains not commenced after the specified date subject to a maximum of 10 *per cent* of the estimated cost of the work.

Audit observed that Community Hall in *Akshayvat* was completed with a delay of 48 days without assigning any reason. However, only ₹ 0.86 lakh was deducted for delay from the final bill of the contractor against the deductible amount of ₹ 11.19 lakh (10 *per cent* of estimated cost of ₹ 111.90 lakh) which resulted in excess payment of ₹ 10.33 lakh to contractor. EE, DUDA accepted excess payment of ₹ 10.33 lakh and replied that action is being taken for recovery of balance amount (23 February 2017).

4.1.8.6 Construction of Town Hall (Samrat Ashok Bhawan)

Grants released under construction of *Samrat Ashok Bhawan*, Bus stand and for Special Sanitation drive to two NNs⁷⁷ amounting to ₹ 6.57 crore⁷⁸ during 2014-16 lapsed as the moneys were not drawn from the treasury. Out of ₹ 6.57 crore, ₹ 2.50 crore revalidated by UD&HD for Patna NN in 2015-16 and ₹ 4.07 crore was lapsed. Though, the Municipal Commissioner was responsible for drawl of grants from the treasury, no records were available to indicate that such a monitoring was done by the Municipal Commissioner.

CMFA, NN Patna replied (July 2016) that the Treasury Officer objected to the drawl as the allotment was more than the Budget Provision. However, it was noticed that the matter was not further taken up with the UD&HD. As a result, urban citizens were deprived of the amenities.

4.1.8.7 Construction of public conveniences

The UD&HD accorded AA (January 2010) and made allotment of ₹ 5.94 crore to BRPNL for construction of 32 numbers of public conveniences at different locations in Patna at ₹ 18.54 lakh each. Subsequently, these conveniences were to be handed over to NN Patna to enhance its source of income.

⁷⁵ Azad Park cum Community Hall - ₹70 lakh and Community Hall near Bageshwari temple - ₹22.86 lakh

⁷⁶ Electrification, sanitation and water supply, landscape, furniture and fixture.

⁷⁷ Gaya, Patna

⁷⁸ Construction of Samrat Ashok Bhawan, Gaya- ₹ 0.58 crore, Construction of Bus Stand Patna- ₹2.50 crore and Special Sanitation drive ₹3.49 crore.

All the 32 public conveniences were constructed during the period November - December 2009. Out of these 32 public conveniences, 10 were not handed over to NN Patna even after a lapse of more than six years of its construction.

These 10 public conveniences⁷⁹ were physically verified by audit and it was found that nine out of 10 were not in use since construction and the one at Indira Gandhi Institute of Medical Sciences campus was being used and maintained by the hospital which was also confirmed during beneficiary survey of 177 Beneficiaries.

			
Public Convenience at Vikash Bhawan, Patna	Public Convenience at Bihar School Examination Board	Public Convenience at Maurya Lok	Public Convenience at Jai Prabha Hospital

Thus, the purpose of providing public conveniences and to increase the source of income of NN Patna was defeated as the nine public conveniences were not handed over to NN Patna which rendered the expenditure of ₹ 1.58 crore⁸⁰ unfruitful.

Senior Project Engineer, BRPNL replied (July 2016) that NN Patna was requested to take over the public conveniences but they did not respond.

Loss of revenue

Rule 73(A)(4) of Bihar Municipal Accounts Rules (BMAR) 1928 stipulates that every municipal executive and servant should realise fully and clearly that he will be held personally responsible for any loss sustained by the commissioners of a municipality through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other municipal 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 (December 2015) of the Patna Nagar Nigam revealed that as per orders (September 2009) of Urban Development and Housing Department

⁷⁹ 1. BMP-5, 2. Jaiphabaha Park, 3. In front of Mahaveer Aushadhalaya, Kankarbagh, 4. Maryalok Complex, 5. BSEB Office, 6. Vikash Bhawan, 7. Gardanibag Stadium, 8. IGIMS, 9. Gai Ghat, 10. Civil Court, Gai Ghat.

⁸⁰ Expenditure incurred (₹ in lakh) at 1. BMP- ₹ 15.57, 2. Side of Jaiprabha Park- ₹ 15.17, 3. Kankarbag in front of Mahavir Aushadhalay- ₹ 18.07, 4. Maurya Lok Complex near Raj Tower- ₹ 18.26, 5. Near Bihar School Examination Board Office- ₹ 18.80, 6. Vikash Bhawan New Secretariat- ₹ 18.45, 7. Gardanibag Stadium near Gardanibagh Hospital- ₹ 18.16, 8. Gai Ghat Patna- ₹ 17.94, 9. Civil Court Gai Ghat Patna- ₹ 17.94

(UD&HD), Government of Bihar, 33 Deluxe Public Conveniences (DPCs) having toilets, urinals and wash basins were to be handed over by the BRPNNL to the NN Patna by 30 October 2009 for operation and maintenance and to increase the source of revenue of the NN Patna. But, only 12 DPCs were actually transferred to NN Patna (February-August 2010) by BRPNNL. These DPCs were allotted (June 2010) to four agencies by the NN Patna with a condition to deposit 50 per cent of lease amount and to execute agreement within one week from the date of allotment. As per term and conditions framed by the NN Patna, the allotment was to be made for five years but lease amount was to be fixed separately for each year for each DPCs.

It was noticed that the NN Patna did not execute any agreement with the agencies. Further, against total demand of ₹ 34.03 lakh for the year 2010-11, the allottees deposited ₹ 15.98 lakh (July-September 2010) only but the NN Patna did not initiate any action against them and the DPCs continued to be in possession of the allottees for the period ranging from July 2010 to August 2015. The allottees also did not pay the balance amount till September 2016. As the NN Patna failed to execute any agreements with the allottees to whom the 12 DPCs were allotted in June 2010, the NN Patna could not realise the leased amount of ₹ 1.54 crore (**Appendix-4.8**) for the period ranging from July 2010 to August 2015.

On this being pointed out in audit, the Additional Municipal Commissioner (Revenue), NN Patna replied (March 2016) that NN Patna could not realise the leased amount because agreements were not executed with the allottees by the then Chief Municipal Engineer, NN Patna and necessary action would be initiated for recovery of the amount from the then Chief Municipal Engineer.

The matter was reported to the Government (June 2016); reminders issued (August 2016 and November 2016), their reply was awaited.

Repair of Maurya Lok Complex, Patna

GoB released grants of ₹ four crore (April 2014) for repair of Maurya Lok Complex⁸¹ Patna. The work was completed with an expenditure of ₹ 3.09 crore (April 2015). Audit observed that:

The electrical work of ₹ 81.05 lakh was awarded to a contractor who was not holding a license or experience for electrical works. During joint physical verification, it was noticed that electricity cables in *Maurya Lok* complex were arranged in haphazard way. Electricity panel (Bus Bar) for connection to the shops was installed but not a single connection was taken from the same and the work was completed with a delay of five months.

⁸¹ *Market/Office Complex*

		
Disarranged Electricity cables in <i>Maurya Lok</i> complex		Electricity panel (Bus Bar) for electricity connection to the shops at <i>Maurya Lok</i> complex

Out of three toilets physically verified, two toilets were found locked and the key of one locked toilet was in unauthorised possession. Taps were missing and partition between the urinals of toilet was short.

4.1.8.8 Special Sanitation

The grants for comprehensive improvement in sanitation across the municipal area were to be utilised on six components viz., door-to-door waste collection, purchase of equipment for collection of waste, purchase/development of landfill sites for waste management, assistance in generation of compost/electricity from the waste, de-silting, cleaning and consolidation of drains and providing manpower for special sanitation drive of public places. Further, the release of next year's grants was based on evaluation of expenditure on all prescribed components of current year's grants by the UD&HD.

Expenditure on inadmissible components

Audit observed that two NNs incurred an expenditure of ₹ 10.56 crore out of total grants of ₹ 20.60 crore during 2015-16 on components other than the prescribed ones as detailed in **Table 4.5** below:

Table- 4.5: Expenditure on inadmissible works

(₹ in crore)				
Name of Nagar Nigam	Total Amount of Grant received	Admissible components of sanitation works	Items on which expenditure incurred	Amount
Biharsharif	2.92	Door-to-door waste collection, purchase of equipment for collection of waste, purchase/development of landfill sites for waste management, assistance in generation of compost/electricity from the waste, de-silting.	Salary of regular sanitation staff	1.22
			Salary of Daily Wages sanitation staff	0.71
Patna	17.68		Daily wages payment	7.50
			Night Sanitation	0.13
			Purchase of Apron	0.01
			Chhath Ghat Scheme	0.99
Total	20.60			10.56

(Source: Information provided by the test checked NNs)

Violation of the provisions for utilisation of grants defeated the purpose of the scheme. The MC, Biharsharif and the CMFA, NN Patna accepted the findings and replied (July 2016) that *ex-post facto* approval of the department would be

obtained. However; the department refused to grant *ex-post-facto* approval (August 2016).

Irregular award of contract on nomination basis

The Central Vigilance Commission (CVC) re-emphasised (July 2007) that tendering process or public auction was a basic requirement for the award of contract by any Government agency as any other method especially award of contract on a nomination basis, would amount to a breach of Article 14 of the Constitution of India guaranteeing the Right to Equality. Further, as per the Judgment of the Hon'ble Supreme Court of India in Special Leave Petition (Civil) No. 10174 of 2006, Government contracts shall be normally awarded by the State, its corporations, instrumentalities and agencies through public auction/public tender.

Audit observed that BRPNNL in contravention of the CVC Guidelines awarded 23 work orders aggregating to ₹ 7.33 crore to contractors on a nomination basis. It was further observed that the award of aforementioned Government contracts on a nomination basis by the BRPNNL was not under exceptional circumstances and reasons for the same were also not placed on record.

Senior Project Engineer, BRPNNL replied (July 2016) that awarding contract on nomination basis has now been completely stopped.

4.1.9 Monitoring and Supervision

As envisaged in the grant sanctioning/allotment letters, periodic monitoring and supervision of the above works were to be done by the District Magistrates. However, in all four NNs and PBs, no record was available to indicate that such monitoring was done as a result expenditure incurred on inadmissible works, assets created but not put to use, assets created but not handed over to the agencies concerned to ensure their operation and maintenance.

As per Para 16 of the guidelines for infrastructure development in slums, engineer appointed under UTAST (Urban Technical Assistance Support Team) and Municipal Engineer with chairman of SVS (*Samuh Vikas Samiti*) or any other nominated member would daily inspect the quality of works. Further, UTAST engineer would also inspect the quality of works once in a week. In case of any deficiency in the quality of works the matter would be reported to the Municipal Commissioner. Engineer of UTAST and Municipal Engineer with chairman of SVS would record their comments in the site inspection book. But, Site inspection book for ascertaining the inspection done by the Engineer of UTAST and Municipal Engineer with chairman of SVS was not available at NN Bhagalpur. NN Bhagalpur replied that payment was made only after satisfactory execution of works which was not tenable as site inspection book was not available to prove that regular inspection was done to assess the quality of works.

4.1.10 Conclusion

Test checked NNs did not prepare the development plans for providing civic amenities and the development works were executed without being included in district development plan consolidated by the DPC.

The Scheme was not implemented effectively as evidenced from the failure to utilise more than 50 *per cent* of available funds, lapsed grants of ₹ 4.07 crore, expenditure incurred on inadmissible works, assets created but not put to public use, assets created but not handed over to the agencies concerned to ensure their operation and maintenance.

Works were executed without Administrative Approval and awarded on nomination basis.

DPRs were prepared and funds released to executing agencies without assessing feasibility of works which resulted in blockade of grants. Thus, objectives of the Scheme to provide civic amenities to urban population could not be achieved fully.

4.1.11 Recommendations

- Urban Local Bodies should prepare development plan and submit to DPC for consolidation and inclusion in district development plan.
- UD&HD and NNs should take necessary steps for optimum utilisation of available grants for admissible items of work.
- UD&HD should see that assets created by the PBs are put in public use and be transferred to the agencies responsible for operation and its maintenance.
- UD&HD and NNs should establish effective mechanism for internal control to avoid lapse of grants, maintenance of cash book and reconciliation of bank accounts with cash books and to submit UCs timely.

CHAPTER – V
COMPLIANCE AUDIT

Chapter – V Compliance Audit

Urban Development and Housing Department

5.1 Irregular/Unfruitful expenditure

Nagar Parishad, Sultanganj made irregular payment of ₹ 50 lakh on training component of SJSRY due to lack of observance of Scheme guidelines. In eight ULBs, NGOs failed to provide employment to trained beneficiaries despite an expenditure of ₹ 3.91 crore over their training.

The *Swarna Jayanti Shahari Rozgar Yojana* (SJSRY), a centrally sponsored scheme was launched (December 1997) with the objective to provide gainful employment to the urban unemployed or underemployed through Skill Training for Employment Promotion amongst Urban Poor (STEP-UP) to enable them to access the employment opportunities opened up by the market or undertake self-employment. SJSRY was restructured and renamed as National Urban Livelihoods Mission (NULM) in September 2013 and the Employment through Skills Training and Placement (EST&P) was introduced in place of STEP-UP under SJSRY.

Under STEP-UP, the agencies selected for imparting training were responsible for 30 *per cent* placement of beneficiaries through employment or self-employment whereas, in NULM, the ratio for placement of successfully trained candidates was increased to a minimum 50 *per cent*.

Audit observed the following irregularities in implementation of the Scheme:

(i) A test-check (July 2015) of records of Nagar Parishad (NP) Sultanganj revealed that allotment of ₹ 75 lakh was received (December 2012) by the NP for all the five components under SJSRY out of which 40 *per cent* (₹ 30 lakh) was earmarked for STEP-UP component. The physical target against the said allotment under STEP-UP was 350 beneficiaries and target for placement of trained beneficiaries was 105 (30 *per cent* of 350). For the purpose, the NP executed an agreement with a Non-Governmental Organisation (NGO) 'Sambodhit' and issued (October 2012) work order for imparting training in four trades and paid advance of ₹ 14 lakh (during February-March 2013).

However, it was observed that the NP intimated (May 2013) the NGO that no documents relating to the training were submitted by the NGO. Despite that, the Executive Officer (E.O), NP paid an additional amount of ₹ 14 lakh to the NGO (between July and August 2013). Subsequently, the NGO submitted a final bill of

₹ 69 lakh for imparting training to 690 beneficiaries (September 2013) instead of the target of 350 beneficiaries.

The E.O of the NP intimated (September 2013 and November 2014) the NGO that the bills submitted by them were fake and therefore, the claim regarding training imparted was not accepted by the NP and issued (December 2013) warning to the NGO for submission of fake bills of ₹ 69 lakh and for recovery of the amount paid to them. Instead of initiating further action against the NGO for furnishing fake bills, the E.O of the NP made (February 2014) additional payment of ₹ 22 lakh to the NGO. Thus, the amount of ₹ 50 lakh⁸² paid to the NGO by the NP was irregular as it was made without proof of training imparted by the NGO.

The present EO of the NP replied (February 2016) that no records were available in the NP to prove that training was imparted by the NGO and advance paid to the NGO was in contrary to Government's instruction. It was also stated that the payment was made without checking the compliance of the conditions laid down by the Government.

The matter was reported (March 2016) to the UD&HD and Principal Secretary, UD&HD directed (May 2016) the District Magistrate (DM) Bhagalpur to investigate the matter and take action accordingly. Principal Secretary, UD&HD intimated (September 2016) that the necessary documents regarding imparting of training were made available by the NGO (June 2016) to NP office and audit may check the documents.

An audit team visited the NP office (October 2016) to verify the documents and noticed that the bills were not passed by the E.O, BPL status of the beneficiaries was not verified, approval of imparting training to 690 beneficiaries instead of approved target of 350 was not given, receiving of the beneficiaries on bill of tool kits distribution etc. were not available. The E.O, NP also stated (November 2016) that the records submitted by the NGO were not genuine and action for recovery of the amount paid to the NGO was being initiated.

ii) The target set by the State Government to eight ULBs for imparting training to beneficiaries under STEP-UP during 2012-13 and NULM for the period 2013-16, the achievement thereof and the amount paid to NGO for training are given in **Table 5.1** below:

⁸² ₹14 lakh + ₹14 lakh + ₹22 lakh

Table- 5.1: Targets and achievement of test checked ULBs

Component	Year	Target (number of beneficiaries)	Achievement (number of beneficiaries)	Amount paid to the NGO (₹ in crore)	Percentage of achievement
STEP-UP	2011-12	No target set	No achievement	3.14	Nil
	2012-13	3350	4168		124
EST&P	2013-14	8400	Nil	0.77	Nil
	2014-15	No target set	No achievement		Nil
	2015-16	9720	4860		50
Total		21470	9028	3.91	

(Source: Government letters and information furnished by ULBs)

Of the total eight ULBs⁸³ two ULBs⁸⁴ failed to achieve the desired target (achievement ranged from 28 - 45 per cent) under STEP-UP and all the eight ULBs failed to achieve the desired target under EST&P mainly due to delay in selection of agencies for providing training.

Further, it was also observed that placement was not provided to 3681 beneficiaries to whom training was imparted by the NGO though the payment of ₹ 3.91 was released to them on the condition that placement would be given to the trained beneficiaries. This rendered the expenditure of ₹ 3.91 crore incurred for providing training to beneficiaries, unfruitful.

The matter was reported to the Government (November 2016); their reply was awaited.

5.2 Loss of tax revenue

Annual Rental Value of holdings was not revised by minimum 15 per cent every five years and Property Tax was levied at a rate below the prescribed minimum rate which led to a loss of tax revenue of ₹ 36.56 lakh.

Section 127 (13) (i) of the Bihar Municipal (Amended) Act (BM Act), 2011, stipulates that the Municipality shall carry out upward revision of rental value of holdings⁸⁵ once in every five years and Section 127(7) (iii) of BM Act (Amended), 2013 states that the rental value per square feet of the built-up area for different classes of holdings⁸⁶ shall be increased by minimum 15 per cent

⁸³ Ara, Banka, Bhagalpur, Chhapra, Jamui, Purnea, Sasaram and Sheohar

⁸⁴ Ara and Banka

⁸⁵ Holdings mean land held under one title or agreement and surrounded by one set of boundaries.

⁸⁶ Residential, Commercial; Pucca, Asbestos buildings; Self-occupied, tenant occupied buildings etc.

after every five years. Further, Section 127(8) of the Act *ibid* provides that Property Tax shall be levied by the Municipality within a minimum 9 *per cent* and a maximum 15 *per cent* of Annual Rental Value (ARV)⁸⁷ of lands and buildings and no Municipality shall reduce the rate of tax already in use between the minimum and maximum provided for without the prior approval of the State Government.

Audit observed that ARV of the holdings was not revised by the Patna Municipal Corporation (PMC) and the Jamalpur Nagar Parishad after every five years, whereas the Amarpur Nagar Panchayat levied Property Tax at a rate below the minimum prescribed rate nine *per cent* of ARV as detailed below:

(i) Scrutiny of records (March 2016) of the PMC for the period 2014-15 revealed that ARV of holdings was last revised in 1995-96 and thereafter not revised till March 2016, though fourth revision was due in the year 2015-16⁸⁸. In PMC, ARV of 1033 test checked holdings⁸⁹ was ₹ 6.42 crore as per the revision done in the year 1995-96. Due to this low ARV of the test checked holdings, the PMC sustained minimum loss of ₹ 17.32 lakh during 2014-16.

On this being pointed out in audit (March 2016), the Additional Municipal Commissioner, PMC replied (March 2016) that ARV was not increased in the light of instructions (October 2013) of the Urban Development and Housing Department (the Department). He further stated that the Department was requested (August 2015) for approval of the revision of the ARV and the matter was pending with the Department. The reply was not tenable as the Department had already issued (December 2013) instructions and notified (January 2014) the revision of ARV of the holdings by 15 *per cent* in every five years. Moreover, records showed that the PMC did not request the department (October 2013) for approval of revision of the ARV of holdings.

(ii) In Jamalpur Nagar Parishad (Nagar Parishad), it was observed (May 2016) that the last assessment of ARV of holdings was done in the year 2007-08 and since then the Property Tax was being realised on that basis till March 2016, though the revision was due in 2012-13. As a result, the Nagar Parishad sustained minimum loss of Property Tax of ₹ 13.27 lakh during 2014-16.

⁸⁷ *ARV = Carpet area x Rental value x Occupancy factor x Multiplying factor*

⁸⁸ *First revision was due in 2000-01, second in 2005-06, third in 2010-11*

⁸⁹ *Demand of only 1033 holdings was made available to audit.*

On this being pointed out, the Executive Officer of the Nagar Parishad replied (May 2016) that revaluation of holdings were under process. The reply was not acceptable as the revision in ARV was due in the year 2012-13 and should have been revised since then.

(iii) In Amarapur Nagar Panchayat (Nagar Panchayat), it was observed that instead of minimum nine *per cent* of the ARV, Property Tax was levied arbitrarily at the rate of six *per cent* of the ARV and realised Property Tax accordingly since April 2006. As a result, Nagar Panchayat sustained loss of Property Tax of ₹ 5.97 lakh for the period 2014-16.

The Executive Officer of the Nagar Panchayat replied that since April 2016 the tax was being collected at the rate of nine *per cent* of ARV. The reply was not tenable as the Department had already issued instructions regarding levy of Property Tax at minimum nine *per cent* of ARV.

Thus, the failure of Municipal Bodies to follow the provisions of the BM Act and instructions of the Department regarding revision of Property Tax at the interval of every five years and levy of tax not below the rate of nine *per cent* of ARV resulted in loss of property tax amounting to ₹ 36.56 lakh⁹⁰.

The matter was reported to the Government (July 2016); reminder issued (November 2016), their reply was awaited.

5.3 Irregular payment of advances

Relevant financial rules were not observed by Nagar Parishad, Siwan in payment of advance for maintenance of solar lights that led to irregular payment of ₹ 80.87 lakh to the agency.

Rule 131(P), (Q) (1) of the Bihar Financial Rules (BFR) stipulates that, ordinarily, payments for services rendered or supplies made should be released only after the services have been rendered or supplies made. Further, while making advance payments, adequate safeguards/Performance Security in the form of Demand draft, Bank Guarantee etc., (five to ten *per cent* of the value of the contract) should be obtained from the firm to ensure due performance of the contract.

Scrutiny (February 2016) of records of Nagar Parishad (NP), Siwan revealed that in a meeting of the Purchase Committee, the work for procurement and installation of solar lights was awarded to an agency (February 2012) at a rate of ₹ 26,684 per unit under an agreement. Further, on the suggestion of the Chairman of the NP to the Purchase Committee, a clause for maintenance of the solar lights

⁹⁰ ₹13.27 lakh + ₹17.32 lakh + ₹5.97 lakh = ₹ 36.56 lakh

for the period of 10 years inclusive free maintenance of two years at a rate of 10 *per cent* per unit per year was included in the said agreement.

NP Siwan procured (February-April 2012) 330 solar lights from the agency and the same were installed at specified places of the NP wards at a total cost of ₹ 88.06 lakh. As per agreement, the solar lights were to be maintained free of cost for two years and thereafter paid maintenance had to be commenced from February-April 2014. By ignoring the condition of the agreement, the NP Siwan paid (September to December 2012) ₹ 41.08 lakh to the agency as maintenance charges for 330 solar lights for five years in advance. Also, the test and trial of the solar lights procured was not done before installation. Thus, an opportunity to assess the performance of the agency during free maintenance period of two years was lost by the NP due to payment of maintenance charges in advance and financial interest was not saved.

Further, the NP executed an agreement with the same agency (20 December 2012) for procurement of 400 more solar lights at a rate of ₹ 23,000 per unit wherein, a clause for maintenance of solar lights for five years inclusive of two years free maintenance period was included. But, again, by ignoring the condition of the agreement, NP Siwan paid (July- September 2013) ₹ 39.79 lakh to the agency as maintenance charge of 400 solar lights for five years in advance.

On complaint of public, the NP Siwan issued (October - December 2013) notices to the agency as most of the solar lights installed were not functioning and instructed to maintain the same but the agency did not respond. The NP also carried out (December 2013) an inspection to assess the status of functioning of solar lights and found that a number of solar lights were not functioning due to lack of maintenance and therefore, an explanation was sought (January 2014) from the agency as to why the entire maintenance charge paid to him should not be recovered as the solar lights were not maintained. But, the contractor neither responded nor carried out the maintenance work.

When the matter was raised by audit, the Executive Officer, NP Siwan stated (September 2016) that approval of the Chairman was taken before payment to the agency. Reply was not acceptable as the NP not only paid full amount of maintenance charges for two years before the commencement of the paid maintenance period without obtaining Performance Security but also failed to protect financial interest of the NP. Moreover, the Chairman did not have the authority to sanction deviation from the provision of the financial rules.

Thus, it was evident that NP Siwan made an irregular payment of ₹ 80.87 lakh to the agency by paying full amount of maintenance charges of 730 solar lights in advance.

As the contractor failed to maintain the solar street lights since February 2012, the lights became dysfunctional rendering the expenditure of ₹ 80.87 lakh unfruitful.

The matter was reported to the Government (August 2016); reminder issued (November 2016), their reply was awaited.

Patna
The



(DHARMENDRA KUMAR)
Accountant General (Audit), Bihar

Countersigned

New Delhi
The



(SHASHI KANT SHARMA)
Comptroller and Auditor General of India

APPENDICES

Appendix – 2.1

(Refer: Paragraph – 2.1.1; Page- 19)

Statement showing main recommendations made by the Fourth SFC with regard to PRIs

Sl. No	Main Recommendations
1.	The accounting formats prescribed by C&AG should be adopted and accounting manuals be finalised in consultation with Accountant General. The possibility of simplifying the formats may also be explored.
2.	Transfer of 3Fs should be expedited. It has to be done in such manner that regular government employees are not put to any hardship and work of other departments if done by such employees also does not suffer. The panchayats should also be in a position to exercise effective control over the functionaries transferred.
3.	Expenditure on current salary of employees working against sanctioned posts of the Local Body employees should be borne by the government for another five years without any tapering.
4.	Six activities have been identified as high priority for PRIs. These activities can primarily be financed through devolution amount of share in state taxes. The estimated cost of these programmes is ₹ 1,590 crore
5.	To support the identified priority and other programmes of the local bodies a share of 7.5 per cent in state's own tax revenue, net of collection costs should be devolved on to the Local Bodies.
6.	Every year the share of Local Bodies should be released in two half yearly instalments.
7.	Out of the total devolution as share in state taxes to Local Bodies 70 per cent should be for PRIs and 30 per cent for the ULBs.
8.	Among the PRIs the total devolved share in state taxes should be further shared in the proportion 70 per cent to Gram Panchayats, 20 per cent to Panchayat Samitis and 10 per cent to Zila Parishads.
9.	The 10 per cent share of The Zila Parishads should be distributed among the ZPS on the single criterion of population of the district.
10.	The 20 per cent share of Panchayat Samitis should be distributed among the PS.s on the criterion of 80 per cent weight to population and 20 per cent weight to number of BPL families.
11.	The 70 per cent share of the Gram Panchayats should be distributed equally among all GPS.
12.	Arrears of retirement benefit to employees of local bodies should be cleared by giving a one-time lump sum grant-in-aid.
13.	The Panchayat Raj Institutions should be given grants from the Consolidated Fund of the State @ ₹ 15 lakhs, ₹ 1 lakh, and ₹ 2 lakhs per annum to each Zila Parishad, Panchayat Samiti and Gram Panchayat for capacity building.
14.	The share in State taxes followed by the grants-in-aid to PS.s and ZPS shall be firstly put to use in filling the gaps in the actual cost of execution of schemes identified as priority activities.
15.	The untied amounts left after fulfilment of the requirement for priority activities shall be spent on purposes consistent with the duties and functions stated in the Act. It will not be available for payment of salary or purchase of vehicles without previous sanction of the state government.
16.	The PRIs, especially the Zila Parishads, should strive to become financially self-reliant by raising their own resources. This will also enable them to approach financial institutions for investment in projects which will ensure that the prime lands available to them are put to profitable use. They may also try to explore the possibility of creating assets by adopting the PPP mode.
17.	The State Government is yet to prescribe the maximum limits of taxes that can be levied by the PRIs with the result that these bodies do not levy any taxes at all. The State Government should either notify these rates forthwith to enable the PRIs to raise resources or amend the law so that there will be no need to have government approval.

(Source: Report of the Fourth State Finance Commission)

Appendix –2.2

(Refer: Paragraph- 2.1.3.4; Page – 22)

Statement showing status of works undertaken during 2011-16 in the Sampled Units under high priority sector

District/ Units	Grant received	Drinking Water			Street lighting			Brick soling and Drains			Library			Sanitation			Inadmissible Expenditure		Total	
		Grant available	No. of works	Exp.	Grant available	No. of works	Exp.	Grant available	No of works	Exp.	Grant available	No. of works	Exp.	Grant available	No. of works	Exp.	No. of works	Exp.	No of works	Exp.
ZP Madhubani	446.04	70.25	61	9.76	72.48	0	0.00	272.98	130	357.16	14.27	0	0.00	16.06	0	0.00	35	134.44	226	501.36
PS Madhwapur	31.44	4.95	1	4.50	5.11	0	0.00	19.24	1	2.19	1.01	0	0.00	1.13	0	0.00	0	0.00	2	6.69
GP Basuki Bihar North	7.93	1.25	1	0.70	1.29	0	0	4.85	3	12.66	0.25	0	0.00	0.29	0	0.00	0	0.00	4	13.36
GP Balba	7.93	1.25	2	1.96	1.29	0	0.00	4.85	0	0.00	0.25	0	0.00	0.29	0	0.00	0	0.00	2	1.96
GP Sahar south	7.93	1.25	1	2.33	1.29	0	0.00	4.85	14	15.31	0.25	0	0.00	0.29	0	0.00	0	0.00	15	17.64
PS Jhanjharpur	39.40	6.21	2	6.23	6.40	0	0.00	24.11	4	13.03	1.26	0	0.00	1.42	0	0.00	0	0.00	6	19.26
GP Naruar	7.93	1.25	2	1.35	1.29	2	1.84	4.85	1	3.68	0.25	0	0.00	0.29	0	0.00	0	0.00	5	6.87
GP Sukhait	7.93	1.25	1	0.58	1.29	0	0.00	4.85	3	3.77	0.25	0	0.00	0.29	0	0.00	0	0.00	4	4.34
GP Sangram	7.93	1.25	3	2.32	1.29	0	0.00	4.85	1	1.44	0.25	0	0.00	0.29	0	0.00	0	0.00	4	3.76
PS Basopatti	37.56	5.91	72	41.99	6.10	0	0.00	22.98	2	7.54	1.20	0	0.00	1.35	0	0.00	0	0.00	74	49.53
GP Khauna	7.93	1.25	14	9.95	1.29	2	2.33	4.85	0	0.00	0.25	0	0.00	0.29	0	0.00	0	0.00	16	12.27
GP Hathapur Parsa	7.93	1.25	25	6.22	1.29	6	5.12	4.85	1	0.71	0.25	0	0.00	0.29	0	0.00	0	0.00	32	12.04
GP Birpur	7.93	1.25	15	10.36	1.29	0	0.00	4.85	0	0.00	0.25	0	0.00	0.29	0	0.00	0	0.00	15	10.36
PSLaukahi	44.04	6.94	6	10.47	7.16	0	0.00	26.95	19	52.75	1.41	0	0.00	1.59	0	0.00	0	0.00	25	63.22
GP Bangama south	7.93	1.25	3	2.03	1.29	1	0.93	4.85	7	13.15	0.25	0	0.00	0.29	0	0.00	0	0.00	11	16.11
GP Kukurdaura	7.93	1.25	5	2.85	1.29	3	1.30	4.85	11	13.45	0.25	0	0.00	0.29	0	0.00	0	0.00	19	17.60
GP Belhi Bhawanipur	7.93	1.25	22	14.38	1.29	0	0.00	4.85	1	2.28	0.25	0	0.00	0.29	0	0.00	0	0.00	23	16.65
GP Narendrapur	7.93	1.25	4	9.72	1.29	10	4.65	4.85	1	4.78	0.25	0	0.00	0.29	0	0.00	0	0.00	15	19.15
ZP Nalanda	260.70	41.06	740	132.41	42.36	0	0.00	159.55	24	17.50	8.34	0	0.00	9.39	0	0.00	0	0.00	764	149.91
PS Biharsharif	42.44	6.68	187	42.90	6.90	0	0.00	25.97	9	13.85	1.36	0	0.00	1.53	0	0.00	0	0.00	196	56.75
GP Sarbahadi	7.93	1.25	32	7.79	1.29	0	0.00	4.85	1	4.31	0.25	0	0.00	0.29	0	0.00	0	0.00	33	12.10
GP Meghi Nagwan	7.93	1.25	34	8.28	1.29	0	0.00	4.85	0	0.00	0.25	0	0.00	0.29	0	0.00	0	0.00	34	8.28
GP Dumrawan	7.93	1.25	34	7.36	1.29	0	0.00	4.85	1	5.20	0.25	0	0.00	0.29	0	0.00	0	0.00	35	12.56
GP Ranabigha	7.93	1.25	28	6.65	1.29	0	0.00	4.85	2	5.58	0.25	0	0.00	0.29	1	0.09	0	0.00	31	12.32
PS Rahui	33.21	5.23	177	40.25	5.40	0	0.00	20.33	8	6.75	1.06	0	0.00	1.20	0	0.00	0	0.00	185	46.99
GP Rahui	7.93	1.25	57	13.41	1.29	0	0.00	4.85	3	2.99	0.25	0	0.00	0.29	0	0.00	0	0.00	60	16.40
GP Supasang	7.93	1.25	62	10.47	1.29	0	0.00	4.85	2	4.81	0.25	0	0.00	0.29	0	0.00	0	0.00	64	15.28
GP Peshaur	7.93	1.25	40	9.55	1.29	0	0.00	4.85	2	2.83	0.25	0	0.00	0.29	0	0.00	0	0.00	42	12.38
PS Harnaut	37.35	5.88	211	47.34	6.07	0	0.00	22.86	5	7.42	1.20	0	0.00	1.34	0	0.00	0	0.00	216	54.77
GP Kolawan	7.93	1.25	47	10.38	1.29	0	0.00	4.85	1	4.02	0.25	0	0.00	0.29	0	0.00	0	0.00	48	14.40
GP Telmar	7.93	1.25	42	9.29	1.29	0	0.00	4.85	0	0.00	0.25	0	0.00	0.29	0	0.00	0	0.00	42	9.29
GP Poari	7.93	1.25	38	8.53	1.29	0	0.00	4.85	6	5.78	0.25	0	0.00	0.29	0	0.00	0	0.00	44	14.31

PS Noorsarai	35.62	5.61	65	15.62	5.79	0	0.00	21.80	4	18.20	1.14	0	0.00	1.28	0	0.00	0	0.00	69	33.81
GP Jagdishpur Tiyari	7.93	1.25	66	15.95	1.29	0	0.00	4.85	1	0.33	0.25	0	0.00	0.29	0	0.00	0	0.00	67	16.27
GP Rasalpur	7.93	1.25	42	9.34	1.29	0	0.00	4.85	5	4.40	0.25	0	0.00	0.29	0	0.00	0	0.00	47	13.74
GP Nirpur	7.93	1.25	46	10.89	1.29	0	0.00	4.85	6	4.85	0.25	0	0.00	0.29	0	0.00	0	0.00	52	15.74
ZP Rohtas	271.85	42.82	62	161.33	44.18	0	0.00	166.37	56	110.78	8.70	0	0.00	9.79	0	0.00	1	4.30	113	276.41
PS Kochas	28.62	4.51	17	6.61	4.65	0	0.00	17.51	44	42.60	0.92	0	0.00	1.03	0	0.00	0	0.00	61	49.21
GP Laheri	7.93	1.25	5	4.82	1.29	9	7.34	4.85	0	0.00	0.25	0	0.00	0.29	0	0.00	0	0.00	14	12.16
GP Kochas	7.93	1.25	2	1.20	1.29	11	8.43	4.85	2	1.74	0.25	0	0.00	0.29	0	0.00	0	0.00	15	11.38
PS Dehri	29.61	4.66	2	3.90	4.81	2	5.44	18.12	17	38.92	0.95	0	0.00	1.07	0	0.00	0	0.00	21	48.25
GP Bahluari	7.93	1.25	2	1.20	1.29	4	2.72	4.85	11	12.55	0.25	1	0.12	0.29	0	0.00	0	0.00	18	16.59
GP Bahisaha	7.93	1.25	1	1.90	1.29	5	4.08	4.85	6	8.93	0.25	1	0.12	0.29	0	0.00	0	0.00	13	15.02
GP Majhiaon	7.93	1.25	1	0.99	1.29	14	10.34	4.85	1	2.08	0.25	1	0.12	0.29	0	0.00	0	0.00	17	13.53
PS Rohtas	19.24	3.03	113	24.53	3.13	0	0.00	11.77	0	0.00	0.62	0	0.00	0.69	0	0.00	0	0.00	113	24.53
GP Akabarpur	7.93	1.25	0	0.00	1.29	0	0.00	4.85	0	0.00	0.25	0	0.00	0.29	0	0.00	0	0.00	0	0.00
GP Samahutta	7.93	1.25	0	0.00	1.29	2	10.34	4.85	0	0.00	0.25	0	0.00	0.29	0	0.00	0	0.00	2	10.34
PS Sasaram	43.93	6.92	3	15.22	7.14	2	34.00	26.88	18	24.14	1.41	0	0.00	1.58	0	0.00	0	0.00	23	73.36
GP Karsrua	7.93	1.25	7	4.20	1.29	4	10.32	4.85	1	2.08	0.25	0	0.00	0.29	0	0.00	0	0.00	12	16.59
GP Darigaon	7.93	1.25	0	0.00	1.29	18	13.02	4.85	0	0.00	0.25	0	0.00	0.29	0	0.00	0	0.00	18	13.02
GP Muradabad kala	7.93	1.25	3	0.77	1.29	16	12.76	4.85	0	0.00	0.25	0	0.00	0.29	0	0.00	0	0.00	19	13.52
GP Rampur	7.93	1.25	7	5.28	1.29	7	5.17	4.85	2	6.80	0.25	0	0.00	0.29	0	0.00	0	0.00	16	17.25
ZP Saran	373.98	58.90	8	15.28	60.77	0	0.00	228.88	125	359.69	11.97	0	0.00	13.46	0	0.00	0	0.00	133	374.97
PS Panapur	24.41	3.85	1	2.08	3.97	0	0.00	14.94	8	29.76	0.78	0	0.00	0.88	0	0.00	0	0.00	9	31.83
GP Totaha Jagatpur	7.96	1.25	14	11.28	1.29	4	3.64	4.87	1	1.88	0.25	1	0.12	0.29	0	0.00	0	0.00	20	16.91
GP Bankwa	7.96	1.25	12	10.48	1.29	0	0.00	4.87	1	2.33	0.25	1	0.12	0.29	0	0.00	0	0.00	14	12.93
PS Isuapur	29.35	4.62	42	23.99	4.77	0	0.00	17.96	4	2.60	0.94	0	0.00	1.06	0	0.00	0	0.00	46	26.59
GP Agauthar Sunder	7.96	1.25	5	4.53	1.29	5	3.15	4.87	6	7.60	0.25	1	0.12	0.29	0	0.00	0	0.00	17	15.39
GPAata Nagar	7.96	1.25	12	12.87	1.29	5	3.15	4.87	0	0.00	0.25	1	0.12	0.29	0	0.00	0	0.00	18	16.14
GP Nipaniya	7.96	1.25	6	4.67	1.29	15	10.21	4.87	1	1.61	0.25	1	0.12	0.29	0	0.00	0	0.00	23	16.61
PS Sadar Chapra	45.85	7.22	5	18.43	7.45	0	0.00	28.06	5	6.41	1.47	0	0.00	1.65	0	0.00	0	0.00	10	24.84
GP Bhairopur Nijamat	7.96	1.25	11	10.83	1.29	0	0.00	4.87	0	0.00	0.25	0	0.00	0.29	0	0.00	0	0.00	11	10.83
GP Mouna	7.96	1.25	4	9.02	1.29	0	0.00	4.87	2	5.50	0.25	1	0.12	0.29	0	0.00	0	0.00	7	14.64
GP Chirand	7.96	1.25	5	4.33	1.29	0	0.00	4.87	3	10.97	0.25	1	0.12	0.29	0	0.00	0	0.00	9	15.41
GP Jalalpur	7.96	1.25	3	9.54	1.29	0	0.00	4.87	1	0.48	0.25	1	0.12	0.29	0	0.00	0	0.00	5	10.14
PS Mashrak	37.85	5.96	0	0.00	6.15	0	0.00	23.16	23	54.93	1.21	0	0.00	1.36	0	0.00	0	0.00	23	54.93
GP Karan kudariya	7.96	1.25	9	8.09	1.29	2	1.39	4.87	2	5.33	0.25	1	0.12	0.29	0	0.00	0	0.00	14	14.93
GP Sonauli	7.96	1.25	13	16.61	1.29	0	0.00	4.87	0	0.00	0.25	1	0.12	0.29	0	0.00	0	0.00	14	16.73
GP Mashrak West	7.96	1.25	9	6.36	1.29	1	0.76	4.87	3	9.21	0.25	0	0.00	0.29	0	0.00	0	0.00	13	16.33
Total	2301.42	362.46	2572	944.45	374	150	162.43	1408.31	622	1361.64	73.47	13	1.56	83.07	1	0.09	36	138.74	3388	2608.78

(Source: Scheme details of PRIs)

Appendix- 2.3
(Refer: Paragraph-2.1.3.4; Page-22)
Statement showing Work executed/found in Private premises

(Amount in ₹)

Name of Unit	Type of Scheme	No. of works	Year	No. of units	Estimate cost	Expenditure	Status	Remarks
GP Birpur	H.P.	2	2012-13	1	14500	12400	Complete	The hand pump was installed in private premises. The head of the hand pump was not found. Hand pump was not in a working condition
GP Birpur	H.P.	2	2012-13	1	14500	12400	Complete	The hand pump was installed in private premises. The head of the hand pump was not found. Hand pump was not in a working condition
GP Khouna	H.P.	6	2013-14	1	19500	16000	Complete	The hand pump was installed in private premises.
GP Khouna	H.P.	3	2013-14	1	19500	16000	Complete	The hand pump was installed in private premises.
GP Khouna	H.P.	3	2013-14	1	19500	16000	Complete	The hand pump was not in working condition. The hand pump was installed in private premises.
GP Khouna	H.P.	2	2013-14	1	19500	16100	Complete	The hand pump was installed in private premises.
GP Khouna	H.P.	6	2013-14	1	19500	16000	Complete	The hand pump was installed in private premises.
GP Rampur	H.P.	6	2014-15	1	29362	29362	Complete	The hand pump was installed in the private land of Sri Dinesh Pal and was used privately
GP Rahui	H.P.	10	2015-16	1	25000	24926	Complete	Hand pump was in working condition. Motor was found installed in the hand pump
PS Rahui	H.P.	11	2012-13	1	20000	20000	Complete	The hand pump was installed in private premises
GP Peshaur	H.P.	16	2013-14	1	25000	24395	Complete	The hand pump was installed in private premises
GP Peshaur	H.P.	12	2013-14	1	25000	24395	Complete	The hand pump was installed in private premises
GP Peshaur	H.P.	9	2013-14	1	25000	24395	Complete	The hand pump was installed in private premises
GP Peshaur	H.P.	5	2012-13	1	20000	20000	Complete	The Hand Pump was installed in private premises and was not functioning since one year.
GP Peshaur	H.P.	3	2015-16	1	25000	24760	Complete	The hand pump was installed in private premises
GP Peshaur	H.P.	2	2014-15	1	25000	24350	Complete	The hand pump was installed in private premises
GP Peshaur	H.P.	2	2013-14	1	25000	24395	Complete	The hand pump was installed in private premises and was used purely for private purpose.
GP Supasang	H.P.	5	2012-13	1	20000	20000	Complete	The hand pump was installed in private premises
GP Supasang	H.P.	23	2012-13	1	25000	22000	Complete	The hand pump was found installed in private premises.
GP Jagdishpur Tiyari	H.P.	3	2014-15	1	24500	24269	Complete	The hand pump was installed in private premises.

GP Jagdishpur Tiyari	H.P.	2	2014-15	1	24500	24269	Complete	The hand pump was installed in private premises.
GP Jagdishpur Tiyari	H.P.	4	2015-16	1	24500	24287	Complete	The hand pump was installed in private premises.
GP Jagdishpur Tiyari	H.P.	5	2012-13	1	24500	24200	Complete	The hand pump was installed in private premises.
GP Jagdishpur Tiyari	H.P.	7	2013-14	1	24500	24200	Complete	The hand pump was installed in private premises.
GP Jagdishpur Tiyari	H.P.	23	2013-14	1	24500	24191	Complete	The hand pump was installed in private premises.
PS Noorsarai	H.P.	7	2013-14	1	24500	24320	Complete	The hand pump was installed in private premises.
PS Noorsarai	H.P.	11	2012-13	1	24500	23625	Complete	The hand pump was installed in private premises.
PS Noorsarai	H.P.	26	2012-13	1	24500	23625	Complete	The hand pump was installed in private premises.
GP Ranabigha	H.P.	3	2013-14	1	24500	24377	Complete	The hand pump was found in the private occupation of the beneficiary
GP Dumrawan	H.P.	13	2013-14	1	24500	23321	Complete	The hand pump was installed in private premises
GP Aatanagar	H.P.	1	2015-16	1	17300	15467	Complete	Private water motor was found installed in the hand pump
GP Jalalpur	H.P.	2	2015-16	1	34000	34000	Complete	The hand pump was installed in the private premises and was under private possession
GP Jalalpur	H.P.	2	2015-16	1	34000	34000	Complete	The hand pump was found installed in the house of Sri Tinku Kumar Shah and was under private possession
GP Jalalpur	H.P.	1	2015-16	1	22000	21660	Complete	The hand pump was installed in the private premises and was under private possession
GP Jalalpur	H.P.	2	2015-16	1	34000	34000	Complete	The hand pump was installed in the private premises and was under private possession. Private motor was found installed in the hand pump
GP Jalalpur	H.P.	1	2015-16	1	22000	21660	Complete	The hand pump was installed in the private premise and was under private possession
GP Jalalpur	H.P.	2	2015-16	1	34000	34000	Complete	The hand pump was installed in the private premise and was under private possession. Private motor was found installed in the hand pump
Total				37	882662	847349		

(Source : Joint Physical verification of schemes)

Appendix- 2.4
(Refer: Paragraph-2.1.3.4; Page-23)
Statement showing Hand Pump and Solar Light were out of order

(Amount in ₹)

Unit	Type of Scheme	No. of works	Year	No. of units	Estimate cost	Expenditure	Status	Remarks
GP Khouna	solar light	1	2012-13	1	46500	46500	Complete	The solar light was not in working condition
GP Naruar	solar light	2	2012-13	1	48300	48300	Complete	The solar light was not in working condition
GP Balba	H.P.	1	2012-13	1	14010	14010	Complete	Sand was coming with water of hand pump
GP Balba	H.P.	2	2012-13	1	14010	14010	Complete	The hand pump was broken and was not working
GP Karserua	solar light	1	2013-14	1	27200	27200	Complete	The solar light was not in working condition
GP Karserua	solar light	4	2013-14	1	27200	27200	Complete	The solar light was not in working condition
PS Sasaram Sadar	solar light	1	2013-14	1	27200	27200	Complete	The solar light was not in working condition
GP Samahutta	solar light	1	2012-13	1	27200	27200	Complete	The solar light was not in working condition. Solar Plate , Battery was not found at site
PS Rohtas	H.P.	27	2013-14	1	22000	22000	Complete	The head of the hand pump was not found. Hand pump was not in a working condition
GP Kochas	solar light	2	2012-13	1	27200	27200	Complete	Solar light was not found installed at site. Pole, Battery and Solar panel was found in the house Sri Tuntun Sah.
GP Kochas	solar light	1	2012-13	1	27200	27200	Complete	Solar light was not found installed at site. The pole was cut at bottom.
GP Kochas	solar light	1	2012-13	1	27200	27200	Complete	Solar light was not found installed at site. Pole, Battery and Solar panel was found in the house Sri Trahman Nai and was used for private purpose.
GP Kochas	solar light	3	2012-13	1	27200	27200	Complete	Solar light was not working. Locals reported that the Battery was taken by the Executive agent in 2014-15 but the same was not brought back.
GP Kochas	solar light	3	2012-13	1	27200	27200	Complete	The solar light was not working. Only pole was found at site. The Battery and solar plate was found in the house of Sri Shiv Dayal Keshari and was used for private purpose.
GP Kochas	solar light	3	2012-13	1	27200	27200	Complete	The solar light was not working. Only pole was found at site. The battery was taken by the Executive agent for repairing. And the Solar panel was kept in the house of Sri Sunil Sah
GP Bhaluhari	solar light	3	2013-14	1	27200	27200	Complete	The solar light was not working
GP Bhaluhari	solar light	8	2012-13	1	27200	27200	Complete	The solar light was not working.
GP Bhaisaha	solar light	3	2013-14	1	27200	27200	Complete	The solar light was not working.
GP Bhaisaha	solar light	1	2012-13	1	27200	27200	Complete	The solar light was not working.

GP Rampur	solar light	1	2012-13	1	27200	27200	Complete	The solar light was not working since 2015-16. The Battery was found kept in private house of Sri Bhagwan Paswan
GP Rampur	solar light	1	2012-13	1	27200	27200	Complete	The solar light was not working. The locals reported that the solar light was not working after four months of installation in 2012-13. The Battery was kept in a private house.
GP Rampur	solar light	6	2012-13	1	27200	27200	Complete	The solar light was not in working condition since 2014-15
GP Rampur	solar light	6	2012-13	1	27200	27200	Complete	The solar light was not in working condition since 2014-15
GP Rampur	solar light	6	2012-13	1	27200	27200	Complete	The solar light was not in working condition since 2015-16
GP Meghi Nagma	H.P.	8	2012-13	1	24500	24500	Complete	The hand pump was not in working condition.
GP Meghi Nagma	H.P.	7	2012-13	1	24500	24320	Complete	The hand pump was not in working condition. The Head of hand pump was not found at site.
GP Rahui	H.P.	1	2013-14	1	25000	25000	Complete	The hand Pump was not in working condition.
PS Rahui	H.P.	36	2012-13	1	20000	20000	Complete	The hand pump was not found in working condition. Handle of the hand pump was not found.
GP Supasang	H.P.	21	2012-13	1	25000	25000	Complete	The hand pump was not found at site. The locals reported that hand pump was installed at site but went underneath.
GP Rasalpur	H.P.	7	2013-14	1	24500	22782	Complete	The hand pump was not working since two years
GP Rasalpur	H.P.	9	2012-13	1	24500	20000	Complete	The hand pump was not working since eight to nine months
GP Sarbahadi	H.P.	1	2013-14	1	24500	24165	Complete	The hand pump was not in working condition.
GP Dumrawan	H.P.	3	2014-15	1	24500	23321	Complete	The hand pump was not in working condition
GP Dumrawan	H.P.	4	2013-14	1	24500	24440	Complete	The hand pump was not in working condition
GP Dumrawan	H.P.	2	2014-15	1	24500	23321	Complete	The hand pump was not in working condition
GP Nipaniya	Solar Light	8	2013-14	1	31450	31450	Complete	The solar light was not in working condition. Battery was not found
GP Nipaniya	Solar Light	6	2013-14	1	31450	31450	Complete	Solar light was not working
GP Aatanagar	Solar Light	2	2012-13	1	31450	31450	Complete	Solar light was not working
GP Chirand	H.P.	4	2013-14	1	33000	33300	Complete	The hand pump was not working since 2015
Total				39	1054970	1046119		

(Source : Joint Physical verification of schemes)

Appendix – 2.5
(Refer: Paragraph-2.1.3.5; Page –23)
Statement showing expenditure incurred out of untied grant

(Amount in ₹)

District	Name of the Unit	Grant	Admissible item	Scheme	Office Expenditure	Total	Unspent	Percent expenditure on			Percent unspent
								Admissible item	Scheme	Office Expenditure	
Madhubani	ZP Madhubani	4500000	1867312	127500	711909	2706721	1793279	41.50	2.83	15.82	39.85
	PS Madhwapur	300000	0	30255	0	30255	269745	0	10.09	0	89.92
	GP Basuki Bihar North	600000	0	596000	0	596000	4000	0	99.33	0	0.60
	GP Balba	600000	0	580000	10000	590000	10000	0	96.67	1.67	1.67
	GP Sahar south	600000	0	333000	0	333000	267000	0	55.5	0	44.5
	PS Jhanjharpur	300000	0	295233	0	295233	4767	0	98.41	0	1.59
	GP Naruar	600000	0	363100	0	363100	236900	0	60.52	0	39.48
	GP Sukhait	600000	0	534300	0	534300	65700	0	89.05	0	10.95
	GP Sangram	600000	0	600000	0	600000	0	0	100.00	0	0
	PS Basopatti	300000	0	0	201443	201443	98557	0	0	67.15	32.85
	GP Khauna	600000	0	500000	0	500000	100000	0	83.33	0	16.67
	GP Hathapur Parsa	600000	0	589500	0	589500	10500	0	98.25	0	1.75
	GP Birpur	600000	0	544200	0	544200	55800	0	90.70	0	9.30
	PS Laukahi	300000	0	0	202640	202640	97360	0	0	67.55	32.45
	GP Bangama south	600000	0	316000	0	316000	284000	0	52.67	0	47.33
GP Kukurdaura	600000	0	517500	7500	525000	75000	0	86.25	1.25	12.50	
GP Belhi Bhawanipur	600000	0	465500	123500	589000	11000	0	77.58	20.58	1.83	
GP Narendra pur	600000	0	548000	15000	563000	37000	0	91.33	2.50	6.167	
Nalanda	ZP Nalanda	4500000	23100	0	164325	187425	4312575	0.51	0	3.65	95.84
	PS Biharsharif	300000	0	73000	0	73000	227000	0	24.33	0	75.67
	GP Sarbahadi	600000	325000	125000	0	450000	150000	54.17	20.83	0	25.00
	GP Meghi Nagwan	600000	136150	108057	163850	408057	191943	22.69	18.01	27.30	31.99
	GP Dumrawan	600000	44990	418654	109056	572700	27300	7.49	69.78	18.18	4.55
	GP Ranabigha	600000	396000	186000	0	582000	18000	66.00	31.00	0	3.00
	PS Rahui	300000	69801	0	64162	133963	166037	23.27	0	21.39	55.35
	GP Rahui	600000	200400	374600	25000	600000	0	33.4	62.43	4.17	0
	GP Supasang	600000	57500	300000	199000	556500	43500	9.58	50	33.17	7.25
	GP Peshaur	600000	0	145000	399000	544000	56000	0	24.17	66.5	9.33
	PS Harnaut	300000	0	0	195700	195700	104300	0	0	65.23	34.77
	GP Kolawan	600000	321000	279000	0	600000	0	53.5	46.5	0	0
	GP Telmar	600000	0	600000	0	600000	0	0	100	0	0
	GP Poari Paschim	600000	0	148500	289500	438000	162000	0	24.75	48.25	27.00
	PS Noorsarai	300000	0	0	0	0	300000	0	0	0	100.00
GP Jagdishpur Tiyari	600000	53874	421500	123896	599270	730	8.979	70.25	20.65	0.12	

	GP Rasalpur	600000	52217	337000	144783	534000	66000	8.70	56.17	24.13	11.00
	GP Nirpur	600000	0	540681	54500	595181	4819	0	90.11	9.08	0.80
Rohtas	ZP Rohtas	4500000	1756727	0	719148	2475875	2024125	39.04	0	15.98	44.98
	PS Kochas	300000	0	265000	0	265000	35000	0	88.33	0	11.67
	GP Laheri	600000	197500	375500	0	573000	27000	32.92	62.58	0	4.5
	GP Kochas	600000	200000	0	0	200000	400000	33.33	0	0	66.67
	PS Dehri	300000	200000	0	0	200000	100000	66.67	0	0	33.33
	GP Bahluari	600000	90000	423395	50100	563495	36505	15	70.57	8.35	6.08
	GP Bahisaha	600000	90000	251000	50000	391000	209000	15	41.83	8.33	34.83
	GP Majhiaon	600000	155000	79987	90013	325000	275000	25.83	13.33	15.00	45.83
	PS Rohtas	300000	0	201800	0	201800	98200	0	67.27	0	32.73
	GP Akabarpur	600000	0	529000	0	529000	71000	0	88.17	0	11.83
	GP Samahutta	600000	90000	502000	0	592000	8000	15	83.67	0	1.33
	PS Sasaram	300000	0	238102	0	238102	61898	0	79.37	0	20.63
	GP Karserua	600000	200000	378000	0	578000	22000	33.33	63	0	3.67
	GP Darigaon	600000	200000	289000	0	489000	111000	33.33	48.17	0	18.5
	GP Muradabad kala	600000	199500	393700	0	593200	6800	33.25	65.67	0	1.133
GP Rampur	600000	200000	381000	0	581000	19000	33.33	63.5	0	3.167	
Saran	ZP Saran	4500000	1804825	94884	896475	2796184	1703816	40.11	2.11	19.92	37.86
	PS Panapur	300000	100000	200000	0	300000	0	33.33	66.67	0	0
	GP Totaha Jagatpur	600000	0	561000	39000	600000	0	0	93.5	6.5	0
	GP Bankwa	600000	0	490000	15000	505000	95000	0	81.67	2.5	15.83
	PS Isuapur	300000	0	38735	261265	300000	0	0	12.97	87.09	0
	GP Agauthar Sunder	600000	200000	304000	0	504000	96000	33.33	50.67	0	16
	GP Aata Nagar	600000	200000	203000	0	403000	197000	33.33	33.84	0	32.83
	GP Nipaniya	600000	200000	400000	0	600000	0	33.33	66.67	0	0
	PS Sadar Chapra	300000	0	0	0	0	300000	0	0	0	100.00
	GP Bhairapur Nijamat	600000	297300	254700	0	552000	48000	49.55	42.45	0	8
	GP Mouna	600000	213500	325000	0	538500	61500	35.58	54.17	0	10.25
	GP Chirand	600000	0	593000	0	593000	7000	0	98.83	0	1.17
	GP Jalalpur	600000	0	580000	0	580000	20000	0	96.67	0	3.33
	PS Mashrak	300000	0	0	0	0	300000	0	0	0	100.00
	GP Karan kudariya	600000	124000	476000	0	600000	0	20.67	79.33	0	0
GP Sonauli	600000	200000	389500	0	589500	10500	33.33	64.97	0	1.75	
GP Mashrak West	600000	124000	470500	0	594500	5500	20.67	78.47	0	0.97	
	Total	52200000	10589696	20684883	5325765	36600344	15599656				

(Source : Records of the audited units)

Appendix-2.6

(Refer: Paragraph –2.1.3.10; Page –27)

Statement showing difference in Cash Book and Bank Account Closing Balance as on 31 March 2016

(Amount in ₹)

District	Unit	Cash book Balance	Bank Balance	Difference	Bank account no.
Madhubani	GP Naruar	225976	236906	10930	BOI 468610210000012
	PS Basopatti	321865	819386	497521	UBGB 1004061030004818
	PS Laukahi	147848	282507	134659	UBGB 1003781030001886
Nalanda	GP Meghi Nagwan	191943	206002	14059	MBGB 71520100078339
	GP Ranabigha	17472	25117	7645	MBGB 71520100080194
	PS Rahui	555283	582923	27640	MBGB 74310100006200
	GP Supasang	46131	17525	-28606	MBGB 74310100008518
	PS Harnaut	533641	783514	249873	SBI 32329267921
	GP Kolawan	3665	3647	-18	PNB 6747000100022186
	GP Telmar	0	5184	5184	PNB 6747000100022195
	PS Noorsarai	731431	814007	82576	PNB 0814000101189520
	GP Jagdishpur Tiaryi	713	2105691	2104978	MBGB 71790100082658, PNB 1255000105114782
Rohtas	PS Kochas	35764	241606	205842	PNB 0846000105032627
	PS Rohtas	98393	98212	-181	PNB 1308000100119444
Saran	PS Panapur	63462	65152	1690	UBGB 1005761030001794
	GP Bankwa	102196	95327	-6869	UBGB 1006091030006997
	GP Agauthar Sunder	96602	97102	500	UBGB 1006131030001107
	GP Aata Nagar	197233	207233	10000	UBGB 1006131030000971
	GP Bhairapur Nijamat	48865	131751	82886	UBI 415202010006611
	GP Mouna	61192	292844	231652	SBI 30283704034
	GP Jalalpur	20064	162198	142134	UBI 099558488143
	PS Mashrak	-83579	6171	89750	CBI 3187082172
	GP Karan kudariya	1815	2587	772	UBGB 1005681030008663
GP Mashrak West	5750	353	-5397	CBI 3187410161	
Total		3423725	7282945	3859220	

(Source: Cash Book of the Sampled PRIs)

Appendix –2.7

(Refer: Paragraph-2.1.4.1; Page –27)

Statement showing details of schemes executed in contravention of the guidelines

Sanction order/Date	Name of the unit	Block	Name of the Scheme	Expenditure (₹ in lakh)
369/29-09-12	ZP Madhubani	Khajauli	Construction of library near temple at village Makunma in Chandradih Panchayat	3.37
370/29-09-12		Rahika	Construction of Shed for Cemetery in Gram Panchayat Shambhuaar near north bhinda to maurjipokhar at village samoul	2.43
370/29-09-12		Jhanjharpur	Construction of shed for Cemetry in Simra	2.43
369/29-09-12		Laukhi	Construction of Libarary building in village Kachua under GP Bujhaar in block Laukahi	2.37
400/12-11-12		Rahika	Constuction of I.T. building in the premises of Zila Parishad Madhubani	15.00
475/16-01-13		Rahika	Constuction of Auditorium building in the premises of Zila Parishad Madhubani	30.00
538/16-03-13		Jaynagar	Construction of PCC road from house of Shamim dealer to the tea shop of Analarul in GP Dewdha middle.	3.24
538/16-03-13		Benipatti	Construction of Cemetery Shed in Village Dhanauja	2.87
85/08-06-13		Jhanjharpur	Construction of Libararybuilding in village Biyara	2.55
85/08-06-13		Khagauli	Construction of Libarary building in ward no. 05 at MaharajpurChattatol in GP Chandradih	2.55
86/08-06-13		Benipatti	Construction of Cemetery shed near MahadevMandir at village Durgauli in GP Manpaur	2.14
86/08-06-13		Babubarhi	Construction of Cemetry Shed near Eedgah in village Hanuman Nagar	3.05
37/26-05-14		Rahika	Repairing work of Chairman chamber Zila Parishad Madhubani	3.00
37/26-05-14		Rahika	Repairing work of DDC Madhubani residential office	1.85
47/04-06-14		Pandaul	Construction of Bathing Ghat in BaliyaDih Pond	3.20
48/04-06-14		Babubarhi	Construction of Community Hall in Dumrahi	4.00
48/04-06-14		Babubarhi	Costruction of Library building of Mahatma Gandhi Memorial College in Ambedkar Nagar, Sahar Ghat	4.00
49/04-06-14		Bisfi	Construction of Platform near BramhSthan at Singhiya East	1.24
49/04-06-14		Jhanjharpur	Construction of PCC form house of Shiv Kumar to house of Kapileshwar Mandal in Village Kako	3.49
49/04-06-14		Lakhnaur	Construction of PCC from house of Ashok thakur to Ram Chowk	3.93
49/04-06-14	Rahika	Constrection of PCC from Rahika High School to Temple	3.93	
49/04-06-14	Andhrathadi	Construction of PCC in the road towards BhagwatiSthan in PrasnGord.	3.46	
49/04-06-14	Jaynagar	Construction of Platform in Vairahi play ground	1.23	
49/04-06-14	Bisfi	Construction of platform near Vannmikha in the road from Salempur to Sisai	1.24	
49/04-06-14	Khutona	Construction of platform at Santnagar in GP Birpur	1.23	
49/04-06-14	Andhrathadi	Construction of PCC from house of Mahadalit Ram Prasad to the house of Rajendra Ram in GP Thari South	3.97	
49/04-06-14	Rahika	Construction of PCC in the road from SugaunaHunda to house of Nawijaan in GP Vasauli	1.30	
49/04-06-14	Ladaniyaa	Construction of Platform in Middle school Parsadih	1.23	
49/04-06-14	Madhwapur	Repairing of road from house of Asheshar yadav to Utkramit High School Chimuhan in GP Vishunpur	1.38	
50/04-06-14	Harlakhi	Repairing of road from Samudayik Dalan to house of Mansur Alam village Sothgaon	3.00	
50/04-06-14	Pandaul	Construction of road approaching towards Sariswpadi Tara Mandir	2.55	
120/20-06-14	Jaynagar	Construction of PCC from house of Prahalad Purwe to house of Lal Babu in GP Rampatti	2.81	
388/10-01-15	Khutona	Construction of Community Hall on Zila Parishad land at Parsari Nahar Chowk	3.00	

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404/23-01-15		Rahika	Construction of PCC in village Bhawanipur in GP Spta Gram from house of Sri Chandan Das to house of Md. Dakwa	2.39
22/25-02-16		Jhanjharpur	Earth filling, brick soling and PCC work in Village Kothiya from house of Niraj Mandal to house of Bechan Mandal	5.00
4/13-14	ZP Rohtas	---	Construction of PCC road from house of Janardan Singh to Temple (Shankar) in village Parasdih	4.30
			Total	138.73

(Source : Records of the test checked ZPs)

Appendix – 2.8

(Refer: Paragraph –2.1.4.2; Page-29)

Statement showing unauthorised occupation of ZP IBs/Lands as on 31.03.2016

(Amount in ₹)

District	Name of the Inspection Bungalow (IB) /Building	Name of the Occupants	Rent paid	Remarks
Madhubani	IB Sakri	Police station		No rent was being paid.
	IB Benipatti	DSP, Benipatti		No rent was being paid.
	IB Umgaon	Sudha Parlour		No rent was being paid.
	Assistant Engineer Office, Jhanjarpur	Bus Stand		No rent was being paid.
	IB Madhubani	DM, Madhubani	250 per month	Being used as the residence
Rohtas	IB, Bikramganj	Sub Divisional Officer	68 per day	4 rooms were occupied @ ₹ 17 per day per room since 2005-06.
	IB, Kochas	Block and Circle Office, Kochas	64 per day	Rent paid @ ₹ 64 per day for the last 24 years.

(Source: Information furnished by the ZPs)

Appendix – 2.9
(Refer: Paragraph - 2.1.4.2; Page-29)
Statement Showing Outstanding Rents

(Amount in ₹)

District	Locality of the Shop	No. of Shops	Last date of Rent revision	Outstanding Amount	Outstanding in Months	Remarks
Madhubani	Parishad Bazar, Khajauli	78	January'2011	360240	01 to 99	
	Parishad Bazar, Rampatti	10	January'2011	40320	02 to 24	
	Parishad Bazar, Sakri	23	January'2011	277560	01 to 163	
	Parishad Bazar, Madhwapur	20	January'2011	106080	02 to 35	February'16
	Parishad Bazar, Loha	20	January'2011	198080	3 to 69	February'16
	Parishad Bazar, Saharghat	7	January'2011	53160	2 to 47	February'16
	Ashok Bazar, Jai Nagar	40	January'2011	324290	2 to 93	February'16
	Nidhi Bazar, Jai Nagar	28	January'2011	118592	2 to 52	February'16
	Parishad Bazar, Jai Nagar (part-I)	10	January'2011	311760	2 to 52	February'16
	Parishad Bazar, Jai Nagar (part-II)	10	January'2011	107660	6 to 97	February'16
	Shops located at Laukahi	24	January'2011	330280	13 to 48	
	Shops located at Phulparas	25	January'2011	351200	09 to 44	
	Kiosk located in ZP campus	10	January'2011	62750	02 to 51	
	Shops constructed at Parishad bazar, Madhubani	23	January'2011	637140	02 to 48	
	Lodging house at first floor, Parishad bazar, Madhubani	13	January'2011	78750	15	
	shops located in front of Parishad bazar gate	1	January'2011	18900	15	
	Shops constructed at 2nd floor of Parishad bazar, Madhubani	7	January'2011	325375	09 to 38	
		349	Jan'2011	3702137	01 to 163	
Saran	East to ZP	31	December'1991 to September'06	147901	1 to 114	
	North to ZP	59	December'88 to September'11	256147	3 to 103	
	Near L.F	20	March-93	120564	2 to 99	
	Dak Bungalow, Mashrak	10	May-88	81349	6 to 173	
	Near J.E. Residence, Ekma	12	December'87 to April'88	88290	3 to 228	
	Shop near Dak Bungalow, Baniapur	19	November'94 to January'98	165830	3 to 186	
	Near east to IB, Mashrak	17	March'97	130202	NA	June 2016
	South to Veterinary Hospital, Mashrak	10	March'97	16344	31 to 48	
	Near Dak Bungalow, Chhapara	26	June'95 to April'05	263634	NA	June 2016
	Near Godown, Sonapur	9	January'94 to December'01	42250	9 to 76	
	New Shops at Dighwara	89	November'1996	946016	3 to 242	
	Shops at Khaira	95	June'99	1218650	NA	
	Front east to L.F Bungalow	21	June-10	112048	5 to 70	
	North to L.F Bungalow	5	January'2006	47520	3 to 102	
	Old Shop at Dighwara	29	September'1992	124922	NA	

	Near J.E. Residence, Persa	13	December'2001	106278	NA	
	Near IB, Ekma	10	September'1993	245197	NA	
		475	December'87 - September'11	4113142	1 to 242	
Nalanda	Bharawpur Group-A	13	September'2000 to February'02	26712	1 to 09	
	Bharawpur Group-B	14	June'01 to July'02	49644	1 to 13	
	Bharawpur Group-C	13	August'99 to March'02	28346	1 to 16	
	Bharawpur Group-D & E	20	September'97 to April'04	32588	1 to 17	
	Bharawpur	15	November'98 to May'03	49491	1 to 84	
	Bharawpur (Lower Storey)	19	April'98 to December'98	162694	1 to 152	
	Bharawpur (Upper Storey)	16	April'01 to May'07	24700	1 to 17	
	BharawpurAsthawan Road	5	July-98	4807	1 to 9	
	Mamta Restaurant	1	November'01	8525	11	
	North to Bharawpur	1	March'02	1344	1	
	Bharawpur Bank Bhawan	1	February'01	13440	12	
	4 Gumti at North to Bharawpur	4	June'06 to August'06	3000	4 to 11	
	South to Bharawpur Temple	14	October'02 to February'03	16302	2 to 18	
	East to Bharawpur Group A	3	January'2000 to October'03	8300	3 to 77	
	Gumti at Bharawpur	3	January'02	1500	5	
	Kona Sarai	23	September'96 to May'99	90540	1 to 19	
	Pili Kothi	42	August'99 to May'99	61618	1 to 33	
	Town Hall	6	April'98 to August'98	4110	3 to 7	
	Bihar Sharif IB Premises	19	August'03	19700	1 to 23	
	Mughal Kuan	11	April-98	6125	2 to 7	
	MughaKuan	2	May'02	2000	1 to 33	
	Khasganj	26	September'98 to June'03	11750	1 to 26	
	Giriyak More at Rajgir	60	February'03 to October'08	106060	1 to 123	
	Gumti at RajgirGiriyak More	8	September'07	5000	4 to 12	
	Asthawan	31	June'01	8750	1 to 11	
	Deshna Path at Ashtawan IB	10	September'07 to March'08	3500	3 to 7	
	Parwalpur Middle School	13	June'04	9500	1 to 152	
	ParwalpurMaweshiPahatak	9	May'02	8850	1 to 3	
	Ekgarsarai IB	16	July'2000 to October'03	10600	1 to 4	
	Islampur	24	November'97 to September'04	56595	1 to 20	
IslampurPhatak	5	December'2000	15000	2 to 10		
Noorsarai	14	August'03 to March'10	16800	1 to 123		
Chandi IB, Group-A	8	February'05	10950	1 to 17		

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	Chandi IB, Group-D	8	March'09	113250	15 to 85	
	Silao Bypass	16	August'02	180900	3 to 141	July 2016
	Nalanda More	7	October'06 to October'07	8350	6 to 32	
	Godown at Kona Sarai	1	NA	0	0	
		501	September'96 to March'10	1181341	1 to 152	
	Grand Total	1325	December'87 - September'11	8996620	1 to 242	

(Source: Information furnished by the ZPs)

Appendix – 2.10

(Refer: Paragraph -2.1.4.2; Page-30)

Statement Showing Outstanding Rents by Government Offices as on 31 March 2016

(Amount in ₹)

District	Name of the Building	To whom issued	Monthly rent (₹)	Period of outstanding rent	No. of months	Outstanding rent
Nalanda	IB, Biharsharif	District Education Officer, Nalanda	30000	January'16 to March'16	3	90000
	Meeting Hall (Upper storey)	District Programme Officer, Nalanda	6000	October'15 to March'16	6	36000
			2000 (Electricity)	March'15		47631
	Meeting Hall (Upper storey)	Director, Bal Shram Pariyojana Samiti, Nalanda	2000	December'15 to March'16	4	8000
	Kisan Bhawan, Chandi, Nalanda	College of Engineering, Chandi	6000	March'15 to March'16	13	78000
	Dak Bungalow, Rajgir	Principal Sainik School, Rajgir	14927	July'15 to January'16	7	104489
	Upper Storey of the Dr. Lal Singh Tyagi Building	Executive Engineer (EE), Jalpath Division, Ekangarsarai, Nalanda	5500	April'15 to March'16	12	66000
	Press Bhawan (Upper Storey)	Settlement Officer, Nalanda	10300	June'15 to March'16	10	103000
	Press Bhawan (Upper Storey)	EE, R.G.N.P, LAEO	500	February'1989 to July'12	260	130000
			100 (Electricity)			239200
	Press Bhawan (Upper Storey)	EE, LAEO	500	January'15 to March'16	15	9000
			100 (Electricity)			
Press Bhawan (Upper Storey)	EE, DUDA, Nalanda	500	June'15 to March'16	10	5000	
		100 (Electricity)				
Sub Total						916320
Rohtas	ZP Office	E.E, REO works Divison	1703	Since April 2015		18733
	ZP Office	E.E, NREP Rohtas	NA	Since 2007		219995
	IB, Bikraganj	SDO	₹ 68 per day (4 rooms @ ₹ 17 per room)	NA	NA	98560
	IB, Chenari	SP Rohtas	₹ 32 per day	Occupied from 18.05.82 to 30.06.99 (4424 days)	NA	141568
	IB, Kochas	Block and Circle Office, Kochas	₹ 64 per day	NA	NA	561664
	IB, Tilothu	Block and Circle Office, Tilothu		Rent outstanding till 2010	NA	528964
Sub Total					1569484	
Grand Total						2485804

(Source: Information furnished by the ZPs)

Appendix-2.11
(Refer: Paragraph-2.2, Page-32)
Statement showing deprivation of revenue of ₹ 3.78 crore
(Patna Zila Parishad)

Sl. No.	Floor No.	Super built up Area (Sq. ft.)	Rate (₹) (per sq. ft. of super built area per month) (no. of months-60)	Deprivation of Revenue (₹)
01.	1	3347.62	25	5021430.00
02.	2	3347.62	24	4820572.80
03.	3	3347.62	24	4820572.80
04.	4	3347.62	23	4619715.60
05.	5	3512.99	23	4847926.20
06.	6	3512.99	22	4637146.80
07.	7	3512.99	22	4637146.80
08.	8	3512.99	21	4426367.40
Total				3,78,30,878.40

(Source: Records/Information furnished by the ZP Patna)

Appendix-3.1
(Refer: Paragraph- 3.4.2, Page- 38)
Statement showing list of functions to be carried out by ULBs

Sl. No.	Section of BMA 2007	Functions
1.	290	Urban Planning including Town Planning
2.	274A & 275	Regulation of land use and construction of buildings
3.	45	Planning for economic and social development
4.	45	Roads and bridges
5.	45 & 169-192	Water supply for domestic, industrial and commercial purposes
6.	45; 193-203 & 220-230	Public health, sanitation conservancy and solid waste management
7.	45; 250-261 & 262-268	Urban forestry, protection of the environment and promotion of ecological aspects
8.	287	Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded
9.	287&289	Slum improvement and up-gradation
10.	287	Urban Poverty Alleviation
11.	Chapter XXXII	Provision of urban amenities and facilities such as parks, gardens, playgrounds
12.	45	Promotion of cultural, educational and aesthetic aspects
13.	269-272 & 421	Burials and burial grounds; cremations, cremation grounds and electric crematoriums
14.	249 & 421	Cattle pounds; prevention of cruelty to animals
15.	352-353	Vital statistics including registration of births and deaths
16.	45	Public amenities including street lighting, parking lots, bus stops and public conveniences
17.	245 & 421	Regulation of slaughter houses and tanneries

(Source: Information provided by UD&HD, GoB)

Appendix-3.2

(Refer: Paragraph- 3.8.4, Page-45)

Statement showing Target and Present Status of SLBs in Nagar Nigams

Indicator	Target Benchmark	Ara	Begusarai	Bhagalpur	Bihar Sharif	Darbhanga	Gaya	Katihar	Munger	Muzaffarpur	Purnia	Patna	Range
		WATER SUPPLY											
Coverage of water supply connections	100%	22%	10%	50%	50%	20%	40%	0%	70%	60%	0%	20%	0-70 %
Extent of metering	100%	0%	0%	0%	0%	0%	0%	0%	15%	0%	0%	0%	0-15 %
Continuity of water supplied	24 hrs	5-8 hrs.	6hrs.	6 hrs	6hrs.	0 hrs	24 hrs	0 hrs	12hrs.	12 hrs	0 hrs	24 hrs.	0-24 hrs.
Efficiency in collection of water use charges	90%	0%	20%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0-20 %
Efficiency in redressal of customer Complaints	80%	40%	50%	90%	20%	60%	50%	0%	60%	50%	0%	50%	0-90 %
SEWERAGE													
Coverage of Toilets	100%	0%	0%	90%	60%	10%	60%	0%	0%	0%	5%	70%	0-90%
Coverage of sewerage Network	100%	0%	0%	25%	0%	0%	0%	0%	0%	0%	0%	65%	0-65 %
Efficiency in redressal of customer Complaints	80%	0%	50%	70%	0%	0%	0%	0%	0%	0%	0%	70%	0-70 %
SOLID WASTE MANAGEMENT													
Household Level Coverage	100%	60%	20%	95%	80%	90%	50%	9 wards	40%	0%	10%	50%	0-95 %
Efficiency in collection of solid waste	100%	60%	20%	100%	80%	90%	80%	0%	40%	0%	10%	50%	0-100 %
Extent of segregation of Municipal Solid Waste (MSW)	100%	0%	20%	20%	0%	%	0%	0%	0%	0%	5%	50%	0-50 %
Extent of Scientific Disposal of MSW	100%	5%	20%	0%	0%	0%	60%	0%	0%	0%	10%	20%	0-60 %
Efficiency in redressal of customer Complaints	80%	20%	50%	85%	60%	40%	70%	0%	0%	0%	0%	70%	0-85 %

(Source: Budget of Municipal Corporations)

Appendix-3.3
(Refer: Paragraph-3.9.1.3; Page-47)
Statement showing Receipt and Utilisation of 28 ULBs

Sl. No.	Name of ULB	FY 2012-13			FY 2013-14			FY 2014-15			FY 2015-16		
		Opening Balance	Receipt	Expenditure	Opening Balance *	Receipt	Expenditure	Opening Balance	Receipt	Expenditure	Opening Balance	Receipt	Expenditure
1	Patna	64.44	64.43	44.27	84.61	116.52	72.35	128.78	146.84	121.82	192.98	265.14	213.57
2	Danapur	5.59	5.91	4.63	6.87	4.64	2.53	8.98	27.14	10.33	25.79	19.97	11.59
3	Khagaul	0.94	2.80	2.60	1.14	2.99	1.69	2.44	4.79	4.63	2.61	6.97	3.51
4	Phulwarisharif	2.42	4.72	2.57	4.57	6.62	3.39	7.79	5.15	1.85	11.10	11.44	7.58
5	Arrah	10.68	16.24	10.61	16.30	23.80	8.65	31.45	14.07	27.74	17.79	10.46	15.70
6	Begusarai	4.48	3.10	0.99	6.59	1.44	0.45	7.58	4.73	3.50	8.81	9.33	14.87
7	Chhapra	10.37	10.80	7.49	13.68	3.70	7.38	10.00	24.47	10.55	23.92	7.52	19.89
8	Biharsharif	14.31	14.31	11.17	17.45	23.27	17.00	23.73	21.73	19.28	26.18	27.94	25.64
9	Siwan	8.68	8.36	4.49	12.55	8.69	8.64	12.61	12.99	11.77	13.83	9.80	14.05
10	Hajipur	0.74	7.19	3.17	4.76	5.54	5.10	5.19	32.58	14.39	23.39	5.67	2.16
11	Bhagalpur	16.56	12.57	10.33	18.80	16.81	11.66	23.95	30.22	21.80	32.37	29.87	46.62
12	Jamalpur	2.97	15.67	7.83	10.81	11.05	15.39	6.47	4.20	4.77	5.89	11.08	5.20
13	Munger	15.10	16.85	20.59	11.36	32.94	11.27	33.03	43.24	38.87	37.41	8.73	25.12
14	Gaya	20.85	21.33	10.01	32.16	22.25	22.05	32.36	48.08	28.76	51.69	56.90	41.60
15	Aurangabad	3.37	5.34	2.93	5.77	8.69	4.54	9.93	10.52	1.04	19.40	9.05	11.06
16	Bodh Gaya	2.98	1.79	1.53	3.24	4.39	2.21	5.42	6.07	1.54	9.95	10.88	7.50
17	Nawada	5.79	4.37	3.07	7.09	11.84	11.47	7.46	14.23	4.44	17.25	25.28	15.72
18	Sasaram	9.50	7.28	5.73	11.04	18.52	15.26	14.30	14.57	10.89	17.97	3.36	3.67
19	Dehri	5.66	5.53	4.05	7.13	11.91	9.06	9.98	14.89	4.85	20.02	5.81	4.49
20	Kishanganj	13.54	10.80	4.57	19.77	16.97	7.12	29.62	30.90	34.70	25.81	NA	NA
21	Katihar	19.57	5.35	5.84	19.08	22.34	10.01	31.41	14.67	16.12	29.96	NA	NA
22	Purnea	NA	NA	NA	NA	NA	NA	56.98	40.09	47.11	49.96	NA	NA
23	Saharsa	NA	NA	NA	NA	NA	NA	16.09	23.16	25.86	13.39	NA	NA
24	Muzaffarpur	34.09	17.91	12.29	39.71	13.54	12.12	41.13	49.20	31.40	58.93	36.28	33.83
25	Darbhangha	21.95	13.26	6.76	28.45	14.78	11.50	31.73	42.85	25.36	49.21	54.62	27.50
26	Motihari	7.68	10.01	5.95	11.74	14.70	3.50	22.94	18.12	17.57	23.49	8.50	11.17
27	Bettiah	13.84	8.84	6.89	15.79	8.35	6.32	17.82	22.70	28.26	12.26	13.31	4.95
28	Sitamarhi	14.88	6.03	1.30	19.62	18.04	15.94	12.72	12.97	20.20	14.48	19.42	7.32
Total		330.98	300.79	201.66	430.08	444.33	296.60	641.89	735.17	589.40	835.84	667.33	574.31

Source: Information provided by the UD&HD)

NA= Not Available , * OB not tallied with CB of previous years

Appendix-3.4

(Refer: Paragraph-3.9.3; Page-48)

Statement showing important recommendations of Fifth SFC in respect of ULBs & its acceptance by the State Government

Sl. No.	Para No. of Fifth SFC Report	Recommendation	Status of acceptance by the State Government
1.	8.9.6	Devolution of State Own Tax Revenue (SOTR) to Local Bodies, 8.5 <i>per cent</i> in 2015-16 and 9 <i>per cent</i> for 2016-17 to 2019-20.	The Government accepted the devolution to Local Bodies at the rate of 8.5 <i>per cent</i> out of SOTR for the period 2015-20.
2.	8.9.8	The total Fund (Devolution + Grant) transferred to the LBs starting with 2.75 <i>per cent</i> in 2015-16, 3 <i>per cent</i> in 2016-18 and 3.25 <i>per cent</i> in 2018-20 out of State Budget.	The Government accepted Fund (Devolution + Grant) transferred to Local Bodies at a uniform rate of 2.75 <i>per cent</i> of total expenditure (actuals) of previous financial year for 2015-20.
3.	8.10.4	Distribution of Devolved funds and Grants between PRIs and ULBs would be in the ratio of 70:30 in 2015-16 and 60:40 in subsequent 4 years.	The Government accepted the distribution at a uniform ratio of 70:30 between PRIs and ULBs for 2015-20.
4.	9.5.8	Devolved funds would be given to the Local Bodies (LBs) as "Block Fund" and used by the LBs for the purposes given in their priority.	Accepted
5.	9.12	The 2 nd installment of the Fifth SFC Grants would be released on submission of utilization of 50 <i>per cent</i> of the 1 st installment, which are at least internally audited.	The Government accepted that before release of second installment of amount to be transferred to Local bodies, submission of accounts of the expenditure of the previous financial year and its Internal audit report along with utilization certificate would be mandatory.
6.	9.13.1	Salaries of at least the existing staffs of the ULBs and the ZPs must come from their own revenues. State Government could at best meet the arrears.	State Government accepted the recommendation with minor modification and allowed monthly salary and pensionary payment from Devolution + Grant under Fifth SFC.
7.	9.13.2	Funds earmarked for Manpower is only for sanction of new and filling of the vacant positions as per the Model Panchayat and Municipal Cadres and not for payment of salary etc. to the existing staff.	Accepted
8.	9.6.3	Grants would be utilised for (a) Manpower, Training, e-Governance, Office Space (b) GK (c) Preparation of Master Plans/CDPs/DPRs/GIS Maps (d) Developing Divisional and Headquarters on the lines of Smart and AMRUT Cities (e) SPUR Type Professional Services to the ULBs and the PRIs (f) Promoting PPP (g) Incentive for ARM and Performance Grants (h) Regulatory Bodies including Ombudsman, State Property Tax Board, Real Estate Regulatory & Development Authority and Urban Regulator, and DLFA & internal audit.	Accepted
9.	9.13.3	Funds for e-Governance must be used for operationalizing e-Panchayat and e- Municipality modules in a Mission Mode.	Accepted

10.	9.6.5	Matching Grant for Additional Resource Mobilization (ARM) would be given in the ratio of 1:1 for Municipal Corporations, 1:2 for Nagar Parishads, 1:3 for Nagar Panchayats under the ULBs.	Accepted
11.	9.6.5	Amount of overall performance grant for the ULBs would supplement ' <i>Mukhyamantri Panchayat Protsahan Yojana</i> ' and be divided among Municipal Corporations, Nagar Parishads and Nagar Panchayats in the ratio of 1:2:3.	Accepted
12.	9.11	Resource gap of the LBs remaining even after the Fifth SFC transfers would be bridged through (a) own additional revenue (tax and non-tax), (b) full utilization of Central and State schemes, (c) leveraging PPP, (d) borrowing, and (e) sound expenditure management.	Accepted

(Source: Fifth SFC Report)

Appendix-3.5
(Refer: Paragraph- 3.9.5, Page-49)
Financial Statement not prepared

Sl. No	Unit	Period
1.	Nagar Parishad Nawada	2014-15 to 2015-16
2.	Nagar Parishad Saharsa	2013-14 to 2015-16
3.	Nagar Parishad Dumraon	2014-15 to 2015-16
4.	Nagar Parishad Mokama	2014-15 to 2015-16
5.	Nagar Panchayat Naugachhiya	2013-14 to 2015-16
6.	Nagar Panchayat Barbeegha	2013-14 to 2015-16
7.	Nagar Panchayat Bikram	2015-16
8.	Nagar Panchayat Bikramganj	2012-13 to 2015-16
9.	Nagar Panchayat Makdhumpur	2012-13 to 2015-16
10.	Nagar Panchayat Nokha	2013-14 to 2015-16
11.	Nagar Panchayat Amarpur	2013-14 to 2015-16
12.	Nagar Panchayat Kanti	2013-14 to 2015-16
13.	Nagar Panchayat Kataiya	2013-14 to 2015-16

(Source: Information provided by audited units)

Appendix-4.1
(Refer: Paragraph-4.1.7.1, Page- 56)
Statement regarding transfer of grants to Parallel Bodies

(₹ in crore)

Name of Nagar Nigam	Allotment No. / Date	Amount of allotment	Name of the Agency to whom amount transferred	Amount transferred	For construction/ repair/ beautification of
Bhagalpur	78/19.11.2014	3.96	BUIDCO	3.96	Bus Stand
Biharsharif	107/28.02.2014	2.00	BUIDCO	2.00	Bus Stand
	78/19.11.2014	1.50	BUIDCO	1.50	
	135/14.02.2015	0.10	DUDA,	0.10	Samrat Ashok Bhawan
Gaya	110/28.02.2014	2.00	BUIDCO	2.00	Bus Stand
	78/19.11.2014	2.22	BUIDCO	2.21	
Patna	117/14.3.2013	4.56	BUIDCO	4.55	Bus Stand
	14/17.5.2013	0.80	BRJP	0.80	Crematorium
	34/08.08.2014	2.49	BUIDCO	2.48	Adalatganj pond
	90/5.12.2014	1.20	DUDA	1.20	Begampur community Hall
	90/5.12.2014	0.80	DUDA	0.80	Park at kautilya nagar, BMP campus, Vayas Nagar
	48/27.08.2014	0.93	BSHB	0.92	Park at Hanuman Nagar MIG
	67/22.10.2014	0.43	BSHB	0.43	Park at Lohiyanagar MIG 100
	105/29.12.2014	0.04	BUIDCO	0.04	Park at Police colony
	64/20.10.2014	7.50	BUIDCO	7.50	Bus Queue Shelters
	45/20.8.2015	26.07	BUIDCO	26.07	Traffic light system
	109/28.02.2014	2.00	BUIDCO	3.97	Maintenance of Mourya Lok
	110/28.02.2014	2.00	BUIDCO		
	112/28.2.2014	1.95	BUIDCO	1.18	Paver block in Maurya Lok
	10/5.6.2014	3.02	BRJP	3.02	Crematorium
	32/20.8.2014	0.02	DUDA	0.02	community hall at Begampur
	32/20.8.2014	0.09	DUDA	0.09	Park at Kautilya Nagar
	32/20.8.2014	0.06	DUDA	0.06	Park at BMP campus
	32/20.8.2014	0.05	DUDA	0.05	Park at Vayas Nagar
	32/20.8.2014	0.13	BUIDCO	0.13	Park at Kankarbag colony
	32/20.8.2014	0.13	DUDA	0.13	Children park at Bandar Bagicha
	32/20.08.2014	0.14	BUIDCO	0.14	Traffic Control room
	41/31.08.2015	2.50	BUIDCO	2.50	Bus stand in Malsalami
	81/27.01.2016	2.39	Forest & Environment Department	2.39	Beautification of Park at S. K. Puri, Shivaji Park, Rajvansi Nagar, Police colony sector C, Police colony sector D
	116/3.3.2016	2.31	Forest & Environment Department	2.31	Sahid Veer Kunwar Singh Azadi Park
	86/13.1.2016	3.40	BSHB	3.40	Boundary wall of BSHB land at Digha
	74/22.12.2015	0.05	BSHB	0.05	Public convenience at Hanuman Nagar Park
	Total				76.00

(Source: Allotment letters and statement furnished by NNs and PBs)

Appendix-4.2

(Refer: Paragraph-4.1.7.2, Page- 57)

Statement regarding utilisation of grants sanctioned for specific purposes

(₹ in crore)

Sl. No.	Name of Nagar Nigam/ Parallel Bodies	Allotment letter/ Date	Component of grant	Amount received	Year of receipt	Unutilised amount	Period since unutilised
1	BUDA	60/20.12.13	Infrastructure development in slums	25.76	2013-14	24.08	2 to 3 year
		23/21.07.14		17.41	2014-15		
2	Bhagalpur, Nagar Nigam	79/18.2.13	Town Hall	0.21	2012-13	0.21	3 to 4 years
		135/14.2.15	Samrat Ashok Bhawan	0.10	2014-15	0.68	1 to 2 years
		32/20.8.15		0.58	2015-16		1 year
3	Biharsharif, Nagar Nigam	135/14.2.15	Samrat Ashok Bhawan	0.10	2014-15	0.68	1 to 2 years
		32/20.8.15		0.58	2015-16		
4	Gaya, Nagar Nigam	05/09.02.09 03/09.05.11	Ghat	0.12	2008-09 to 2011-12	0.12	6 to 7 years
		05/09.02.09 03/09.05.11	Ghat	0.15	2008-09 to 2011-12	0.15	6 to 7 years
		05/09.02.09 03/09.05.11	Beautification of Tower	0.14	2008-09 to 2011-12	0.14	6 to 7 years
		05/09.02.09 03/09.05.11	Signage for names of roads	0.04	2008-09 to 2011-12	0.04	6 to 7 years
		80/11.02.13	Renovation of Mountain/ Pond/ Ghat	2.09	2012-13	2.09	3 to 4 years
		135/14.2.15	Samrat Ashok Bhawan	0.10	2014-15	0.10	1 to 2 years
		104/29.12.14	Ghat	0.72	2014-15	0.72	1 to 2 year
5	DUDA, Gaya	41/29.12.11	Renovation & Beautification of Azad park cum community hall	0.70	2012-13	0.70	3 to 4 years
6	Patna, Nagar Nigam	79/18.2.13	Park in Janta Nagar PRDA Flat	0.17	2012-13	0.17	3 to 4 years
		135/14.2.15	Smart Ashok Bhawan	0.05	2014-15	0.68	1 to 2 years
		32/20.8.15		0.63	2015-16		1 year
7	BUIDCO	34/08.08.14	Beautification of Adalatganj Pound	2.49	2014-15	2.49	1 to 2 years
		112/28.2.14	Paver Block in Mourya Lok	1.18	2014-15	1.18	1 to 2 years
		117/14.3.13	Bus Stand at Bari pahari	4.56	2012-13	4.56	3 to 4 years
		78/19.11.14	Bus stand, Bhagalpur	3.96	2014-15	3.96	1 to 2 years
		110/28.02.14	Bus stand, Gaya	2.00	2013-14	4.22	2 to 3 year
		78/19.11.14		2.22	2014-15		
8	DUDA, Patna	90/5.12.14	Construction of community hall at Begumpur	1.20	2014-15	1.22	1 to 2 years
		32/20.8.15		0.02	2015-16		
Total						48.19	

(Source: Statement furnished by NNs and PBs.)

Appendix- 4.3

(Refer: Paragraph-4.1.8.1, Page-58)

Statement regarding receipt and utilisation of grants released for construction of parks

(₹ in crore)

Sl. No.	Name of Nagar Nigam/ Parallel Bodies	Name of Park	Allotment Letter No./ Date	Allotment Amount	Expenditure	Physical Status
1.	NN Patna	Construction of park in Janta PRDA Flat Block no-2	79/08.02.2013	0.17	00	Work not Started
2.		Development and beautification of Park at Patliputra colony	28/12.08.2015	0.65	00	In tender process
3.	BSHB	Construction MIG Park at Hanuman Nagar, Kankarbagh, Patna	48/27.04.2014	0.93	1.06*	Complete
4.		100 MIG Park No. 9 at Lohiyanagar, Patna	67/22.10.2014	0.43	0.40	Complete
5.	BRPNN L	Sri Krishna Nagar Park	352/18.01.2010	1.33	1.33	Complete
6.		S.K. Puri Children Park	352/18.01.2010	1.89	2.58*	Complete
7.		Jai Prabha Hospital Park	352/18.01.2010	0.64	0.63	Complete
8.		G Sector Kankarbag-22 park	352/18.01.2010	0.79	0.78	Complete
9.		Park at 25 CC Kankarbag	352/18.01.2010	0.69	0.69	Complete
10.		Park at Rajbanshi Nagar	353/18.01.2010	2.32	2.29	Complete
11.	DUDA, Patna	Construction of Park in Anand Vihar Colony near temple	41/29.12.2011	0.23	0.21	Complete
12.		Construction of Park behind Rajendra Nagar near telephone exchange	41/29.12.2011	0.14	0.11	Complete
13.		Construction of Park in kautilya Nagar near pump house BMP	32/20.08.2015	0.29	00	Tender process completed
14.		Construction of children Park in Bandar Bagicha	32/20.08.2015	0.18	00	Tender process completed
15.		Construction & beautification of Park near veterinary college post-mortem campus	32/20.08.2015	0.56	00	Work not Started
16.		Renovation of road in park under Vayas Nagar sector B	32/20.08.2015	0.15	00	Tender process completed
17.	BUIDCO	Kankarbag co-operative society park	32/20.08.2015	0.17	00	Incomplete
Total:				11.56	10.08	

*Excess expenditure than allotment

(Source: Statement furnished by NNs and PBs.)

Appendix-4.4

(Refer: Paragraph-4.1.8.2, Page-61)

Statement regarding non-availability/encroachment of Land for Bus stands

Sl. No.	Name of Bus Stands	Name of Land Owner	Name of Architect	Payment on DPR (₹ in Lakh)
1.	Bus stand at Nawada	Zila Parisad Nawada	M/S Sen & Lall consultant(p) Ltd.	3.21
2.	Bus Stand at Manpur (Gaya)	Gorakshini sewa samiti, Gaya	M/S Sen & Lall consultant(p) Ltd.	5.16
3.	Bus stand at Purnia	Animal Husbandry department, Purnia	M/S Sen & Lall consultant(p) Ltd.	4.00
4.	Bus stand at Sahebganj	Nagar Panchyat, Sahebganj	M/S Sen & Lall consultant(p) Ltd.	1.60
5.	Bus stand at Motipur	Public works department, Division-1 Muzaffarpur	M/S EDMAC Eng. Consultant	2.57
6.	Bus stand at Chakia	Nagar Panchyat, Chakia	M/S EDMAC Eng. Consultant	2.57
Total				19.11

(Source: Statement furnished by BUIDCO.)

Appendix-4.5

(Refer: Paragraph-4.1.8.2, Page- 61)

Statement regarding receipt and utilisation of grants released for construction of Bus stands

(₹ in crore)

Sl. No.	Name of Nagar Nigam/ Parallel Bodies	Name of Bus stand	Allotment Letter No./ Date	Allotment Amount	Expenditure	Physical Status
1.	NN Bhagalpur	Construction of Bus stand	78/19.11.14	3.96	00	Work not Started
2.	NN Biharshriff	Construction of Bus stand in Biharshriff	107/28.2.14, 78/19.11.14	3.50	0.99	Incomplete
3.	NN Gaya	Construction of bus stand in Manpur	107/28.2.14, 78/19.11.14	4.22	00	Work not Started
4.	NN Patna	Construction of Malsalami Bus stand	41/31.8.15	2.50	0.37	Incomplete
5.		Construction of ISBT on Bari pahari	117/14.3.13	4.56	00	Work not Started
Total				18.74	1.36	

(Source: Statement furnished by NNs.)

Appendix- 4.6

(Refer: Paragraph-4.1.8.2, Page-63)

Statement regarding loss incurred/to be incurred on account of demolition of BQSS

Sl. No.	Name of Bus Queue Shelters	Cost of Civil and Structural Fabrication and electrical works (₹ in Lakh)	Dismantling & Installation of Bus-Q-Shelter (₹ in Lakh)	Total (₹ in Lakh)	Remarks
1.	Income Tax (UP)	1.80	0.96	2.76	To be demolished
2.	Income Tax (Down)	1.80	0.96	2.76	To be demolished
3.	Vikas Bhawan (UP)	1.80	0.96	2.76	Demolished
4.	Vikas Bhawan (Down)	1.80	0.96	2.76	To be demolished
5.	Mount Carmel School	1.80	0.96	2.76	To be demolished
6.	High Court	1.80	0.96	2.76	To be demolished
7.	Lokayukta Office (UP)	1.80	0.96	2.76	Demolished
8.	Lokayukta Office (Down)	1.80	0.96	2.76	Demolished
9.	Bihar Public Service Commission(UP)	1.80	0.96	2.76	Demolished
10.	Bihar Public Service Commission (Down)	1.80	0.96	2.76	Demolished
Total		18.00	9.60	27.60	

(Source: Files and records of BUIDCO.)

Appendix-4.7

(Refer: Paragraph-4.1.8.4, Page-66)

Statement regarding details of amount collected but not deposited in special bank account of Samuh Vikas Samiti

Sl. No.	Name of the Samuh Vikas Samiti	Account No.	No. of individual toilets	Amount not deposited in the bank accounts (₹)
1.	Chamar Toli Samuh Vikas Samiti	34901102189	20	0.30
2.	Company Bagh Samuh Vikas Samiti	35114142824	104	1.56
3.	Chunhari Tola Samuh Vikas Samiti	0721104000101608	5	0.08
4.	Golaghat Road Samuh Vikas Samiti	0721104000095594	7	0.11
5.	Pasi Tola Samuh Vikas Samiti	467510110008514	14	0.21
6.	Refuzee Colony Samwardhan Samuhik Vikas Samiti	467510110008280	55	0.83
7.	Gwalatoli Samuh Vikas Samiti	35361023494	15	0.23
8.	Rikabganj Pawan Tola Samuh Vikas Samiti	35361028028	5	0.08
9.	Yadavpatti Samuh Vikas Samiti	35106865183	50	0.75
10.	Mogalpura Chamartola Samuh Vikas Samiti	50284954223	13	0.20
11.	Makbara Harijan Tola Samuh Vikas Samiti	6162000100021809	86	1.29
12.	Nasratkhani Samuh Vikas Samiti	36080110083942	41	0.62
13.	Mistri Tola Samuh Vikas Samiti	0721104000100441	56	0.84
14.	Maharaj Ghat Road Samuh Vikas Samiti	467510110008758	7	0.11
15.	Ramratan Lane Samuh Vikas Samiti	463610110009752	3	0.05
16.	Kabirpur Gadhia Samuh Vikas Samiti	36080110095743	53	0.80
17.	Sachidanand Nagar Samuh Vikas Samiti	467510110008036	114	1.71
18.	Jawaripur Kalisthal Pokharapar Samuh Vikas Samiti	467510110008037	15	0.23
19.	Jarlahi Samuh Vikas Samiti	0721104000100366	12	0.18
20.	Kasba Gola Ghat Samuh Vikas Samiti.	0566010154345	7	0.11
21.	Mahanpur Samuh Vikas Samiti	34901095884	149	2.24
22.	Bairam Tanti Lane Samuh Vikas Samiti	35197451539	5	0.08
23.	Warsaliganj Harijan Tola Samuh Vikas Samiti	581110210000047	37	0.56
24.	Gadhkachari Samuh Vikas Samiti	34489279039	58	0.87
25.	Burning Ghat Samuh Vikas Samiti	35239649499	16	0.24
26.	Beni Madhav Singh (2 lane) Samuh Vikas Samiti	34696201522	72	1.08
27.	Parwatti Naya Tola Samuh Vikas Samiti	0566010154840	28	0.42
28.	Mohdiagar Harijan Tola Samuh Vikas Samiti	581110210000048	63	0.95
29.	Ishakchak Pashi Tola Samuh Vikas Samiti	0721104000102919	27	0.41
30.	Bounsi Road Harijan Tola Samuh Vikas Samiti	36310110002967	40	0.60
Total			1177	17.74

(Source: Statement furnished by NNs).

Appendix-4.8
(Refer: Paragraph-4.1.8.7, page-70)
Statement regarding Loss of Revenue

Sl. No.	Name of the Site	No. of DPC	Date of Transfer by BRPNNL to PMC	Name of the Agency	Allotment amount per year Unit	Amount to be realised in five years	Amount deposited as 50 per cent	Loss of Revenue (in ₹)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	9 (7-8)
1.	Sanjay Gandhi Biological Garden	2	20.07.10	Samadhan Sewa Samiti	516000 (258000*2)	25,80,000	2,58,000	23,22,000
2.	NMCH, Patna	2	19.07.10	Samadhan Sewa Samiti	420000 (2*210000)	21,00,000	2,10,000	18,90,000
3.	Bazar Samiti	2	19.07.10	Samadhan Sewa Samiti	471000 (2*235500)	23,55,000	2,35,500	21,19,500
4.	Transport Nagar	2	20.07.10	Samadhan Sewa Samiti	450000 (2*225000)	22,50,000	2,25,000	20,25,000
5.	Kargil Chowk	1	22.02.10	Jai Mata Di Sewa Sansthan	408000	20,40,000	2,04,000	18,36,000
6.	Chiraiya Tad pul Exhibition Road	1	06.08.10	Jai Mata Di Investment Company Pvt. Ltd.	365151	18,25,755	1,82,575.5	16,43,179.5
7.	Boring Canal Road	1	06.08.10		366200	18,31,000	1,83,100	16,47,900
8.	Gandhi Maidan (Near North gate)	1	17.02.10	Kaynat Welfare Association	406205	20,31,025	1,00,000	19,31,025
Total		12			34,02,556	1,70,12,780	15,98,176	1,54,14,604.5

(Source: Statement furnished by NNs and PBs.)

Glossary of Abbreviations

Th FC	Thirteenth Finance Commission	MB	Measurement Book
FFC	Fourteenth Finance Commission	MC	Municipal Commissioner
AA	Administrative Approval	MGNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme
ACEO	Additional Chief Executive Officer	MIS	Management Information System
ARV	Annual Rental Value	MMGY	Mukhya Mantri Gramodaya Yojana
BDO	Block Development Officer	NGO	Non-Governmental Organisation
BFR	Bihar Financial Rules	NIC	National Informatics Centre
BMA	Bihar Municipal Act	NN	Nagar Nigam
BMAR	Bihar Municipal Accounting Rules	NP	Nagar Parishad
BPL	Below Poverty Line	NRLM	National Rural Livelihoods Mission
BPRA	Bihar Panchayat Raj Act	NULM	National Urban Livelihoods Mission
BQS	Bus Queue Shelter	PAC	Public Accounts Committee
BRGF	Backward Region Grant Fund	PBs	Parastatal /Parallel Bodies
BRPNNL	Bihar Rajya Pul Nirman Nigam Limited	PD	Project Director
BSHB	Bihar State Housing Board	PMC	Project Management Consultant
BUDA	Bihar Urban Development Agency	PPP	Public Private Partnership
BUIDCO	Bihar Urban Infrastructure Development Corporation Ltd	PRD	Panchayati Raj Department
BUTCL	Bihar Urban Transport Corporation Ltd.	PRI	Panchayati Raj Institution
CAG	Comptroller and Auditor General	PRIASoft	Panchayati Raj Institutions Accounting Software
CEO	Chief Executive Officer	PS	Pachayat Samiti
CFC	Central Finance commission	RAY	Rajeev Awas Yojana
CMFA	Controller of Municipal Finance and Accounts	RBI	Reserve Bank of India
CMMU	City Mission Management Units	RCC	Reinforced Concrete Cement
CSS	Centrally Sponsored Scheme	RDD	Rural Development Department
CVC	Central Vigilance Commission	RGPSA	Rajeev Gandhi Panchayat Sashaktikaran Yojana
DDC	Deputy Development Commissioner	SBPDCL	South Bihar Power Distribution Co. Ltd.
DDO	Drawing and Disbursing Officer	SFC	State Finance Commission
DDP	Draft Development Plan	SGA	Skill Gap Analysis
DLFA	Director Local Fund Audit	SJSRY	Swarna Jayanti Shahri Rozgar Yojana
DM	District Magistrate	SLB	Service Level Benchmark
DPC	Deluxe Public Conveniences	SMMU	State Mission Management Units
DPC	District Planning Committee	SOTR	State Own Tax Revenue
DPR	Detailed Project Report	SPO	State Purchase Organisation
DPS	Delayed Payment Surcharge	SPUR	Support Programme for Urban Reform
DUDA	District Urban Development Agency	SRSWOR	Simple Random Sampling Without Replacement
EE	Executive Engineer	ST	Service Tax
ELA	Examiner of Local Accounts	STEP-UP	Skill Training for Employment Promotion amongst Urban Poor
EO	Executive Officer	STP	Skill Training Provider
ESC	Empowered Standing Committee	SULM	State Urban Livelihoods Mission
EST & P	Employment through Skill Training and Placement	SWM	Solid Waste Management
FSFC	Fourth State Finance Commission	TGS	Technical Guidance and Support
GoB	Government of Bihar	TS	Technical Sanction
GoI	Government of India	UC	Utilisation Certificate
GP	Gram Panchayat	UD&HD	Urban Development and Housing Department
IHSDP	Integrated Housing and Slum Development Programme	ULBs	Urban Local Bodies
IR	Inspection Report	UNDP	United Nation Development Programme
LBs	Local Bodies	UTAST	Urban Technical Assistance Support Team
LFA	Local Fund Audit	VAT	Value Added Tax
MAS	Model Accounting System	ZP	Zila Parishad

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