

Immediate Release



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PRESS BRIEF



**FINANCE ACCOUNTS
AND
APPROPRIATION ACCOUNTS
2018-19**



GOVERNMENT OF BIHAR



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Press Brief

Immediate Release



**Finance Accounts and Appropriation Accounts for the year 2018-19,
Government of Bihar**

The Finance Accounts and Appropriation Accounts for the year 2018-19, relating to the Government of Bihar, prepared under Article 151(2) of the Constitution of India, were presented to the Bihar Legislature on 23 March 2021.

Finance Accounts Contains two Volumes.

Volume I contains the Certificate of the Comptroller and Auditor General of India, the Guide to the Finance Accounts, 13 statements which give summarized information on the financial position and transactions of the State Government for the current financial year, Notes to Accounts and Annexure to the Notes to Accounts.

Volume II contains two parts- nine detailed statements in Part I and 13 Appendices in Part II.

Appropriation Accounts contain 51 Grants and an Appendix.



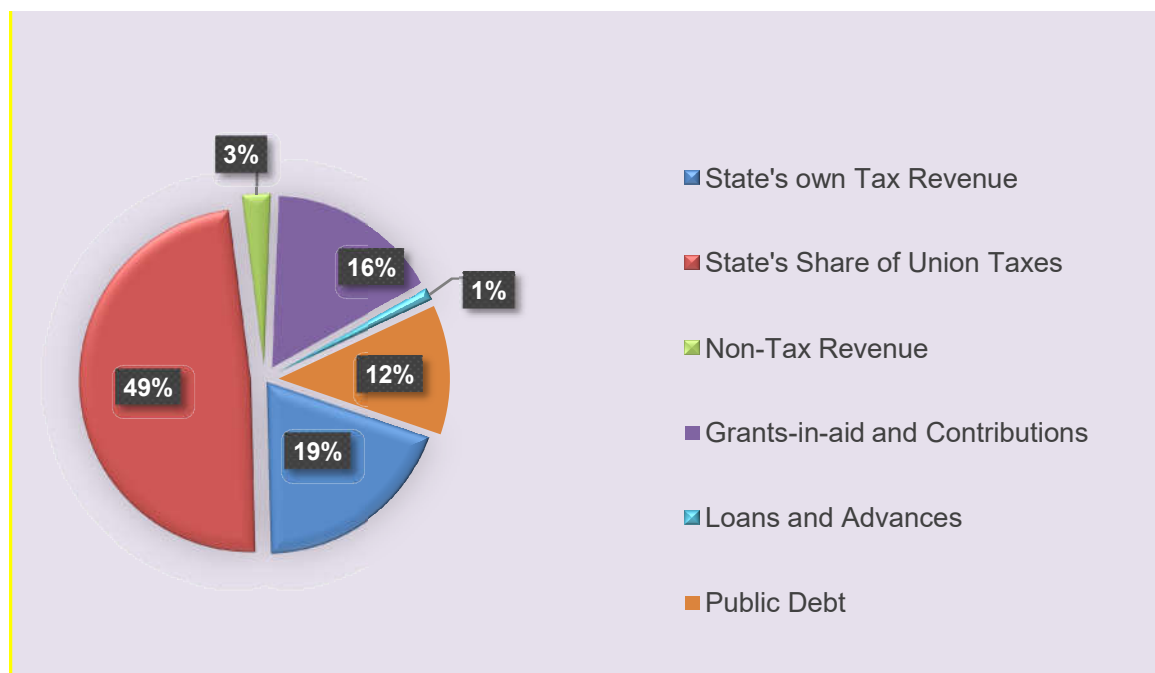
Receipts and Disbursements

(₹ in crore)

| | | | |
|---|-------------------------------------|-----------------------------------|--------|
| Receipts (Total : 1,47,426) | Revenue (Total: 1,31,794) | State's own Tax Revenue | 29,408 |
| | | State's Share of Union Taxes | 73,603 |
| | | Non Tax Revenue | 4,131 |
| | | Grants-in-aid and Contributions | 24,652 |
| | Capital (Total : 15,632) | Recovery of Loans and Advances | 1,825 |
| | | Borrowings and other Liabilities* | 13,807 |
| Disbursements (Total : 1,47,426) | Revenue | 1,24,897 | |
| | Capital | 21,058 | |
| | Loans and Advances | 1,471 | |

Receipts and disbursements of the State Government for 2018-19 are detailed below:

Where each rupee of receipt came from



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Where each rupee of expenditure went



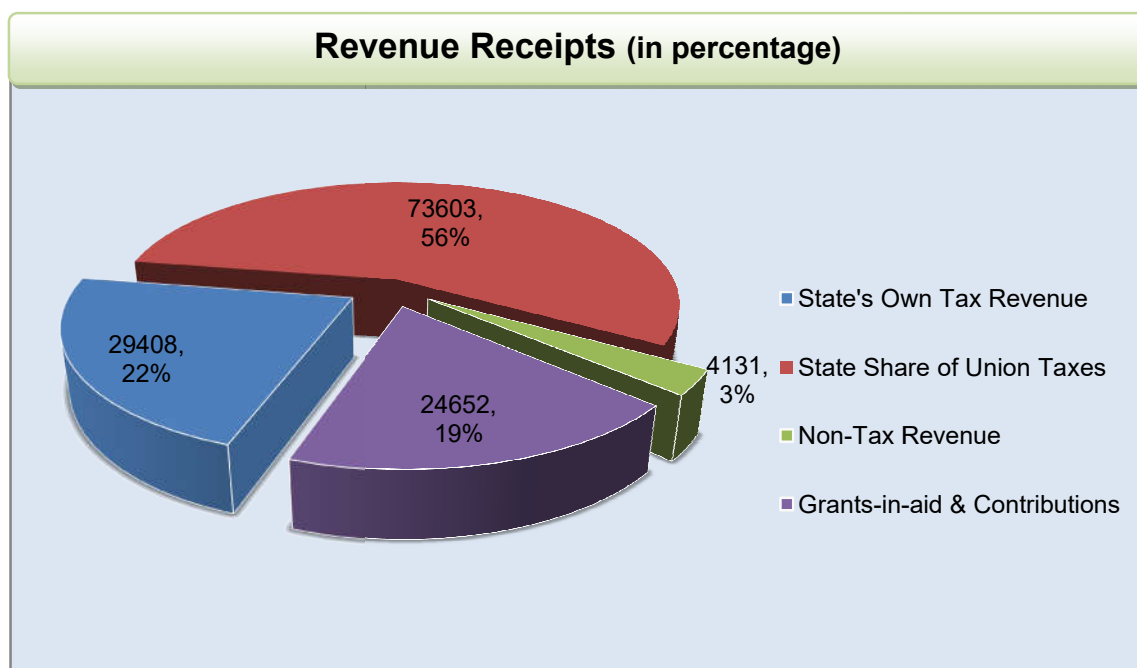
* Includes also expenditure made on Mid Day Meal Scheme, Cycle Scheme, Uniform Scheme and Sarva Siksha Abhiyan etc.

Revenue Receipt Components

(₹ in crore)

| Components | Actual |
|--|-----------------|
| A. Tax Revenue | 1,03,011 |
| State's own Tax Revenue | 29,408 |
| Goods and Service Tax | 15,288 |
| Taxes on Income and Expenditure | 125 |
| Taxes on Property and Capital Transactions | 4,665 |
| Taxes on Commodities and Services | 9,330 |
| State's share of Union Taxes | 73,603 |
| Goods and Service Tax | 19,617 |
| Taxes on Income and Expenditure | 44,448 |
| Taxes on Property and Capital Transactions | 9 |
| Taxes on Commodities and Services | 9,529 |
| B. Non-Tax Revenue | 4,131 |
| Interest Receipts, Dividends and Profits | 1,386 |
| General Services | 714 |
| Social Services | 117 |
| Economic Services | 1,914 |
| C. Grants-in-aid and Contributions | 24,652 |
| Total - Revenue Receipts | 1,31,794 |

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Trend of Receipts

(₹ in crore)

| | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|-------------------------------|-----------------|-----------------|------------------|------------------|------------------|
| Tax Revenue | 57,713 (17) | 74,372 (19) | 82,623 (19) | 88,220 (18) | 1,03,011 (18) |
| Non-Tax Revenue | 1,558 (0.45) | 2,186 (0.57) | 2,403 (0.55) | 3,507 (0.72) | 4,131 (0.74) |
| Grants-in-aid | 19,146 (6) | 19,565 (5) | 20,559 (5) | 25,720 (5) | 24,652 (4) |
| Total Revenue Receipts | 78,417 (23) | 96,123 (25) | 1,05,585 (24) | 1,17,447 (24) | 1,31,794 (23) |
| GSDP | 3,42,951 | 3,81,501 | 4,38,030 | 4,87,628 | 5,57,490 |

Note: Figures in parentheses represent percentage to GSDP.

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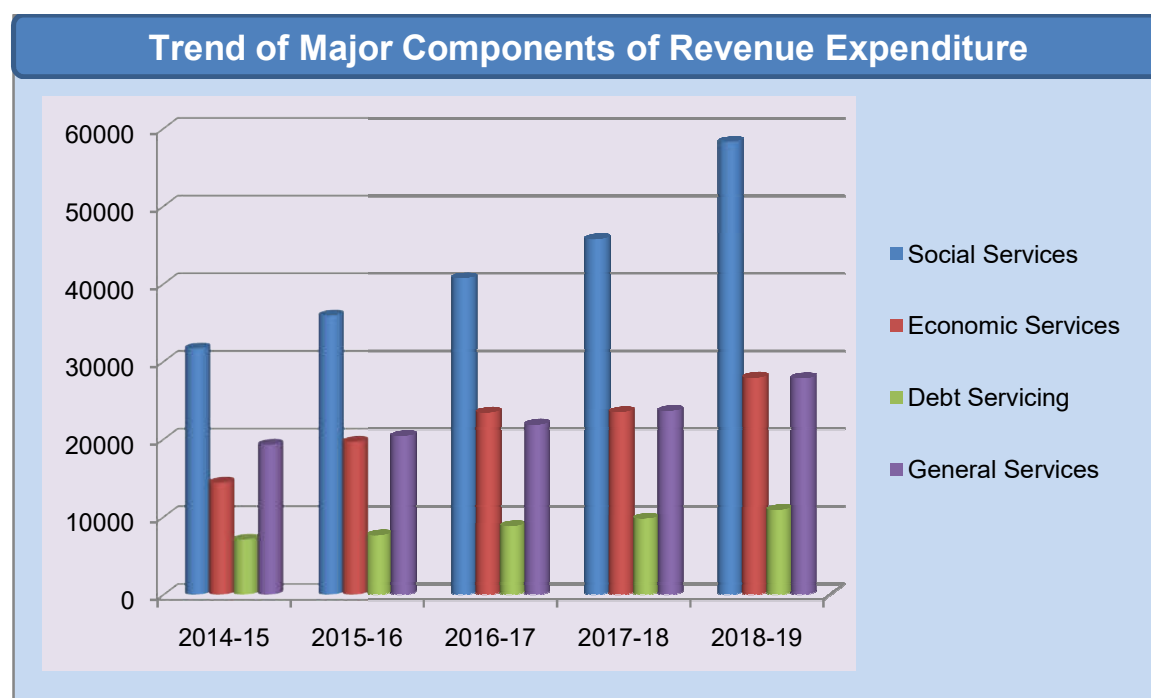
Revenue Expenditure

Revenue Expenditure of ₹1,24,897 crore for 2018-19 fell short of budget estimates by ₹11,843 crore.

(₹ in crore)

| | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|-------------------------|---------|---------|----------|----------|----------|
| Budget Estimates | 91,765 | 91,209 | 1,09,941 | 1,22,603 | 1,36,740 |
| Actuals | 72,570 | 83,616 | 94,765 | 1,02,624 | 1,24,897 |
| Gap | 19,195 | 7,593 | 15,176 | 19,979 | 11,843 |
| % of gap over BE | 21 | 8 | 16 | 16 | 9 |

Trend of Revenue Expenditure



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Highlights of Accounts:

Direct transfer of Central Scheme Funds to Implementing Agencies in the State (Funds routed outside State Budget)

Government of India transferred substantial funds directly to State Implementing Agencies/ Non-Government Organizations (NGOs) for implementation of various schemes/ programmes. As per the Public Financial Management System (PFMS) portal of the Controller General of Accounts (CGA), GOI released ₹5,678.88 crore during 2018-19 to the implementing agencies in Bihar. Details are at **Appendix-VI** of Finance Accounts (Volume II). In spite of Government of India’s decision to release all assistance to CSSs/ACA directly to the State Government and not to implementing agencies, the direct transfers to implementing agencies has decreased by 28.60 *per cent* in 2018-19 as compared to 2017-18. *(Para 2(i) of Notes to Accounts, Page 36 of Finance Accounts, Vol-I)*

Unadjusted Abstract Contingent (AC) Bills

In terms of the Bihar Treasury Code 2011, the Drawing and Disbursing Officers are authorised to draw sums of money through AC bills to meet unforeseen expenditure, by debiting service Major Heads against which, they are required to present Detailed Contingent (DC) bills along with vouchers in support of final expenditure, to the Accountant General within six months of the drawal of the AC bill. Delayed submission or prolonged non-submission of DC bills renders the expenditure under AC bills opaque. Details of outstanding AC bills awaiting adjustments as on 31 March 2019 are given below: *(₹ in crore)*

| Year | Number of pending DC bills | Amount |
|--------------|----------------------------|-----------------|
| Upto 2016-17 | 12,823 | 2,591.75 |
| 2017-18 | 1,259 | 2,593.20 |
| 2018-19 | 1,413* | 585.60 |
| Total | 15,495 | 5,770.55 |

* 1,380 AC bills amounting to ₹553.20 crore out of 1,413 AC bills will be due after 31 March 2019.

During 2018-19, 1,453 AC bills amounting to ₹631.50 crore were drawn, in which 1,140 AC bills amounting to ₹296.97 crore (47.03 *per cent* of the total amount drawn against AC bills in 2018-19) were drawn in March 2019 alone, and of this, 28 AC bill amounting to

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₹2.16 crore was drawn on the last day of the financial year. Out of 1,453 AC bills, 68 AC bills amounting to ₹266.19 crore were drawn under various capital heads of accounts during the year 2018-19. Substantial expenditure against AC bills in March indicates that the drawal was primarily to exhaust the budget provisions and reveals inadequate budgetary control.

(Para 3(ii) of Notes to Accounts, Page 38 of Finance Accounts, Vol-I)

Utilisation Certificates for Grants-in-aid

According to Rule 342 of the Bihar Financial Rules as amended by the Finance Department vide Resolution No. M.04-15/2009-9736/F(2) dated 19 October 2011, the sanctioning authority shall obtain Utilisation Certificates (UCs) from the grantee and send it to the Accountant General within 18 months of the drawal of the grant. Details of Grants-in-aid issued in the current financial year have been shown in **Appendix-III** of the Finance Accounts (Volume II).

The status of outstanding UCs as on 31 March 2019 is mentioned below:

(₹ in crore)

| Year(*) | Number of Utilisation Certificate awaited | Amount |
|--------------|---|------------------|
| Upto 2016-17 | 1,852 | 19,847.73 |
| 2017-18 | 484 | 17,895.52 |
| 2018-19 | 157 | 17,661.84 |
| Total | 2,453 | 55,405.09 |

(* The year mentioned above relates to “Due year” i.e. after 18 months of actual drawal)

As on 31 March 2019, 2,453 UCs amounting to ₹55,405.09 crore were due. Major defaulting departments {96 per cent (amount-wise)} which have not been submitted UCs are Education Department (428 UCs amounting to ₹14,864.16 crore), Rural Development Department (75 UCs amounting to ₹6,579.49 crore), Urban Development and Housing Department (622 UCs amounting to ₹6,412.02 crore), Panchayati Raj Department (260 UCs amounting to ₹13,073.14 crore), SC and ST Welfare Department (64 UCs amounting to ₹2,035.36 crore), Agriculture Department (112 UCs amounting to

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₹1,698.96 crore), Social Welfare Department (140 UCs amounting to ₹4,512.65 crore), Disaster Management Department (230 UCs amounting to ₹2,028.70 crore), Planning Department (49 UCs amounting to ₹1,006.34 crore) and BC/MBC Welfare Department (33 UCs amounting to ₹920.84 crore) UCs outstanding beyond the specified period indicates absence of assurance on utilisation of the grants for intended purposes.

(Para 3(v) of Notes to Accounts, Page 40 of Finance Accounts, Vol-I)

Temporary Advance/Imprest

As per Rule 177 of the Bihar Treasury Code 2011, no money should be withdrawn from the treasury unless it is required for immediate payment. If under special circumstances, money is drawn in advance, the unspent balance of the amount so drawn should be refunded to the treasury by short drawal in the next bill or with a challan at the earliest and in any case before the end of the financial year in which the amount is drawn. As on 31 March 2019, ₹ 209.98 crore that should have been refunded to the treasury in terms of these instructions remained outstanding either as unadjusted advance or imprest in Works Divisions. Details are given as under:-

(₹ in crore)

| Sl. No. | Name of the Department | Total amount of unadjusted Temporary advance and Imprest | | |
|--------------|--|--|---------|---------------|
| | | Temporary advance | Imprest | Total |
| 1 | Building Construction | 5.45 | 7.08 | 12.53 |
| 2 | Irrigation | 25.25 | 1.65 | 26.90 |
| 3 | National Highways | 0.78 | 0.09 | 0.87 |
| 4 | Public Health Engineering | 8.15 | 0.48 | 8.63 |
| 5 | Road Construction | 67.43 | 0.29 | 67.72 |
| 6 | Rural Works | 5.96 | 10.31 | 16.27 |
| 7 | Local Area Engineering Organisation (LAEO) | 59.48 | 5.33 | 64.81 |
| 8 | Tube wells and Minor Irrigation | 12.02 | 0.23 | 12.25 |
| Total | | | | 209.98 |

(Para 3(iv) of Notes to Accounts, Page 39 of Finance Accounts, Vol-I)

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Transfer of Funds to Personal Deposit (PD) Accounts

The State Government is authorised to open PD Accounts to transfer funds from the Consolidated Fund. This account shall only be used for special cases where public interest requires speed of expenditure which is not possible through the normal treasury procedure or there are a large number of small beneficiaries dispersed in interiors such that direct disbursement through the treasury is not practicable. PD administrators are required to review all PD accounts at the end of the financial year and transfer the amounts lying unspent after five consecutive financial years (including the financial year in which the money was withdrawn) back to the Consolidated Fund by reduction of expenditure to the concerned service head.

Of the 75 treasuries which have furnished information regarding PD Accounts, 56 treasuries maintain PD Accounts and the remaining 19 treasuries have intimated that there are no PD Accounts with them. An amount of ₹65.77 crore has been lying unspent for five consecutive financial years in 9 PD Accounts in 9 Treasuries. No Treasury Officer has furnished information regarding amounts lying in PD Accounts unspent for five consecutive financial years refunded to the Consolidated Fund as reduction of expenditure under the concerned service head.

175 PD Accounts existed in Bihar as on 31 March 2019. In terms of Bihar Government Letter No 11262 dated 5.10.2010, Personal Deposit Accounts which have not been operated for a continuous period of three years are to be closed. Contrary to the above instructions of the Government, 95 PD Accounts having balance of ₹27.73 crore, which were in-operative over the last three years are not closed. No departmental officers had verified or reconciled the balances with the accounts maintained by the Accountant General.

(Para 3(vi) of Notes to Accounts, Page 41 of Finance Accounts, Vol-I)

Incomplete Reconciliation of Receipts and Expenditure

In terms of the Rule 475 of Bihar Financial Rules, all Controlling Officers are required to reconcile their receipts and expenditure with the Accountant General. Such reconciliation

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has been completed during 2018-19 only for an amount of ₹27,105.71 crore [18.57 per cent of total Revenue and Capital expenditure of ₹1,45,955.06 crore] and for ₹1,15,955.43 crore [87.98 per cent of total Revenue receipts of ₹1,31,793.45 crore].

(Para 3(vii) of Notes to Accounts, Page 42 of Finance Accounts, Vol-I)

Apportionment of pension liabilities and other retirement benefits

In terms of the Eighth Schedule under Section 53 of the Bihar Reorganisation Act, 2000, pension liabilities of the employees of the successor States of Bihar and Jharkhand from 15 November 2000 (date of bifurcation of the States of Bihar and Jharkhand) upto 31 March 2001 and every subsequent financial year, shall be apportioned between the successor States in the ratio of the number of employees.

As per decision taken in the meeting chaired by Secretary, Home Affairs with the Chief Secretaries of Government of Bihar and Government of Jharkhand on 18 June 2018, pension liabilities between the successor States shall be apportioned on the basis of population ratio i.e. 645.30:218.44. Government of Bihar has received an amount of ₹1,493.95 crore out of total receivable amount of ₹1,507.74 crore upto 31 March 2017. Government of Bihar has raised claim of ₹296.73 crore for the year 2017-18 to Government of Jharkhand on 12 March 2019. Government of Bihar has not raised any demand on Jharkhand for the Pension liability for 2018-19 as the final figures of expenditure are still under finalization in both the States. Therefore the figures under the Major Head “0071” are understated to that extent..

(Para 4(ii) of Notes to Accounts, Page 43 of Finance Accounts, Vol-I)

Non-creation of Guarantee Redemption Fund

As per the recommendations of the 12th Finance Commission, State Governments are required to constitute a Guarantee Redemption Fund to be utilised for meeting the payment of obligations arising out of the guarantees issued by the Government. The Fund will be operated outside the State Government account and administered by the Reserve Bank of

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India. Under the guidelines, the State Government is required to make minimum annual contribution of 0.5 *per cent* of outstanding guarantee at the beginning of year. The proceeds of the Fund are invested in Government of India securities and this does not form a part of the State Government cash balance. The State Government has not created a Guarantee Redemption Fund as recommended by the 12th Finance Commission. The State was required to make a contribution of ₹26.73 crore (0.5 *per cent* of outstanding guarantee of ₹5,346.42 crore as on 1 April 2018), but has not made any contribution due to non-constitution of the Fund.

(Para 4(v)(b) of Notes to Accounts, Page 45 of Finance Accounts, Vol-I)

Consolidated Sinking Fund

The 12th Finance Commission had recommended that States should set up Sinking Funds for amortisation of all loans including loans from banks, liabilities on account of National Small Savings Fund, etc., and that these Funds should not be used for any other purpose, except for redemption of loans. The guidelines of the Reserve Bank of India (RBI), which is responsible for administering the Fund, stipulate a minimum annual contribution of 0.5 *per cent* of outstanding liabilities at the beginning of the year. The State Government set up a Consolidated Sinking Fund in 2008-09 which was only for amortisation of market loans and not all outstanding liabilities. However the Fund was to be utilised for redemption of the outstanding liabilities of the Government commencing from the year 2014-15. The State Government has appropriated ₹783.88 crore (0.5 *per cent* of the outstanding liabilities of ₹1,56,776.77 crore as on 1 April 2018) for the financial year 2018-19.

(Para 4(vii)(e) of Notes to Accounts, Page 46 of Finance Accounts, Vol-I)

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Advance from Contingency Fund

The State Legislature is authorised by law to establish a Contingency Fund in the nature of an imprest in terms of Article 267(2) of the Constitution. The corpus of the Bihar Contingency Fund is ₹350 crore. However, in terms of the Bihar Contingency Fund (Amendment) Act, 2012, the State Government increased the corpus from ₹350 crore to ₹7,079.61 crore on temporary basis for the period 1 April 2018 to 30 March 2019. In terms of prescribed procedure, advances from the Contingency Fund are recouped during the year by debiting the concerned Major Head. Government of Bihar deviated from the prescribed procedure and booked the expenditure directly to the concerned Service Major Heads, at the outset.

Consequently, since there is no budget available under these Major Heads at that stage, there is excess of expenditure over the budget against these heads, which gets regularised only at the time of recoupment. Further, since the booking is not routed through Major Head 8000 as required, the Accountant General (A&E) is unable to link the withdrawal and recoupment to the Contingency Fund. The State Government sanctioned ₹4,353.49 crore from Contingency Fund and recouped this amount through Supplementary Budget. *(Para 4(ix) of Notes to Accounts, Page 48 of Finance Accounts, Vol-I)*

Ujwal DISCOM Assurance Yojana (UDAY)

Pursuant to the revival package for electricity distribution companies, the State Government took over the debt of the DISCOMs to the extent of ₹2,331.78 crore by issuing bonds of ₹1,554.52 crore in 2015-16 and ₹777.26 crore in the year 2016-17 to the participating lender banks, through Reserve Bank of India. The amount had been transferred to Distribution Companies as Subsidy in the year 2016-17. The State Government has paid an interest of ₹191.36 crore in 2018-19 on the Bonds issued under UDAY Scheme.

(Para 4(xiii) of Notes to Accounts, Page 50 of Finance Accounts, Vol-I)