

Immediate Release



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PRESS BRIEF



**FINANCE ACCOUNTS
AND
APPROPRIATION ACCOUNTS
2019-20**



GOVERNMENT OF BIHAR



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Press Brief

Immediate Release



**Finance Accounts and Appropriation Accounts for the year 2019-20,
Government of Bihar**

The Finance Accounts and Appropriation Accounts for the year 2019-20, relating to the Government of Bihar, prepared under Article 151(2) of the Constitution of India, were presented to the Bihar Legislature on 02 December 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.



Finance Accounts and Appropriation Accounts 2019-20

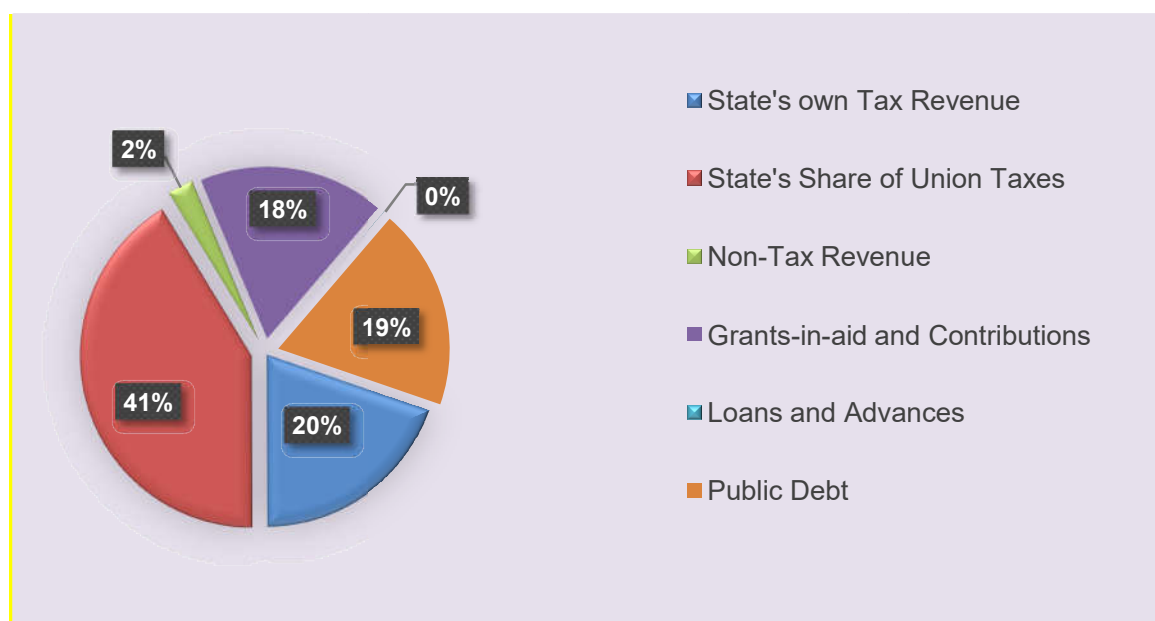
Receipts and Disbursements

Receipts and disbursements of the State Government for 2019-20 are detailed below:

(₹ in crore)

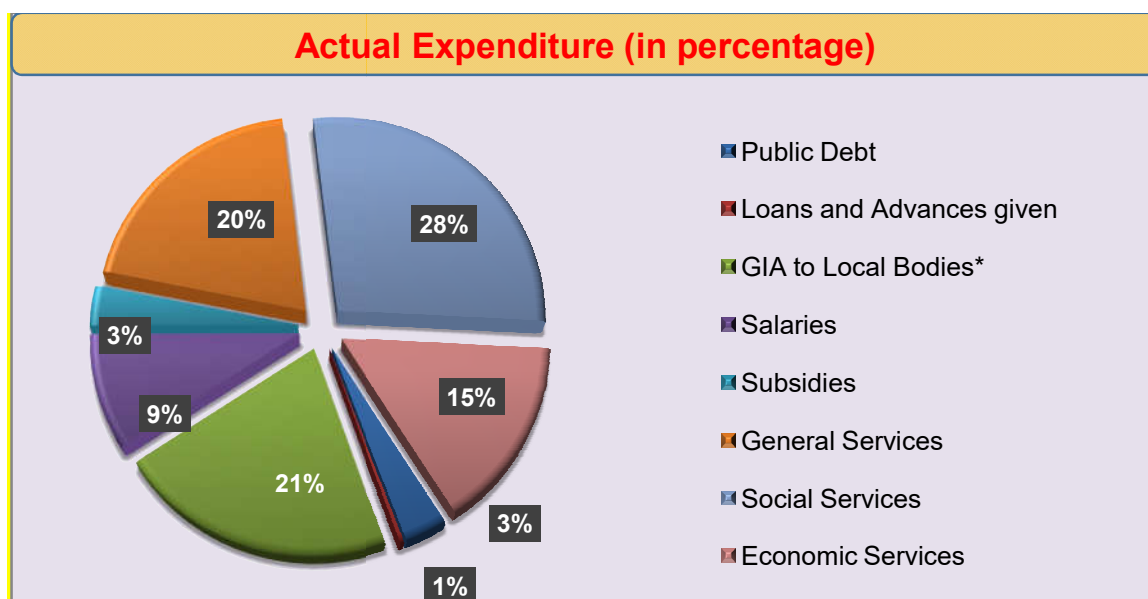
Receipts (Total : 1,38,987)	Revenue (Total: 1,24,233)	State's own Tax Revenue	30,158
		State's Share of Union Taxes	63,406
		Non Tax Revenue	3,700
		Grants-in-aid and Contributions	26,969
	Capital (Total : 14,754)	Recovery of Loans and Advances	30
Borrowings and other Liabilities*		14,724	
Disbursements (Total : 1,38,987)	Revenue		1,26,017
	Capital		12,304
	Loans and Advances		666

Where each rupee of receipt came from





Where each rupee of expenditure went



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

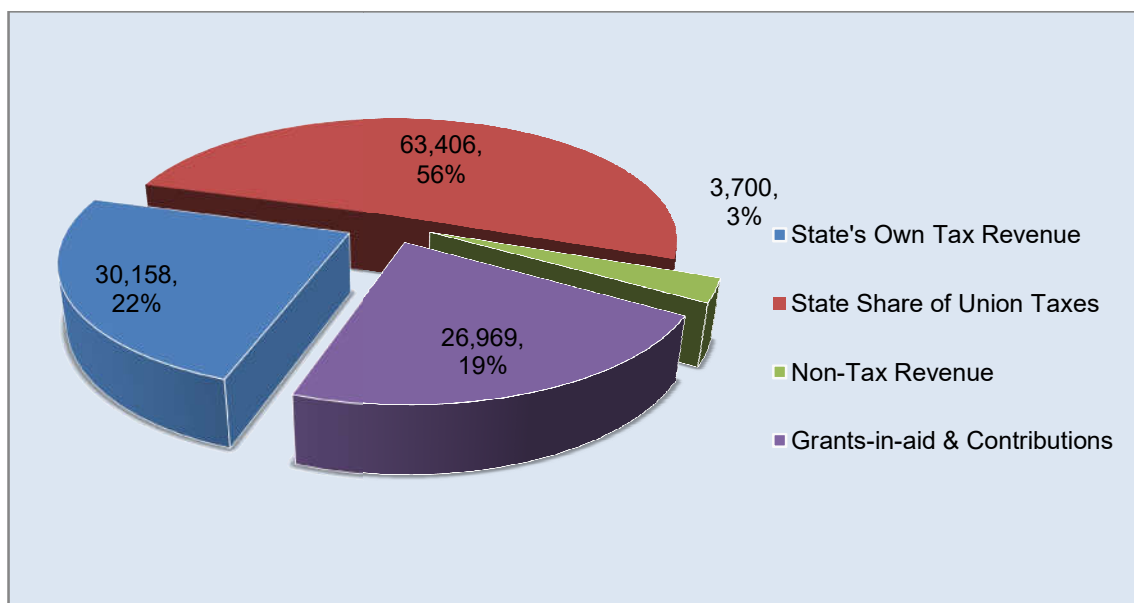
Revenue Receipt Components

(₹ in crore)

Components	Actual
A. Tax Revenue	93,564
State's own Tax Revenue	30,158
Goods and Service Tax	15,801
Taxes on Income and Expenditure	114
Taxes on Property and Capital Transactions	4,936
Taxes on Commodities and Services	9,307
State's share of Union Taxes	63,406
Goods and Service Tax	17,993
Taxes on Income and Expenditure	38,559
Taxes on Property and Capital Transactions	1
Taxes on Commodities and Services	6,853
B. Non-Tax Revenue	3,700
Interest Receipts, Dividends and Profits	1,418
General Services	342
Social Services	123
Economic Services	1,817
C. Grants-in-aid and Contributions	26,969
Total - Revenue Receipts	1,24,233



Revenue Receipts (in percentage)



Trend of Receipts

(₹ in crore)

	2015-16	2016-17	2017-18	2018-19	2019-20
Tax Revenue	74,372 (19)	82,623 (19)	88,220 (18)	1,03,011 (18)	93,564 (15)
Non-Tax Revenue	2,186 (0.57)	2,403 (0.55)	3,507 (0.72)	4,131 (0.74)	3,700 (0.60)
Grants-in-aid	19,565 (5)	20,559 (5)	25,720 (5)	24,652 (4)	26,969 (4)
Total Revenue Receipts	96,123 (25)	1,05,585 (24)	1,17,447 (24)	1,31,794 (23)	1,24,233 (20)
GSDP	3,81,501	4,38,030	4,87,628	5,57,490	6,11,804

Note: Figures in parentheses represent percentage to GSDP.



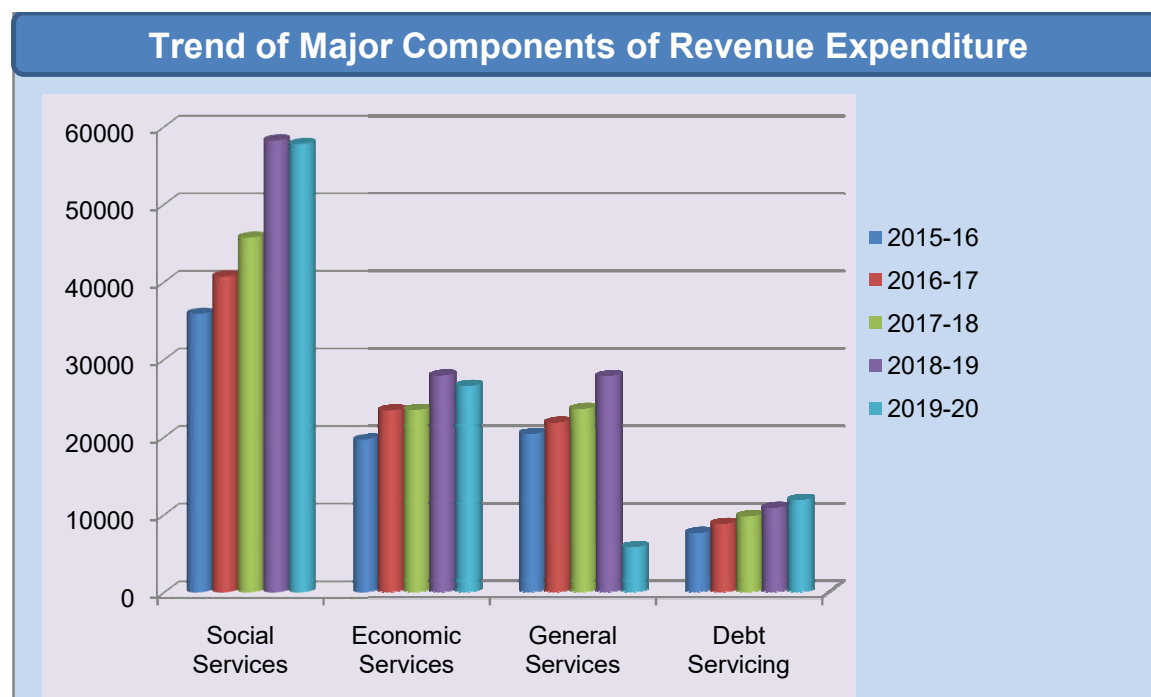
Revenue Expenditure

Revenue Expenditure of ₹1,26,017 crore for 2019-20 fell short of budget estimates by ₹29,213 crore.

(₹ in crore)

	2015-16	2016-17	2017-18	2018-19	2019-20
Budget Estimates	91,209	1,09,941	1,22,603	1,36,740	1,55,230
Actuals	83,616	94,765	1,02,624	1,24,897	1,26,017
Gap	7,593	15,176	19,979	11,843	29,213
% of gap over BE	8	16	16	9	19

Trend of Revenue Expenditure





Highlights of Accounts:

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

In spite of Government of India's decision to release all assistance under CSSs/ACA to the State Government and not to implementing agencies directly, the Government of India released ₹10,170.12 crore directly to the implementing agencies in Bihar during 2019-20 as per the PFMS portal of the Controller General of Accounts (CGA). The direct transfer of fund to the implementing agencies has increased by 79.09 per cent as compared to 2018-19 (₹5,678.88 crore in 2018-19). Details are at **Appendix-VI** of Finance Accounts (Volume II).

(Para 2(iv) of Notes to Accounts, Page 44 of Finance Accounts, Vol-I)

Unadjusted Abstract Contingent (AC) Bills

Financial rules¹ envisage that no moneys should be drawn from government treasury unless it is required for immediate disbursement. In terms of the Bihar Treasury Code 2011, the Drawing and Disbursing Officers are authorized to draw sums of money through Abstract Contingent bills to meet unforeseen expenditure, by debiting service Major Heads against which they are required to present Detailed Countersigned Contingent (DCC) bills along with vouchers in support of final expenditure to the Accountant General within six months of the drawal of the AC bills.

Prolonged non-submission of supporting DCC bills render the expenditure through AC bills opaque and the expenditure shown in the Finance Accounts cannot be vouched as correct or final to that extent. Non-submission of DC bills for long periods is fraught with risk of fraud, embezzlement and/or avoidable interest on idle funds outside Treasury. Details of AC bills unadjusted as on 31 March 2020 are given below:



Details of unadjusted AC Bills

(₹ in crore)

Year	Number of unadjusted AC Bills	Amount
Upto 2017-18	13,612	4,366.40
2018-19	1,341	557.98
2019-20	5,689	4,231.06
Total	20,642	9,155.44

During the year 2019-20, 5,689 AC bills constituting ₹4,231.06 crore were drawn of which 1,383 AC bills amounting to ₹644.13 crore (15.22 per cent of the total amount drawn against AC bills in 2019-20) were drawn in March 2020 alone. Out of 5,689 AC bills, 289 AC bills amounting to ₹805.96 crore (19.05 per cent of the total amount drawn against AC bills in 2019-20) were drawn under various capital heads of accounts during the year 2019-20. Substantial expenditure against AC bills in March indicates that the drawal was primarily to exhaust the budget provisions and reveals inadequate budgetary control.

(Para 2(iii) of Notes to Accounts, Page 37 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. Sanctioning authority should issue a sanction order only after taking the Utilisation Certificates (UCs) which was pending for the amount drawn in the year before the previous financial year from the Drawing and Disbursing Officer. For the UCs outstanding beyond the specified periods, assurance cannot be provided on utilisation of the grants for the intended purpose.



Details of Grants-in-aid given during the year have been shown in **Appendix-III** of the Finance Accounts (Volume II).

The status of outstanding UCs as on 31 March 2020 is mentioned below:

Details of outstanding UCs

(₹ in crore)

Year (*)	Number of Utilisation Certificate awaited	Amount
Upto 2017-18	1,747	30,948.84
2018-19	516	27,293.34
2019-20	327	21,448.74
Total	2,590	79,690.92

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

(Source: VLC Database)

Major five defaulting departments, which have not submitted UCs are given in the following table:

Major defaulting departments

(₹ in crore)

Sl. No.	Departments	No of UCs	Amount	Percentage to Total
1.	Panchayati Raj Department	480	16,915.25	21.23
2.	Education Department	540	15,158.04	19.02
3.	Social Welfare Department	109	12,613.98	15.83
4.	Rural Development Department	113	8,808.26	11.05
5	Urban Development and Housing Department	530	8,313.03	10.43

The expenditure shown in accounts cannot be treated as final nor can it be confirmed that the amount has been expended for the sanctioned purpose to the extent of non-receipt of UCs.

(Para 2(iv) of Notes to Accounts, Page 39 of Finance Accounts, Vol-I)



Transfer of Funds to Personal Deposit (PD) Accounts

Personal Deposit (PD) Accounts are kept in the Public Account, facilitating the designated Government officer/Administrator to keep the receipts therein and spend them for specific purpose, monitored by the respective treasury offices. The State Government is authorised to open PD Accounts to transfer funds from the Consolidated Fund.

Prior to implementation of Centralised Financial Management System (CFMS), 175 Personal Deposit Accounts existed in 55 Treasuries out of 76 Treasuries in Centralised Treasury Management Information System (CTMIS).

However, after implementation of CFMS, out of 175 Personal Deposits Accounts, only 163 Personal Deposits Accounts were migrated to CFMS. Migration of 12 (175-163) Personal Deposits Accounts to CFMS is pending till 31 March 2020. Two Personal Deposits Accounts are newly raised in CFMS which were not previously included in 175 Personal Deposits Accounts. One Personal Deposit Account was already closed in 2017 and was not in the list of 175 Personal Deposits Accounts earlier, but is available in CFMS

In CFMS, there were differences in closing balance of March 2019 and opening balance of April 2019 in respect of some PD Accounts. The reconciliation has been completed except for seven PD Accounts.

During the year 2019-20, no Treasury Officer/Administrator had furnished information regarding refund of the unspent balances in PD Accounts to the Consolidated Fund. Finance Department, Government of Bihar informed about closure of eight Personal Deposits Accounts of Special Land Acquisition Officer being operated in eight different treasuries.

As per Rule 353(b) of Bihar Treasury Code the administrators of all local funds shall send to the Treasury Officer a certificate of acceptance of balances of



the credit of the funds by the 30th April each year for the previous financial year, for forwarding them after verification to the Accountant General. However, during 2019-20 only 17 treasuries have sent their closing balance certificate (as on 31st March 2020) regarding 42 Personal Deposits Accounts Administrators. 92 Personal Deposits Accounts are inoperative with a balance of ₹2.43 crore, and in which no transaction has taken place in the last five years (**Annexure-E**). Money lying unspent for five consecutive financial years has been received from one Personal Deposits Accounts Administrator (**Annexure-D**). Although as per instruction of Finance Department, Government of Bihar letter No-1786 dated 09.03.2021 and letter No 2916 dated 03.06.2020 all PD accounts opened prior to 01.04.2019 are to be treated as opened on 01.04.2019.

Finance Department vide its notification No- 2916, dated- 03.06.2020, amended Rule 349 of the Bihar Treasury Code 2011 and increased the period of money lying unspent from “Three subsequent financial Years” to “Five subsequent financial years” and treating all Personal Deposits Accounts /Personal Ledger accounts opened prior to 01-04-2019 as to be opened as on 01.04.2019 as a default under CFMS system. No reference is made about the PL/PD Accounts which were opened before 01.04.2019 and in which amount has already been lapsed before the said date.

Details of Personal Deposit Accounts as on 31 March, 2020 are as under:

Details of PD Accounts

(₹ in crore)

Opening Balance (As per CFMS data)		Addition during the year (As per CFMS)		Closed during the year (As per CFMS)		Closing Balance (As per CFMS Data)	
Number	Amount @	Number	Amount	Number	Amount	Number	Amount
166	4,361.12	0	552.13	8	1,600.32	158 [#]	3,312.94*

[#]In CTMIS regime, 175 PD accounts exists. Post CFMS, only 163 PD accounts have been migrated out of 175 PD accounts. 12 PD accounts, where



balance of ₹1.54 crore is lying over have not yet been migrated from CTMIS to CFMS. 08 PD accounts where balance of ₹555.90 crore is lying over closed vide Finance Department Letter No. 9147 dated 18.11.2019.

Transactions (Cr/Dr) during the year are shown under column 'Addition during the year' and 'Closed during the year'.

*Difference of ₹12.62 crore with statement 21 is under reconciliation.

@ The difference in closing balance of March 2019 and opening of April 2019 is due to non-migration of 12 PD accounts and pending reconciliation of 7 PD accounts.

(Source: Information provided by the Treasuries).

(Para 2(v) of Notes to Accounts, Page 40 of Finance Accounts, Vol-I)

Incomplete Reconciliation of Receipts and Expenditure

In terms of Rule 475 of Bihar Financial Rules, all Controlling Officers are required to reconcile their receipts and expenditure with the Accountant General. During the year 2019-20, expenditure amounting to ₹15,914.56 crore (11.51 per cent of total Revenue and Capital expenditure of ₹1,38,320.56 crore) and receipts amounting to ₹1,00,551.05 crore (80.94 per cent of total Revenue receipts of ₹1,24,232.53 crore) have been reconciled. The facility of reconciliation of receipts under Cyber Treasury has not been started so far.

(Para 2(vi) 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.



However, as per decision taken in the meeting chaired by the Secretary, Home Affairs, Government of India 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 ₹1,804.47 crore upto 31 March 2018 from the Government of Jharkhand which includes total receivable amount of ₹1,507.74 crore up to 31 March 2017 and claim raised for ₹296.73 crore for the year 2017-18 through Government of Jharkhand 12 March 2019. Government of Bihar has not raised any demand on Government of Jharkhand for the pension liabilities for 2018-19 and 2019-20 as the final figures of expenditure are still under finalisation in both the States. Therefore, the figures under the Major Head “0071” are understated to that extent.

(Para 3(viii) of Notes to Accounts, Page 45 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 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. However, the State Government has not created Guarantee Redemption Fund as recommended by the 12th Finance Commission. Outstanding guarantees as on 1 April, 2019 was ₹5,501.86 crore.

(Para 3(xxii) of Notes to Accounts, Page 47 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 purposes, 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 *percent* 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 ₹845.00 crore (0.5 *per cent* of the outstanding liabilities of ₹1,68,921.33 crore as on 1 April 2019) during the year 2019-20. The accumulated balance in the fund was ₹5,740.12 crore as on 31 March 2020. The entire Fund balance as on 31 March 2020 of ₹5,740.12 crore has been invested. The details of investments are given in Statement 22 of Finance Accounts –Vol-II.

(Para 3(xxv)(B) of Notes to Accounts, Page 50 of Finance Accounts, Vol-I)

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 Contingency Fund is placed at the disposal of the Governor of the State to enable advances to be made by him out of such Fund for the purpose of meeting unforeseen expenditure pending authorisation of such expenditure by the Legislature of the State by law under Article 205 or Article 206.



The corpus of the Bihar Contingency Fund is ₹350 crore. However, in terms of the Bihar Contingency Fund (Amendment) Act, 2015, the State Government increased the corpus from ₹350 crore to ₹8,020.04 crore on temporary basis for the period 1 April 2019 to 30 March 2020.

In terms of prescribed accounting procedure, advances from the Contingency Fund are to be recouped during the year by debiting the concerned service Major Head. Government of Bihar deviated from the prescribed procedure and booked the expenditure directly to the concerned Service Major Heads, at the outset. The State Government sanctioned ₹3,529.76 crore from Contingency Fund and recouped this amount through Supplementary Budget.

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.

Expenses from Contingency Fund have been made towards relief on drought hit areas, repair of flood affected dams etc. However, some of the sanction for the advances from Contingency Fund was for expenditure that were not contingent in nature.

(Para 3(xviii) of Notes to Accounts, Page 51 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 2019-20 on the Bonds issued under UDAY Scheme.

(Para 3(xx) of Notes to Accounts, Page 53 of Finance Accounts, Vol-I)